



# NAEDA Update

NORTH AMERICAN EQUIPMENT DEALERS ASSOCIATION e-newsletter

Thursday, February 23, 2012

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—Lee Rogness



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## CEO Blog

### "From Saskatoon To San Antonio"

February 2012

During the past week I have traveled from Saskatoon to San Antonio meeting and talking to dealers of all brands and all descriptions. From single-store owners to mega dealers (among the largest in North America), there is a common thread that ties them all together. That thread is optimism!

It is heart-warming to hear the optimism exude about the past year and about the future. Many dealers are making plans to grow and expand their operations. Others are seeking ways to improve current operations in order to provide a higher level of service to existing customers. Never before, in my lifetime at least, (and that is beginning to be a pretty long stretch of time) have I witnessed this level of optimism and the belief that things are good and likely to stay that way for awhile. What a great, exciting time to be in Agriculture and in the equipment industry (see my article from February, 2011).

Another reason for my personal enthusiasm is observing how the relationship between the manufacturer/suppliers and their dealer network is maturing into more of a partnership approach in many instances. For example, at one of the meetings I attended recently, a great deal of time was devoted to discussing how both dealer and supplier would focus more on meeting customer expectations collaboratively going forward. And lots of excellent seminars and tools were offered. I find it very rewarding to see the partnership approach in action!

Although optimism abounds these days, that doesn't mean we can overlook some issues that bring reality clearly into view. During my discussions with dealers, it became very apparent that we are not out of the woods yet when it comes to finding,

## Legislative & Regulatory News

### Progress on Transportation Bills Stalled

Passage of a transportation and infrastructure bill hit roadblocks last week in both the House and the Senate.

In the House, Speaker John Boehner's American Energy and Infrastructure Jobs Act (H.R. 7) met opposition from both sides of the aisle. In response, the bill was split into three individual pieces: the major financing component, the energy bill expanding domestic oil drilling and the core transportation bill. The transportation element is probably the most troublesome to many representatives and will not come to the House floor until after members return from their Presidents' Day recess at the end of the month.

Meanwhile the Senate version, the Moving Ahead for Progress in the 21st Century bill, Senate Bill 1813 commonly known as Map-21, has been held up by amendments. This bill was noted at first for its bipartisan support and potential swift passage in the Senate, Map-21 is now losing the support of those who want to see a clean bill that focuses solely on the transportation issue and not one loaded down with amendments.

NAEDA supports passage of both bills and will work with Congress on their passage when they return to Washington.

### USDA economist predicts 2012 to be second highest for ag exports, net income

"Despite slow economic growth, 2012 will be another good year for U.S. ag exports," said USDA Chief Economist Joe Glauber at the 150th Ag Outlook Forum on Feb. 23.

The 2012 net trade balance is expected at \$24.5 billion, with China likely falling out of first place as U.S. crops' export destination, but will remain one of the strongest trading partners.

Read the USDA Economic Research Service reports [here](#).

[Read more](#)

Source: Agri-Pulse

### FCC to pull plug on LightSquared GPS

Federal officials on Tuesday struck a major blow to satellite venture LightSquared, saying the government plans to revoke initial permission it granted for the company to operate as a mainstream high-speed wireless network.

In a major reversal, the Federal Communications Commission said it plans to "suspend indefinitely" LightSquared's conditional waiver to operate as a ground-based broadband network after a new government report said there didn't immediately appear to be a way for the network to avoid interference with global positioning systems.

The FCC's decision is expected to all but end LightSquared's aspirations to provide mobile broadband

services via satellite airwaves -- a plan that was touted from its inception by FCC Chairman Julius Genachowski. Under his tenure, the FCC granted the company a key conditional waiver in January 2011 that was meant to help fast-track the network. The decision has drawn massive protest from the military, John Deere, and weather forecasters who rely on GPS systems. Congressional Republicans have also launched investigations into the FCC's controversial decision.

On Tuesday, the FCC said its decision was based on a report that day by the National Telecommunications and Information Administration (NTIA). The NTIA said its analysis of tests on the network showed "there is no practical way to mitigate the potential interference at this time" with global positioning devices.

LightSquared on Tuesday said it disagreed with the NTIA's findings and said the government body used flawed testing data in its analysis.

Read [more](#)

Source: Washington Post

### Obama Rulemaker: \$25B Outweighed by Benefits

Regulations approved by President Barack Obama over the first 32 months of his term cost businesses an estimated \$25 billion, more than double the total of each of his two predecessors, according to White House data. Obama signed off on fewer total regulations, however, than Republican President George W. Bush during the same period of his tenure, the data shows.

Read [more](#)

Source: Bloomberg

### Is today's ag boom different than in previous "golden eras"?

Today, U.S. agriculture is in the midst of a farm boom, spurred on by strong exports, bio-fuels demand and low interest rates.

