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NORTH AMERICAN EQUIPMENT DEALERS ASSOCIATION e-newsletter

Thursday, July 28, 2011

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Legislative & Regulatory News

Boehner debt ceiling proposal expected today

The House Speakers' amendment would address the debt ceiling and serve as a substitute for S. 627, the "Budget Control Act of 2011," which would increase the debt ceiling and address associated spending issues.

This legislation would extend the debt limit in two phases and avoid a default on the obligations of the United States. The first phase would provide for \$1.2 trillion in discretionary spending cuts and an immediate increase of up to \$1 trillion in the debt limit. The bill would allow for a subsequent increase of \$1.6 trillion in the debt limit once Congress passes legislation to reduce the deficit by an additional \$1.8 trillion. This second stage of spending reduction would be formulated by a bipartisan Congressional committee and be voted on by the Congress in an "up or down" vote. In addition, the legislation would require a vote on a balanced budget amendment by the end of the year.

The substitute amendment to S. 627 appears to be an approach to: cut spending in the immediate term by more than the increase in the debt ceiling; ensure a workable, enforceable mechanism to facilitate additional spending cuts for future debt limit increases; and allow for a vote on significant reform to the budget process.

At press time, Boehner said that he does not yet have the votes to pass his debt limit bill. Though Republican members say they believe the Speaker will secure the 217 he needs by Thursday evening, when the House is set to vote, Boehner may still need to convince dozens of undecided members to back his measure.

NAEDA will continue to monitor this amendment as well as any Senate proposals and let you know about any issues that arise that could affect your dealer operations.

USDOT, NAEDA separately address farm equipment regulations

U.S. Transportation Secretary Ray LaHood has issued a statement which says in part, "All of us at USDOT are working to build a transportation network that creates jobs and ensures America's long-term competitiveness. At the same time, we realize that well-meaning regulations can be burdensome if the government isn't thoughtful about how they're put in place. Finding the right balance between the two can be challenging." NAEDA addresses the types of challenges LaHood mentions in a letter it has sent to regulators regarding federal motor carrier safety regulations.

Read LaHood's [full message](#).

NAEDA provided comments about the federal register notice titled *Applicability of the Federal Motor Carrier Safety Regulations to Operators of Certain Farm Vehicles and Off-Road Agricultural Equipment* on behalf of member dealers since this rule will affect our dealer members and the farmers and ranchers they serve.

In the letter, NAEDA stated, "We believe Congress, when it authored the Hours of Service agricultural exemptions in 1995, intended to address the special needs of the nation's agricultural industry and rural communities. Agricultural exemptions and special considerations by FMCSA are critical for timely planting and harvesting seasons defined by each state.

We want to emphasize that individual states should maintain the responsibility for any movements classified as intrastate. We believe, and the evidence will show, that the states have been effective in implementing FMCSA guidelines and the regulations that protect the public on intrastate movements.

From the proposed guidance, Questions number 13 and 33 appear to be answered and conclude farm equipment implements of husbandry should be excluded from the FMCSA regulations. We agree with that interpretation and support that conclusion.

1. Interstate Commerce

We believe FMCSA should have an interest in intra and interstate commerce for commercial motor vehicles (CMVs) that transport passengers or property and meet the requirements of a commercial motor vehicle which is defined in 49 CFR 390.5. That, however, should not extend to implements of husbandry used in the production of agricultural crops or products by farmers and ranchers. We appreciate that FMCSA is considering how it can improve its guidance on which portions of the regulations should apply and request that you rely on the definitions used by the states. States have the knowledge and expertise on their state's agricultural operations and their needs to implement proper regulations for safety of the general public.

Even within states, there are differences in production methods and the implements of husbandry used throughout the year for production and delivery of products to market. National guidance here is opposed.

CEO Blog

Wanted: New ideas

I sense that most reasonable people would agree that government has a role to play in our society. Exactly what that role should be, and how we should pay for it, is often where disagreements begin.

Today there is enormous pressure to clearly determine answers to these questions. That pressure is coming from an ever-increasing overspending and debt problem, not only in the U.S. and Canada, but across the globe. What exactly should government do and how will we pay for it are questions that must be answered.

It's no secret Congress has created an enormous problem by continually spending more than it takes in. Don't let anyone kid you ... although the problem has grown worse, overspending has been going on for years. Congress is like drug addicts in a room full of heroin: it can't control itself. So now, like most problems created by Congress, it's a crisis and the gloves are off regarding how it should be fixed. It's the epic battle between "tax and spend" and "lower taxes and cut government spending." Unfortunately, neither approach by itself will fix the problem. The patient is sick and the doctor is on vacation!

