

SouthWestern Flash

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SouthWestern Association Annual Conference - Jan. 22-24, 2004, Adams Mark Hotel, San Antonio, TX
2004 Western Farm Show
Feb. 21-23, Am. Royal Complex, Kansas City, Mo.

SouthWestern Association

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Is your dealership receiving e-mail from SouthWestern Association?

If not, send us your e-mail address. We will forward important Association correspondence to your attention via e-mail. Please register your e-mail address at:
www.southwesternassn.com/register-email.htm

APPI Savings Solutions Program Working for SWA Members

SouthWestern Association members participating in the APPI Savings Solutions Programs are benefiting from the savings opportunities available to their business. Most recently, APPI saved a SouthWestern Association member in Alpine, Texas over \$12,000 on electricity. APPI is currently negotiating savings for members across the state of Texas, regardless of the company's size. Now is the time for members in all states to discuss their savings opportunities with APPI.

The Savings Solutions program is a member-only benefit that will help your business identify and implement options that reduce the costs of energy (electricity and natural gas), water, recycling, waste removal, freight, credit card processing and telecommunications services. Consider the effect Savings Solutions can have on your profits. If your company operates with a ten percent profit margin, it will take \$10 of income to equal the value of cutting \$1 in expenses. APPI Savings Solutions works to reduce every available dollar of operating expense.

The program is managed by APPI, an independent utility consulting firm. APPI navigates the maze of utility services by analyzing, negotiating, contracting, and managing critical components. Operating independently, APPI is not affiliated with any utility, vendor, or energy supplier. SouthWestern members pay no upfront, hourly or retainer fees. APPI is compensated when it demonstrates and delivers savings and/or refunds. APPI's staff includes engineers, tariff and regulatory specialists, financial and legal professionals, and account management advisors with expertise in utility analysis, tariff auditing, and energy deregulation.

With so much on the line, it pays to have APPI perform a free audit of your company's energy, utility and telecommunications bills. You will gain an understanding of what your true costs are and be advised of solutions that reduce operating expenses. Getting started is as easy as faxing APPI a copy of your recent bills. For more information contact APPI at 800-520-6685 or by e-mail at info@appienergy.com.

APPI is recommended by SouthWestern Association for members seeking savings on energy costs. Members needing information on all Association recommended services should contact Olivia Holcombe, SouthWestern Association at 800-762-5616.

Fall Area Meetings

Make Plans Today to Attend a SouthWestern Association Fall Area Meeting Near You. The schedule is on page 2!

OPEI Forecasts Some Shipment Growth for Model Year 2003

Source: OPEI

The Outdoor Power Equipment Institute's (OPEI) Econometric Forecast for consumer equipment and certain commercial turf products, revised in June 2003, indicated that the economy expanded by 1.2 percent (as measured by Gross Domestic Product) during the first quarter of 2003. This modest growth has some implications for industry shipments during Model Year 2003. Model Year 2002, ended August 2002, showed some positive, but mostly mixed, results. Consumer walk behind mowers grew by 3.6 percent over the 2001 model year; all consumer riding units posted a 4.3 percent increase with all gains in the front engine lawn tractor segment; and rear engine riders and riding garden tractors declined during the 2002 model year.

The overall picture for the balance of Model Year 2003 is clouded by increased unemployment, international trade issues, sluggish retail numbers and unusually wet weather. However, a recovery is forecast for model year 2004 which begins this September. OPEI forecasts that shipments of walk-behind mowers will slide 2.4 percent for the 2003 Model Year which will be partially made up with a 2.0% rise in 2004.

A modest increase of 2.3 percent is forecast for all riding units for MY 2003 followed by a 2.5 percent increase in 2004. Rear engine riding mowers showed phenomenal growth in the first half of 2003 and a 25.5 percent rise in shipments is forecast for the year. The good news in the commercial turf segment is with commercial turf riding mowers: a 15.2 percent rise is expected for 2003 and another 7.9 percent increase is forecast for 2004. On the other hand, commercial turf intermediate walkers are forecast to drop by 15.7 percent in 2003 with a small turnaround of 4.0 percent expected for 2004.