Unlike past booms, however, farmers today have hesitated to accumulate debt in financing new investments. Will that be enough to keep this farm boom from busting as it did in the 1910s, 1940s and 1970s?

Jason Henderson explores this question in a pair of articles for the Federal Reserve Bank of Kansas City.

Read more:

["Is This Farm Boom Different?"](#)

["Agriculture's Boom-Bust Cycles: Is This Time Different?"](#)

Source: Federal Reserve Bank of Kansas City

### President's budget proposes 3% reduction in USDA spending

President Obama's fiscal 2013 budget proposes \$23 billion in discretionary spending for USDA, down nearly 3 percent or almost \$700 million from the amount appropriated for the current fiscal year.

The plan suggests \$32 billion in savings over the next decade in mandatory program spending on commodity programs, crop insurance subsidies and conservation programs.

Savings in the crop insurance program would come by reducing reimbursement to private companies to save \$1.2 billion over 10 years and adjusting the cap on administrative expenses to save \$2.9 billion over 10 years. In addition, the administration is proposing to reduce the premium subsidy by 2 basis points for all but catastrophic coverage, saving \$3.3 billion over 10 years.

Read [more](#)

Source: Agri-Pulse

### Obama Offers to Cut Corporate Tax Rate to 28%

President Obama will ask Congress to scrub the corporate tax code of dozens of loopholes and subsidies to reduce the top rate to 28 percent, down from 35 percent, while giving preferences to manufacturers that would set their maximum effective rate at 25 percent, a senior administration official said on Tuesday.

Mr. Obama also would establish a minimum tax on multinational corporations' foreign earnings, the official said, to discourage "accounting games to shift profits abroad" or actual relocation of production overseas.

With the framework for changes that the Treasury secretary, Timothy F. Geithner, will outline on Wednesday, Mr. Obama will enter an election-year debate with Republicans in Congress and in the presidential race who seek even lower taxes for businesses. But an overhaul of the corporate code is unlikely this year, given that political backdrop and the complexity of an undertaking that would generate a

hiring and retaining highly qualified people. This was a universal theme among dealers of all sizes and descriptions. One large dealer told me that they would hire nearly a hundred new technicians tomorrow if they could find them. They are actually contemplating starting their own training program. Obviously, not every dealer is quite in that situation, but it appears many dealers would hire more techs if possible.

It is not only technicians that dealers are concerned about finding. Many are looking for highly-motivated and intelligent managerial talent as well. A number of medium-to-large-sized dealers I have visited with are seeking department managers and even COOs or CEOs to take over management of the new enterprises that are being created through mergers and consolidation of ownership.

Another theme I have heard more about recently is technology. People are curious about the impact now and into the future for their operations. On one hand, dealers are excited to think about the use of technology both on the farm and in the dealership to help operate the equipment, collect data and even assist with reducing down-time by monitoring machine performance remotely. They are excited about the opportunities it opens up to improve sales, service and even expand into data management and analysis.

Yes, I believe technology will offer a number of new opportunities as mentioned above, but it also raises expectations of the customer. While listening to a rather large farmer's description of his plans for growth, he specifically mentioned the type of relationship he will expect from his suppliers (i.e. equipment dealer) in the future. It was very obvious that the stakes are rising. That producer used the term "partner" several times when describing his expectations. Partnership will no longer mean simply "sell me a piece of equipment and keep it running." Going forward they will expect input that will assist them in making better decisions and improving their efficiency, production, marketing and ultimately their profitability.

The optimism is great but must still be supported by a good healthy dose of reality. Consider that a very large percentage of agricultural output is provided by very, very few producers today and many of them intend to get even larger in the future. That means each one of those customers becomes even more precious and important to you as a dealer. I like that old-saying that, "*opportunity often comes disguised in work clothes*". While we hopefully will continue to be optimistic about our industry, let's also keep in mind that it will take some good old-fashioned hard work to allow the success to grow!

lobbying frenzy as businesses vie to defend old tax breaks or win new ones.

Read [more](#)

Source: New York Times

### IRS will not require reconciliation of Form 1099K

The Internal Revenue Service (IRS) on February 10th amended its informational webpage on credit card reporting requirements to announce that the IRS WILL NOT require reconciliation of gross receipts and merchant card transactions on Forms 1120, "U.S. Corporate Income Tax Return," and other business income tax forms.

The Housing Assistance Tax Act of 2008 requires credit card companies to report merchants' annual gross credit, debit, and third party network payment card transactions to the IRS using Form 1099K. Small businesses had expressed concern about the burdens and costs associated with reconciling discrepancies between their own sales records and the Forms 1099K issued by credit card processors. The February 10th IRS announcement directly addresses these small business concerns.

IRS FAQs on New Payment Card Reporting Requirements are available [here](#).