So where is our hero? I'm sorry, but this is reality, not a fairy tale. Like Henry J. Kaiser said, "Problems are only opportunities in work clothes." We didn't get into this situation overnight and we won't get out of it overnight. It will take hard work, patience and solid ideas to fix it. The paradox is that the demands are greater than government's ability to address them, even if we all agree on the fix. Another paradox is politics. Politicians' posturing to other professional politicians (who often are more concerned about preserving their career than developing real solutions) will not get the job done.

What can we do? Here are ideas:

1. Reinvigorate an entrepreneurial spirit.
The entrepreneurial spirit is sorely needed. Government should inspire people to dream big. It should create an environment where people feel free to pursue their ideas, take risks and reap the commensurate rewards ... instead of an environment where people and businesses are taxed and regulated to the point where they give up. Jobs will be created when entrepreneurs and businesses are encouraged to reach higher.
2. Act as a support mechanism.

FMCSA's "determination" that products delivered via interstate commerce are for export, is a wrong determination. There are numerous examples of intrastate commerce where products are grown, transported and processed into another product within the boundaries of that state. These include, but not limited to, feed mills, ethanol plants, flour mills, slaughter plants, etc.

2. Indirect and Direct Compensation for Crop Share Rents

While NAEDA doesn't have a direct role in this issue, the customers of our dealer members do. We want to note to FMCSA that farmers and ranchers in either a crop share or livestock share rent are not transporting crops or livestock for compensation but to get both to a market. That is different than a "for-hire" carrier hauling crops, produce, livestock, or other agriculture products for compensation and should be treated as such.

3. Should Implements of Husbandry be Considered Commercial Motor Vehicles?

Our response to this question is no. Several states define implements of husbandry differently, taking into consideration their particular needs given the diversity of agriculture production in their state. We would like to suggest the following definition of implement of husbandry:

A vehicle or special mobile equipment manufactured, designed or reconstructed for agricultural, horticultural and livestock operation purposes exclusively used in the conduct of these agricultural operations." Under our definition, an implement of husbandry would include: all-terrain vehicles and outdoor power equipment operated for agricultural purposes, fence-line feeders, farm tractors, combines, harvesting equipment, tillage equipment, chemical and fertilizer applicators, earthmovers and scrapers, and other specialty equipment or components designed for agricultural use."

Read the [full NAEDA letter](#).

AEM proposes revenue-neutral solution to rebuilding America's interstates

The Association of Equipment Manufacturers (AEM) has released a revenue-neutral solution to rebuild and modernize America's interstates without raising the gas tax.

The proposal, advanced by AEM in an ongoing effort to reinvigorate the stalled debate on infrastructure investment financing, was developed by: Jack Schenendorf, former vice chairman of the National Surface Transportation Policy and Revenue Study Commission, of Counsel, Covington & Burling LLP; and Elizabeth Bell, Associate, Covington & Burling LLP.

As the deadline looms to reauthorize U.S. surface transportation policy by September 30, Schenendorf unveiled two alternative solutions to supplement current federal transportation revenues in a policy paper published by The Bureau of National Affairs. Recognizing that the current highway trust fund is an inadequate source of federal funding to rebuild and modernize the nation's deteriorating roads, bridges and highways, Schenendorf's solutions will create an alternative funding source for America's aging and congested interstate highways that are a growing barrier to U.S. economic growth.

"Our manufacturers and farmers are at a competitive disadvantage with other countries because of aging infrastructure that has suffered decades of neglect. We risk losing manufacturing and agriculture jobs to overseas markets if Congress further reduces highway spending, as has been proposed in the House. With no political will by policy makers to increase the gas tax, we must look for other practical solutions that ensure the nation's transportation needs are satisfied," said Dennis Slater, President of the Association of Equipment Manufacturers.

"Both Congress and the President have recognized the severity of our infrastructure problem and the need to fix it. But neither has been able to come up with a funding solution to pay for the increased investments. This proposal will provide the critically needed funding to modernize our surface transportation system, and allows Congress to increase transportation investment without raising motor fuel or diesel fuel taxes and with no increase to the debt or the deficit," asserted Schenendorf.

The revenue-neutral transportation funding proposal offers two alternative solutions: a Federal Interstate User Fee (FIUF) and a Federal Motor Carrier User Fee (FMCUF).

