

## Prepayment risks under scrutiny; CFPA Act raises concerns



This "Action Alert" icon will be displayed whenever action steps exist to help your voice be heard on topical issues. Dealers can expect to see alerts in all forms of NAEDA communications.

<b>Manufacturer Relations</b>		
ISSUE	ACTION SUMMARY	NAEDA'S POSITION
<b>Prepayment Risks</b>	Prepayment risks on equipment purchases from manufacturers will be on the agenda when NAEDA's board meets this month. NAEDA legal counsel Jack Selzer, Seigfreid, Bingham, Levy, Selzer and Gee, will present a white paper for discussion and subsequent release to dealers throughout North America.	This is a timely topic in light of current economic conditions and recent incidents in which dealers who made prepayments had little or no protection to recover their investments. NAEDA believes dealers would be well served to know what their options are and how they might mitigate any risk.
<b>Kubota, Case IH meetings</b>	NAEDA's Industry Relations Task Force (IRTF) recently met with Kubota Tractor Corporation and Case IH concerning dealer issues. Some of the topics discussed included availability of financing and terms, market share and incentive payment programs, product-related matters, and other issues raised by dealers.	The IRTF continues to be an effective dealer advocate for addressing dealer concerns and building improved relationships with equipment manufacturers.
<b>Farmtrac</b>	Representatives from NAEDA and the SouthWestern Association met face-to-face with top officials of Textron Financial. We presented several options for resolving lingering issues related to last year's closure of Farmtrac's North American operations. Based on our comments and suggestions, Textron developed two options, which are now in the hands of Farmtrac dealers.	NAEDA supports the efforts made by Textron to resolve outstanding issues with Farmtrac dealers and encourages dealers to either call their affiliate association or Textron directly.
<b>Power Pro<sup>SM</sup></b>	NAEDA recently sent letters to manufacturers asking for their support of the association's Power Pro program. The program offers accreditation to all dealers who meet performance guidelines related to sales and service of outdoor power equipment.	NAEDA believes manufacturers would benefit from using Power Pro as a baseline industry standard – something they could use to complement their own standards.

<b>Government Relations</b>		
ISSUE	ACTION SUMMARY	NAEDA'S POSITION
<b>Consumer Financial Protection Agency (CFPA) Act</b>	This legislation would create a new government agency to regulate consumer financial products. The bill would extend far beyond traditional financial service products to a vast majority of the economy, which could create a new regulatory overlay over the entire business community.	Markup of the bill is scheduled for this fall. NAEDA will oppose passage in its present form.
<b>Canada House of Commons</b>	When Prime Minister Stephen Harper reconvenes Canada's 40th Parliament this fall it will continue to govern in a minority situation, which brings up the possibility of the government's defeat on any major vote.	NAEDA continues its legislative efforts with the present government knowing that confidence motions are always a prospect.
<b>LIFO Inventory Accounting Method</b>	NAEDA continues to push for preservation of LIFO through a national coalition of businesses and industries. We are asking dealers who use LIFO to send letters to Congress to outline the effect it would have on their dealerships if repealed.	Your letters are needed for an ongoing congressional education effort and will become more important as Congress starts to look for "new" money to pay for health care and other programs.
<b>Bee Toxicity</b>	It has come to NAEDA's attention the Insecticide-Rodenticide Branch of the EPA Registration Division is considering regulations that would have an effect on the use of pneumatic planters and potentially lead to retrofitting of planting equipment to protect bees. Some studies suggest bee mortality is linked to drift of chemicals applied by pneumatic equipment.	NAEDA is working with manufacturers to address the EPA's concerns related to retrofits or through the use "de-dusting" agents on seeds treated with pesticides.

A companion reference is regularly updated in the Dealer Advocacy Center at [www.naeda.com](http://www.naeda.com).

## NAEDA notes

As you read this column, Congress will have returned from its summer recess, which was filled with highly charged town hall meetings, random constituent meetings, and appearances at parades and county and state fairs. Now is the time for dealers to follow-up with their congressional representatives with letters and phone calls to speak about the issues that are important to dealers and their employees. There is no doubt that the next six months are going to be important and involvement from dealers will be critical to NAEDA's success on high-priority issues, including:

**Card Check** – For those following this issue (Employee Free Choice Act – S. 560 – or card check), the bill has not moved in the Senate. However, efforts for a modified version are actively moving forward. This bill would change the way unions can be organized and started, and it could remove the option of a secret ballot. The bill also would mandate a time frame for a "labor contract" to be approved or that mandatory arbitration takes place via a government negotiator.

NAEDA continues a "Take Action" letter writing campaign opposing card check. To send an electronic letter, visit NAEDA at [www.naeda.com](http://www.naeda.com) and click on the "Take Action" icon. If we are

to defeat the legislation, it must be done in the Senate because a House bill has been introduced (H.R. 1409) and it will likely pass easily.

**Equipment Depreciation** – NAEDA continues to push legislation to make the five-year equipment depreciation schedule permanent (the current authorization expires December 31, 2009). We expect legislation to be introduced and taken up for discussion as part of a comprehensive tax package before the first of the year. Your calls and letters would be a boost to our effort.

**Health Care** – NAEDA policy urges Congress to adopt health care legislation that considers small business needs and makes it possible for trade associations to provide health insurance to members and their employees. Health care reform should allow dealers the opportunity to pool themselves into marketable groups to seek lower premiums through plans that can cross state lines; standardize the different state regulations, and allow for catastrophic insurance coverage.

We encourage dealers to oppose the concept of a "play or pay" provision where one size would fit all and a surtax would be imposed on businesses that don't provide insurance coverage. The surtax in H.R. 3200 is set at 8 percent of the annual payroll cost. The other problematic provision in the bills we have seen is the public plan, which would be an unfair competitor, ultimately shifting costs to the private sector as it becomes big enough to drive down reimbursements to doctors and hospitals. Businesses and consumers would likely flock to the public plan because its premiums would be cheaper and ultimately no viable private plans would remain.