

# ROAD SIGNS

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**JEFF DUST**  
President

## Message from the President

During a recent meeting with some representatives from 3M, we were deep into discussions about the paint and body industry and the business trends that body shops are facing across the United States.

The number of body shops has been decreasing over the past several years and the trend is for there to be less in the future. Most likely the existing shops will expand and grow, if needed, to accommodate the industry.

Even though there are more vehicles on the road, there are fewer accidents when compared to the number of vehicles on the road. Statistics show that 30% of vehicles in accidents, that are fixable, are not being fixed. Also, there are more total loss vehicles than ever before due to the increased cost of technology and safety features like air bags, cameras and back up sensors making the vehicle uneconomical to repair. This made me start to think what the future holds for the automotive repair industry. Will we ever see the day when automobiles follow the same trend that TV's, VCR's and microwave ovens have? Will they become a throw away disposable item?

Well, no one knows exactly what will happen in the future, but we do know that vehicles will improve with increased fuel efficiency, have more technology built into them and be made safer.

This is an indication the future will be exciting and we will have to change the way we do business to meet the needs of our industry.

This makes me realize how important APSA of Illinois is for our industry. There is a need for a strong state association to help give us the foresight we need to make changes, as it needs to be, so we can all take our business to the next level and survive in an ever changing competitive business climate.

I strongly urge you to become active and involved in APSA of Illinois and to share and exchange ideas. The old saying "Two heads are better than one" is true.

So let's band together and make a better tomorrow for all of our industry and us.

Thank you for taking the time to read this newsletter and as always, your thoughts and comments are welcomed.

*Jeff Dust*

President, APSA of Illinois

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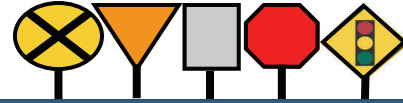
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**Vol. 49 - Issue #11**

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## Mission Statement

The mission of APSA of Illinois is to provide communications, education, legislative and regulatory advocacy and group purchasing of services for its members while promoting the motor vehicle aftermarket industry.



**The "Right to Repair" Bill – Frequently Asked Questions**

*In an effort to bring you up to speed on the automotive aftermarket industry national issues, we have brought to you information on this ongoing issue. Currently, APSA of Illinois has supported the Right to Repair Act, and has participated with organizations like AAIA in lobbying its passage. If you would like to have more information about this issue, please go to [www.righttorepair.org](http://www.righttorepair.org), or contact Matt Wells at the APSA of Illinois office. Follows are some questions that are asked and answered in this article:*

**1) What would the Motor Vehicle Owners' Right To Repair legislation do?**

**2) Why did the legislation need to be introduced?**

**3) If the car companies are promising to make all information and tools available, why do we need legislation?**

**4) Isn't the Motor Vehicle Owners' Right To Repair legislation simply a way for parts manufacturers to obtain proprietary information from the car companies?**

**5) Will the car companies stop cooperating and making this information available if this legislation passes?**

**6) Is it true that if the car companies don't keep their promise to make all information available, the aftermarket can always go back and get legislation?**

**7) Isn't a cooperative approach, such as the National Automotive Service Task Force (NASTF), always more effective than the legislative/regulatory approach?**

**1) What would the Motor Vehicle Owners' Right To Repair legislation do?**

The legislation will provide car owners with the right to decide where and how they have their vehicle serviced, whether it is a new car dealer or independent service facility. Under the bill, the Federal Trade Commission (FTC) would develop regulations requiring car companies to share the same information and tools that they make available to their franchised dealers, with the independent service industry and car owners.



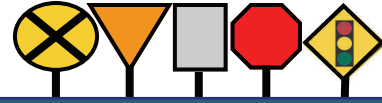
**2) Why did the legislation need to be introduced?**

With the increased use of computers and electronics controlling nearly every system on late model vehicles, car companies now possess

the ability to control access to the information and tools necessary for the independent service industry to stay competitive with the franchised new car dealers. Over two-thirds of car owners patronize independent service facilities after their warranty has expired due to price, convenience and trust. Failure to enact right to repair legislation could jeopardize the ability of car owners to choose where they have their vehicle serviced and likely would lead to increased repair costs and reduced convenience. Ultimately, car owners and many small businesses would be harmed.

