

# THE HORN



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**Automotive Aftermarket Association of the Carolinas & Tennessee, Inc.**

*Serving the Automotive Aftermarket in North Carolina, South Carolina, and Tennessee*

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January, 2018

## Association Members Approve Revised Bylaws

The results are in, and of the members returning their ballots regarding the revised Association Bylaws, the vote was unanimous to approve the Bylaws as revised. Thus, within the next few weeks, we will officially announce the change of your Association's name from...Automotive Aftermarket Association of the Carolinas and Tennessee, Inc. (AAACT, Inc.) to Automotive Aftermarket Association of the Mid-South, Inc. (AAAMS, Inc.). The Association address and phone numbers will remain the same; however, the website and email addresses will change. The February 2018 issue of "The Horn" newsletter will contain more information.

President Rick Brown and the current Association Officers and Directors are excited about 2018 and the future of YOUR Association!!!

## 2018 Association Business Conference Dates and Location

The 2018 Association Business Conference Committee, chaired by Richard Gerard, Jr., Washington, NC, will soon begin planning this year's annual meeting. The dates are Thursday, September 20th through Sunday, September 23rd, at the Hilton Head Marriott Resort and Spa -- Hilton Head Island, SC. Full details regarding this outstanding event will be published soon. Please plan on joining us in Hilton Head!!!

## LEGAL/LEGISLATIVE

### **New Refrigerant Sales Restrictions Take Effect January 01, 2018**

The sales restriction is established by EPA regulations under Section 608 of the Clean Air Act. Only EPA-certified technicians are allowed to purchase ozone-depleting-substances used as refrigerants. Technicians may be certified under either the Section 608 or Section 609 technician certification programs.

The sales restriction covers refrigerants contained in cylinders, cans or drums, except for the sale of small cans of substitute refrigerants for use in motor vehicle air conditioners. This sales restriction does not include refrigeration and air-conditioning equipment or components that contain refrigerants.

#### **Requirements to Purchase Refrigerant:**

The following people can buy any type of ozone-depleting refrigerant or substitute refrigerant starting

January 01, 2018.

- Technicians who have earned the Section 608 Technician Certification.
- Employers of a Section 608 certified technician or the employers' authorized representative, when the employer provides the refrigerant wholesaler with written evidence that they employ at least one properly certified technician.

The following people can buy refrigerant found acceptable for use in a motor vehicle air conditioner (MVACs).

- Technicians who have earned Section 609 Technician Certification.

Only Section 608 certified technicians can purchase refrigerants intended for use with stationary refrigeration and air-conditioning equipment. Section 609 certified technicians cannot purchase refrigerants that are intended for use with stationary equipment, regardless of container size.

EPA is not restricting the sale of "small cans" containing less than 2 pounds of substitute refrigerants (e.g., HFC-134a) for use in MVACs.

### **Wholesaler Responsibilities when Selling Refrigerant:**

Wholesalers that sell either ozone-depleting or substitute refrigerants must retain invoices that indicate the name of the purchaser, the date of the sale and the quantity of refrigerant purchased. Wholesalers that sell refrigerant for resale are legally responsible for ensuring that their customers fit into one of the categories of allowed purchasers under the sales restriction.

Although the regulation does not specify precautions that wholesalers must take to verify the intent of individuals purchasing refrigerant, EPA recommends that wholesalers obtain a signed statement from the purchaser indicating that they are purchasing the refrigerant only for eventual resale to certified technicians.

### **Requirements for Sales of Small Cans of Refrigerant (less than 20 lbs.) to Wholesalers:**

- Sellers must obtain a written statement from the wholesaler that the small cans are for resale only. The statement must indicate the purchasers' name and business address.

### **Recordkeeping Requirements for Refrigerant Retailers:**

Individuals or companies that sell refrigerants must comply with EPA recordkeeping requirements. It is important to note that all records related to the sale of refrigerants must be kept for a minimum of three years.

### **Requirements for Sales of Large Cylinders to Service Technicians:**

- The seller must keep an invoice listing the name of the purchaser, date of sale and quantity of refrigerant purchased.
- The seller must either see a Section 608 or Section 609 technician certification card.
- Uncertified buyers purchasing on behalf of a shop, the seller must see evidence that at least one technician at that shop is certified, including a copy of the certification.
- Section 609 technicians may not purchase hydro chlorofluorocarbon, R-22.
- The seller must keep a copy of the purchasers' technician certification on file.
- The purchasing facility must notify the seller if a certified technician is no longer employed.

