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Legislative & Regulatory News

100 House members push for \$4 trillion deficit deal

Forty Republicans and 60 Democrats unveiled a letter Wednesday urging the supercommittee to cut \$4 trillion from the nation's deficit.

The letter - which started circulating last week - was spear-headed by Reps. Heath Shuler (D-NC) and Mike Simpson (R-ID), who are asking the Joint Select Committee on Deficit Reduction to put "everything on the table," Simpson said.

"We don't believe [\$1.2 trillion is] enough," Simpson told reporters Wednesday.

Minority Whip Steny Hoyer (D-MD) and Democratic Caucus Chair John Larson of Connecticut - members of leadership - signed the letter. Rep. John Carter (R-TX), a member of GOP leadership, also signed.

Rep. Ron Paul, the Texas Republican running for president, also signed the letter.

Hoyer, Shuler, Simpson, Rep. Steve LaTourette (R-OH) and Rep. Tom Rooney (R-FL) worked the House floor in search of signatures last week. LaTourette said Shuler, the Democrat, garnered more GOP signatures than Republicans did.

Read the letter click here.

Source: Politico

3% contractor withholding rule repeal passes the House The House of Representatives has passed repeal legislation, 405-16, repealing a requirement that governments withhold 3 percent of payments to contractors.

They also passed a bill that would offset the repeal by changing provisions of the 2010 health-care law. President Barack Obama has said he would sign both measures.

Read more click here.

Source: Friends of the Chamber of Commerce

European Commission plan for CAP reforms for 2014-2020 The European Commission has proposed a set of reforms of the Common Agricultural Policy (CAP) of the EU that needs to be implemented by January 1, 2014.

The European Parliament will debate the Commission's proposal, craft final legislation and send it to the European Council, the government leaders of the 27 member countries, for approval. As the world's largest agricultural importer at a 23 percent share and similar to NAFTA in agricultural exports at a 22 percent share, the EU debate will be closely watched to judge the international market impacts of any changes.

To read more click here.

Source: Ross Korves, Truth about Trade and Technology

FHFA announces new program to help 'underwater' homeowners



CEO Blog

How stressed is the Fed over land prices?

November 2011

Back in the day (the 1970's), higher land prices meant more equity on the landowners balance sheet. More equity meant no problems (in most cases) obtaining a loan to purchase more land since loans were equity based at the time! But history taught us a very important lesson – what goes up – does come down! The crash in land values back then wreaked havoc in the agricultural community. Personal tragedies were on the nightly news with people losing their property and some sadly taking their own lives or the lives of others who they blamed for the crisis. The crash brought about another significant change, how loan decisions were made by the lending institutions - no longer was equity enough. Now, most of the emphasis for the lending decision was changed to a cash flow formula, or in other words, what would that land support in terms of repayment for the purchase.

Well, the other day I read about a recent record sale on a 120-acre parcel of land in lowa that sold for a reported \$16,750 per acre. Yes, that's right, over two million dollars for 120 acres of farmland! It wasn't that long ago when I read about a record set at just over \$14,000 an acre on another lowa tract of land last spring. The very next day I read another article, but this one was discussing how concerned the Federal Reserve is about – you guessed it – the price of farmland being too high. They referred to it as the "dark-horse bubble candidate" for the next decade.

The Fed is concerned enough that their regulators are asking rural banks to conduct a "stress test" to show how a bank's portfolio would fare if rural land prices dropped 25, 50 or even 75 percent. Why? Because rural land values in some parts of North America have escalated 30 percent compared to a year earlier. Why? They are being driven by extremely strong and sustained commodity prices, record low interest rates, record high net farm income, rising global demand, and incomes that seem to persist. All in all – a great time to be in agriculture!

Yet another article I was reading discussed the distinct potential for U.S. farmers to lose several billion in payments due to cuts in the Federal budget at the hand of the The Federal Housing Finance Agency announced on Monday morning new rules that will allow many more "underwater" homeowners – who owe more than their properties are worth – to refinance at today's ultra-low rates.

FHFA estimates up to a million borrowers will use the program, which was originally rolled out in early 2009 and has fallen far short of the number of people it was supposed to help. Only mortgages backed by Fannie Mae and Freddie Mac will be eligible.