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## Industry & Manufacturing News

### Economists see growth slowing, recession risk falling

The U.S. economy's growth will slow this year after a blast of stronger growth in late 2011, leaving the 8.5% unemployment rate about where it is now on Election Day, according to USA TODAY's quarterly survey of economists.

The economy will grow at an 2.2% annual rate the first half of 2012 after an estimated 3.1% gain in fourth-quarter gross domestic product, according to the median forecast of the 48 economists surveyed. The government reports on fourth-quarter GDP Friday.

The biggest reason for slower growth is that a late-2011 bounce back from the effects of the Japanese earthquake last March won't last, according to Diane Swonk, chief economist at Mesirow Financial. Slower

Agriculture is alive and doing well from Saskatoon to San Antonio and all areas in between. I am excited about the prospects and hope you are 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.



## Resources

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growth will help keep unemployment at 8.4% or higher through year's end, economists predict.

Read [more](#)

Source: USA Today

### AGCO Dealer Meeting

Members of the NAEDA IRTF were invited to participate in the AGCO Dealer Meeting in San Antonio, Texas recently. The meeting covered brand strategies for the coming year as well as new product developments for the company. Some excellent presentations were provided, especially in the area of producer relationships. Overall it was a very upbeat and worthwhile meeting according to most dealers in attendance.

### Dealer Manufacturer Relations Survey

NAEDA has conducted the 2012 Dealer-Manufacturer Relations (satisfaction) survey. Over 1900 responses were collected from dealers throughout North America evaluating several categories of dealer/manufacture relationships. Responses have been compiled and the results will be shared with corresponding manufacturers. The report contains valuable feedback and information about the relationship between dealers and their suppliers. This year's survey incorporated several improvements over previous surveys. The report will be issued at the upcoming NAEDA board of directors meeting in early March.



## NAEDA, Association & Program Partner News

### Credit Card Processors - Are you taking advantage of the Durbin Amendment?

The Durbin Amendment is a provision in the Dodd-Frank Wall Street reform and Consumer Protection Act signed into law in July 2010. Dodd-Frank is a federal statute that implements financial regulatory reform, and was passed as a response to the financial crisis and recession of the past few years.

[Read More](#)

The following information is provided by Elavon, NAEDA's credit card processing partner. For more information on how NAEDA's program can assist with your processing needs contact Liz Harpst at Elavon at **800-725-1243 x 8798** or email [liz.harpst@elavon.com](mailto:liz.harpst@elavon.com)

## Canadian News

### Conservatives face intense debate on internet privacy Bill (Bill C-30)

When the former Liberal government of Paul Martin introduced the Modernization of Investigative Techniques Act in November of 2005, it received comparatively little attention.

It was more or less the same legislation, supported by more or less the same arguments, as Bill C-30, the purported horrors of which have convulsed the nation this past week. Yet it caused nothing like the same fuss.

None of this is to defend the legislation. Privacy advocates make a convincing case that it gives too many people too much personal information with too little justification.

[Read more](#)

Source: Times Colonist

### MPs vote to scrap long-gun registry

After years of trying, the Conservatives have finally won approval from the House of Commons to scrap Canada's contentious long-gun registry.

Following a lengthy debate Wednesday, MPs voted 159-130 in favour of passing Bill C-19, which will end the registry and allow the government to destroy records pertaining to non-restricted firearms.

[Read more](#)

The North American Equipment Dealers 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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Source: CTV.ca

### Canada's growth fastest in G8 as population hits 33.5 million

Canada's population of 33.5 million people is growing faster than that of any other G8 nation — fuelled primarily by immigration — while the booming West continues to reshape this country's demographic landscape, a new census has revealed.

Up from 31.6 million at the time of the previous census in 2006, the Canadian population remains the smallest among the G8 but by far the fastest-growing, with a 5.9 per cent growth rate in the past five years that not only exceeds the 4.4 per cent rise in the U.S., but also Canada's own previous increase of 5.4 per cent between 2001 and 2006.

[Read more](#)

Source: The Montreal Gazette

### Prime Minister Harper concludes "very successful" trade mission to China

Prime Minister Stephen Harper says he's interested in exploring the feasibility of a full free-trade agreement with China, but recognizes it would be difficult to obtain and is nowhere on the horizon.

The Canadian and Chinese governments signed a series of co-operation agreements on petroleum, uranium, education and even pandas during a visit that took him to Beijing, Guangzhou and Chongqing.

[Read more](#)

Source: The Vancouver Sun

## Tip of the Month



### [February Compliance Tip of the Month: Recycle Your Airbags and Pre-tensioners](#)

Un-deployed airbags and seatbelt pre-tensioners can be recycled through KPA's new recovery program. We help small businesses with transportation logistics, and ensure DOT compliant transportation of these devices on their journey to the recycling facility where 95% of materials are recovered. Find out more at <http://www.kpaonline.com/what-we-do/ehs/airbagrecycling.html>

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