The seller is then prohibited from selling refrigerant to the shop.

### **Requirements for Sales of Small Cans of Refrigerant (less than 20 lbs.) to MVACs:**

- The seller must see the technicians' Section 609 certification card. Only Section 609 certified technicians can purchase small cans of chlorofluorocarbon, R-12.
- Section 608 certified technicians may not purchase these cans.

### **Requirements for Sales of Small Cans of HFC-134a (2 pounds or less):**

EPA is not restricting the sale of small cans of HFC-134a or other EPA approved non-ozone depleting substitutes for MVACs. Starting on January 01, 2018, such small cans must be manufactured with a unique fitting



the 1.45% Medicare tax.

For more information, visit the Social Security Administration website [www.socialsecurity.gov/cola](http://www.socialsecurity.gov/cola).

## AAACT NEWS

### **2018 Association Membership Renewal Drive Begins**

The Association Board of Directors and staff would like to take a moment to express our sincere appreciation to you, our valued member, for choosing to belong to the Automotive Aftermarket Association of the Carolinas and Tennessee (soon to be the Automotive Aftermarket Association of the Mid-South). It is our hope that the Association has made good on its pledge to return value to your business in exchange for your membership dollars. Whether you took advantage of the various programs and services, resources, networking, served on a committee or supported our advocacy efforts, we thank you for your participation and membership.

The Association has one common goal, to put brands aside and work together to promote the automotive aftermarket industry. Your support, combined with others like yourself, enable us to offer an extensive menu of member services and programs for the exclusive use of its members. Equally important, members are represented at the national level through our affiliation with the Auto Care Association and the Alliance of State Automotive Aftermarket Association (ASAAA), as well as at the local level in the state capitals.

Each and every member is a valuable component of AAACT/AAAMS and to its success. Show support of your local, non-profit regional trade association and the automotive aftermarket industry by renewing your membership dues upon receipt of your dues invoice. Thank you for allowing us to serve you and your industry. Best wishes for a prosperous 2018!!!

### **Scholarship Application Deadline March 31, 2018**

Our Association is proud to announce that applications are now available for the annual Association Scholarship(s). We will make available at least three (3) \$1,000 scholarships. All students who apply must be sponsored by an Association member in good standing. AAACT SCHOLARSHIPS ARE ALSO AWARDED REGARDLESS OF THE STUDENT'S PLANNED FIELD OF STUDY. Keep in mind that Association members, and their immediate families, as well as members' employees and their families, are all eligible for the scholarships. Association owner-members and immediate family members of a Scholarship Fund Trustee are not eligible to receive an Association scholarship grant.

Again this year, the student applicant may complete the application for the Association Scholarships online at [www.automotivescholarships.com/AAACT](http://www.automotivescholarships.com/AAACT). This way the student will not only be eligible for the Association scholarship, but also ones from several other sources within the industry. All applications need to be completed online by March 31, 2018. The Association scholarship(s) will be awarded by mid-May, 2018.

If the applicant desires to apply only for an Association scholarship, then only the paper application should be completed and returned to AAACT/AAAMS... call 1-800-849-8037 for a copy. But why not apply online and have a chance at multiple scholarships. Please contact Randy Lisk at the Association office if you have any questions on this process for applying for scholarships.

### **2017 "The Horn" Index**

For your convenience, we are providing you with an index (Pages 7 and 8) of all the articles contained in the 2017 "The Horn" newsletter publications. For those who keep their newsletters, we hope this will be a helpful tool and handy reference .

— Randy Lisk, Executive Vice President



## IIABA Summary of the “Tax Cuts and Jobs Act”

Dec. 18, 2017

On Dec. 15, compromise legislation on tax reform was released. The legislation is expected to become law and will impact the tax liability of agents and brokers and their employees in 2018 and beyond. The relevant provisions of the bill are summarized below. More in-depth analysis will be provided to Big “I” members in the near future.