**3) If the car companies are promising to make all information and tools available, why do we need legislation?**

While AAIA applauds the promises made by the car companies, due to the past struggles with the vehicle manufacturers over this issue, AAIA does not feel comfortable putting America's car owners and the future economic health of the independent aftermarket at the mercy of the promises made by the car companies. Yes, there has been significant progress in the last 13 years since AAIA and other aftermarket groups began lobbying both Federal and State legislators and regulators to address this issue. Legislation passed in California and regulations promulgated by the U.S. Environmental Protection Agency (EPA) requiring the car companies to maintain web sites with all emissions related service information have gone a long way toward making information conveniently available to the independent service facility. However, audits of the site by repair experts still indicate that non-emissions related information is not being provided. Further, independent service facilities attempting to resolve information or tool concerns with the manufacturers often takes days, weeks or even months. Most and remanufacturing high-quality independent shops cannot wait that long and are often forced to send their customers to the



*(Right to Repair FAQ continued from page 2)*

dealer for the repair. The industry needs some form of legislation to ensure long-term affordable and efficient access to all information and tools.

***4) Isn't the Motor Vehicle Owners' Right To Repair legislation simply a way for parts manufacturers to obtain proprietary information from the car companies?***

This is not true. Aftermarket parts manufacturers have been successfully producing replacement parts for decades. The industry expects to continue manufacturing products long into the future without access to the car company's proprietary blue prints. In fact, the legislation provides strong protections against the release of OE trade-secret information in Section 3 (b). This section states: "Nothing in this Act shall be deemed to require the disclosure of trade secrets, nor the public disclosure of any information related exclusively to the design and manufacture of motor vehicle parts. No information necessary to repair a vehicle shall be withheld by a manufacturer if such information is provided (directly or indirectly) to franchised dealerships or other repair facilities."

***5) Will the car companies stop cooperating and making this information available if this legislation passes?***

The car companies have been making this statement, but in fact there already are regulations regarding emission related information and tools in place both in California and nationally. The result is that the car companies are now maintaining web sites that contain all of their emissions related information. The fact that the manufacturers would threaten to pull the information if this bill passes should call into question the car companies' commitment to keeping their promise and to ensuring convenient and effective vehicle service for their customers.

***6) Is it true that if the car companies don't keep their promise to make all information available, the aftermarket can always go back and get legislation?***



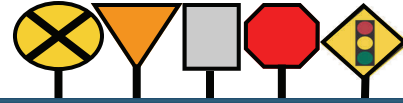
Right to repair legislation is gaining momentum on Capitol Hill, but it has taken a number of years to get to this point.

Should the manufacturers stop making information available, it could take years for the service industry to fully realize the situation and then to revitalize this lobbying effort. In the mean time our industry would be sending car owners back to the new car dealer in droves. The independent aftermarket industry cannot afford to take this risk.

***7) Isn't a cooperative approach, such as the National Automotive Service Task Force (NASTF), always more effective than the legislative/regulatory approach?***

A cooperative approach works only if both sides have something to gain and there is third party enforcement. Neither is the case here. However, it is clear from statements made by the car companies that many of them only made this promise to avoid legislation. Once that threat goes away, we fear many will go back to their old ways. Further, the car companies and their dealers have become much more aggressive in marketing their parts and service to the car owner. According to the National Automobile Dealers Association (NADA), even though dealership parts and service department sales comprise just 11.8 percent of typical dealer's total sales, it contributes 48 percent of the total operating profit. New car sales make up 60 percent of total sales, but only contribute 35 percent of total profit. History has shown that the marketing and competitive interests of the manufacturers will override their current promise once the legislation has disappeared from their radar screen. In addition, while the National Automotive Service Task Force (NASTF) is a noble effort for the service industry and the car companies to cooperatively resolve information issues, no car company is bound by its recommendations. Since NASTF is operated by the manufacturers and ASA, there is nothing to compel cooperation from a manufacturer if they choose not to make their tools and information available. A company that is not complying is not subject to any penalty and there is no oversight from a third party. Over the long term, the NASTF can only be effective with the threat of strict federal penalties backing it up. Once car companies know that they could be subject to federal action if they do not fully comply with information requests, the incentive for cooperation will be much greater.

