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GASOLINE & AUTOMOTIVE SERVICE DEALERS ASSOCIATION

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Retail Sales And The Five-Day Rule

Dealers must submit all paperwork to DMV within 5 days from the date an eMV-50 is submitted on behalf of a registrant/owner.

There are no exceptions to this rule. Failure to adhere to this rule results in unregistered "ghost cars" on roadways.

Whenever a dealer submits paperwork to DMV on behalf of a registrant and/or owner the dealer is required under law and regulation to deliver all the required documents to the DMV within five calendar days from the date the eMV-50 was submitted to VERIFI.

DMV is in the process of auditing compliance with this requirement. Lack of financing or paperwork from the consumer do not mitigate the requirement to submit paperwork within 5 days, as these are potential violations in their own right.

Failure to adhere to the five-calendar day requirement impacts the accuracy of DMV records, including those supplied to law enforcement, and may adversely impact a dealer's ability to participate in either the Plate Issuance or Partnering programs.

U.S. Federal Trade Commission and Department of Justice Voice Support for Right to Repair

The Auto Care Association has commended the United States Federal Trade Commission (FTC) and the Department of Justice's Antitrust Division (DOJ) for its recent support of right-to-repair legislation, according to a press release.

Currently, the U.S. Copyright Office is weighing on whether to recommend a renewal and expansion of temporary exemptions to the Digital Millennium Copyright Act (DMCA), which forbids overriding technology protection measures that control access to copyrighted content.

In a comment submitted to the Copyright Office, the FTC-DOJ urged a renewal and expansion of repair-related exemptions, arguing that it would promote competition for replacement parts, repair, and maintenance services, and in turn benefit consumers with lower prices.

In the joint comment that received 3-0 approval from the FTC, they and the DOJ claimed to support renewal, expansion, and adding certain DMCA exemptions: renewal of a current exemption related to computer programs for diagnostics and repair is supported, as well as expanding it to include industrial and commercial equipment.

Additionally, FTC-DOJ supported the renewal of an exemption related to motor vehicle repair, as well as the

creation of a new exemption that would allow shops and vehicle owners to access, store, and share vehicle data.

Auto Care Association Renews Right to Repair Calls Following Government Report

In light of a new Government Accountability Office (GAO) report highlighting the barriers to vehicle repair caused by restrictions on data, the Auto Care Association (ACA) is calling again for right-to-repair legislation at the federal level in a recent press release.

In a statement from ACA President and CEO Bill Hanvey, he described the results of the GAO report as evidence that limiting access to data and tools only disadvantages independent repairers and forces vehicle owners to pay more and travel farther.

Hanvey continues by urging Congress to advance the Right to Equitable and Professional Auto Industry Repair (REPAIR) Act (H.R. 906), a piece of legislation that will guarantee access to the data, tools, and software needed to repair modern vehicles.

With 50 bipartisan co-sponsors, the REPAIR Act unanimously passed through the House Energy and Commerce Subcommittee on Innovation, Data, and Commerce this past November.

Most recently, ACA commended the Federal Trade Commission and the Department of Justice's Antitrust Division for expressing support for right-to-repair legislation and has launched a video campaign on how independent shop owners are affected by limitations on vehicle data.

Industry Speaks Out Against Attempt to Stall Changes to Debit Card Swipe Fees

Retail industry groups are urging federal lawmakers to reject proposed legislation that would delay any changes to the debit card swipe fees.

On March 5, U.S. Rep. Blaine Luetkemeyer (R-Mo.) introduced the Secure Payments Act of 2024, directing the Federal Reserve Board of Governors to perform a thorough economic analysis of its proposed changes to Regulation II before finalizing the rule.

Specifically, the analysis must measure the impact on consumers, including access to affordable debit accounts, and a review of the primary beneficiary of the interchange cap, according to a release from the congressman.

In October 2023, the Federal Reserve board voted to open up proposed revisions to Regulation II's Interchange Fee Cap to a 90-day public comment period upon the proposal's publication in the Federal Register. Earlier this year, the comment period was extended to May 12.

If adopted, the base component cap would decrease to 14.4 cents, the ad valorem component would decrease to 4 basis points, and the fraud-prevention adjustment would increase to 1.3 cents per transaction. With the three components taken into account, the maximum interchange fee for a $50 debit card transaction will be 17.70 cents, down from the current value of 24.50 cents for the same transaction.

Now, more than 60 national and state organizations representing consumers and merchants are speaking out against any attempts to put the proposed changes on hold, according to the Merchants Payment Coalition.

The Merchants Payments Coalition represents retailers, supermarkets, convenience stores, gasoline stations, online merchants and others fighting for a more competitive and transparent card system that is fair to consumers and merchants.