How it works:

Federal Interstate User Fee

- All vehicles using the Interstate Highway System would pay a user fee. The fee would be collected through an "EZ Pass"-like system, which would be entirely electronic. There would be no tollbooths.
- All of the revenues generated by the fee would be deposited in a special account in the Highway Trust Fund. The revenues would be used exclusively to restore the Interstate Highway System to a state of good repair and to expand and modernize it to meet the challenges of the 21st century.
- The fee structure would be set annually, by an independent group of experts, at the level necessary to reimburse the states in accordance with policies established by Congress for the federal share of these improvements. No higher, no lower. The fees would not be designed to control the level of traffic or to "price out" drivers from using the Interstate.
- This user fee would restore the Interstate Highway System to being the crown jewel of the U.S. surface transportation network and the envy of the world.

Federal Motor Carrier User Fee

- This fee would be imposed on commercial trucks' usage of all roads and would be collected through GPS-like systems currently being used by many trucking companies.
- Importantly, trucks would not be double-charged for miles traveled on the Interstate; rather, those miles would be recorded through the Federal Interstate User Fee program.
- All of the revenues generated by this fee would be deposited in a special account in the Highway Trust Fund and would be used exclusively for freight-related improvements.
- The same independent entity discussed above would set the fee structure at the level necessary to reimburse the states in accordance with policies established by Congress for the Federal share of these freight improvements. No higher, no lower.

A government that will act as a catalyst for ideas and the infrastructure required to implement them will be a step on the road to recovery. Governments are already spending billions on R&D, so let's use some of these funds in a more collaborative manner with the private sector. Congress should also weigh whether regulations are helping or hurting the economy and then legislate appropriately.

3. Encourage new forms of business-to-business collaboration.

Collaborations between businesses of all sizes can generate ideas and accelerate innovation. Great ideas may come from small businesses, but they often need the involvement, support and funding of larger, better staffed businesses. Some collaboration occurs today, but more is needed.

4. Create new sources to finance innovation.

Perhaps we need a funding institution that can access capital more quickly and inexpensively. It should absorb a little more risk than traditional mechanisms alone. Venture capitalists are a good source, but their involvement is not enough to meet the total demand. Besides, they frequently demand a high premium for their investment.

5. Provide exceptional, positive leadership.

Leadership that has a laser focus on building something great and fixing real issues is essential. One admirable quality of John Kennedy was his willingness to provide a big, hairy, audacious goal (BHAG). Remember? He said, let's choose to go to the moon in this decade. The United States at the time had few resources in place and little idea of how to accomplish the goal, but it put a man on the moon. We sorely need someone, or a group of some ones, to step up and not be deterred by distractions created by politics, the media and left- or right-wing extremists. We need leaders who honestly, deeply care and believe they can make things better.

Yes, the United States faces daunting challenges, but if we deal with this financial mess head on, we may very well determine the fate of our beliefs and our society. And that's the way I see it.

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.



Resources

This user fee would play a critical role in improving the movement of freight, thereby helping to make U.S. businesses more competitive in today's global marketplace.

Source: AEM

EU exports to Korea increase 16 percent after FTA; US-Korea FTA delay continues

It has been just weeks since the European Union-Korea Free Trade Agreement (EU-Korea FTA) took effect July 1, 2011, and the EU is already reaping the benefits.

According to the Korea Customs Service, EU exports to Korea rose 16 percent from July 1 to July 13, and trade volume between the EU and Korea increased by 17.4 percent.

Under the EU-Korea FTA, EU's annual tariff savings on key competitive exports are expected to include, but are not limited to:

- Pharmaceuticals: \$30 million
- Passenger Vehicles: \$10 million
- Cheese: \$11 million
- Pork (frozen): \$10 million

With further KORUS FTA delay, tariff and non-tariff barrier elimination for EU competitors is placing U.S. farmers, manufacturers, service providers, and workers at a significant disadvantage; billions of dollars in sales opportunities and tens of thousands of new American jobs are on the line.

The EU is racing ahead. That is why NAEDA has signed on to an open letter to President Obama and Congress, which will be released July 29, urging them to implement the pending free trade agreements with the three countries as quickly as possible.

The letter says in part, "The longer we wait to implement these agreements, the farther behind competing nations we will fall in those markets. Indeed, serious damage has already been done and further delays will unquestionably cause further harm."

The open letter will be posted under Legislative Resources > Trade on www.naeda.com after it has been sent to President Obama and Congress.

EPA issues final rule to minimize misfueling

EPA has issued a final rule intended to minimize misfueling gasoline that contains up to 15 percent ethanol (E15).

The final rule would prohibit the use of gasoline containing more than 10 percent ethanol on any vehicles, engines and equipment not approved by EPA for use of E15. Under two final rules issued by the agency late in 2010 and early in 2011, use of E15 was limited to only 2001 and later model year vehicles.

