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November 2010

INSIDE THIS ISSUE

⇒ NY Cigarette Tax Hurts Sales

⇒ ExxonMobil's Transition From Direct Served

⇒ Health Coverage Cost Reporting on W-2 Optional for 2011

⇒ Government Affairs Overview

⇒ GE Invests in Electric Vehicles

MORE INSIDE

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New York Cigarette Tax Hurts Sales

But that doesn't mean smokers are quitting — they're just going to neighboring states with lower tax rates. Cigarette sales have dropped 27 percent in New York since its cigarette excise tax increase took effect in July, according to a New York Post analysis.

"Law-abiding cigarette dealers have sold an average of 30 million packs of smokes in each of the last four months — some 11 million fewer than before Gov. Paterson and lawmakers raised the state tax on cigarettes to $4.35 a pack in a scramble to close a massive budget gap," the newspaper reports.

However, the drop in sales does not mean that there are also fewer smokers. The high price of New York cigarettes means smokers are crossing state lines to pay a lower tax. For example: "The hike raises the average price of a pack of Marlboros to $11.60 in New York City, compared to $5.93 in Matamoras, Pa.," the newspaper found.

"That's what we warned would happen, and obviously it has come to fruition," said James Calvin, of the New York Association of Convenience Stores. "Every tax increase drives more smokers to that dark, shadowy, unregulated, unlicensed, untaxed side of the street. The whole policy is self-defeating."

The Post's analysis concludes that if the current trend continues, the state won't hit its $260 million windfall expected from the tax increase.

Revised: New Cigarette Warnings Unveiled

In an effort aimed at reducing smoking, the Health and Human Services (HHS) Department announced plans earlier this week to require cigarette packs and ads to

carry more prominent and graphic health warnings, The Washington Post reports. The plan includes placing images of dead bodies, cancer patients, and diseased lungs on cigarette packs and advertising. Such warnings would cover half of a cigarette package. One warning states, "Cigarettes cause fatal lung disease" and is accompanied by a picture of the feet of a dead body in a morgue. Another reads, "Cigarettes cause strokes and heart disease" and shows a man experiencing a heart attack.

The FDA will gather public comments on 36 proposed images until January 9, 2011, after which it will select nine final warning statements and images. By October 22, 2012, manufacturers will not be able to distribute cigarettes that do not display the new warnings. "Today, FDA takes a crucial step toward reducing the tremendous toll of illness and death caused by tobacco use by proposing to dramatically change how cigarette packages and advertising look in this country," FDA Commissioner Margaret A. Hamburg said. "When the rule takes effect, the health consequences of smoking will be obvious every time someone picks up a pack of cigarettes."

Update on ExxonMobil's Transition from Direct-Served

It's been two years since ExxonMobil announced its intent to transition out of the direct-served retail business in the U.S., converting the majority of its markets to branded wholesaler, and the company says the process is going even better than expected. "The level of interest [in the assets] has exceeded my expectations, and that has led to a very competitive bid process," Ben Soraci, U.S. retail sales director for ExxonMobil Fuels Marketing, told CSNews Online. "I'm very excited by who is buying our assets."

ExxonMobil is in the midst of selling roughly 2,200 company- and dealer-operated sites to branded wholesalers, with long-term fuel contracts for its Exxon and Mobil brands. About 800 of the locations have been sold to date. However, Soraci noted the vast majority of its markets are somewhere in the process, though it's varied how far along each is. "We're very pleased with how the process is going. We have some great branded wholesalers, and many of our assets are being bought by our existing jobbers. And we're also getting some new branded wholesalers," he said. "It's very important to us who buys our assets and who operates them. We're very selective on who represents our brand."

As for when ExxonMobil expects to be fully transitioned from the direct-served business to the distributor model, Soraci said the company hasn't set a specific target date. "We're on track based on where we thought we would be. It's not a race to the finish. It's not about how fast we can get it done. It's really about the quality of the process," he explained. In selling off its sites, ExxonMobil is shifting its focus from the backcourt to the forecourt -- with an emphasis on strengthening its value proposition to branded wholesalers. "The focus on our fuels brands is even more important now because that's really our bread and butter," he said.

Last year, the company convened a national panel of its branded wholesalers with the goal of identifying where the Exxon and Mobil brands are strong and where there are opportunities to improve. It's no secret that many of the company's branded wholesalers have other fuel brands, and Soraci said ExxonMobil wants to be their top choice every time.

Based on the learnings from that panel, the company is now focusing on areas such as card offerings and promotions to drive

loyalty to its fuel brands. Earlier this year, ExxonMobil ran the "Win a Smart Fortwo Sweepstakes," where it gave away 13 2010 Smart Fortwo coupes.

Currently, the company is running a promotion in partnership with Restaurant.com where cardholders who register at a special Web site can earn a $50 dining certificate if they purchase 100 gallons of gasoline within 90 days of the date of registration. The certificate can be redeemed online at more than 15,000 restaurants and online merchants nationwide.

"Card programs are a big area for us… It's about having a pipeline," Soraci said.

ExxonMobil is also doing new things in the area of advertising. Consumer research recently conducted by the company served as a reminder that what's most important to customers when they decide on a fuel brand is: trust, quality and value.

As a result, the company's summer campaign this year focused on the quality of its fuels, while the campaign it will run in December and January focuses on tips for fuel efficiency.

"As we look at all the different aspects of our value proposition -- advertising, card programs, other loyalty programs -- we're running them through the filter of what consumers say they want," Soraci said. "Does it deliver on quality? Does it deliver on value? Does it deliver on trust?"

EPA Grants Waiver for Higher Ethanol Blends in Gasoline for Newer Cars and Light Trucks

The U.S. Environmental Protection Agency (EPA) last week waived a limitation on

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selling fuel that is more than 10 percent ethanol for model year 2007 and newer cars and light trucks. The waiver applies to fuel that contains up to 15 percent ethanol – known as E15 – and only to model year 2007 and newer cars and light trucks. EPA stated that a decision on the use of E15 in model year 2001 to 2006 vehicles will be made after the agency receives the results of Department of Energy (DOE) testing, which is expected to be completed in November. However, no waiver is being granted this year for E15 use in model year 2000 and older cars and light trucks – or in any motorcycles, heavy-duty vehicles or non-road engines – because, according to EPA, currently there is not testing data to support such a waiver.

"Thorough testing has now shown that E15 does not harm emissions control equipment in newer cars and light trucks," said EPA administrator Lisa P. Jackson. "Wherever sound science and the law support steps to allow more home-grown fuels in America's vehicles, this administration takes those steps."

Additionally, EPA is proposing E15 pump labeling requirements, including a requirement that the fuel industry specify the ethanol content of gasoline sold to retailers. EPA also will perform a quarterly survey of retail stations to help ensure their gas pumps are properly labeled.