The comments came in a letter signed by 66 groups ranging from consumer advocates to retail trade associations that was sent to members of the House on March 7.

The letter comes as the House Financial Services Committee holds a subcommittee hearing on March 7 the Secure Payments Act, which was introduced by Luetkemeyer and seven cosponsors.

Visa & Mastercard Swipe Fees Hit $100B in 2023

American merchants were charged $7.5 billion more for credit cards with Visa and Mastercard logos in 2023 than they were in 2022, with fees totaling $100.77 billion by year's end.

This was the first time in history that Visa and Mastercard credit card swipe fees surpassed the $100 billion mark, according to the Merchants Payments Coalition (MPC).

The figures reported in the latest Nielsen Report show that total swipe fees including debit cards topped $172 billion, compared to $160 billion in 2022. Of that figure, more than $132 billion in swipe fees were from debit and credit cards bearing the Visa or Mastercard logos.

Swipe fees, on average, are the single biggest expense for merchants aside from labor. The price tag can often be too big for businesses to absorb, according to the MPC, with retailers passing those costs onto consumers.

Senate Judiciary Committee Chairman Richard Durbin (D-Ill.) one of the lead sponsors of the bipartisan Credit Card Competition Act, has scheduled a hearing on the lack of competition over swipe fees. U.S. Sens. Jack Reed (D-R.I.) and Josh Hawley (R-Mo.) have also added their names as cosponsors of the bill, joining colleagues Roger Marshall (R-Kan.), Peter Welch (D-Vt.) and J.D. Vance (R-Ohio).

The bill would force Visa and MasterCard to compete with additional payment networks. Currently, the companies control approximately 80% of the market and centrally price fix swipe fees charged by banks that issue cards under their brands rather than allowing banks to compete to offer merchants the best deal. Visa and MasterCard also restrict processing to their own networks even though most competing networks charge lower fees and, according to the Federal Reserve, have less fraud.

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transparent card system that is fair to consumers and merchants.

EPA Ban on Asbestos Brakes and Linings, Gaskets

The EPA's rule outlawing the use of asbestos brakes linings as well as gaskets and other vehicle friction products has been signed. It will take effect six months after its publication in the Federal Register.

The association sent an email requesting clarification on two points. The questions asked of the EPA Asbestos ombudsman were:

In a recent rule, the EPA banned the use of asbestos in oilfield brake blocks, aftermarket automotive brakes and linings, other vehicle friction products, and other gaskets six months after the effective date of the final rule. What is the effective date of the rule? Is this ban on the manufacture and importation of aftermarket automotive brakes and linings, or the installation of them?

The response received is as follows:

Hello and thank you for contacting EPA's Asbestos and Small Business Ombudsman. The effective date of the rule will be sixty days after the date of publication in the Federal Register. While the rule has been signed, it has not yet been published in the Federal Register, so the specific effective date has not yet been set. (It will probably be sometime in June, possibly late May.) The pending ban on the use of asbestos in oilfield brake blocks, aftermarket automotive brakes and linings, other vehicle friction products, and other gaskets applies to manufacture/import, processing, distribution in commerce and commercial use of these products. So sale and installation of these parts will be prohibited once the ban goes into effect. Note that under this rule, any aftermarket automotive brakes and linings, other vehicle friction products, and other gaskets which are already installed for use are not subject to any ban on sale or use. That is, vehicles with installed asbestos brakes, etc. may continue to be used and sold after the ban with those installed asbestos parts left in place for their useful life.

If you have any follow up questions, please contact Peter Gimlin, Gimlin.Peter@epa.gov Phone: 202-566-0515.

Again, thank you for contacting EPA's Asbestos and Small Business Ombudsman.

With an effective date of the rule expected in late May or in June, and the ban on the products occurring six months later, the ban will occur starting in November or December. The association suggest that you plan accordingly, to avoid having to dispose, as hazardous waste, any backstock of these items. We will follow up with further information and a link to the rule once it is published.

What Shops Budget For Tools

Though most shop owners in the 2023 Ratchet + Wrench Industry Service Report said they didn't designate a specific budget for equipment, results show that their sweet spot fell between 15 and 10%.

While this may seem a hefty investment, nearly nine out of tenshops said they foot the bill in providing new tools for their technicians.

Here is a look at the numbers. The percentages of the budget used for tech, tools and equipment are.

- Less than 1% -- 3% of shops
- Between 1% and 5% -- 26% of shops
- Between 6% and 10% -- 19% of shops
- Between 11% and 15% -- 10% of shops
- Between 16 and 20% -- 6% 0f shops
- 21% or more – 3% of shops
- No specific budget – 33% of shops.

