

# SouthWestern Flash

June 7, 2004, Vol 2, No. 9



## ***In This Issue***

Federal Legislative News  
Federated Appoints New COO  
Wichita Workshop  
Austin Workshop  
Missouri Legislative Report

## ***Upcoming Seminars of Interest***

**Dealers of Tomorrow** - July 15-16 -  
Hyatt Regency, Wichita, Kan.

***Register Today! June 15 - Deadline  
for Early-Bird Pricing and Special  
Hotel Rate at Wichita Seminar!***

**Dealers of Tomorrow** - Oct. 7-8 -  
Crowne Plaza Hotel, Austin, Texas

Wichita workshop description on page  
three. Mark your calendar and plan to  
attend.

### ***SouthWestern Association***

P.O. Box 419264  
Kansas City, MO 64141-6264  
Ph: 816-561-5323, 800-762-5616  
Fx: 816-561-1249  
[www.swassn.com](http://www.swassn.com)

*Is your dealership receiving e-mail  
from SouthWestern Association?*

If not, send us your e-mail address.  
We will forward important Association  
correspondence to your attention via  
e-mail. Please register your e-mail  
address at:

[www.swassn.com/register-email.htm](http://www.swassn.com/register-email.htm)

## **A Valuable Member Service: Credit & Lien Manuals**

**I**n cooperation with the law firm, Seigfreid, Bingham, Levy, Selzer & Gee and, in particular, attorneys Lance Formwalt and Rod Eisenhower, SouthWestern Association has recently updated the Credit & Lien manuals for these states where our members conduct business: Arkansas, Kansas, Missouri, Nebraska, Oklahoma and Texas.

These manuals are available on CD-Rom. (You can also get a hard-bound copy by special request.) The CD-Rom version is most convenient, as each of the state manuals has credit forms included that you will need so you can comply with all of the notification rules and regulations for each state. You can modify the forms so that each includes your store name and other unique information.

The cost of the manual on CD is \$250, which includes tax and shipping. If you are doing business in more than one state, you might want to purchase a manual on CD for all the states where you do business, as the credit and lien laws differ state by state. Also, if you do a substantial amount of rental and leasing business, please contact us as we have not specifically included this information in our manual.

The manuals will be updated periodically as needed for \$50 per update. Frankly, we do not expect too many updates as the state and federal credit and lien laws do not change that often – but when they do, we will notify you of the changes and offer you an updated manual for \$50.

Just call the SouthWestern Association office at 800-762-5616 and talk with Susan to find out more or to get an order form. No dealership should be without this important information.

## **Regional Meeting Dates Announced**

In 2005, the SouthWestern Association will offer five regional meetings for members in place of one large annual meeting. The dates and locations for these meetings are:

***January 24 - San Antonio, Texas***

***January 25 - Dallas, Texas***

***January 26 - Oklahoma City, Oklahoma***

***January 27 - Amarillo, Texas***

***February 25 - Kansas City, Mo. (in conjunction with the Western Farm Show)***

Watch for additional information as it becomes available in late summer or early fall.

# Federal Legislative News

The House passed, for a second time, a bill to allow small businesses to obtain health insurance through association health plans. It was combined with two other health care bills and sent to the Senate. The other two bills would cap medical malpractice liability awards and allow taxpayers to roll unused benefits in flexible spending accounts into the next year or into a health savings account.

The House has also been busy passing bills to extend or make permanent tax cuts set to expire this year. The House has passed four bills. They would make permanent the \$1,000 per child tax credit, the 10 percent income tax bracket and marriage-penalty tax relief and extend higher exemptions to the individual alternative minimum tax for another year.

## Overtime Rules

Opponents continue to try to stall implementation of the Department of Labor's (DOL) new white collar exemption to overtime rules. The Senate did pass an export tax repeal bill with two amendments to block portions of the rules that would cause employees currently eligible for overtime to lose that eligibility. It is unclear what action the House will take.

However, Rep. George Miller (D-CA) tried a procedural move in the House to slow down implementation of the overtime rules. He proposed a motion to instruct House members on the conference committee on the Department of Labor's fiscal year 2004 appropriations bills to include limitations to the overtime rule in the conference report.

Although DOL's appropriations were included in the omnibus appropriations bill, the original spending bill is technically still in conference. This makes it available for motions to instruct conferees. The House voted twice to table the motion, but House rules allow Miller to offer the same motion every day the House is in session for the rest of the year. He said he hasn't decided whether to offer the motion again.

## Sales Tax on Online, Direct Mail and Catalog Purchases

Another hurdle has emerged in efforts to pass legislation to allow states to require online, direct mail and catalog retailers to collect sales taxes. A bill (HR 3220) to define nexus (physical presence in a state) as it applies to states' ability to impose business activity taxes on out-of-state companies could delay or even derail the sales tax bill.