The E15 petition was submitted to EPA by Growth Energy and 54 ethanol manufacturers in March 2009. In April 2009, EPA sought public comment on

the petition and received about 78,000 comments. The petition was submitted under a Clean Air Act provision that allows EPA to waive the act's prohibition against the sale of a significantly altered fuel if the petitioner shows that the new fuel will not cause or contribute to the failure of the engine parts that ensure compliance with the act's emissions limits.

For additional information on this rule, visit www.epa.gov/otaq/regs/fuels/additive/e15/.

Oregon Not Offering EPA-Approved E15

Despite the U.S. Environmental Protection Agency's approval of ethanol gasoline blends up to 15 percent ethanol, Oregon officials said last week that the E15 blends will not be offered for sale — at least in the short term — in the state, Businessweek reports. Oregon's Measurement Standards Division, part of the Oregon Department of Agriculture, said that additional steps are needed at both the state and national levels before Oregon will allow E15 to be distributed from gas stations within the state.

Officials said the blend must first obtain approval by Oregon's governor and Legislature, and then there must be the creation of national standards. The EPA's initial ruling applies only for use in 2007 model cars and light trucks or newer. It has yet to decide whether to allow E15 for use in model 2001-2006 vehicles. The Association advises retailers to take certain precautions when deciding whether to sell E15.

IRS Makes Health Coverage Cost Reporting on W-2 Optional for 2011

In an Oct. 12 release, the Internal Revenue Service (IRS) announced that employer reporting of employer-sponsored group health plans on the 2011 Form W-2 is not mandatory. The optional nature of the reporting was deemed appropriate in order to provide employers adequate time to adjust payroll systems and update procedures to comply with the new reporting

requirements. The new duty to report the aggregate cost of employer-sponsored health plans on W-2s, added with the enactment of the Patient Protection and Affordable Care Act, is codified in tax code Section 6051(a)(14).

IRS also issued a draft Form W-2, Wage and Tax Statement, which includes codes to allow employers to report the cost of employer-sponsored health coverage. Even with the optional reporting on cost of coverage for 2011, the amounts reported are not taxable. Reported amounts are for informational purposes only.

Treasury Delays Report to Congress on Chinese Currency

The Department of Treasury announced on Oct. 15 that it would delay sending a report to Congress that could have labeled China as a currency manipulator, opting to address the matter after the Nov. 2 elections and a Nov. 11-12 meeting of the Group of 20 to discuss currency issues. The announcement came just days after Senate Finance Committee chairman Max Baucus, D-Mont., issued a press release highlighting aspects of his trip to China to discuss a number of issues with high-ranking Chinese officials. Baucus indicated that he pushed for a sped-up timeline for meaningful appreciation in the Chinese currency. Additionally, Baucus expressed to the leaders his concerns over ineffective intellectual property rights protections and policies that foster Chinese innovation over that of the United States.

Despite Treasury postponing the decision until after the mid-term elections, many members of Congress are still looking for passage of legislation addressing the undervalued Chinese currency. The House has already passed the Currency Reform for Fair Trade Act of 2009, H.R. 2378, and Sen. Charles

Schumer, D-N.Y., has introduced similar legislation in the Senate, S. 3134. Chairman Baucus warned the Chinese during his trip that it was possible the Senate could pass currency-related legislation this year.

The Department of Treasury's statement on the delay is available at http://ustreas.gov/press/releases/tg910.htm.

EU Retailers Fail to Provide Product Information Required by REACH

According to an Oct. 11 announcement by the European Environmental Bureau (EEB), fewer than one in four retailers responding to requests for information regarding hazardous materials replied with answers conforming to requirements of the European Union's registration, evaluation and authorization of chemicals (REACH) regulation. EEB, which is a federation of more than 140 advocacy groups, sent 158 requests for details about substances in products to 60 retailers, but received responses from only half. In the responses EEB did receive, only 22 percent complied with REACH requirements.

Under REACH, retailers must provide, upon request, information about the presence of substances of very high concern (SVHCs) in products which they sell. Information must be provided within 45 days and should list any SVHCs contained in a product, and include information detailing the safe use of the product. Substances considered SVHCs are placed on a "candidate list" for restriction or banning while studies and consultations are held regarding the substance's properties. Currently, 38 chemicals are listed on the REACH candidate list, though 40 more are expected to be added next year.

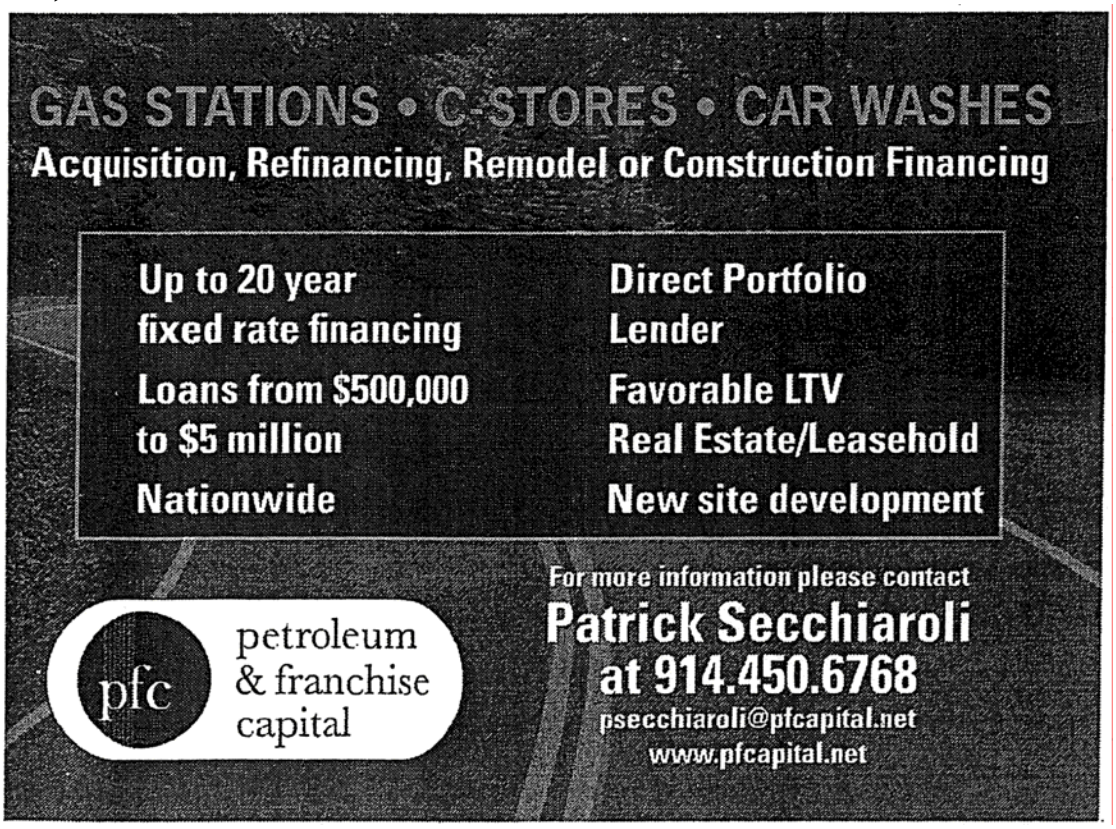
The European Environmental Bureau's report, The Fight to Know? Substances of Very High Concern and the Citizens' Right to Know Under REACH, is available at www.eeb.org/EEB/?LinkServID=8BBC1DF8-C9C7-8B93-CA5F42033F11A3AD.

