



NAEDA Update

NORTH AMERICAN EQUIPMENT DEALERS ASSOCIATION e-newsletter

Thursday, December 16, 2010

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CEO Blog

"What have you done for me lately?"

December 2010

"What have you done for me lately?" is a familiar question and one that member dealers are encouraged to ask NAEDA and its state, regional or provincial association.

I can respond to the question that in 2010 we've done a lot in respect to both manufacturer and government relations on behalf of U.S. and Canadian dealers.

There were days in 2010 where it seemed as though every manufacturer on the planet woke up one morning and said, "Let's prepare a new dealer agreement or finance agreement for our dealers to sign!" During the last 12 months, NAEDA, associated affiliates and our legal counsel reviewed and analyzed no less than 15 such agreements. Needless to say, it was a great year for our attorneys! In nearly every instance we were able to discuss the agreements with the various manufacturers and reach an understanding about how to make the agreements more balanced and fair to both parties. There were even several agreements where the manufacturer requested and received our input before mailing the initial agreement to dealers. In these instances, the process went smoother and yielded better results for both dealers and the manufacturer due to our involvement.

Collectively, NAEDA, your association and our legal counsel also worked on special projects to improve manufacturer's understanding of their dealers' concerns. For example, our warranty survey, to which many of you responded, provided the NAEDA Industry Relations Task Force (IRTF) with valuable dealer perspectives about warranty reimbursement policies and other matters that it shared during manufacturer/IRTF meetings.

We also worked in collaboration with AEM, AED, FEMA, and ARA to produce a brochure to answer frequently asked questions regarding the new Tier IV emissions regulations which take effect Jan. 1, 2011. Members of participating associations and the general industry press received the information. The media has referenced the brochure frequently ever since. Similarly, NAEDA and affiliates produced a brochure to assist neophyte manufacturers with their quest to tap into North American equipment markets. This brochure will be widely distributed over the coming months. It will assist new entrants with how to establish a dealer network, write contract language, work with dealer laws in the various states and provinces, etc. We had many requests for this type of information and feel it will help both manufacturers and dealers.

Your association has also worked diligently this year on many legislative and regulatory issues faced by you, the dealer. One example was our collective work to extend the U.S. bonus depreciation provisions and to get the depreciation issue in front of the proper ministerial decision makers in Canada. We were successful on both fronts. In addition, we were successful in extending the lower depreciation provision on agricultural equipment from seven years down to five years in the United States.

I can go on and on about the accomplishments of NAEDA's affiliates and NAEDA in 2010 – it was a banner year for

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Legislative & Regulatory News

NAEDA Special Report: Tax bill provides benefits

The Small Business Jobs Act of 2010 (Jobs Act) changes rules regarding depreciation and deduction of business property. Some changes are retroactive to the beginning of 2010. The new rules have numerous provisions that affect equipment dealers and their customers. Download the [NAEDA Special Report](#).

U.S. Senate approves tax cuts; NAEDA urges the House to vote yes

The U.S. Senate has voted 81-19 to approve the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010. The measure still needs approval by the House before reaching President Obama for his signature.

The far-reaching \$858 billion tax plan negotiated by the White House and Republican leaders is now headed for a vote in the House. Prospects for House passage appear to be brightening, as lawmakers acknowledge the need to avoid a shock to the economy that would result without an extension of the tax cuts. Liberal Democrats continue to express that the bill includes giveaways for the rich, and some conservative Republicans blasted the price tag. But House Democratic leaders are planning to stage two votes, one on an alternative package that would allow Democrats to express their dissatisfaction without blocking final passage of the compromise Senate bill.