*(from [www.righttorepair.org](http://www.righttorepair.org))*



## Propane Tax Credit - Red Flag Alert for IRS Audit



A member brought to our attention a tax credit that could be beneficial to anyone using a propane fueled forklift or off-road motorized

equipment at their business. Unfortunately, this tax credit comes with the unusual burden of an IRS audit.

In 2005 the U.S. congress passed a bill that encouraged the use of alternative fuels including propane. The Internal Revenue Service (IRS) made it clear that forklifts fit the definition of an off-highway business motor vehicle and hence fuel used in a forklift is eligible for the 50

cent/gallon credit. In order to receive the credit, a business must first register a form 637 as an "Alternative Fueler".

**WARNING! It is at this point the IRS has, to date, issued an IRS AUDIT 100% of the time.**

According our information, every company who has filed as an Alternative Fueler has received an audit. They have used this form as a gateway to conduct a full audit of the company and to ensure you are using the fuel properly. Once the IRS is in the door, they will conduct a full audit by reason of opportunity and due diligence to the public. Although the credit is a great tax

benefit, this seems to be a dragnet for the Internal Revenue Service. If you decided to brave the IRS audit and are issued the Alternative Fueler status, the IRS will then issue a registration number to the company and at tax filing time you can use form 4136 to apply for the fuel credit.

For more information about this tax credit, go to [www.apsail.com](http://www.apsail.com). We send this as a warning to you and others who may be affected by this lucrative tax credit.

**Just remember, filing for this credit could earn your company an unwarranted IRS audit.**

## Rolling Stock Exemption

### **Who may claim the rolling stock exemption?**

You may have encountered a customer that would like to file for the rolling stock exemption on parts for vehicles that are used by for hire interstate carriers. What is a rolling stock exemption, though? A rolling stock exemption is a tax status that allows interstate for hire carriers to not pay state & local taxes on parts purchased in Illinois. Your customer must be recognized by a specific federal or state regulatory agency as an interstate carrier for hire and have received a certificate of authority to engage in interstate commerce.

For the customer to complete a purchase, they must complete form RUT-7 for the purchase. Form RUT-7 provides blanket certificates for bulk purchases of repair and replacement parts. You can have the form RUT-7 on hand by downloading it at <http://www.revenue.state.il.us/TaxForms/Sales/RUT7.pdf>. The customer in question attests to his purchase qualifying for the exemption by signing the completed form. *You should also obtain a copy of his interstate carrier certificate.*

### **What purchases qualify for the rolling stock exemption?**

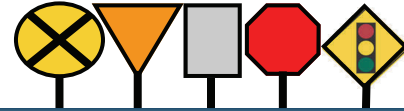
The rolling stock exemption may be claimed for items that are purchased or used by interstate carriers for hire to be used as rolling stock in interstate commerce. Purchases include: motor vehicles, trailers, watercraft,

railway cars, aircraft, limousines and repair and replacement parts. For more information, see Informational Bulletins [FY 2005-01](#) and [2008-03](#), Rolling Stock Exemption Changes.

### **What purchases do not qualify for the rolling stock exemption?**

It is not the type of item that determines whether or not it qualifies for use as rolling stock, but how the item is used by an interstate carrier for hire. Only those items specifically used as rolling stock will qualify for this exemption. For example, items do **not** qualify for use as rolling stock when they are used only to transport company officers, employees, customers or others not for hire (even if the persons cross state lines); or to transport property that a business owns or is selling and delivering to customers (even if the items cross state lines); or as support vehicles (other than those specifically used as an "escort" vehicle) when the vehicles do not haul persons or commodities for hire in interstate commerce. For more information, see Informational Bulletins [FY 2005-01](#) and [2008-03](#), Rolling Stock Exemption Changes, or [Illinois Administrative Code 130.340](#).