Retailer Study Finds VAT Would Have Negative Impact on U.S. Economy

The National Retail Federation (NRF) released a study last week finding that adoption of a Value Added Tax (VAT) in the U.S. would result in the loss of 850,000 jobs in the first year, reduce gross domestic product (GDP) for three years and bring a permanent drop in retail spending totaling $2.5 trillion over the first 10 years. The study entitled "Macroeconomic Effects of an Add-On Value Added Tax" was conducted by Ernst & Young LLP and, according to the NRF, is the first macroeconomic analysis of adding the VAT on top of the existing tax system, which is currently being considered by the deficit reduction commission, which was established by President Obama.

"The drop in retail spending, jobs and GDP under an add-on VAT has the potential to further weaken the economy in the near term rather than strengthen it," according to the NRF. "Reducing the deficit through lower government spending would have a much more favorable economic effect – more jobs, higher GDP and a less depressing effect on retail spending – in both the near term and in the longer term."

The study found that a VAT is inherently regressive, and that provisions to lessen the impact on the poor increase the burden on the middle-class. A family of four with an income of $70,000 would pay $2,400 in VAT taxes annually, a 100 percent increase over their current federal income tax



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Government Affairs Overview
The following is a Government Affairs Update from Paul Fiore of the SSDA-AT

Paycheck Fairness
Senate Majority Leader Harry Reid (D-NV) has set up the potential for a vote on a labor-related issue during the lame duck session. He has filed a cloture petition for a vote on S. 3772, the Paycheck Fairness Act. The bill revises the Equal Pay Act's (EPA) "any factor other than sex" defense by requiring employers to provide non-gender reasons for the difference in wages based on a business justification.

This bill was part of an effort way back at the beginning of this Congress in January, 2009. The House used an unusual parliamentarian move (in hindsight certainly foretold the way this Congress would unfold!) to add a version of this bill to another bill known as the "Ledbetter" bill (named for a plaintiff who lost a Supreme Court case) when the House passed the Ledbetter bill. The Ledbetter legislation amended equal employment opportunity laws to clarify that compensation discrimination occurs each time compensation is paid even though the original discriminatory decision was made many years ago.

The Senate opted not to consider the combined bill and passed its own version of the Ledbetter bill which the House then had to pass again and send on the President. The Ledbetter bill became law.

The Paycheck Fairness bill languished for 20 months until last week. The cloture motion "ripens" upon Congress' return after the elections. I would think some moderate Republicans support the principles behind the legislation, so they might be inclined to provide the 60 votes to secure cloture, especially if the picture looks bleak for the Democrats in the 112th Congress. But, as I have previously noted, notwithstanding the cloture petition, whether the Senate will really deal with anything during the lame duck is a matter of conjecture until we get passed the elections.

Under the bill, an employer would have to demonstrate that the disparity is based on a bona fide factor other than sex, such as education, training, or experience that is (1) not based upon or derived from a sex-based differential, (2) related to the position in question, and (3) consistent with business necessity. The bill would also lift the caps on punitive and compensatory damages in suits brought under the EPA.

There is an anomaly at play here that broadens the potential impact on small businesses. The coverage threshold for a business under other equal employment opportunity laws such as Title VII of the Civil Rights Act and the Americans with Disabilities Act (ADA) is fifteen or more employees and the Age Discrimination In Employment Act (ADEA) threshold is twenty or more employees. Most folks do not realize it, but the Equal Pay Act amended the Fair Labor Standards Act (FLSA). For the most part, almost all businesses that have an employee are covered by the FLSA and thus subject to the EPA but, because the evidentiary requirements of the EPA are so technical, not many claims are filed against small businesses if they have enough employees to fall under the equal employment opportunity laws. (There are also some very limited exemptions from the FLSA and EPA for certain types of businesses such as small intrastate-only retailers.) So, in theory, smaller businesses will be covered by the changes.

Vibes

As Congress packed up for the campaign trail, I was getting the vibes that some of the "Bush" tax cuts might be renewed when Congress returns for the lame duck session. My impression is there are a sufficient number of Democrats uneasy with the notion of turning the corner into the New Year with a tax increase, to make it happen. It is not realistic to make predictions about the composition of the renewal "package" at this point, but I think relief is in play. For us, the top individual marginal rate and the estate tax are the two items I would continue to press.

In the long shot category - if Congress does vote on some package of renewals, we might just be able to slide in a repeal of the Form 1099 requirement. To do that, the mission is to keep the issue on the congressional radar. Every campaign stop should feature a question on it. For those of you working the Washington scene, keep it on the staff radar.

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Tax Relief
Increase of Section 179 Expensing and Expansion to Certain Real Property

Under current law, taxpayers may elect to write off the costs of certain tangible personal property that is purchased for use in the active conduct of a trade or business in the year of acquisition, in lieu of recovering these costs over time through depreciation. For the taxable year beginning in 2010, taxpayers may write off up to $250,000 of these capital expenditures subject to a phase-out once these capital expenditures exceed $800,000. This new law increases the allowance and phase out threshold to $500,000 and $2,000,000 for the taxable years beginning in 2010 and 2011. At the end of 2011, the amounts will revert to $25,000 and $200,000, respectively.

Within the temporary higher thresholds, the new law allows taxpayers to expense up to $250,000 of the cost of qualified leasehold improvement property, qualified restaurant property, and qualified retail improvement property.

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Extension of Bonus Depreciation

Businesses are allowed to recover the cost of capital expenditures over time according to a depreciation schedule. Congress temporarily allowed businesses to recover the costs of certain capital expenditures made in 2008 and 2009 more quickly than under ordinary depreciation schedules by permitting those businesses to immediately write off 50 percent of the cost of depreciable property placed in service in those years. The new law extends the additional, first-year 50 percent depreciation for qualifying property purchased and placed in service in 2010.