In the past, borrowers who owed only more than 25 percent more than their homes are worth could participate in the program. Now, there is no cap on how much a borrower owes.

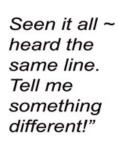
Officials hope that by reducing monthly payments, more homeowners will avoid foreclosure, and free up more cash to spend on the economy.

Read more click here

Source: The Washington Post

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Industry & Manufacturing News

NAEDA's OPE Council meets with OPEI top executive

In a meeting yesterday with NAEDA's OPE Dealer Council, Kris Kiser, OPEI's new top executive, expressed an interest in working with the Council and NAEDA on a number of issues of common interest.

The council was particularly interested in ethanol, its blends and impacts on OPE equipment and how the industry needs to respond to consumer issues. Other isssues that were discussed included dealer training requirements, Internet sales of equipment, parts and pricing, warranty claims and their different manufacturer filing requirements, and finally GIE+EXPO 2012.

Additional meetings were discussed and will be scheduled in the near future.

Alamo Group acquires Tenco Group

Alamo Group Inc. announced on October 19 that it has acquired substantially all of the assets and business of Tenco Group Inc. and its subsidiaries ("Tenco"), a Canadian based manufacturer and distributor of snow and ice removal equipment, for approximately CDN \$6 million in cash, plus the assumption of certain specified liabilities and subject to post closing adjustments.

Read more click here.

congressional "Super Committee". The "Super Committee" you may recall is charged with reducing spending by 1.5 trillion dollars before the end of this year. Grant you, it is an election year and it has been my observation that rural legislators attempt to buy rural votes vis-a-vis payments of one type or another and are unlikely to cut such spending when push comes to shove. The question remains – is this time different? Are they really serious about cutting spending?

In no way am I suggesting that land values are going to fall off the edge of a cliff or that the sky is falling. Instead, I am merely making a comparison at this point and reminding us of historical facts that often get lost in the exuberant times such as we find ourselves in today. Perhaps a reminder and a quick reality check. As equipment dealers, we have enjoyed this bounty for the past several years. This is unusual compared to the past 40 to 45 years when everything was driven by the supply side versus now where it is coming from higher demand for food, fiber, feed, and fuel.

So, if the banks are doing a "stress test", should we follow suit and conduct one of our own? Construction dealers and OPE dealers have indeed encountered a stress test of their own as a result of a housing bubble that according to some was never going to end. Unfortunately, I have talked with some of them whose business is off anywhere from 50 up to 90 percent. That is a lot to absorb if you are not prepared for it. The old saying about bad habits being formed in good times and good habits from bad times may apply here. It certainly isn't a time to panic, but maybe just a good old fashioned reality check to insure you are still keeping a tight management reign on things in these good times so bad habits don't form and catch you off-guard if things should shift sometime down the road.

Simply be aware of what the Fed is doing with the rural banks. If they are starting to pay attention to the potential impact if land values should fall, maybe you should as well. 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.



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NAEDA, Association & Program Partner News

Credit card 1099's for 2011

The Housing Assistance Tax Act of 2008 requires dealer processors to report electronic transaction deposit details to the IRS beginning with fiscal year 2011.

All dealers processing credit cards will be required to submit a 1099 from their credit card processor with their tax returns. In 2010, Elavon, NAEDA's endorsed credit card processor, began a lengthy project of syncing our merchant database up with the IRS. If merchant DBA's, SSN's, and/or Tax Identification Numbers (TIN) do not match exactly with what the IRS has on file Elavon (and all credit card processors) are required to withhold 28% of each dealer-merchant deposit and send it to the IRS until the dealer clears the "mismatched information with both organizations." Elavon has notified all mismatched dealers in 2010 and 2011 by mail (up to 3 times) that an updated W-9 is required to match them with the IRS. Elavon also has a dedicated group of 20 individuals in Knoxville calling mismatched dealers trying to obtain W-9's by year end.