[Read more](#)

Source: Power Equipment Trade

2011 business tax burden study released

The Council On State Taxation (COST) has released its annual study of state and local business taxes. It shows all state and local business taxes paid in each of the 50 states and the District of Columbia.

These taxes include business property taxes, sales and excise taxes on business inputs, gross receipts taxes, corporate income and franchise taxes, unemployment insurance taxes, pass-through business taxes, and other state and local taxes that are the statutory liability of business taxpayers.

In addition to presenting tax estimates for the most recent fiscal year, the study also examines business taxes over the past business cycle and describes the impact of the recession and recovery on tax collections.

Key findings of the study include:

- After falling by 0.9% in FY2009, state and local business taxes stabilized at near FY2009 levels in FY 2010, decreasing by 0.3% from FY2009. Total state and local taxes imposed on both households and businesses remained constant, with total state taxes declining by 1.2% and total local taxes increasing by 2.3%.
- Property taxes on business property increased an estimated 1% this year, totaling \$249.5 billion in FY 2010, or 40.3% of state and local business taxes. Sales tax on business inputs and capital equipment totaled \$124.4 billion, representing 20.1% of business taxes – a decrease of 2.5% from FY2009.
- Corporate income tax collections totaled \$44.1 billion, adding up to only 7.1% of state and local business taxes and the lowest share reported in the nine-year history of this study.
- Due to the decline in income taxes, indirect taxes (taxes not based on income) represent 88% of the total state and local tax burden, a larger share than in previous years.
- Employer contributions to unemployment insurance were \$32.4 billion, up 3.1%. States are facing large debts to the federal government for loans used to pay unemployment benefits due to a combination of underfunding and the severity of unemployment. Unemployment taxes are likely to continue to rise for several years to cover loan repayments.

[View full study](#)

Source: COST

Manufacturers would feel the effects from extended debt default
Default could sabotage manufacturing's tenuous recovery - depending on how long it lasts.

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An extended debt default not only might sabotage the manufacturing sector's recovery but also could propel the U.S. economy right back into a recession, as it would breed uncertainty that the economy isn't on as sure footing as we hoped it would be going forward.

[Read more](#)

Source: Industry Week

Motorcycles, ATVs should be included in ethanol study

The American Motorcyclist Association and All-Terrain Vehicle Association are urging a U.S. House panel to include motorcycles and ATVs in any future studies of ethanol-blended gasoline.

The organizations sent a letter to the House Energy and Environment Subcommittee asking for the vehicles to be considered. The subcommittee held a hearing about E15, which is gasoline blended with up to 15 percent ethanol.

E15 has been approved for model year 2001 and newer automobiles, however on- and off-road motorcycles and ATVs are not included. At the hearing, the subcommittee discussed that it may require the EPA to arrange for the National Academy of Sciences to study a full range of issues related to E15.

[Read more](#)

Source: Powersports Business.com

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Industry & Manufacturing News

New Holland sponsors United Nations' Climate Action event

New Holland Agriculture has signed on as a gold sponsor of the Climate Action Networking Reception.

The event is hosted by Climate Action in partnership with the United Nations Environment Programme and the South African government, and will take place during the 17th United Nations Framework Convention on Climate Change in November.

[Read more](#)

Source: Biodiesel magazine

Number of cattle near historic lows

As of July 1, all cattle and calves in the U.S. total 100 million head, down 1 percent from a year ago and towards the high end of estimates but still a very low number, indicating at least some continued herd contraction.

The annual calf crop also managed to avoid an historic low, coming out at 35.5 million head, down 1 percent on the year. Calves born during the first half of 2011 were pegged at 25.8 million head, a little less than the first six months of 2010.

[Read more](#)

Source: AgriMarketing

Higher energy prices hitting farmers' bottom line

While farmers are benefiting from positive commodity prices, rising production costs remain a concern, according to economists with the American Farm Bureau Federation.

"These are encouraging times for the U.S. farm economy," said AFBF Chief Economist Bob Young. "Higher prices for corn, cotton, wheat, and soybeans are helping farmers, but higher energy prices are impacting profit margins. It's important to remember that farming is still a very capital intensive occupation and that high input costs affect the bottom line, even in good times."

[Read more](#)

Source: American Farm Bureau Federation

Yetter acquires AMCO Manufacturing

Yetter Manufacturing Company has acquired the assets of AMCO Manufacturing, Inc., of Yazoo City, Miss.

