



# Update

California/Nevada/Arizona Automotive Wholesalers' Association

CAWA — The Automotive Aftermarket Industry Association of California, Nevada and Arizona

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## CAWA Sponsors Car Care Check Up Event in Recognition of National Car Care Month

By Jennifer Zins

In recognition of National Car Care Awareness Month, the California Automotive Wholesalers' Association (CAWA) in partnership with the Car Care Council (CCC) and CalRecycle, sponsored a free vehicle check up event on April 16th at a Sacramento, California area mall. The event, which checked nearly 100 vehicles and drew over 150



motorists, offered free car care checks including tires, fluids, filters and other vehicle components and systems that can affect safety, dependability and emissions.



**CAWA ANNUAL DINNER MEETING**  
 Sunday, October 30, 2011  
 Las Vegas

CAWA is pleased to announce that once again, Motorcar Parts of America (MPA) will be the exclusive sponsor of the CAWA's 2011 membership dinner meeting in Las Vegas during Industry Week. A huge thank you goes to MPA's President and Chair of the Board, Mr. Selwyn Joffe who also serves on CAWA's Manufacturers Advisory Council. "We are grateful for the sponsorship of Motorcar Parts of America and especially to the graciousness of its leader, Mr. Selwyn Joffe. He has supported CAWA's annual meeting exclusively for the past four years and we are truly grateful.

"Regular tire and vehicle maintenance are essential to identify potential safety and operational problems, from spark plugs and belts to brake fluid and tire inflation", stated Rodney K. Pierini, CAWA President & CEO. "Helping motorists keep their car in good condition also helps to increase fuel efficiency, extend the life of one's vehicle and can prevent costly expenses down the road."

The event was co-sponsored by CAWA



More details to follow soon

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# Update

California/Nevada/Arizona Automotive Wholesalers' Association

## OFFICERS OF THE BOARD

**Mary Davis – Chair**  
*NGK Spark Plugs (U.S.A.), Inc.*  
**Steve Sharp – Vice Chair**  
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**Selwyn Joffe**  
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**Steve Phillips**  
*Exide Batteries*  
**Ray Pohlman**  
*AutoZone*  
**Randall Swedlove**  
*Morris Automotive*

## CAWA STAFF:

**Rodney K. Pierini**  
President and CEO  
Phone: (800) 332-2292 x 1  
E-mail: [admin@cawa.org](mailto:admin@cawa.org)

**Julie Snyder**  
Director of Operations  
Phone: (800) 332-2292 x 2  
E-mail: [programs@cawa.org](mailto:programs@cawa.org)

**Jennifer Zins**  
Director of Government Affairs  
Phone: (916) 871-0603  
E-mail: [jennifer@pzallc.com](mailto:jennifer@pzallc.com)

## LEGISLATIVE ADVOCATES:

**Norm Plotkin, California**  
Phone: (916) 498-3304  
E-mail: [norm@pzallc.com](mailto:norm@pzallc.com)

**David Brown, Nevada**  
Phone: (702) 933-0777  
E-mail: [DBrown@wmb-law.net](mailto:DBrown@wmb-law.net)

**Stuart Goodman, Arizona**  
Phone: (602) 277-0911  
E-mail: [sgoodman@goodmanschwartz.com](mailto:sgoodman@goodmanschwartz.com)

## CAWA CALENDAR

July 15 – 16, 2011  
CAWA Board of Director's Meeting  
John Ascuaga's Nugget, Reno NV

October 30, 2011  
CAWA Annual Membership Dinner Meeting  
Las Vegas, NV  
Location soon to be announced

November 18-19, 2011  
CAWA Board of Director's Meeting  
Fairmont Hotel, Newport Beach, CA

## CAWA Sets and Meets High Standards



Mary Davis,  
Chair of the Board

As an Association, we are making great strides towards achieving our goals for 2011. I personally thank our committee chairs Greg Livingston - Public Affairs, Seth Hoffberg - Membership and Education and Ron Aparicio - Manufacturer's Advisory Council. Your dedication helps our organization set and achieve high standards for our members. Thank you for a job well done.

Our next Board of Directors and committee meetings are July 15 - 16 in Reno, Nevada. Special thanks to Finley Industries for hosting a BBQ with our anticipated speaker, Senator Dean Heller. Appreciation also goes to BBB Industries for the sponsorship of the Board of Director's meeting. Encourage CAWA members to attend the meetings and experience first-hand what your association does on your behalf and that of the industry. Contact Julie Snyder for more details.