As part of the new 1099 reporting requirements, Elavon has created a Settlement Reconciliation Service (SRS) site that all NAEDA processing dealers will use to obtain their deposit information and download their

MerchantConnect, Elavon's online statement and reporting solution, has been enhanced to include a link to a new "Settlement Reconciliation Service" (SRS) tool. MerchantConnect SRS will provide you with an easy to understand breakdown of your credit, debit and gift card transaction activity. In addition to the comprehensive batch, transaction and funding reports available through MerchantConnect, and the helpful information on MerchantConnect's New Merchant Assist website, NAEDA bankcard processors will now be able to access information related to Settlement Reconciliation, including:

- Tax ID Number (TIN) Validation: Check to ensure Elavon has your correct TIN and legal business name on file to avoid IRS-mandated backup withholding. If your information does not match, you will be directed to securely submit a Form W9 online.
- Processing Volume: Easy access to processing amounts are updated monthly to provide reports on your transactions, chargebacks and other expenses related to your electronic payment processing.
- Simple and Clear Reporting: Reports are easy to understand and roll-up monthly, quarterly and annually for up to 4 years.
- Electronic 1099K: Sign up to receive your Form 1099K electronically to avoid postal delays.

The enhanced reporting site can be reached by visiting www.merchantconnectsrs.com.

In December, you'll be able to view YTD transactional data for 2011 and provide electronic consent to access your records online. Upon receiving your Form 1099K in January, you will be able to log in and obtain information to assist you during the reconciliation process. You may also access the site from your MerchantConnect log in page.

For additional information, NAEDA bankcard participants can call Elavon customer service at 800-725-1243.

Senator Reid plans to rewrite contractor repeal to punish tax cheats Senate Majority Leader Harry Reid plans to rewrite a House-passed measure repealing a rule that governments withhold 3 percent of payments to contractors starting in 2013, complicating the fate of a bill backed by the Obama administration and congressional Republicans.

The Nevada Democrat told reporters yesterday that he wants to ensure that the requirement's repeal would apply only to government contractors that are current on their tax obligations.

The comments were made less than a week after the House approved the repeal legislation in a 405-16 vote. The prospect of changes to that measure drew a frustrated response from House Republicans and business groups.

Read more click here.

Source: Bloomberg News

Bill introduced to benefit beginning farmers and ranchers Reps. Jeff Fortenberry (R-NE) and Tim Walz (D-MN) have introduced The Beginning Farmer and Rancher Opportunity Act of 2011 in the House this week and Senator Tom Harkin (D-IA) is expected to file companion legislation in the Senate next week.

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North American Equipment Dealers Association

1195 Smizer Mill Road Fenton, MO 63026-3480 Phone: 636/349-5000 Fax: 636/349-5443 www.naeda.com

E-mail: <u>naeda@naeda.com</u>

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The bill addresses the increase in the average age of today's farmer, and unique challenges facing young and beginning farmers, by creating incentives and mechanisms for aid for younger producers to begin or continue their operations.

The bill would double the funding over five years for the Beginning Farmer and Rancher Development Program, which provides grants to organizations that provide training and assistance to young and beginning farmers. Another major focus is helping these farmers gain access to credit. The bill aims to achieve this by reauthorizing an Individual Development Accounts (IDA) pilot program and establishing a new microloan program that would provide capital through operating loans. The legislation would also increase conservation set-asides for young and beginning farmers.

Source: NASDA

President's jobs council issues interim report

President Obama convened the Council on Jobs and Competitiveness earlier this year, asking leaders from business, labor and academia to develop ideas to accelerate job growth and improve the country's long-term position.

The Jobs Council offers in this October interim report a series of targeted proposals that can meaningfully accelerate job creation while beginning to rebuild America's competitiveness. There is no one "silver bullet" to create jobs. Recognizing this, the Council has sought to generate multiple ideas that together can add up to real progress. They have identified and prioritized many areas that don't depend on major legislative action or government funding. As a nonpartisan group, they've also steered clear of the fights that invariably swirl around the nation's current economic strains.

The Council has pursued a three-phase approach to its work: catalyzing job growth by capturing "low hanging fruit" over the short-term; focusing on broader ways to accelerate job creation while also lifting U.S. competitiveness over the next two to five years; and developing proposals on the broader factors influencing American competitiveness over the next five to 10 years.

To read a summary of the report click here.

To read the full report click here.

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