Rep. Chris Cannon (R-UT), chairman of the House Judiciary Subcommittee on Commercial & Administrative Law, said that "The system has come to a total stop – no Internet Tax Freedom Act, no Streamlined Sales Tax Project." He said there would be no action on sales taxes until the Internet tax legislation becomes law. The House and Senate have passed different bills on Internet access taxes. The House is unlikely to accept the Senate bill and Senate Democrats don't want a conference on the bill. The business

activity bill is opposed by state groups and supported by businesses.

## Protecting America's Workers Act

Sen. Edward M. Kennedy (D-MA) introduced the Protecting America's Workers Act (S 2371) to extend Occupational Safety & Health Act protection to public employees and private sector employees not now covered. It would also increase civil and criminal penalties and clarify that employers must provide personal protective equipment for workers at no cost to their employees.

*Source: National Retail Hardware Association*

## Local Small-Business Leaders Travel to Washington, D.C.

Missouri small-business owners from around the state will travel to Washington, D.C. later this month to participate in the 2004 NFIB National Small Business Summit set for June 16-18.

They will join hundreds of small-business owners from across the nation as they convene just blocks from the White House to: meet with their elected officials in Congress; learn how to make the voice of small business even stronger in the upcoming presidential, congressional and state elections; attend workshops focusing on federal agencies and federal regulations; and hear first-hand from some of the most powerful and interesting people in Washington, D.C.

Confirmed speakers for the three-day event include U.S. Senate Majority Leader Bill Frist, U.S. Speaker of the House Dennis Hastert, U.S. Labor Secretary Elaine Chao, U.S. Commerce Secretary Don Evans, U.S. Small Business Administrator Hector Barreto and former White House Communications Director Karen Hughes.

## South Western Association Hotline - 800-762-5616

The South Western Association Hotline is your source for solutions to many day-to-day problems and issues that confront retailers. Look to your Association for answers to: legal issues, dealer/manufacturer issues, dealership financial-operations issues, accounting/tax questions, marketing, advertising and promotion questions, employee benefit, retirement program, and insurance questions.

## Federated Insurance Appoints New Chief Operating Officer

The Federated Insurance Companies, headquartered in Owatonna, Minnesota, has appointed a Chief Operating Officer to assist in the daily operations of the company. Jeff Fetters, currently Executive Vice President - Insurance Operations, assumed this new role beginning June 1. The appointment was announced by Chairman, President-CEO, Al Annexstad.

Over his 24-year career with Federated, Fetters has served in several leadership positions. He joined the company in 1980 as a marketing representative serving in Valparaiso, Indiana, was promoted to district marketing manager in 1983 and to regional marketing manager in Nashville in 1988. He transferred to Indianapolis as regional marketing manager three years later. Fetters was appointed vice president and moved to Federated's Phoenix, Arizona office in 1993 to manage marketing activities in the company's western agency operations. His duties expanded in 1998 when he was named director of field operations for five central and western regions in addition to the agency operations. Fetters was appointed first vice president in 2000 and executive vice president in 2001 when he assumed his current position in the senior leadership group at the Owatonna headquarters.

In his new position, Fetters will assist chairman, president-CEO and will be responsible for coordinating Federated's property and casualty operations including field marketing, association marketing, underwriting and field loss prevention services. He will be the permanent chair of the company's operations group and will continue in his executive vice president officer position.

"Throughout his career, Jeff has demonstrated great energy and passion for building relationships and getting things done – for our clients, association partners and employees," Annexstad said. "His proven leadership, knowledge of the industry and experience with association relationships will strengthen the Federated organization and help us fulfill our commitments to our clients, association partners and employees across the country."

## Veneman Discusses U.S. Ag's Trade Future

Ag Secretary Ann Veneman updated the House Ag Committee on the Bush administration's trade agenda, and the overall prospects for U.S. agricultural trade, noting that the forecast for U.S. agricultural exports is near record levels for fiscal year 2004, according to *AgriNews.com*.

"The importance of exports to American agriculture simply cannot be overstated," Veneman said. "Exports solidly underpin farm income and support almost 900,000 jobs of which 40 percent are in rural areas."