Mark Your Calendar For SouthWestern Association Fall Area Meetings

<u>Date</u>	<u>Type of Meeting</u>	<u>Location</u>
10/6/03	OPE Meeting	Dallas/Fort Worth
10/7/03	OPE Meeting	Austin, TX
10/8/03	OPE Meeting	San Antonio, TX
10/9/03	OPE Meeting	Houston, TX
10/20/03	Equip. Area Meeting (p.m.)	Harlingen, TX
10/21/03	Equip. Area Meeting (p.m.)	Corpus Christi, TX
10/22/03	Equip. Area Meeting (p.m.)	Houston, TX
10/23/03	Equip. Area Meeting (p.m.)	San Antonio, TX
10/27/03	Equip. Area Meeting (p.m.)	Tyler, TX
10/28/03	Equip. Area Meeting (a.m.)	Denton, TX
10/28/03	Equip. Area Meeting (p.m.)	Abilene, TX
10/29/03	Equip. Area Meeting (a.m.)	Lubbock, TX
10/29/03	Equip. Area Meeting (p.m.)	Amarillo, TX
10/30/03	Equip. Area Meeting (p.m.)	Oklahoma City, OK
10/31/03	Equip. Area Meeting (a.m.)	Tulsa, OK
11/3/03	Equip. Area Meeting (p.m.)	Springfield, MO
11/4/03	Equip. Area Meeting (a.m.)	Sweet Springs, MO
11/4/03	Equip. Area Meeting (p.m.)	Columbia, MO
11/5/03	Equip. Area Meeting (a.m.)	Kansas City, MO
11/6/03	Equip. Area Meeting (a.m.)	Great Bend, KS
11/6/03	Equip. Area Meeting (p.m.)	Dodge City, KS
11/7/03	Equip. Area Meeting (a.m.)	Colby, KS
12/2/03	OPE Meeting	Oklahoma City, OK
12/3/03	OPE Meeting	Wichita, KS
12/4/03	OPE Meeting	Kansas City, MO

More information about the fall area dealer meetings will be included in upcoming issues of the Flash. Dealers needing more information at this time should call the Association office at 816-561-5323 or 1-800-762-5616 and ask for Olivia Holcombe or e-mail Olivia at oholcombe@swassn.com.

Make plans today to attend one of the SouthWestern Association fall Area Dealers Meetings!

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Maximum Benefits and Contributions Limits for 2003

<u>Type of Limitation (Per Employee)</u>	<u>2003</u>
Elective Deferrals (401(k) and 403 (b); not including adjustments and catch-ups)	\$12,000
457(b)(2) and 457(c)(1) Limits (not including catch-ups)	\$12,000
Section 414(v) Catch-Up Deferrals to 401(K), 403(b), Government 457(b) Plans	\$2,000
Defined Benefit Plans (annual benefit amount)	\$160,000
Defined Contribution Plans	\$40,000
Annual Compensation Limit	\$200,000
Highly Compensated Employee (Compensation definition)	\$90,000
SIMPLE Retirement Accounts	\$8,000
SEP Coverage	\$450
SEP Compensation	\$200,000
Tax Credit ESOP Maximum Balance	\$810,000
Amount of Lengthening of 5-Year ESOP Period	\$160,000
Income Subject to Social Security Tax	\$87,000
FICA Tax for employees and employers	7.65%
Social Security Tax for employees and employers	6.2%
Medicare Tax for employees and employers	1.45%
FICA Tax for self-employed workers	15.3%
Social Security Tax for self-employed workers	12.4%
Medicare Tax for self-employed workers	2.9%

For further information, please contact Tax Favored Benefits, Inc. at 800-683-3440 or tfb@taxfavoredbenefits.com. Tax Favored Benefits, Inc. is endorsed by SouthWestern Association for retirement plan services and investments.

Weak Dollar to Help Machine Companies

The Wall Street Journal says that second-quarter earnings for machinery companies are expected to be mixed, with gains from a weak dollar in some cases making up a general lack of revenue growth throughout the sector. The number of companies are expected to beat last year's second-quarter results, however few are expected to experience the type of seasonal pickup often seen in the second quarter.

One of the major companies to report earnings is Caterpillar Inc. Consensus estimates compiled by Thomas First Call have the Peoria, IL, company earning seven cents higher than the same period last year. Caterpillar is expected to be an example of a company keeping costs low to wring out higher profits without any significant pickup in end-market demand, analysts said.