### TAXATION OF BUSINESSES

	Current Law	Tax Cuts and Jobs Act
<b>C-Corp Rate</b>	Tiered with the highest possible rate being 35%.	Imposes a flat tax of 21% on all C-corps.
<b>Corporate AMT</b>	Corporations may be subject to an alternative minimum tax (AMT) imposed at a flat rate of 20% to the extent the corporation’s minimum tax exceeds its regular tax.	Repeals the AMT.
<b>Pass-Through Taxation</b>	Income from pass-through businesses is taxed at the relevant individual tax rates.	Income from pass-through businesses continues to be taxed at the relevant individual rates. However, for “specified service businesses,” which includes most if not all, activities related to the sale and servicing of insurance, a business owner or shareholder may deduct 20% of their “qualified business income” if their annual taxable income does not exceed \$315,000 (joint)/\$157,500 (single) for 2018. Where filers have annual taxable income between \$315,000 and \$415,000 (joint)/\$157,500 and \$207,500 (single), the benefits of the 20% deduction are phased out. Trusts that are owners or shareholders in a pass-through business may also use the deduction. The income thresholds are indexed for inflation, but the provision expires on 12/31/2025.
<b>S-Corp to C-Corp Conversion</b>	Any distributions of earnings would be subject to the C-corp rules and treated as taxable dividends to the extent of the corporation’s earnings and profits.	For an S-corp converting to a C-corp before 2020 any income adjustments that arise from such a conversion would be taken into account over six years.
<b>Interest Deduction</b>	Interest is deductible, subject to a 50% leveraging limit.	Lowers limit to 30%, but some small businesses may be exempted from the limit.
<b>Small Business Expensing</b>	May immediately expense up to \$500,000 of §179 property (i.e., tangible personal property with a recovery period of 20 years or less, computer software, and qualified leasehold improvements); phases out for property placed in service of more than \$2m.	Increases the maximum amount a taxpayer may expense under §179 to \$1m and increases the phase-out threshold amount to \$2.5m, indexed for inflation. Also expands the types of property that qualify for expensing.
<b>Meals/entertainment/fringe benefits deduction</b>	Meals and entertainment (related to the business) are generally deductible at 50%, and certain fringe benefits (e.g. transportation) are deductible.	Eliminates most deductions for fringe benefits and eliminates the deduction of entertainment expenses, but retains the 50% deduction for meals.



**INDIVIDUAL TAXATION**

	<b>Current Law</b>	<b>Tax Cuts and Jobs Act<sup>i</sup></b>
<b>Tax Brackets</b>	Seven tax brackets of 10%, 15%, 25%, 28%, 33%, 35%, and 39.6%. Income levels subject to each bracket are adjusted annually based on the CPI-U.	Seven tax brackets of 10%, 12%, 22%, 24%, 32%, 35% and 37%. Income levels subject to each bracket are adjusted annually based on the C-CPI-U, a slower growing inflationary measure than the CPI-U. The tax bracket changes expire on 12/31/2025 but the indexing changes are permanent.
<b>Standard Deduction/ Personal Exemption</b>	Standard deduction is \$6,350 (single); \$9,350 (HOH); \$12,700 (joint). Personal exemption of \$4,050 per individual/dependent.	Standard deduction is \$12,000 (single); \$18,000 (HOH); \$24,000 (joint). Personal exemption is repealed.
<b>Alternative Minimum Tax (AMT)</b>	Imposes an alternative tax rate on some taxpayers of 26% and 28% on income above certain levels, if the alternative rate is higher than the standard rate.	The AMT income exemption amount is increased to \$109,400 (joint) and \$70,300 (single). The exemption is phased out at \$1m (joint), and \$500,000 (single).
<b>Charitable Deduction</b>	May be deducted up to 50% of Adjusted Gross Income (AGI).	Increased to 60%.
<b>Child Tax Credit</b>	\$1,000 per child, phased out starting at joint income of \$110,000	Increased to \$2,000, phased out at joint income of \$400,000.
<b>Disaster Costs</b>	Can claim itemized deduction for certain losses due to fire and storms.	Limited to losses incurred from a federally declared disaster.
<b>Employer Healthcare</b>	Employer-paid health insurance excluded from income; 40% tax on high cost plans beginning in 2020.	No change.
<b>Estate Tax</b>	40% tax on estates above \$5.49m per individual (adjusted for inflation).	Doubles exemption level.
<b>Individual Mandate</b>	Most people are required to carry health insurance and failure to do so is subject to a tax penalty of \$695 or 2.5% of income (individual) and \$2,085 or 2.5% of income (family).	Eliminates penalty.
<b>Medical Expenses</b>	Can deduct medical expenses above 10% of AGI.	Can deduct medical expenses above 7.5% of AGI through 2019 then reverts to 10%.
<b>Misc. Expenses</b>	Can deduct various misc. expenses (tax preparation fees, professional society dues, unreimbursed job expenses, etc.) if exceed 2% of AGI.	Eliminates.
<b>Mortgage Interest Deduction</b>	Permitted for mortgages balances up to \$1m.	Permitted for new mortgages up to \$750,000, but no deduction permitted for home equity loans.
<b>State &amp; Local Taxes</b>	Can deduct state and local sales, income, and/or property tax.	Caps deduction at \$10,000. Cap does not apply to state and local taxes imposed in carrying on a trade or business.
<b>401(K) contributions</b>	Employee contributions permitted up to certain limits on pre-tax basis.	No change.