*Source: Farm Equipment Manufacturers Assoc., May 19*

*Register Today! June 15 - Deadline for Early-Bird Pricing and Special Hotel Rate*

## Dealers of Tomorrow Workshop July 15-16, Wichita, Kan.

### *Targeted Solutions – A Planning Workshop*

As an equipment retailer, you need to develop a business plan on an annual basis. What's the process? Get out last year's plan and revise the figures a bit – then place it back on the shelf until the same time next year? How about energizing the process and producing a plan that you actually use – a plan that your management staff helps to develop? Wouldn't you like to have buy-in from management staff so that you work the plan for improved performance and results? With the "Targeted Solutions" planning method, all this is possible. Targeted Solutions is the strategic planning system that you can use to:

- Identify obstacles and issues
- Determine priorities
- Develop a game plan that can be put into immediate use
- Discover resources
- Eliminate roadblocks

This program, presented by Liz Kearney and Floyd Jerkins, takes the guesswork out of planning and problem solving by teaching participants how to use the world's most successful strategy system. In addition, the process itself encourages and helps build effective teamwork. This helps all levels of staff that are given responsibility for making decisions and taking action to correct problems or eliminate obstacles to success.

### **Workshop Schedule**

#### **Thursday, July 15**

- 1 p.m. Registration
- 1:30 p.m. Targeted Solutions - A planning workshop led by Liz Kearney and Floyd Jerkins
- 4:30 p.m. Buses depart for auto dealership tour
- 6:30 p.m. Return to hotel for dinner and networking

#### **Friday, July 16**

- 8:00 a.m. Continental Breakfast
- 8:30 a.m. Targeted Solutions (cont.)
- Noon End of Program

The workshop and dinner will be held at the Hyatt Regency, Wichita, Kan. *A special room rate of \$99 single occupancy and \$124 double occupancy has been arranged for this meeting.* Complete information has been mailed to all members. If you need another copy, just call Olivia at SouthWestern Association - 816-561-5323 or 800-762-5616.

## Expand Your Business Through eCommerce

Online sales for home and garden products have accelerated in the last two years, according to Dan Serpico, category manager of home improvement business for eBay, Inc. In a seminar at the recent AHMA Hardware Show in Chicago, Serpico said that more consumers are shifting their purchases to the Web, noting a 570 percent growth in eBay's shopping activity over the last four years.

Serpico said there are now 97 million online buyers, including 20.1 million online buyers for housewares products and 12.5 million online buyers for home improvement products. Ebay's sales in the home and garden segment are forecast to be \$770 million this year, based on 51 percent growth in the first quarter, while sales of building materials and plumbing products increased 80 percent.

An even greater trend is the number of consumers who use the Web to research products before purchasing either in-store or online, with 35 percent of home improvement purchases in 2003 researched online, according to Serpico. He added that price and shipping costs are the most important criteria for purchasing home and garden products online.

October 7-8 – Austin, Texas

## Dealing With the Future - What Every Dealer of Tomorrow Needs to Know

The dealers - and managers - of tomorrow must understand the financial and operational needs of their business to be successful. That understanding begins today.

This workshop is for owners, mid-level managers and department managers, as well as those new to the equipment industry, and will teach participants how a dealership's operating and financial parameters can affect the dealership on a day-to-day basis.

Presenter Bill Bohmer will provide a financial review that will cover the most common operating indicators that nearly all dealerships should review on a monthly basis to develop sound financial returns. We will discuss departmental expense categories to illustrate the interdependency between all departments and how these affect the dealership as a whole.

For more information just call Olivia at SouthWestern Association - 816-561-5323 or 800-762-5616.

# Boost Sales!

Put the industry's leading provider of credit card processing in your dealership.

With the Association-sponsored bankcard program\*, you will increase your business and reduce receivables. Plus, NAEDA now offers a new, lower rate\*\* for qualified transactions and that's more money in your pocket. Check NOVA's industry-leading payment processing solutions:

- Electronic Draft Capture
- Debit & Check Verification
- PC & Terminal Based Solutions
- Wireless Processing
- No Annual Fee
- \$2 monthly statement fee
- Dedicated phone line not required
- Equipment Purchase Options

For more information, call NOVA today at **1-800-546-1831**

Mention the following code to receive a waiver of application fees: NAEDA 0203 AB.

**NOVA NETWORK**  
The most reliable payment processing network in the industry

\* The Association-sponsored Bankcard Program is a program of the North American Equipment Dealers Association, its U.S. affiliated associations and NOVA Information Systems. The program is not available in Canada.  
\*\* Rates for American Express and Discover negotiated separately.

The Bankcard Program is co-sponsored by the SouthWestern Association and the North American Equipment Dealers Association.

# Missouri Legislative Report

By Dale Amick, Missouri Legislative Director

The Missouri Legislature ended its 2004 regular session May 14 with a flurry of activity. Here is a brief rundown of the issues of interest to the Association.

## Tax Reform

Governor Bob Holden offered a tax increase package at the start of the session, saying it would help prop up negative state revenue growth. In the end, state revenue growth was 5 percent and the tax hikes died.

No changes in state sales tax exemptions, although there are some lawmakers who wanted to reduce them as a source of additional general revenue to fund growth in state programs and services. The Association actively opposed any changes in the exemption list.