The market is implying the same type of growth for Deere & Co. in 2004.

Source: Farm Equipment Manufacturers Association, July 16, 2003

Missouri Governor Vetoes Small Business Legislation

Missouri Governor Bob Holden has vetoed the Small Business Regulatory Fairness Act, along with changes to unemployment compensation and tort reform.

The Small Business Regulatory Fairness Bill passed the state House and Senate with nearly unanimous, bi-partisan support. The legislation, which mirrors the federal Small Business Regulatory Enforcement Act, requires state agencies to give an economic impact analysis of their proposed regulations on small business. It also requires state agencies to examine possible, less burdensome alternatives to their proposed rules.

Dealers of Tomorrow Seminar a Success!

The first Dealers of Tomorrow seminar was held July 24-25 in Wichita, Kan. More than 50 dealers and their employees from Kansas, Missouri and Texas attended the two-day event.

Bill Bohmer, of Jerkins Creative Consulting, led the group and emphasized the interdependency between all departments and how these affect the dealership as a whole. Using examples, Bill helped participants see how their role at their company, whether in parts, sales or service, affects every other part of the operation.

The energy level was high as this enthusiastic group participated in the day and a half program that included a presentation by Kris Den Besten, second-generation dealer from Vermeer Southeast Sales & Service,

Orlando, Fla. Kris struck a chord with participants as he outlined his challenges in being a second-



generation owner. He explained how he moved his company from a directive management style to one that involves and empowers employees.

It wasn't all work, as dinner and networking, followed the first day of education. The final part of the program was a tour of two active

dealerships: Wichita Tractor Co. and John Schmidt & Sons (Mt. Hope, Kan.). The tour gave attendees the opportunity to see how other dealerships operate, offering a different perspective on ways to effectively manage an equipment dealership.

The program was designed by the Dealers of Tomorrow Steering Committee, a group of young dealers from Missouri and Kansas: Mark Purinton, Chairman, Jeremie Estes, Greg Gabriel, Ed Heim, Todd Hopkins, Chad Koster, Karen Pestinger, Bryndon Meinhardt, and Barry Schmidt. A second Dealer of Tomorrow Steering Committee is being formed for Texas and Oklahoma. They will plan programming for young dealers in their area. If you would be interested in participating on this committee, please contact Olivia Holcombe at SouthWestern Association, oholcombe@swassn.com. "Dealers of Tomorrow" is a special initiative of SouthWestern Association. The mission of the Dealers of Tomorrow is to provide education for the next generation. Be a part of this exciting new program.

Federal Legislative News

Rep. Norwood Pushes for OSHA Reform

On Thursday, July 24, a House Education and the Workforce Subcommittee chaired by Congressman Charlie Norwood (R-GA) approved three measures designed to bring common sense to OSHA enforcement procedures. Specifically, the Subcommittee endorsed H.R. 2728 authorizing new exceptions to the 15-day deadline for employers to respond to OSHA citations, H.R. 2729 increasing the membership of the Occupational Safety and Health Review Commission to ensure that contested citations are heard in a timely fashion, and H.R. 2730 boosting the legal standing of the Occupational Safety

and Health Review Commission and its independent reviews of OSHA citations. The package of bills would mean that small businesses would be treated far more fairly than they are today as part of any OSHA enforcement proceedings. According to Chairman Norwood, "These reform bills are particularly important to small employers and the millions of men and women who work in these places of business. The three bills approved today are designed to remove the arbitrary and unintentional 'legal traps' in current OSHA law that hamstrings better trust and voluntary cooperation between the agency and employers."

Lawmakers Introduce National Drought Preparedness Act

A group of farm-state lawmakers led by Sen. Pete Domenici (R-NM), Sen. Max Baucus (D-MT), Congressman Alcee Hastings (D-FL) and Congressman Denny Rehberg (R-MT) have introduced the National Drought Preparedness Act of 2003. The legislation, S. 1454 in the Senate and H.R. 2871 in the House, would establish a National Drought Council at the U.S. Department of Agriculture, devote new resources to the forecasting of droughts, and provide resources to local communities to develop drought response and preparedness plans. *Source:* Farm Equipment Manufacturers Association