If passed in its present form, the tax relief package will:

- Extend all tax cuts for middle class families
- Reduce payroll taxes by \$120 billion
- Extend unemployment insurance benefits for 13 months
- Extend the American Opportunity Tax Credit for families paying college tuition, the Child Tax Credit and the Earned Income Tax Credit
- Allow businesses to deduct 100 percent of certain investments in new equipment in the first year
- Extend for two years the state and local sales tax deduction
- Extend Alternative Minimum Tax relief for two years
- Extend incentives important for developing the clean energy industry for ethanol and biodiesel
- Reform estate taxes to provide a \$5 million exemption and a maximum tax rate of 35 percent

If the House doesn't move forward quickly on the bill, these critical tax measures will expire in just 16 days. The vast majority of small businesses and Subchapter S Corporations pay their taxes at the individual income tax level and the much-needed private capital available for businesses and job creation will be influenced by the capital gains and dividend tax rates and the expected rate of return on investments by businesses. "Ensuring that these businesses do not face tax hikes in this challenging economic environment was the right thing to do. NAEDA praises the Senate for taking such action," says Mike Williams, NAEDA's Vice President of Government Relations.

After the midday vote, leaders of both parties in the Senate praised the measure. Sen. Chuck Grassley (R-IA) and Ranking Member of the Committee on Finance commented:

"This legislation extends 51 tax incentives for different sectors of America's economy, including ethanol. These tax policies have been extended previously because they've been proven to help create economic activity. This legislative agreement also makes sure the government can't take more than half the estates of farmers and small business owners who have scrimped, sacrificed and saved their entire lives to build up a family business by imposing a 55-percent estate tax even after those business owners spent a lifetime paying income, investment and property taxes.

Since World War II, the tax burden has averaged 18.2 percent of the gross domestic product. Even if Congress were to extend all of the current-law tax levels permanently, the nonpartisan Congressional Budget Office indicates that taxes as a percentage of gross domestic product will still be much higher than they have been over the last 70 years. So, even if we were to permanently keep the tax rates at current levels, Americans will be overtaxed when compared with what they've paid in recent history.

We don't have a deficit problem because people are taxed too little. We have a deficit problem because Washington spends too much. The deficit needs to be taken on through economic growth and reduced spending. Revenue to the federal Treasury will continue to increase with the level of taxes as they are today, which this bill will secure for two more years.

Thirteen Senate Democrats voted against the bill: Jeff Bingaman (N.M.), Byron L. Dorgan (N.D.), Russell Feingold (Wis.), Kirsten Gillibrand (N.Y.), Kay Hagan (N.C.), Tom Harkin (Iowa), Frank Lautenberg (N.J.),

Patrick J. Leahy (Vt.), Carl M. Levin (Mich.), Jeff Merkley (Ore.), Mark Udall (Colo.), Tom Udall (N.M.) and Ron Wyden (Ore.). Vermont independent Bernard Sanders, who caucuses with the Democrats, also voted no. Five GOP senators were opposed: Tom Coburn (Okla.), Jim DeMint (S.C.), John Ensign (Nev.), Jeff Sessions (Ala.) and George V. Voinovich (Ohio).

NAEDA now urges House leaders to vote yes on the legislation in the closing days of the 111th Congress. The White House is expected to sign the bill shortly after passage so that new higher tax rates **will not** take effect on Jan. 1, 2011.

Proposed near-term tax provision will be good for equipment sales

President Obama's announcement of a tentative deal on near-term tax cuts should be good for equipment sales according to Mike Williams, Vice President for Government Relations for NAEDA.

The agreement covers business tax relief (accelerated depreciation, a research and development tax credit), individual taxes, and unemployment benefits, among other tax issues. The proposal would allow businesses to immediately expense capital investments for tax purposes in 2011.

The benefit to companies, farmers and ranchers using this provision would be lower 2011 taxes (positive near-term cash flow impact), and according to the US Treasury, the proposal on expensing of capital could provide "\$200 billion in relief over the next two years."

Some believe that most of the benefit would be realized in late 2011 as companies address 2012 capital purchase plans. However, Williams notes that passage of the proposal is still uncertain, but some form of the plan will pass before the first of the year.