<sup>i</sup> All provisions noted here as related to the taxation of individuals in the Tax Cuts and Jobs Act, including changes to rates as well as deductions, expire on 12/31/2025 unless otherwise noted. Therefore, starting on 1/1/2026 current tax law as noted here would again apply unless Congress extends or otherwise amends the provisions of the Act.



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## 2017 AAAC "THE HORN" INDEX

### JANUARY 2017

- AAAC NEW MAILING ADDRESS!!!
- Executive Vice-President's Message
- EPA Approves 1234yf for Use on Certain Heavy-Duty Vehicles
- 2017 Standard Mileage Rates
- Display OSHA Form 300 Log February 1-April 30, 2017
- Selecting Your Exit Goals by Carl Rogers
- In Memoriam (Viola Tedder Edwards)
- AAAC/GAAS Scholarship Application Deadline March 31, 2017
- Your Invisible Paycheck (Page 6)
- 2016 "The Horn" Index (Pages 7-8)
- Car Care: Winter Maintenance Check

### FEBRUARY 2017

- Message from President Max Miller
- Employers MUST Use the New Form I-9 Starting January 22, 2017
- DOT Creates CDL Drug and Alcohol Clearinghouse, Imposing Employer Reporting and Query Obligations
- Important N.C. Sales and Use Tax Update
- What Sales Teams Can Learn from the New England Patriots by John Chapin
- Auto Care Association to Host D.C. Legislative Summit-- October 3-4, 2017
- Workers' Compensation Dividend Distributed
- For Sale: Auto Parts Store and Service Center
- AAAC North Carolina Capitol Day - April 5, 2017 (Flyer on Page 7)
- Thank You from AAAC Scholarship Recipient
- 2017 AAAC Membership Drive
- 2017 AAAC Membership Drive Begins
- AAAC/GAAS Scholarship Application Deadline -- March 31, 2017
- AAAC Roster Listing (Page 8)

### MARCH 2017

- AAAC New Mailing Address!!!
- 2017 AAAC Business Conference- Hilton Head Island, SC
- 8 Things to Consider When Updating Employee Handbooks for 2017
- Tennessee Bill Would Require Disclosure of Aftermarket Auto Body Parts
- Failure to Plan Has a Price by Carl Rogers

- Thank You from Rita Wieskamp
- AAAC N.C. Capitol Day
- AAAC/GAAS Scholarship Application Deadline Approaching
- Schedule of Events

### APRIL 2017

- 2017 AAAC Business Conference: Hilton Head Island, SC
- E-Verify Records Will Soon Be Purged
- OSHA Penalties Go Up...Yes, Again
- More Vehicles At Least 12 Years Old
- AAPEX Announces 2017 Dates
- 2017/2018 Leadership 2.0 Scholarship Available
- A How-To Guide for Having "The Talk" with Your Elderly Parents About Internet Safety
- For Sale: Auto Parts Store and Service Center
- Memorial Day (Office Closed Monday, May 29, 2017)

### MAY 2017

- 2017 AAAC Business Conference:--Hilton Head Island, SC
- Auto Care Association Keeping Tabs on OEMs as "Right to Repair" Deadline Nears
- 2017 North Carolina "Capitol Day" Recap (photo of Roberto Robaina, John Bottega, Senator Jay Chaudhuri and Randy Lisk...photo of Rick Brown, Kierstin Turnock, Randy Lisk, Representative Chris Malone, Max Miller and John Bottega...photo of Max Miller, Representative Edward Hanes and Rick Brown)
- Elements of a Plan to Sell to Insiders by Carl Rogers
- Auto Execs, Consumers Disagree Over Ownership of Vehicle Data
- Ford Aims to Disrupt its Aftermarket Competitors
- Five Questions about Long-Term Care
- Memorial Day Holiday (Office closed May 29, 2017)
- 2017 AAAC BUSINESS CONFERENCE SCHEDULE

### JUNE 2017

- Come Join Us at the 2017 AAAC Business Conference on Hilton Head Island!!!!!!
- North Carolina Legislature Eliminates 26 Counties from Emission Testing
- Registration Open for AAPEX 2017 in Las Vegas
- Access to YOUR Credit Union Is Easy!