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Deductibility of Health Insurance for the Purposes of Calculating Self-Employment Tax

Under current law, business owners are not permitted to deduct the cost of health insurance for themselves and their family members for purposes of calculating self-employment tax. The new law allows business owners to deduct temporarily the cost of health insurance incurred in 2010 for themselves and their family members in the calculation of their 2010 self-employment tax only

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Modification of the Section 6707A Penalty

The new law revises section 6707A of the Internal Revenue Code to make the penalty for failing to disclose a reportable transaction proportionate to the underlying tax savings. The penalty for failure to disclose reportable transactions to the IRS is set at 75 percent of the tax benefit received. Reportable transactions are defined as investments in transactions that the IRS has identified as listed tax shelters or that have characteristics of tax shelters, including large losses or confidentiality agreements. The minimum penalty under the new law is $10,000 for corporations and $5,000 for individuals, and the maximum penalty is $200,000 for corporations and $100,000 for individuals.

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Increased Deduction for Start-up Expenditures

Under current law, taxpayers may deduct up to $5,000 in trade or business start-up expenditures. The amount that a business may deduct is reduced by the amount by which start-up expenditures exceed $50,000. Start-up expenditures are defined as expenses paid or incurred in connection with investigating or creating an active trade or business, which would be deductible if paid or incurred in connection with the operation of an existing trade or business. For the taxable year beginning in 2010, the new law temporarily increases the amount of start-up expenditures that may be deducted to $10,000, subject to a $60,000 phase-out threshold.

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Small Business Stock

Under a provision of the Internal Revenue Code (Section 1202), individuals may exclude 50 percent of the gain from the sale of certain small business stock acquired at original issue and held for more than five years. For stock acquired after February 17, 2009, and before January 1, 2011, the exclusion was increased to 75 percent. Qualifying small business stock is from a C corporation whose gross assets do not exceed $50 million (including the proceeds received from the issuance of the stock) and that meets a specific active business requirement. The new law temporarily increases further the amount of the exclusion to 100 percent of the gain from the sale of qualifying small business stock that is acquired after September 27, 2010 and held for more than five years.

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Extension of General Business Credit Carry-Back to 5 Years

Under current law, a business's unused general business credit may generally be carried back to offset taxes paid in the previous year, and the remaining amount may be carried forward for 20 years to offset future tax liabilities. The new law extends the one-year carryback for general business credits to five years for those sole proprietorships, partnerships, and non-publicly traded corporations with $50 million or less in average annual gross receipts for the prior three years.

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Allowability of General Business Credits Against AMT

Under the Alternative Minimum Tax (AMT), taxpayers may generally only claim allowable general business credits against their regular tax liability, and only to the extent that their regular tax liability exceeds their AMT liability. A few credits may be used to offset AMT liability, such as the credit for small business employee health insurance expense. The new law allows

small businesses to use all types of general business credits against their AMT. This applies to general business credits for those sole proprietorships, partnerships, and non-publicly traded corporations with $50 million or less in average annual gross receipts for the prior three years.

S Corp Built-in Gains Tax

Generally, a C corporation converting to an S corporation must hold onto any appreciated assets for 10 years following its conversion or face a business-level tax imposed on the built-in gain at the highest corporate rate of 35 percent. This holding period is reduced where the seventh taxable year in the holding period preceded the taxable year beginning in 2009 or 2010. The new law temporarily shortens the holding period of assets subject to the built-in gains tax to five years if the fifth taxable year in the holding period precedes the taxable year beginning in 2011.

Special Rule for Long-Term Contract Accounting

The new law separates the bonus depreciation from allocation of contract costs under the percentage of completion accounting method rules for assets with a depreciable life of seven years or less in order to allow contractors that do not complete contracts within the same year in which they are entered into to benefit from bonus depreciation.

Offsets

Increase in Penalties for Failure to File Information Returns

The new law increases penalties for failure

to timely file information returns to the IRS (Form 1099 is the one with which most small businesses are familiar). The first-tier (i.e., not filed correctly within 30 days of due date) penalty is increased from $15 to $30, and the calendar year maximum is increased from $75,000 to $250,000. The second-tier (i.e., not filed correctly by August 1) penalty is increased from $30 to $60, and the calendar year maximum is increased from $150,000 to $500,000. The third-tier (i.e., not filed correctly after August 1) penalty is increased from $50 to $100, and the calendar year maximum is increased from $250,000 to $1.5 million. For small filers ($5 million or less in gross receipts), the calendar year maximum is increased from $25,000 to $75,000 for the first-tier penalty, from $50,000 to $200,000 for the second-tier penalty, and from $100,000 to $500,000 for the third-tier penalty. The minimum penalty for each failure due to intentional disregard is increased from $100 to $250. The penalty amounts are adjusted every five years for inflation. Penalties for failure to file information returns to payees are similarly increased.

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Information Reporting for Rental Property Expense Payments

The new law requires persons receiving rental income from real property to file information returns to the IRS and to service providers reporting payments of $600 or more during the year for rental property expenses.

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Washington Report: Deficit Commission Releases One Proposal

Earlier this week the co-chairmen of President Obama's Deficit Commission released a controversial proposal in an attempt to figure out how to curtail the country's out of control debt and spending. Former Clinton Chief of Staff Erskine Bowles and former Republican Senator Alan Simpson head up the 18 member group the President appointed to find ways to solve our massive spending problem.

The proposal includes cuts to Medicare and Social Security, elimination of tax breaks for health plans, a decrease in the Pentagon's budget, elimination of the deduction homeowners receive for the interest they pay on their mortgages, and an increase of 15 cents a gallon on gas. It would also freeze the pay of federal workers for three years and reduce the federal workforce by 10 percent.

Obviously interest groups across the board object to some or all of the proposals. It is important to note that this proposal is not something that the entire commission agrees upon and it will not make its way to Congress for a vote. It is merely a jumping off point for the overall discussion of reducing the deficit. The Commission is supposed to send an official report on December 1, but the panel members are unsure whether or not they will be able to agree.

President Obama said, "We are going to have to take actions that are difficult and we're going to have to tell the truth to the American people. We can't just engage in political rhetoric."

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Obama Suggests Working on 1099 Revisions

Last week, President Barack Obama expressed his desire to work with Republicans on changing a provision of the new healthcare law making businesses file tax forms—1099 forms—on any transaction over $600, Reuters reports.

After gaining control of the House in the recent elections, Republicans are taking aim at repealing all parts of the healthcare legislation. At a White House news conference, Obama said he would oppose any move to overturn the law, but would be open to working with Republicans on amending portions of it. He pointed to the 1099 provision as an example of a place to start.

The provision currently makes businesses and tax-exempt groups to file 1099 forms for purchases and service transactions amounting to more than $600. The change would foster more tax law compliance and also generate a projected $17 billion in revenues over a decade to fund some of the cost to increasing healthcare coverage to the uninsured.