And, mark your calendars!! Sunday, October 30th, will be the CAWA Annual Membership Dinner Meeting in Las Vegas. Generously sponsored by Motorcar Parts of America, this event is sure to draw record attendance. Continuing with our traditional red vest and swearing in ceremony, industry speaker, and live auction to benefit the CAWA Memorial Scholarship (prizes include travel, golf, wine, and more...). Donations are now being accepted for the auction. Receive a tax deduction while assisting CAWA raise funds and provide scholarships to more students in our industry. Contact Julie Snyder at 800-332-2292 for details.

We thank you for your continued membership and support. Have a great summer and I look forward to seeing you at a future meeting.

*continued from front page*



members Akebono Brake, AutoZone, Baxter Auto Parts, CustomerLink, Exide Technologies, Genuine Parts Company/Napa - Sacramento Distribution Center, NGK Spark Plugs, Riebe's Auto Parts, and Tenneco.

Additional partners included the California Bureau of Automotive Repair, California Highway Patrol (CHP), Citrus Heights Police Department, Rubber Manufacturers Association (RMA), Firestone of Citrus Heights, Duncan's Automotive, Kniesel's Auto Service Center, Scott's Econo Lube n' Tune of Citrus Heights, Sunrise Mall, UTI Sacramento, Chipotle and Coca Cola/Mellow Yellow.



"CAWA and its members are pleased to participate in public awareness activities such as this to help cut down on motorists' preventative maintenance procrastination," continued Pierini. "The vehicle checkups conducted during this event provide valuable information to reinforce the "Be Car Care Aware" consumer education campaign."

# Arizona Update



Stuart Goodman,  
Arizona Legislative  
Advocate

With the Arizona Legislature adjourning within 100 days in which it began, this short legislative session represents only the fifth time in 30 years that this constitutional time constraint was successfully achieved.

While there was no legislation that was introduced that specifically focused on the automotive aftermarket industry, the Arizona Automotive Wholesalers' Association monitored legislation throughout the session on behalf of the industry and focused on bills that had broad impacts on business in Arizona.

In particular, under HB 2541, employers have gained expanded authority to address employees who are believed, in good faith, to be impaired at work due to illegal or synthetic drug use. This legislation was enacted as a direct result of the passage of the medical marijuana ballot initiative that was passed by voters in 2010.

Employers will also be subject to a special assessment in 2011 and 2012 to correct outstanding loan balances in Arizona's Unemployment Insurance Fund Program. AAWA supported the Arizona Chamber of Commerce's efforts in this legislation, as absent the state instituting this special assessment, the federal government's response was expected to be more costly than the Arizona solution. In April, a detailed memorandum was provided to all AAWA members outlining this special assessment in order to make any necessary budget adjustments.

In appreciation of the important contributions made by private industry, in March, Governor Jan Brewer issued a proclamation, on behalf of AAWA, which recognized the significant economic impact made by the automotive aftermarket industry to the Arizona economy.

AAWA will continue to increase the industry's presence at the Arizona State Capitol in an effort to assist our industry in mitigating the impacts of overly burdensome laws and regulations.

**Make sure to visit our updated website at [www.cawa.org](http://www.cawa.org)**

## CAWA Tells It's Story in Different Ways

Recently, I had the privilege to make presentations to national associations regarding CAWA's role as the industry's first line of defense out west. For we know, that if something should occur in regulation and legislation, particularly in California, it would ultimately spread to other states and in some cases even drives national debate and policy.

The first presentation was made to the Automotive Sales Council which represents 100 of the largest aftermarket manufacturing companies in the country. Our California based Legislative Advocate, Norm Plotkin, joined me in co-presenting to the Council. Essentially, our story was that the industry needs a first line of defense in the government affairs processes out west and CAWA has delivered that need for some time. We described the complexities of California, its governmental structure (which is highly productive in developing legislation and regulation), its enormity in terms of aftermarket business and sales, the millions of vehicles driven, its bureaucratic institutions, etc. What we wanted to demonstrate was: that the government is highly active, well financed (even given its current deficits), and is well positioned for leadership and influence on the national stage. Furthermore, that all industries and particularly the aftermarket industry is challenged to stand 'toe to toe' with this behemoth in order to do business in the state and deflect government intrusion which, at its worst, defies the pursuit of business and growth for our member companies.