AMCO produces tillage implements and farm equipment for the agricultural, wildlife, forest, and construction industries. AMCO products are sold and serviced by 300 dealers in the U.S. and Canada.

[Read more](#)

Source: Wisconsin Ag Connection

Heat scorching farmers' crops, profits

Farmers — along with their crops and livestock — are suffering through this heat wave with little relief and are watching the possibilities of near-record yields and profit wilt away.

"It's a really serious situation. We could have some really severe effects because of dry weather," said Bill Wiebold, a plant science professor at the University of Missouri, referring to row crops. "In the western part of Missouri, they're abandoning fields."

[Read more](#)

Source: St. Louis Post-Dispatch



NAEDA, Association & Program Partner News

AG CONNECT Expo 2013 to be held in Kansas City, Jan. 29-31

The next AG CONNECT Expo will be Jan. 29-31, 2013 at the Kansas City Convention Center in Kansas City, Mo.

AG CONNECT Expo offers a preview of what's to come in agriculture in the next several years through new technologies, advanced practices and operating efficiencies that improve quality and yield. AG CONNECT is also known for one-on-one access to leading senior executives, as well as industry and education experts on key issues affecting agriculture.

[Read more](#)

Source: AG CONNECT Expo

View the latest EDA IndustryInsight to learn trends in ag equipment

The EDA IndustryInsight trend charts provide broad-based, monthly statistical data on UCC financing activity in the U.S. for sale and lease transactions of equipment.

To view the EDA IndustryInsight trend charts, click [here](#).

Register now for the 2011 GIE+EXPO

Visit NAEDA at the exclusive Dealer Resource Pavilion. It's new this year and is all about helping dealers succeed.

GIE+EXPO will take place Oct. 27-29 at the Kentucky Exhibition Center in Louisville, Ky.

Learn more about plans for the 2011 GIE+EXPO and the exciting new Dealer Resource Pavilion by clicking [here](#).

Source: GIE+EXPO

Software innovations with myKPAonline make dealerships safer

KPA's upgrade to myKPAonline empowers dealership managers to monitor safety through an online

dashboard and to assign safety issues to individual staff members.

Safety innovations in new cars get a lot of attention, but there is another kind of safety innovation happening at dealerships across the country. Environmental Health and Safety (EHS) practices are getting a close look, and a big overhaul.

"Safety issues are a lot more complicated for dealerships than they were even five years ago, so it makes sense to have an online solution that can take in huge amounts of information and translate it into a simple dashboard for each dealership," explains Eric Schmitz, Vice President of Product Development at KPA. "The dashboard works because it gives managers the big picture about worker safety conditions, just like the dashboard in a car gives drivers the big picture about the engine working conditions."

Behind the dashboard is the myKPAonline software that gathers regulatory information from sources like OSHA, EPA, DOT, FAA, and state-based agencies. It matches the regulations with common processes and automotive tools at dealerships, service centers, body shops, and commercial garages. The program rates risk levels and ranks importance for addressing each issue. KPA safety engineers across the country visit dealerships in the system to ensure accuracy and review onsite safety issues that have been recorded in the dashboard. While onsite, the engineers also check-in with managers, monitor progress for the dealership's ongoing safety initiatives, lead safety meetings, and even conduct training sessions.

Peter Zaidel, product manager for myKPAonline, just announced upgrades to the software. "We noticed that even with the system, some dealerships were taking a while to address issues, and during that time even smaller problems can have a higher risk factor," which is why the upgraded system empowers managers at the dealership to assign safety issues to individual staff members. "Giving workers project ownership gets them much more involved, it builds a safety culture, and we have seen that it changes their behavior in the work environment. It keeps them thinking about safety first - which is actually what makes this safety innovation more like a safety revolution," explains Zaidel

For more information, visit www.kpaonline.com, or contact Eric Schmitz, Vice President of Product Development at KPA, directly at eschmitz@kpaonline.com, or 303/226-8766.

Source: KPA

Honey Bee price books available through IRON Solution's IRON Builder Service

Honey Bee Manufacturing Ltd., a Canadian-based harvesting equipment manufacturer, has entered a data licensing agreement to provide Honey Bee's complete product catalog to authorized North American dealers through the IRON Builder Service, the on-demand, online configurator service from IRON Solutions, Inc.

Honey Bee's product line covers draper platforms (Grain Belt header, Grain Belt PLUS header, Grain Belt swather, and Rice Belt header) that attach to most combines and many of the windrower tractors in the market.

[Read more](#)

Source: Honey Bee news release

Tip of the Month



[Training Requirements for Dealership Employees](#)

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