"The 1099 provision in the healthcare bill appears to be too burdensome for small businesses. It just involves too much paperwork, too much filing. It's probably counterproductive," said the president. "If it ends up just being so much -- so much trouble that small businesses find it difficult to manage, that's something that we should take a look at."

Although the 1099 reporting wouldn't go into effect until 2012, small business groups were especially vocal about the requirement. "It is clearly a provision that not only has nothing to do with healthcare, but is particularly harmful to the very people we are hoping will lead us out of these economic times -- small businesses," said Stephanie Cathcart, spokesperson for the National Federation of Independent Business.

"It's time for Congress to get serious, and focus on full repeal of this onerous and harmful provision," she said.

Senators Propose Fuel Tax Increase

Despite receiving staunch opposition from Republican leaders, Senators Tom Carper (D-DE) and George Voinovich (R-OH) have proposed a fuel tax increase as a means for reducing the federal deficit while shoring up the highway defense fund, National Journal reports. Carper and Voinovich sent a letter last week to the National Commission on Fiscal Responsibility and Reform, proposing a 25-cent per gallon increase to the fuel tax, to be rolled out gradually over the next three years. The senators maintain that the increase would generate $200 billion over five years, with $117 billion allocated to the highway fund and $83 billion directed toward deficit reduction.

Carper and Voinovich have the backing of leaders across the transportation community who would benefit from a cash infusion to highway infrastructure. However, the National Journal speculated that the proposal "is not likely to go anywhere in Congress," as Rep. John Mica (R-FL), who will chair the House Transportation and Infrastructure Committee next year, has recently "put the brakes on talk of a fuel tax increase."

According to the National Journal, Mica plans to raise the billions needed to improve the highway system by streamlining transportation spending and leveraging public-private partnerships.

GE Invests in Electric Vehicles

General Electric Co. said Thursday it would buy 25,000 electric vehicles over the next five years "in an attempt to push the emerging technology and profit from its widespread rollout," reports the Wall Street Journal. GE plans to buy 12,000 Chevrolet

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Volts from GM in 2011, as well as convert its own fleet of vehicles — 30,000 — to electric. The Volt, which will cost about $33,000 after a generous federal rebate, should be delivered to retail customers by year's end, notes the newspaper.

"By electrifying our own fleet, we will accelerate the adoption curve, drive scale, and move electric vehicles from anticipation to action," GE Chairman and CEO Jeff Immelt said. GE manufactures its WattStation charging station, which will be available for purchase for homes in early 2011, according to the company's website. The Journal notes that GE is also a shareholder of battery maker A123 Systems Inc. and invests in various renewable technologies such as smart-grid, wind and solar power.

Minimum Age For Cashiers Who Sell Alcoholic Beverages

The regulations for clerks who sell alcoholic beverages taken from page 7 of the State Liquor Authority Handbook are as follows:

1. Clerks and cashiers who handle and receive payment for alcoholic beverages in drug stores, grocery stores and convenience stores must be at least 16 years old and must be supervised by someone who is at least 18 years old.
2. Clerks and cashiers in liquor and/or wine stores must be at least 18 years old.

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DMV record retrieval is available to association members and affiliates at a cost of $12 per record. Additionally, you may order DMV certified paper abstracts of drivers license, vehicle registration, and vehicle title records for an additional fee of $2 per abstract. To use this service, please call 518-452-4367.

We Have Changed Our Web Address

The Association is pleased to announce a new web site. The old website has been completely revamped to provide you with easier faster access to the information you need. The new address is

www.nysassrs.com

Our e-mail address has changed to:

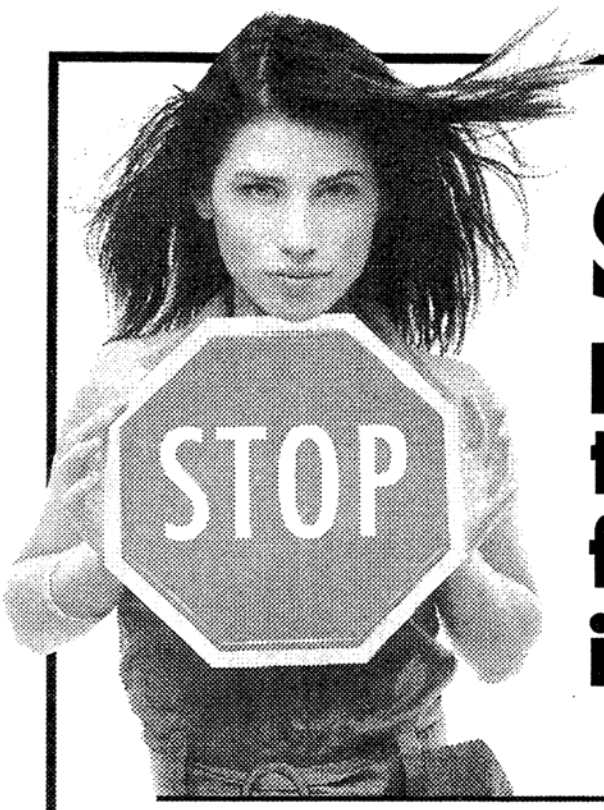
state@nysassrs.com

In addition to being able to read back issues of newsletters, and providing you with links to important sites we have added a bulletin board to keep you better informed as stories break.

WARNING

YOU CANNOT DO INSPECTIONS IF ANY OF YOUR EQUIPMENT IS MISSING OR INOPERABLE.

PERFORMING AN INSPECTION UNDER THESE CONDITIONS CAN RESULT IN REVOCATION OR SUSPENSION OF YOUR INSPECTION LICENSE



STOP paying too much for garage insurance!

Let GarageGuys save you money.

Owners just like you now pay less for insurance on their repair and body shops, gas stations, and convenience stores. They made the smart move to GarageGuys — where garage insurance is all we do.

• No fees • No audits • No nonsense

Just great quotes from our exclusive programs and the best carriers out there.

Before you make another insurance payment, call the garage insurance experts at GarageGuys – 800.474.5553.

Visit us online at www.insuregarages.com or fax your current policy to 631.424.4533 for an immediate quote!

GARAGEGUYS *insurance for your shop*

18 PROSPECT STREET • HUNTINGTON NY 11743

FORM 1099 NIGHTMARE COMING IN 2012
SSDA-AT WANTS YOU TO HELP STOP IT

As a result of the Patient Protection and affordable Care Act signed this year, beginning with payments made in 2012 every business will be required to issue to any vendor of services OR property to which the business has paid more than $600 a year for those services or property, an information reporting form known as Form 1099. The Form 1099 must also be sent to the Internal Revenue Service. In addition to issuing the forms, a business will have to get Taxpayer Identification Numbers (TINs) from all of those vendors and withhold payments to any such vendor until it receives the TIN. Penalties apply if you fail to issue the Forms 1099.