Efforts to enact the model streamlined sales tax program, being pushed nationally, failed to gain any meaningful support. The Association opposes enactment of this program until it is clear that agricultural exemptions will not be affected.

Legislation to allow school districts to enact income and sales taxes died.

Better accountability and reporting for those receiving and dispensing state tax credits also passed the legislature (SB 1099). Also passed was legislation (HB 1182, SB 740) that would allow state quarterly tax payments for tax credit holders.

## Franchise Protections

No changes in the farm equipment dealer franchise and warranty protections. Similar protections were enacted for all-terrain vehicle, motorcycle and marine dealers (HB 1288). On the House floor during debate on this legislation, lawmakers discussed how good the protections were for farm equipment dealers and that this legislation would grant similar protections to these other dealers. The ATV definition also was changed to include those vehicles up to 1,000 pounds in weight.

## Unemployment Compensation Reform

Reform of the state's unemployment compensation program (HB1268) will include a tax hike for employers to help pay off a debt owed the federal government. Without the payout, the state would be paying six per cent interest on the federal loan. The hike today is expected to cut costs in the program in the future.

The reform includes tighter eligibility requirements and higher benefits for those who are eligible. Drug abuse and misconduct are grounds for disqualification from the program.

## Workers Compensation Revision

Even though it was a priority of the legislative leadership, workers compensation reform failed to pass. Opposed by the

governor and leading Democrats, meaningful compromise never got off the ground.

## Environmental Rule Making Reform

Legislation (HB 980) to modify environmental rule making by the Missouri Department of Natural Resources passed in the final days of the session. A priority of most agricultural groups, including the Association, the department now must provide a detailed economic and regulatory impact statement to any proposed environmental rules or regulations.

In addition, the department must in a timely fashion decide on pending environmental permits and provide specific reasons for denial.

Agricultural groups have been pushing this legislation for several years. However, it is opposed by environmentalists and may be vetoed by the governor.

Legislation bringing state and federal laws dealing with concentrated animal feeding operations in compliance (HB 1177) cleared the legislature in the closing days. CAFOs will come under jurisdiction of the Missouri Clean Water Commission. It allows for input by local soil and water districts on any proposed county health ordinances dealing with agricultural operations proposed by county entities.

This legislation, too, is opposed by environmentalists. However, the Department of Natural Resources worked with legislative sponsors in drafting the bill so it may not be vetoed by the governor.

A sweeping county government revision bill (HB 795) passed by the legislature includes a prohibition for third class county commissions from adopting ordinances affecting agricultural operations.

## Regulatory Fairness

The legislature passed legislation (HB 978) that creates a small business regulatory fairness board. The board will determine whether proposed state rules and actions affect small business.

## Tort Reform

The legislature passed tort reform (HB 1304) that would reduce awards in certain civil suits and limit venue shopping in civil cases. The governor vetoed the bill and the legislature failed to override the veto. Medical malpractice reform (HB 1305) passed the House, but died in the Senate.

## Commercial Driver's License Revision

Revision of the commercial driver's license law was included in a wide-ranging transportation bill (SB 1233) that cleared the legislature on the final day. The bill creates a series of crimes when driving a commercial motor vehicle. Applicants for a CDL also must disclose additional information. Includes new language for CDL holders who have alcohol-related offenses.

---

# Strength THROUGH TEAMWORK.



## Today's Times Demand Collaboration.

When you work with NAEDA Financial, Ltd. (NFL), you get financial strength and stability, which are tough to find in today's changing economy. Plus, as your primary source for financing, leasing and insurance, NFL works with you to provide flexible programs that meet the needs of your customers.



### NAEDA Financial, Ltd.

Agricultural Retail Division  
14010 FNB Parkway, Suite 205  
Omaha, NE 68154-5206  
1-888-922-4NFL (4635)

Industrial Retail Division  
625 Maryville Centre Drive, Suite 100  
St. Louis, MO 63141  
1-888-765-6772

[www.NAEDAFinancial.com](http://www.NAEDAFinancial.com)

**No Recourse, No Reserves** – NFL funds 100% of amount financed with no contingent liabilities

**Increased Profit Margins** – Using origination fees

**Low, Competitive Interest Rates** – Fixed and variable rates available

**User-Friendly Programs** – Same rates for new and used equipment

**Sales Bonuses** – Paid directly to sales personnel

**Simple Documentation** – NFL prepares all necessary documentation

**Quick Dealer Settlements** – You get your money faster with NFL (via ACH or overnight)

**Physical Damage Insurance** – One-stop financing and insurance

**NAEDA Endorsed** – NFL programs are endorsed by NAEDA and your regional association

Put NFL's strength to work for you and your customers;  
call or visit our Web site today!