We were introduced to the Council through the assistance of Selwyn Joffe and Tom Stricker of Motorcar Parts of America and we thank them for the introduction. At the meeting we were introduced by Jack Vollbrecht of Remy Power Products. Both



Rodney Pierini, Pres & CEO

these companies are strong supporters of CAWA and understand the role we play out west on behalf of the industry. After the presentation to the Council, their Executive Director and many of their members thanked us for the informative and importance messages we brought to their meeting.

The second presentation was given to the Automotive Aftermarket Industry Association's (AAIA) Board of Directors and the Automotive Warehouse Distributors Association's (AWDA) Board of Governors. These presentations focused on a project

entitled "Legislator Awareness and Education Program". The Alliance of Automotive Aftermarket Associations (ASAAA) is the sponsoring organization for the Project and I serve as the Project Committee Chair along with a member of our Board of Director's, Steve Sharp of Worldpac and our Director of Government Affairs, Jennifer Zins, serves as Project consultant. The goal of the Project is to increase state legislator's awareness of the need for a vibrant and robust automotive

aftermarket and to raise the government affairs capacities of state and regional aftermarket associations, as well as, individual aftermarket companies. CAWA's experience in government affairs and our representatives to this Project are telling our story and influencing what has become a national project dedicated to strengthening the aftermarket's presence in state capitols throughout our nation.

Both governing bodies of the national associations were pleased to hear of our progress on the Project and each had given seed money to assist in its development and implementation.

So, the CAWA story finds its way into many venues and in different ways. As members, we know you understand the importance of what the Association does and we thank you for your support and membership. As the summer months approach, we wish you the best in business and stand ready to assist you in any way we can.

**We described the complexities of California, its governmental structure (which is highly productive in developing legislation and regulation), its enormity in terms of aftermarket business and sales, the millions of vehicles driven, its bureaucratic institutions, etc. What we wanted to demonstrate was: that the government is highly active, well financed (even given its current deficits), and is well positioned for leadership and influence on the national stage.**

# A Serious Violation.....

By Preferred Employers Insurance Company

On January 1, 2011, a new law (AB 2774) changed California Labor Code section 6432. This section of the Labor Code describes how California's Occupational Safety and Health Administration (Cal/OSHA) will proceed when a presumed serious hazard violation is found during a workplace inspection. The changes make it easier for California's Occupational Safety and Health Administration to demonstrate that a "serious violation" hazard exists in the workplace and that it creates a "realistic possibility" of death or serious injury. The amended labor code also requires Cal/OSHA to make a reasonable attempt to allow the business to show why a serious violation does not exist.

These changes will have a profound impact on the way that the California Occupational Safety and Health Administration issues serious violation citations to businesses. Major fines up to \$25,000 for each serious violation could be imposed on an employer.

## Assembly Bill 2774

Prior to AB 2774, California law presumed that a serious hazard violation exists if there was a "substantial probability" that death or serious physical harm could result from the violation, assuming an accident or exposure could occur because of the violation. Cal/OSHA had the burden of showing that a hazard was 51% likely to cause serious injury or death.

The new serious violation definition states that if Cal/OSHA can demonstrate that there is a "realistic possibility" of death or serious physical harm from the actual hazard, then a serious violation citation may be issued. Although the "realistic possibility" standard is not defined in the new legislation or elsewhere in the Labor Code, the legislative history of AB 2774 indicates the new standard significantly lowers the burden of proof for Cal/OSHA that the hazard could cause death or serious physical harm.

When Cal/OSHA alleges a serious violation exists, then they must demonstrate that serious physical harm could result from the actual hazard created by the violation. Serious physical harm is defined as "any injury or illness, specific or cumulative, occurring in the place of employment or in connection with employment that

results in:

- Inpatient hospitalization for purposes other than medical observation.
- The loss of any member of the body.
- Any serious degree of permanent disfigurement.
- Impairment sufficient to cause a part of the body or the function of an organ to become permanently and significantly reduced in efficiency on or off the job, including but not limited to, depending on the severity, second degree or worse burns, crushing injuries including internal injuries even though skin surface may be intact, respiratory illnesses or broken bones.