Under the existing law, businesses issue the Form 1099 only to individuals who provide services to a business. The new law makes two changes: the Form 1099 must be issued to corporations of all sizes and shapes as well as to individuals AND a Form 1099 must also be issued to individuals and corporations that provide property to a business.

The payments that are included under this are not only those made directly by check but also those made by other means such as credit cards, for example. Think about the airlines, hotels, rental cars, and restaurants that appear on your credit card bill. You might not think of them as vendors of goods and services, but that is what they are. Also, if you are in the business of selling or distributing goods, all of your suppliers of products are also vendors under the new law. (Under existing law there are regulations that provide narrow exceptions for some types of vendors (telegrams, telephone, freight, storage) and some individual vendors that accept payment from you by credit card and meet qualifications set forth by the IRS. Even if some regulatory exceptions are carried over under the new law, you will still be the one responsible and liable for issuing the information report and it will not be easy.) And Congress is considering doubling the penalties.

And, of course, any business that pays you more than $600 will be sending *you* a Form 1099.

Representative Daniel Lungren (R-CA) has introduced bill H.R. 5141, The Small Business Paperwork Mandate Elimination Act. Senator Mike Johanns (R-NE) has introduced S.3578, its sister bill.

SSDA-AT, as well as other organizations, has signed a letter of support to Rep. Lungren and Sen. Johanns.

TAKE ACTION

If you want to send emails to your Senators and Representative, go to www.stopform1099.org.

But do not stop there, call your Senators and Representatives (202-224-3121) and deliver the message you will find at www.stopform1099.org.

GASDA

Gasoline and Automotive Service Dealers Association

HEALTH INSURANCE PROGRAM

If you are going without health insurance, you are taking a big risk. Now is the best time to stop exposing yourself to high medical costs. Even if you have insurance, you will want too check how our health insurance programs can better suit your needs. Here are some of the benefits of our program:

- **Reduced premiums by being a member of our groups.**
- **Programs provided by a variety of providers.**
- **Choose from a wide selection of plans.**
- **Tailor your insurance to best suit your needs.**
- **Participating employees may choose different plans.**

Let us work with you to find the best program at the best price. We will send you more information, and help you to navigate the selection of plans and options to find the one that is best for you.

To find out more information call Wayne Bombardiere at (516) 371-6201

GASDA
Legal Service Plan

GASDA'S legal plan provides for consultation services and representation at hearings. The following are included:

- Representation at one small claims proceeding or one administrative hearing per year. Requests for representation must be received at the association's office 20 days prior to the hearing date.

- One-hour consultation on any single issue relating to a member's business.

- Small claims proceeding ONLY. The first two court appearances are covered under the plan. The third and all subsequent appearances are not covered. If the member wants continued representation, the appearance fee is $375 per appearance.

- The legal service attorney will provide legal representation or consultation to GASDA members at the rate of $185 per hour for any issue not included in the legal service plan.

In order to be eligible for Group Legal Service representation, a member's dues in full and all obligations to the Association must be current. For additional information, please call the GASDA office at:

516-371-6201

CIGARETTE SALES TO MINORS
CLERK CERTIFICATION

COMPLIANCE .WITH THE NEW STATE CERTIFICATION OF CLERKS WHO SELL TOBACCO PRODUCTS

CERTIFICATION OF A CLERK WHO SELLS TOBACCO PRODUCTS
POINT REDUCTION CLASS

NEW YORK STATE AMENDED ITS POLICY OF ENFORCEMENT FOR RETAILERS WHO SELL TOBACCO. UNDER THE NEW LAW A POINT SYSTEM HAS BEEN ESTABLISHED. EACH VIOLATION OF A TOBACCO SALE TO A MINOR WILL GENERATE A FINE AND TWO POINTS. THREE POINTS AND THE RETAILER'S LICENSE TO SELL CIGARETTES WILL BE SUSPENDED. HOWEVER, IF THE CLERK HAS RECEIVED A CERTIFICATION BY TAKING AN APPROVED SEMINAR, THE VIOLATION WILL RECEIVE ONE POINT.

THE STATE IS ENFORCING THIS LAW

IN ORDER TO ACCOMMODATE OUR MEMBERS,
WE ARE CERTIFIED TO PROVIDE THIS TRAINING.
PLEASE NOTE DATES, TIME, AND LOCATI0N OF THE NEXT SEMINAR

WHERE:

ASSOCIATION OFFICE
372 Doughty Blvd, Suite 2C
Inwood, New York 11096

WHEN:

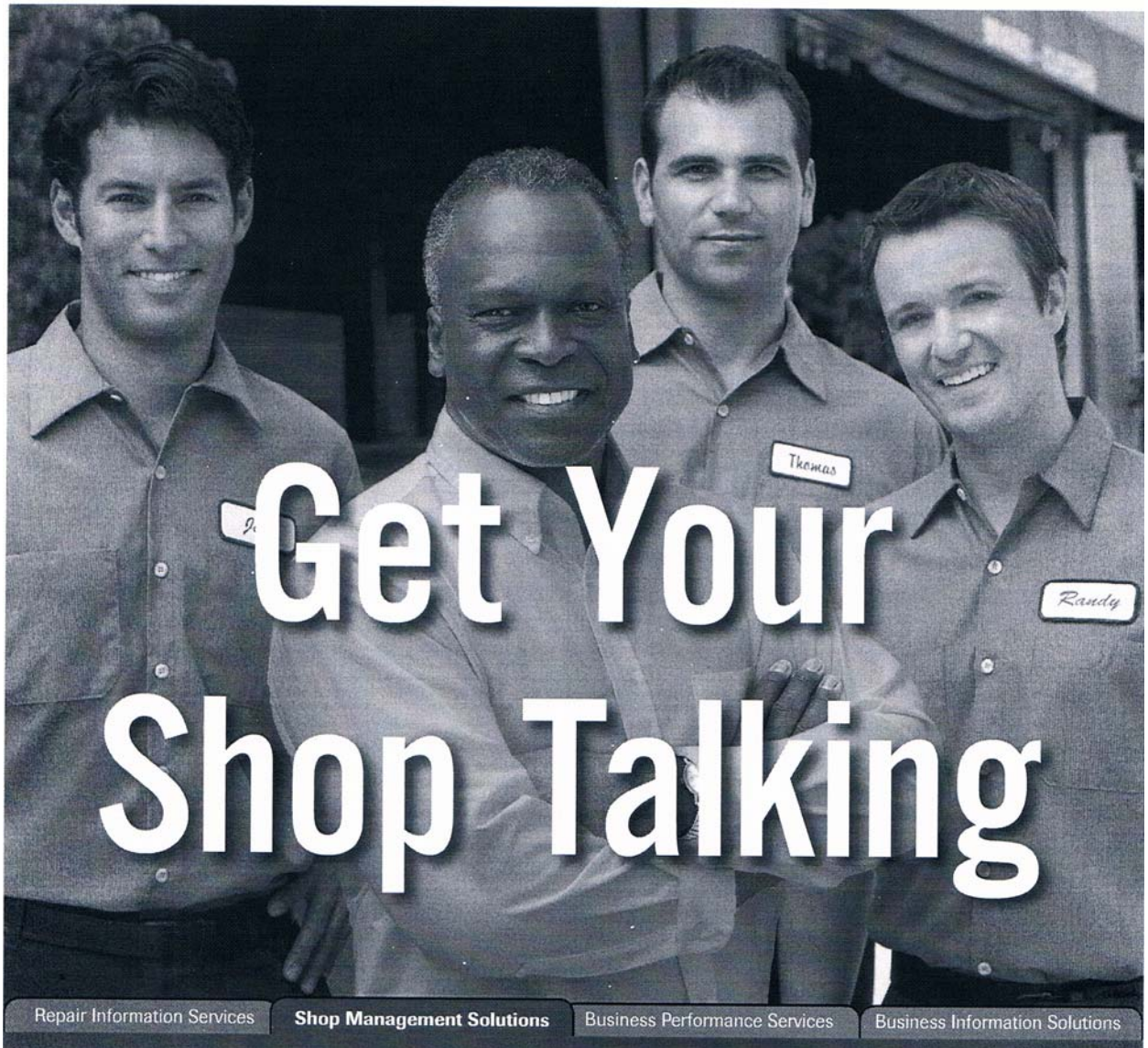
The First Monday of every month at 2:00 PM
The Second Wednesday of every month at 10:00 AM