House approves nine-month highway extension

On Dec. 8, the House passed legislation extending authorization for the federal highway program through Sept. 30, 2011. The latest extension is part of a broader continuing resolution (CR) (HR 3082) to fund the operations of the federal government through FY 2011. The CR now moves to the... www.aednet.org/aednews/index_full_story.cfm?id=10926623

U.S. House narrowly approves \$1.2 trillion budget bill

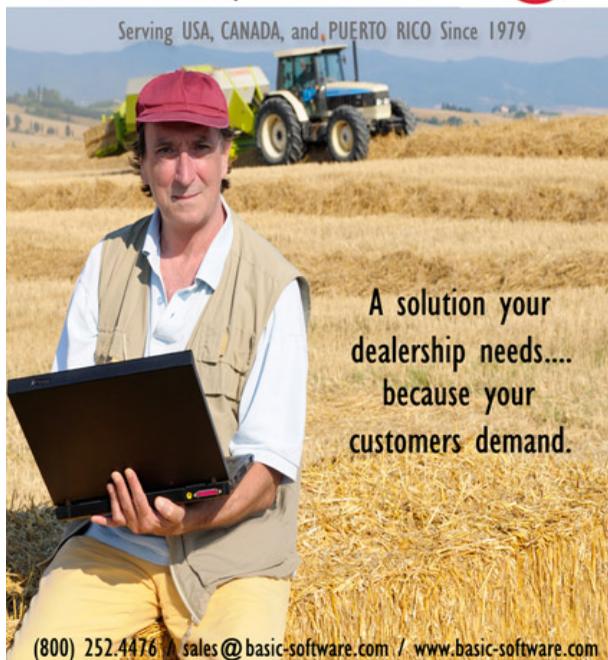
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Industry & Manufacturing News

Survey: Will 2011 be a banner year or a bust?

Complete this brief [survey](#) to let NAEDA know how you see 2011 shaping up for your dealership. Your responses will help us provide guidance to all member dealers in the January 2011 *NAEDA Equipment Dealer* magazine feature story, Outlook 2011.

Attend McCormick USA's Prospective Dealer Reception at AG CONNECT Expo

You're invited to McCormick USA's [private dealer reception](#) at AG CONNECT Expo in Atlanta from 4:00-6:00 p.m. on Jan. 8, 2011, in B206, a private meeting room overlooking the exhibit hall.

While you are there, meet the McCormick USA team, see McCormick's product lineup, discover McCormick's unique approach to serving dealers, and learn about the company's marketing programs. You can even take a tour of McCormick's corporate offices, tractor assembly operations, and service parts warehouse. McCormick USA's headquarters are located in Duluth, Ga., just north of Atlanta.

AGCO CEO says not pursuing purchase of rival CNH Global

www.foxbusiness.com/markets/2010/12/10/agco-ceo-says-pursuing-purchase-rival-cnh-global/

helping dealers succeed. It is also worthy of noting that in this process, hundreds of thousands of dollars were spent on your behalf so all dealers could benefit from the results.

You can often read about these accomplishments and more on our new and much improved Web site (www.naeda.com) and in our recently improved bi-weekly newsletter, NAEDA Update, and in this industry leading magazine.

The point of this column, very simply, is this: Pick any one project or issue worked on by NAEDA and your association over this past year and place a monetary value on it. If you do, I think you'll discover that the cost of handling just this one project or issue would more than pay for your dues over a decade. If you use a typical dues level, which includes dues to the affiliate and NAEDA, your investment is only about \$1.20 to \$1.40 per day, yet you receive so much in return. All the travel, legal and labor expenses are spread over thousands of member dealers versus you handling common dealer concerns all on your own.

So next time you think, "What have they done for me lately?", remember this column and think about all that is done every day by NAEDA and your association to help you be a successful dealer. We hope you see that your association membership is a wise investment... and that's the way I see it.

Happy holidays! See you again in 2011.

PAUL KINDINGER is president/CEO of the North American Equipment Dealers Association. The association provides educational, legal, legislative, and financial services to approximately 5,500 retail agricultural, construction, large property/rural lifestyle, and outdoor power equipment dealers in the United States and Canada.