- 2018 Advertising Calendars
- Extensive Engine Parts Inventory For Sale
- Independence Day (Office closed July 4, 2017)
- 2017 AACT Business Conference Schedule
- 2017 AACT Business Conference Seminar Flyer
- 2017 AACT Business Conference Sponsorship Form
- 2017 AACT Business Conference Registration Form

### **JULY 2017**

- 2017 AACT Business Conference: "Sailing Into the Future"
- Maintain Control, Save on Taxes, and Set Fair Value Using a Buy-Sell Agreement by Carl Rogers
- Order Your 2018 Advertising Calendars Now!!!
- Magnuson-Moss Warranty Act
- 2017/2018 AACT Scholarships Awarded
- Extensive Engine Parts Inventory For Sale
- Labor Day Holiday (Office closed on Monday, September 4, 2017)
- 2017 AACT Business Conference Schedule, Marriott Resort Hilton Head Hotel Services & Information Sheet,, and Registration Form

### **AUGUST 2017**

- 2017 AACT Business Conference: "Sailing Into the Future"
- 2017 AACT Yearbook / Directory Advertisers -- THANK YOU!!
- USCIS Releases New Form I-9 and New Handbook for Employers
- Traditional DIFM & DIY Sales
- Order Your 2018 Advertising Calendars Now!!!
- Thanks from AACT Scholarship Recipients (photo of Corbitt Stroud with Randy Lisk)
- Extensive Engine Parts Inventory For Sale
- Labor Day Holiday
- 2017 AACT Business Conference -- Schedule, Sponsorship Form, and Registration Form

### **OCTOBER 2017**

- 2017 AACT BUSINESS CONFERENCE CANCELLED BECAUSE OF HURRICANE IRMA
- Supreme Court Decision Delivers Major Victory for Aftermarket
- What You Need to Know About the Equifax Data Breach
- 4 Resources to Help You Create a Safe Workplace
- Revised I-9 Form Now In Effect
- Why Setting Goals Is Important, Even If They Change by Carl Rogers
- Building Your Sales Machine by John Chapin
- Advertising Calendars
- Open Enrollment is Here!
- Miller Parts & Paint Hosts Congressman George Holding (photo of Randy Lisk, Laurie Reinbolt, Max Miller, Congressman George Holding and Bob Conley)

### **NOVEMBER 2017**

- 2018 AACT Business Conference -- September 20-23, 2018
- Auto Care Association Applauds Senate Commerce Committee on Vehicle Data Access and Control Amendment to AV START Act
- OSHA Announces 2017 Top Ten Violations
- CPSC Announces Recall of 37 Million Kidde Fire Extinguishers
- Gas Station Owners Pay Nearly \$500K in Back Wages, Damages in U.S. Department of Labor Settlement
- Auto Care Legislative Summit 2017 Recap (photo of NC Congresswoman Virginia Foxx and Randy Lisk)
- Thank You Letter from NC Congressman George Holding (August 28, 2017)
- Vehicle Sales Impact the Aftermarket
- The New Aftermarket Reality: Road Ahead Requires Collaboration, Shared Vision and Planning for the Connected Aftermarket
- Quality, Availability Top List of Reasons Technicians Buy A Specific Part
- ASE Computer Test Format Revised
- President Trump Signs Executive Order on Health Care
- Suggestions Welcome
- AACT Office Holiday Schedule

### **DECEMBER 2017**

- AACT Board of Directors Report
- U.S. Copyright Office Agrees to Extending DMCA Vehicle Repair Exemption
- Minimizing Threats to Business Value by Carl Rogers
- 2018 Vacation Schedules (Page 6)
- Hodges Insurance Agency: Medical Insurance
- Online Applications Available Now for 2018 University of the Aftermarket Foundation Scholarships
- Welcome New Member
- AACT Committees -- 2017-2018 (Page 5)
- AACT Office Holiday Schedule (AACT Office closed December 25 & 26, 2017 and January 1, 2018)