COST:

MEMBERS: $15.00 - NON-MEMBERS $30.00

PLEASE CALL FOR RESERVATIONS AT (516) 371-6201

SPONSORED BY: GASDA/LIPDRA



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Mitchell 1 TeamWorks combines the features of Manager, Estimator and Repair to seamlessly integrate all parts of your shop. From the moment your customer walks in the door, TeamWorks allows your Service Advisor to look up customer and vehicle information, calculate time to diagnose, check TSBs and prepare an estimate. Parts advisors order and track parts from your favorite vendors. Techs pull up work requested with associated diagnostic and service information, and enter recommended service. That's the kind of shop talk you can turn into profit!

AASP NATIONAL ALLIANCE OF AUTOMOTIVE SERVICE PROVIDERS

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mitchell1.com

Mitchell 1 Shop Management Solutions

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Now you can turn customers into loyal, profitable repeat customers easily. Mitchell 1 CRM integrates seamlessly with your shop management system to track your customers' vehicle history and send timely scheduled service reminder postcards and e-mails automatically. You choose the postcards and customize with your logo and message – finally, a way to communicate your message to your customers that they'll be glad to receive.

- Service Reminder E-mails & Postcards
- Consumer Vehicle History Website
- Service Recommendations
- Custom Promotions
- Dedicated Marketing Support Center
- Return on Investment Reporting

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800.410.0529
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Mitchell1 Business Performance Services

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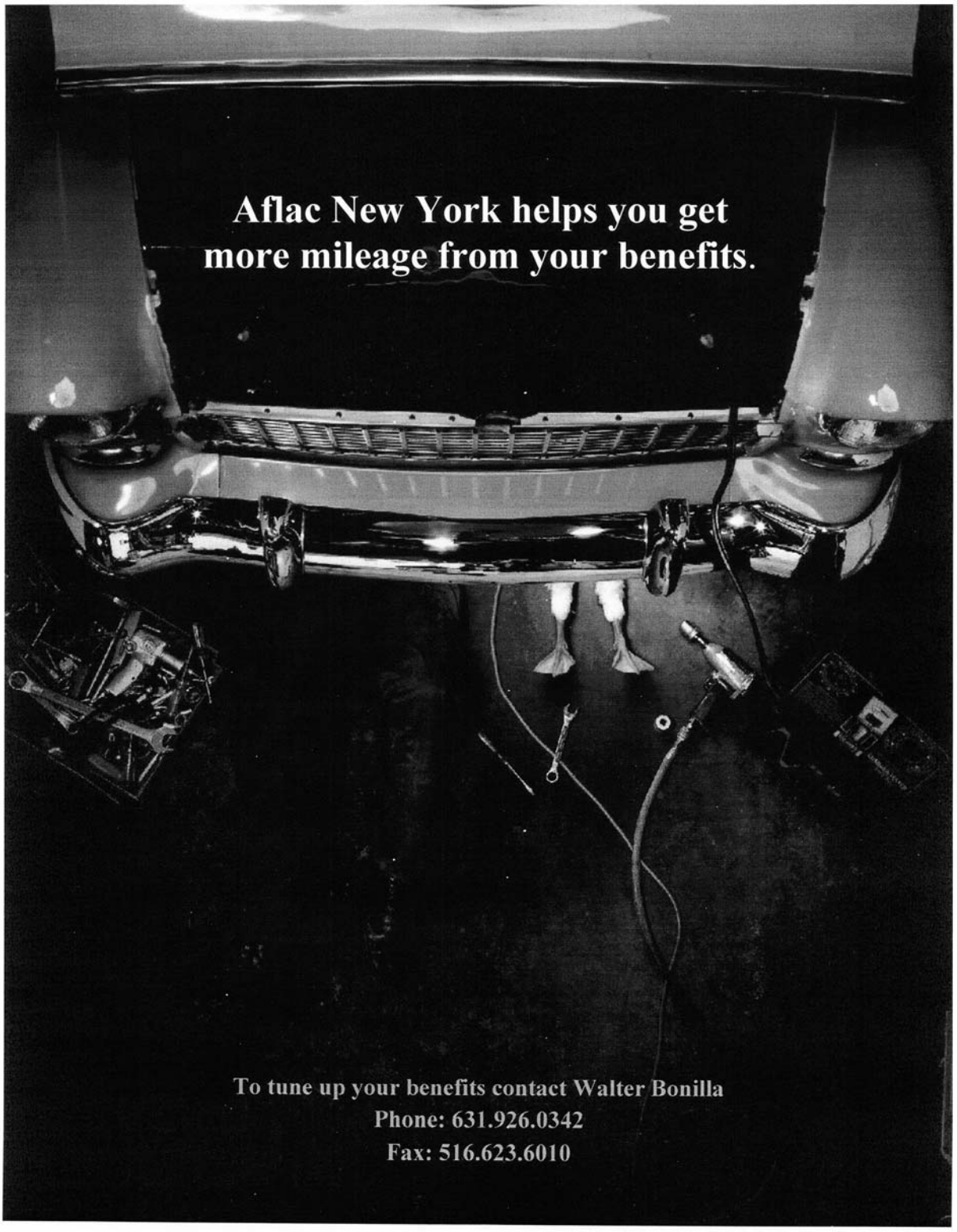
Aflac New York helps you get
more mileage from your benefits.
To tune up your benefits contact Walter Bonilla
Phone: 631.926.0342
Fax: 516.623.6010

Aflac™

HERE'S HOW AFLAC NEW YORK CAN HELP:

Many industries-like specialized auto repair and customization-require highly skilled talent that is not easy to find and retain. Great benefits are a top priority for these talented professionals when considering where to work. With Aflac New York, you can provide a wide range of benefits that gives them coverage in the areas they need most, and with a brand they know and want. You can attract and retain new talent by providing the kind of benefits they'd expect from a bigger company, helping your business stand out from the crowd.