## Before Issuance of the Serious Violation Citation

Cal/OSHA cannot issue the serious citation until they make a reasonable attempt to obtain information from the employer. This will occur during or soon after the inspection. This is the employer's first opportunity to rebut the inspector's presumption that a serious violation exists. Cal/OSHA will ask the employer to provide information for the following:

- Programs the employer uses to train supervisors and employees relevant to preventing employee exposure to hazards.
- Procedures used by the employer to discover, control access to or correct workplace hazards.
- Supervision of employees exposed or potentially exposed to the hazard.
- Programs used by the employer to communicate to employees safety rules and programs.

## After Issuance of the Serious Violation Citation

If Cal/OSHA considers the employer's response deficient, then they can issue a serious violation citation. The employer has another opportunity to rebut the allegation at a hearing. The employer must demonstrate both of the following:

- That the business took all of the safety precautions a "reasonable and responsible" employer in similar circumstances would be expected to take to create and maintain a safe workplace (above), and
- Effective action was taken to eliminate employee exposure to the hazard created by the violation as soon as the violation was discovered.
- Having an active and effective Injury and Illness Prevention Program (IIPP) is an employer's best defense. Review, implement and update the IIPP and ensure the program reflects current policies and procedures,

and documentation provides evidence of ongoing safety activities.

These include:

- Supervisor and employee safety and hazard identification training.
- Safety communication on a regular basis.
- Inspections to identify workplace hazards.
- Disciplinary guidelines to enforce safety compliance.
- Accident investigation procedures.

To mount a defense, employers need to ensure their Injury and Illness Prevention Program is being practiced as written and that it accurately reflects the business's operational processes, machinery, equipment and hazards. Documentation is the best evidence that safety activities occur. Without it, an employer will have a difficulty proving that its safety program would prevent an injury as the result of the violation.

Call for information about a Team Inspection (800) 575-6891.

*New Members*

### **NEW MEMBERS**

MAHLE Clevite, MI

Preferred Employers Insurance Company, CA

Torrance Auto Parts, CA

### **CAWA Business Services**

**Don't forget that CAWA also has a variety of business service programs designed to save you money. From insurance services to free legal counsel to access to a free human resources library and competitively priced business forms, CAWA programs are quality and competitive in today's market. See [www.cawa.org](http://www.cawa.org) for further information.**

## The Estate Tax Returns



After a one-year repeal, the estate tax has returned in 2011. Originally scheduled to return with an exemption of \$1 million per person and a top tax rate of 55 percent, the "Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010," which was signed into law in December, sets the estate tax exemption at \$5 million per person, with a top tax rate of 35 percent for the estate, gift, and generation-skipping transfer taxes for the next two years.



Erik Plantenberg

For couples, the exemption is "portable," if not fully utilized at the first death. In other words, for individuals dying after December 31, 2010, the executor of the estate can elect to transfer any unused exemption to the surviving spouse. This essentially provides the couple with a \$10 million exemption, presumably without the need for traditional "A-B" estate planning in order to take advantage of both exemptions. The legislation also reinstates the "step-up in basis" for inherited assets. A stepped-up basis means that beneficiaries take a basis equal to the asset's date-of-death value, rather than carrying over the decedent's original basis. This can further reduce estate tax liability. But don't think that if your estate is less than \$5 (or \$10) million, there is nothing you need to do! Up-to-date estate planning documents and buy-sell agreements are essential to ensure that your assets, including your business, are distributed according to your wishes. Last Survivor policies continue to be a great tool to provide liquidity for settlement costs and estate equalization for children who are not involved in the family business. Remember, the \$5 million exemption and 35 percent rate are effective only for the next two years. Whether Congress will act to extend these limits for 2013 and beyond is unclear.

Talk to your local Federated representative about the products and services he or she can provide to help meet the needs of your business and your family — now and into the future.

## SPECIAL ANNOUNCEMENT: New 401k Product for Members



Brad Davis,  
Armstrong & Associates

After many months of negotiating and vetting carriers, CAWA is proud to announce a new relationship with Transamerica to offer a Multiple Employer Plan (MEP) for retirement savings. This new “group 401k” plan will allow each CAWA member to privately adopt into a large bundled platform maintained by Transamerica, an A+ rated company established in 1906. By leveraging our membership buying power, we have negotiated fees down to levels usually reserved for Fortune 500 companies.

**This will mean significant savings to your company and to your employees’ retirement accounts.**

Employers who have a current retirement plan in place can transfer funds now and start saving immediately. The more employers that adopt, the lower the rates will go.