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Subaru introduces vertical-shaft OHC engines for lawn & garden equipment

www.allbusiness.com/legal/environmental-law-vehicle-emissions-standards/15287154-1.html

Caterpillar announces officer changes

PEORIA, Ill. – Caterpillar Inc. announced today several changes at the officer level. www.cat.com/cda/files/2564200/7/120910+Caterpillar+Announces+Officer+Changes.pdf

Purdue engineering students assemble a robotic snowblower

www.theindychannel.com/news/26121565/detail.html



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NAEDA, Association & Program Partner News

“Must read!” info: New (free) “NAEDA Dealer-Supplier Agreements” brochure

NAEDA's new, quick-read, “Dealer-Supplier Agreements” brochure provides critically important information about mutual terms and principles of business relationships that can help manufacturers, distributors, and suppliers reach mutually beneficial agreements with equipment dealers carrying their product lines.

Such information can help manufacturers and dealers better understand the supplier-dealer relationship and the responsibilities of both parties in the process.

Specifically, the brochure covers:

- business profiles
- contract provision guidance regarding dealers, such as:
 - o terms of contract and legal authority
 - o trade areas and market penetration
 - o financial requirements
 - o product stocking and performance standards
 - o terms of payment
 - o parts ordering and return policies
 - o service tools and personnel training
 - o supplier warranty policies
 - o dealer agreements and contract terminations
 - o other requirements
- company and product information
- dealer transfers and succession plans
- dealer associations

Suppliers are also encouraged to become familiar with the different state or provincial laws when negotiating with a dealer on any contracts to assess legal consequences. The brochure does not attempt to cover or provide legal interpretation of these laws. NAEDA's affiliated associations are the best contact for such information. Visit www.naeda.com for a map showing affiliates and pertinent contact information.

[Read/download](#) the “NAEDA Dealer-Supplier Agreements” brochure now.

Register now for AG CONNECT Expo 2011; save \$50 through NAEDA

Dealers – Use the NAEDA promotion code AG11NA on www.naeda.com to register you and a top customer for the show and you'll receive free admission to preview day – a \$50 value! AG CONNECT Expo has several show-planning tools online that can help you make the most of your trip to Atlanta.

Click [here](#) to learn more about AG CONNECT Expo 2011 and how you can benefit from show-planning tools.

SouthEastern Association member Wade Inc. buys AgriTurf LLC

www.calhouncountyjournal.com/index.php?option=com_content&view=article&id=3358%3Awade-inc-is-new-owner-of-local-john-deere-dealership&catid=1%3Alatest-news&Itemid=1

KPA asks: How much is employee “slacking” costing your company?

blog.kpaonline.com/2010/12/employee-motivation/

KPA: Beyond improving profits – safety culture is a key benefit for employees

blog.kpaonline.com/2010/12/creating-safety-culture/

legislative, and financial services to approximately 5,500 retail agricultural, construction, large property/rural lifestyle, and outdoor power equipment dealers in the United States and Canada.

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You must be a paid member of a NAEDA-affiliated association for your subscription to be accepted.



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Canadian News

Canadian government to announce deal forming North America 'perimeter'

www.nationalpost.com/news/Conservatives+announce+border+security+deal+with/3947584/story.html

Net farm income slips in 2009

www.albertafarmexpress.ca/issues/isarticle.asp?aid=1000394622&link_source=aypr_ABEX&link_targ=DailyNews

Canada's jobless rate hits 2-year low

www.cbc.ca/money/story/2010/12/03/money-canada-jobs.html

Tip of the Month

NAEDA
Compliance Tip of the Month
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[Lampshades and lawsuits - how to limit your liability for holiday events](#)

Free KPA webinars

- Jan. 6 - [HR Recordkeeping Simplified](#)
- Jan. 13 - [Lawsuits Waiting To Happen](#)
- Jan. 20 - [EPA's New 6H Emission Standards are in place, are you compliant?](#)

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