THE BEST PART ABOUT AFLAC!

NO DIRECT COST TO YOUR COMPANY

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OFFERS A WIDE RANGE OF POLICIES

Aflac New York offers a wide range of policies that can help cover health events from accidents to hospitalization. You choose the ones that are best for you, your employees, and your business.

POTENTIAL TAX SAVINGS

Aflac New York's tax-advantaged plan allows employees to use pre-tax dollars to pay for certain benefit costs, through a Section 125 cafeteria Plan. This plan may also reduce your FICA taxes, helping you counterbalance the challenges you face in today's economic environment.

ATTRACTIVE TO YOUR EMPLOYEES

Aflac New York insurance complements your major medical insurance to help you create a more attractive employee benefits package. Our wide range of policies is designed to provide cash benefits to your employees if they become injured or sick. With Aflac New York policies, there are no deductibles, copayments, doctor networks, or pre-authorization requirements.

Join the 16,500 companies* that Already include Aflac New York as an essential part of their benefits package. Find out more:

Walter Bonilla **1.631.926.0342** **walter_bonilla@us.aflac.com**

American Family Life Assurance Company of New York (Aflac New York)

The NAPA Major Account Program

*** FREE MONEY GIVEAWAY***

Want to put more money in your pocket and do nothing more than you do now?

You already buy parts and supplies for your business so why not buy from NAPA and earn 2% rebate!

The Association and NAPA developed a complete, competitive supply program designed to boost your backroom profits and meet your customer needs. Here's what it includes:

BENEFITS TO ASSOCIATION RETAILER

Quality Products that meet or exceed OEM specifications
Customized Pricing -Reduced Parts Costs
Improved Inventory Turnover
Less Downtime -Higher Gross Profitability
Increased Field Contacts -700 Factory Representatives
Consistent Manufacturers Throughout Our System
Consistent Nationwide Parts Warranty
Availability -Up to 342,000 Part Numbers
Broader Inventory Coverage
Obsolescence Protection
Tailored Local Inventories
Recognized Consumer Brand
More Effective Shop Inventory -Reduced Investment and Higher Productivity
Prolink Internet based catalog, 24/7 parts availability and pricing

PROFIT PLAN

Very competitive pricing on **NAPA** Premium and Value Line products
Special quarterly stocking incentives
Quarterly product discounts to enhance competitive pricing during key selling seasons
Discount on electronically ordered parts from participating stores
Prompt payment discount terms (2% 10, Net 20)

A BRIEF LOOK AT NAPA

Since 1925, **NAPA** (**National Automotive Parts Association**) has helped businesses expand their parts coverage and maximize turnover and ROI. They offer an unparalleled package for people, products and programs to increase your productivity:

More than 5,800 **NAPA AUTO PARTS** Stores Nationwide

- Strategically located Distribution Centers servicing all 50 states
- Computerized inventory control linked to your station
- Highly trained Factory Reps.
- Training for you and your employees

(O V E R)

Now…what do you have to do to participate in the NAPA Program? It's easy. You just have to:

Register in **NAPA** Major Account Program with the Association
Stock a minimum of four product lines
Designate **NAPA** as first call supplier, and
Purchase a minimum of $7,500 per quarter (Average $2,500 per month)

It couldn't be easier so why not join today. **No risk**….if you don't meet the quota you just don't receive the rebate, nothing lost….but additional profit could be gained!

Name of Your Business:		
Business Address Street:		
City:	State:	Zip:
Phone:	Fax:	E-mail:
Name of NAPA Dealer:		
NAPA Street Address:		
City:	State:	Zip:
Phone:	Fax:	
Additional NAPA Dealer(s) you do business with:		
Name of NAPA Dealer:		
NAPA Street Address:		
City:	State:	Zip:
Phone:	Fax:	
Name of NAPA Dealer:		
NAPA Street Address:		
City:	State:	Zip:
Phone:	Fax:	

FAX this form back to:
518 452-1955

MTA Is Seeking Vendors To Sell E-ZPass On The Go

MTA Bridges and Tunnels is seeking qualified retailers to take part in a pilot program to sell pre-packaged E-ZPass tags through a program called E-ZPass On-The-Go. Through this program, customers can purchase a pre-paid E-ZPass tag worth $30, which will be active upon purchase. The program is designed to reach an untapped portion of the E-ZPass market by getting them to experience the convenience of using E-ZPass.

The tags will be sold to retailers at a discounted rate of $25 and resold over the counter for $30, giving your business a profit of $5 per tag. The tags will arrive in a securely sealed, clamshell package. The live tags should be kept behind the counter in a secure area. We will provide window decals and a dummy tag model for use in a countertop display.

If you are interested in being considered for our pilot program please contact us at ezpassotg@mtabt.org. Please provide your contact information, including name, telephone and fax number.

FOR SALE

New Lebanon Sunoco Mart & Laundromat & Apartments w/property

- Property around 2 acres in downtown New Lebanon
- C-store is around 3500 sq ft
- Laundromat is around 1500 sq ft
- 6 apartments averaging 700/mo rent. Total around 4000/mo.
- Recently switched to Sunoco/Price Chopper -currently pumping 35-40k gals/mo
- Laundromat sales around 3000/mo
- C-Store & Subshop sales w/o gas and lotto around 65000/mo
- Property Taxes around 15000/yr

The property has great potential for a drive through franchise like Dunkin Donuts or Subway both of which have approached us in the last month because a big retailer (Price Chopper has already broken ground) is opening right next to us in the next yr which will significantly increase the traffic count in the area and also boost the commercial property values. There is also great demand for apartments in this area. Our apartments are almost never vacant. One could do really well by adding a few more apts on the property and leverage that demand.

ASKING 1.5 MILLION

Contact John At The GRANY Office
518-452-4367