Employers that are considering implementing a plan for the first time can do so with **NO STARTUP FEES!** Transamerica will be offering a complete portfolio mix of over 80 different funds that are considered “best in class” and face-to-face access to a licensed professional financial advisor to help with implementation.

Each employer will be able to customize its own plan design: vesting, eligibility, contributions, matching schedule, safe harbor, etc...—which means you can also keep your current plan design if you like the way it is set up. Your plan and funds will be kept completely private and separate from every other employer in the MEP—

there is no co-mingling of funds or risk with other employers in the group. Each employer will have its own private and secure web-based platform to monitor the plan.

Besides the obvious savings, there are four other major advantages of adopting into an MEP:

- No Fiduciary Liability
- No Annual 5500 filing
- No Annual Audit
- No Annual TPA fees

**This could save you thousands of dollars and dozens of labor hours per year.**

This program is offered exclusively through our endorsed insurance partner: Armstrong & Associates Insurance Services.

To learn more about this specific MEP, please contact them for further information.

Brad Davis, CEBS

Program Director, CAWA Insurance Services

CA LIC #0B14519 • AZ LIC #914567 • NV LIC #8462

[bdavis@armstrongprofessional.com](mailto:bdavis@armstrongprofessional.com)

(800) 575-6891

### CAWA MISSION STATEMENT

The mission of the California/Nevada/Arizona Automotive Wholesalers’ Association is to provide communication, education, legislative and regulatory advocacy and group purchasing of services for its members, while promoting the automotive aftermarket industry.

### ***Non Deductibility Statement:***

**For federal income tax purposes, CAWA dues may be deductible as a business expense but not as a charitable contribution. CAWA estimates that 68% of your dues for 2011 are not deductible as a business expense because they are attributable to lobbying as is in accordance with Internal Revenue Code Section 6033. Contributions to the Political Action Fund are not deductible as a charitable contribution or as a business expense for federal income tax purposes.**



## Ask Our Attorneys

As a member of CAWA, you and your employees are eligible to contact an attorney to discuss legal issues in a completely confidential manner for up to ½ hour per month at **no cost to you**. Legal matters can range from estate planning, labor law, employee-employer relations, workers compensation, government regulations, debtor-creditor relations, contract and property disputes, environmental issues, etc.

Simply contact the law office in your state, **provide them with your CAWA member ID number**, and receive the **free consultation**.

### CALIFORNIA

David Gregory  
Law Office of David Gregory  
951-781-9091

### NEVADA

David Brown  
Law Offices of Woodbury,  
Morris & Brown  
702-933-0777

### ARIZONA

Jones Osborn  
Osborn Maledon  
602-640-9338

## Manufacturer Advisory Council

*Ron Aparicio, Chair  
Walker Products*

*Michael Antonelli, Vice-Chair  
Vantage Marketing Global, Inc.*

*Ralph Barr  
United Components, Inc.*

*Joe Bergsieker  
Robert Bosch Corp.*

*Lyle Burgess  
Rare Parts, Inc.*

*Karl Coleman  
Mitchell 1*

*Borise Cota  
Akebono Corporation*

*Mary Davis  
NGK Spark Plugs (U.S.A.), Inc.*

*Bill Fischer  
WIX Corporation*

*Jack Hardy  
Chris Kouri and Associates*

*Terry Hill  
USA Industries*

*Selwyn Joffe  
Motorcar Parts of America, Inc.*

*Mike Kitching  
GB Remanufacturing, Inc.*

*Wayne Krantz  
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*Paul Kratzer  
KYB America, LLC*

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*Jim Perrin  
KJ Sales, Inc.*

*Steve Phillips  
Exide Batteries*

*Kevin Reamer  
Tenneco Automotive*

*Dan Roque  
Activant Solutions*

*Steve Salustri  
RPS Marketing*

*Terry Satchell  
GATES*

*Phil Shaffer  
Shaffer and Company, Inc.*

*John Sturges  
Vista-Pro Automotive LLC*

*Jim Weis  
New Starters and Alternators (NSA)*

*Jack Vollbrecht  
Remy Power Products*

*David Wendt  
Delphi Products & Service Solutions*

## Nevada Update



David Brown,  
Nevada Legislative  
Advocate

### Aftermarket Proclamation Passed by Nevada Legislature During National Car Care Month

CAWA has announced that their sponsored Nevada Legislative Proclamation that recognizes the significant contributions the automotive aftermarket industry provides to motoring consumers and the state has been passed by the Nevada

Legislature.