## "UNDER THE DOME"

by Jay Shattuck



### **Will Illinois Voters Throw the Bathtub Out?**

In the turmoil called state government, voters next fall will have an opportunity to send a message about the dysfunctional system by voting on whether Illinois should hold a Constitutional Convention (Con-Con). The 1970 Illinois Constitution provides for two methods of revision to our State Constitution: 1) by a Convention approved by voters or 2) by constitutional amendments approved by the General

Assembly. The Illinois Constitution also requires the question of whether to call a Con-Con to be presented as a referendum to voters at least once every 20 years. While a Convention does not require a complete rewrite of the State's Constitution, it creates an opportunity for revisions that could "rock" the system. The last Con-Con referendum was put to voters at the 1988 general election. Illinois voters will get another opportunity to decide on the question at the November 2008 general election.

The extent of the changes to the State's Constitution would be determined by those elected to the Con-Con. If voters decide in favor of a new Constitutional Convention, the General Assembly, at a session following the general election, must provide for the election of two delegates from each Senatorial district and the meeting schedule for the Convention. The Convention is responsible for preparing and discussing any constitutional revisions or amendments. Once a majority of the Convention delegates approve a particular constitutional revision and/or amendment, the Convention's recommended changes must be approved by the voters at a subsequent election.

In 1988, the question to call a Convention was soundly defeated by a three-to-one margin. At that time, there was a strong coalition of business and labor interests that were opposed to establishing a Con-Con. Both sides were more afraid of what they had to lose in an unknown process. Even if those interests align again to oppose the question, the public's view of Springfield is quite different today than in 1988. Fallout with the public from the recent legislative session, a budget crisis of historic proportions and the on-going, political in-fighting seems to resemble more like 1980 when the electorate approved the General Assembly "cut-back" amendment to the Constitution than the mood of 1988. If the Governor continues his open warfare on Speaker Michael Madigan and solutions to the State's problems are not provided, the possibility of re-energizing the support necessary to approve a new Constitutional Convention is conceivable.

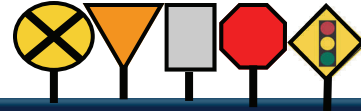
Lawmakers also are frustrated about how Springfield has been operating or not operating as it may be. Some have decided that it is time to step aside and are retiring. This past session also inspired a bipartisan effort to advocate for a new Constitutional Convention. The Illinois House approved House Resolution 25 on a 48-47-2 vote. HR 25 specifically urges the support of the electorate on the question of whether a Constitutional Convention should be called and encourages the electorate's attention to this initiative. Supporters of HR 25 cited frustration with a lack of movement to address critical issues such as education funding reform, ethics reform, and the property tax assessment process as evidence of the need for changes to our State Constitution. During the regular legislative session, legislators also proposed a variety of constitutional amendments, offering a glimpse of some of the possible pressure points of crafting changes to Illinois' Constitution.

In my column next month, I will examine some of the potential changes to the State Constitution that would affect APSA members and a Con-Con could consider.

**Jay Shattuck**

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## 2007 - 2008 Calendar of Events

Nov. 6th - Election Day	Dec. 25th - Christmas Day - APSA of IL Closed
Nov. 11th - Veteran's Day	May 20 - 21, 2008 - GAAS Symposium, Hyatt Regency O'Hare, Chicago
Nov. 22nd - Thanksgiving - APSA of IL Closed	
Nov. 26 & 27 - APSA of IL Strategic Planning Retreat, Springfield	



*This newsletter is designed to provide accurate information, but the discussion is general in nature and should not be acted upon without obtaining professional advice from a licensed attorney or certified public accountant.*

**WE CAN DO IT BETTER TOGETHER!**



*Automotive Parts & Service Association*

## Membership Anniversaries

***Welcome Back! -***

**Parker Automotive, Mt. Vernon**

**The Auto Shop, Carbondale**

**Milestones - 5 Years**

**Crossroads Truck Equipment, Inc., Effingham**

**LTD Ford-Lincoln Mercury, Centralia**

**Mark's Service Center, Shorewood**

**Poland Pontiac-Buick, Inc., Effingham**

***Congratulations!! Thank you for***

***your continuous support!***

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