This proclamation recognizes the considerable contributions of the automotive aftermarket to the Nevada's economy, transportation system, and environmental stewardship while also providing robust consumer choices for the transportation needs of Nevadans. The proclamation also recognizes and supports the designation of April as National Car Care Month and encourages all citizens to participate in activities that promote proper vehicle maintenance.

CAWA has successfully passed three legislative proclamations in the states it represents including California, Arizona and Nevada. CAWA recognizes the importance of educating policymakers about the importance of the automotive aftermarket as they contemplate potential legislative measures that impact our industry and our members' businesses.

### Nevada Lawmakers Eyeing Taxation on the Repair of Vehicles

If implemented, this \$1.2 billion tax proposal could tax several services including automotive repair. The Association, in addition to the Governor's office, is opposed to the proposal. We will continue to provide updates as we monitor this legislation.... stay tuned.



## Sacramento Scene



Norm Plotkin,  
California  
Legislative Advocate

**B**udget Update - April tax revenues are in and the good news is that the state realized an additional \$6.6 billion in tax proceeds over what was projected in the governor's January budget. This infusion of cash will help shrink the state's budget deficit from \$15.4 billion to below \$10 billion, which is down from about \$26.6 billion in January, thanks to some \$13.4 billion in spending cuts already approved by the legislature as well as the higher revenues.

But as he unveiled what is known as the May Revise, an updated budget submitted to the legislature after tax season and before they must pass a budget in June, the governor warned that California's finances remain in a dire state. Expressing concern over what he referred to as a chronic structural imbalance in the budget and ongoing deficit, the updated budget plan proposes axing 43 boards and commissions, closing 70 state parks and cutting 5,500 state jobs.

Additionally, he said he still wants to extend temporary tax hikes to balance the budget. This time,

however, his plan for enacting them is a bit different. When Brown first introduced his plan in January, he said he wanted to put the tax extension on the ballot to let the voters decide. But to do that would require four Republican votes, and the GOP has been adamant they won't agree to put the tax extension on the ballot.

Now Brown said he wants the legislature to approve the tax extensions now and then have Californians vote on them after the fact. The problem is that too will require four Republican votes, but Brown said it was the only option.

The drama will unfold as we approach the legislature's constitutional deadline of June 15th to pass and July 1st for the governor to sign the spending plan. Will the taxes be increased/extended? Will the people get to vote? Adding to the drama is the provision, enacted in the recently passed Prop. 25, that requires legislators to forfeit pay as long as there is no budget past the deadline.

**Bills** - We reviewed 264 legislative proposals that potentially impacted the automotive industry and have narrowed our list after a teleconference with Public Affairs committee members to 40 bills that CAWA is tracking. Look for the bill list on CAWA's website and as always, we welcome your comments, questions, concerns on any of these measures or any bill that you may come across that raises issues.



Jennifer Zins, Director of  
Government Affairs

## REMINDER FTC Issues Consumer Alert on Auto Warranties— Says It's Illegal for Dealers to Deny Warranty Coverage

**The Federal Trade Commission has issued a Consumer Alert - Auto Warranties, Routine Maintenance, and Repairs: Is Using the Dealer a Must?**

**T**he Consumer Alert addresses the important issue about dealers refusing to honor vehicle warranties that came with a new car if someone else does the routine maintenance or repairs or uses aftermarket parts? The FTC says 'no' and stresses that it is illegal for a dealer to deny a consumer their warranty coverage simply because the consumer had routine maintenance or repairs done by someone else or because the consumer used an aftermarket part.

This Alert is a result of Honda releasing statements about warranties being voided because of the use of aftermarket parts. For more information visit [www.ftc.gov](http://www.ftc.gov).



CAWA is fortunate to have several businesses that give financial support, in addition to their annual dues, to CAWA's government affairs program. With this support, CAWA's vigilance and protection on industry interests in the legislative and regulatory processes is more effective. Clearly, these CAWA members and partners understand the importance of an effective aftermarket industry presence in government affairs in Sacramento, Carson City, Phoenix, and Washington D.C. CAWA is grateful for the support! To add your company's logo and support CAWA's efforts, contact CAWA at 800-332-2292 or email [programs@cawa.org](mailto:programs@cawa.org).