Ratchet+Wrench Launches 2024 Industry Survey

Ratchet+Wrench has launched its 2024 Industry Survey. Shop owners can participate in the leading survey covering management strategies, KPIs, and ownership practices in the collision repair/vehicle repair business.

"In order to get a clear snapshot of our industry leaders, we need shop owners to share these key insights," said Matt Hudson, content director at Ratchet+Wrench. "After we compile the survey reports, they will be made available to everyone for free on our website."

Participants can expect to take around 15 minutes to answer questions about their shops, some business metrics, staff, tooling and much more. Answers about specific shops will not be publicized without permission.

In the fall, you can read a full report of the survey findings in print and online.

Click here to take the survey.

Heavy-Duty Repair Shop Counter Sales and Labor Rates Rose in 2023, Per Latest Data

A new report from the American Trucking Associations' Technology & Maintenance Council, in partnership with Fullbay, has found that counter sales and labor rates rose significantly in 2023 from the previous year.

Heavy-duty repair shops around the country reported up to a 40% increase in counter sales last year when compared to 2022, while at the same time, labor rates went up approximately $10 per hour, according to the groups' fourth annual State of Heavy-Duty Repair Report.

While the report contains an abundance of data, a preview of its key findings include:

- 45% of respondents reported between 21%-40% increases of counter sales from 2022 to 2023.
- Labor rates increased 9% across the country in 2023 – that equates to a roughly $10 per hour increase.
- Over 40% of respondents reported a net profit between 11% and 20%
- 18% of shops surveyed were pulling in between $1 to $2 million each year, while 12% reported revenue between $250,001 and $500,000.
- 25% of technicians indicated they worked at only three shops throughout the course of their entire career.

Fullbay's report data is drawn from individual survey responses and real-world shop data. More than 1,000 individuals from the commercial freight, logistics and repair industries completed the survey, while shops across North America, Australia and New Zealand were sampled for authentic shop data. Those surveyed were a combination of both customers and non-customers of Fullbay, while all sampled data went through data masking.

Steering Wheel Issue Leads to Recall of 338K Jeeps

A steering wheel issue leading to loss of control has caused Chrysler to recall over 330,000 Jeep vehicles, ABC News reports.

In total, 338,238 vehicles have been recalled, consisting of the 2021-2023 Jeep Grand Cherokee L and 2022-2023 Jeep Grand Cherokee.

According to documents from NHTSA, the upper control arm ball joint and steering knuckle are prone to separating, which can lead to the wheel falling outward and a loss of control of the vehicle.

Chrysler said it's not aware of any crashes or injuries resulting from the issue. Dealers are being instructed to replace the upper control arm pinch bolts on affected vehicles.

286K Dodge Chargers, Chrysler 300s Recalled

A recall has been issued by Chrysler of nearly 286,000 vehicles over a manufacturing defect that might cause the side curtain airbag inflators to rupture causing sharp metal fragments to strike occupants, said the National Highway Traffic Safety Administration.

As reported by Reuters, the recall affects some 2018-2021 Dodge Chargers and Chrysler 300 models.

According to Chrysler, these airbags do not use the same inflation technology as Takata airbags but instead a side air bag inflatable curtain inflator which had moisture introduced during supplier manufacturing.

Ford in Hot Water Over Allegedly Improper Takata Recall Fixes

Ford Motor Co. is having to re-evaluate repairs made for its Takata airbag recalls following accusations that the repairs were not done correctly, if at all, reports Detroit Free Press.

A federal whistleblower complaint claimed that the automaker loosened its requirements for technicians working on airbag recall fixes, allowing techs who usually only perform routine services like oil changes or tire rotations to do the recall work.

Ford has denied this, saying that those changes in requirements only applied to warranty work, not recalls–but to many, recalls count as warranty work, one longtime Ford dealer said. According to the dealer, the guidelines are written so vaguely that it doesn't differentiate between warranty and recall work. Three dealers from different regions across the U.S. all told the Detroit Free Press that Ford techs consider recall work to fall under warranty jobs.

Following issues with another recall related to faulty door latches, Ford began to reduce reimbursement rates, upsetting many Ford technicians and leading to rushed jobs. After cutting rates for its techs, a backlash was sparked, as displayed by a change.org petition that garnered nearly 4,000 signatures.

According to Ford, any changes they did implement were a result of the NHTSA pressuring them to complete more recall jobs faster. Upon Ford's initial recall of Takata airbags, dealers across the country became swamped with recall repairs, prompting the company to pull techs from other service departments to complete recall work.

"They're not diagnosing a problem, they're looking to make sure it's installed correctly," said Ford spokesman T.R. Reid. "That can be shown with descriptions and graphics so they can identify whether it's done right."

However, not everyone shares the belief that airbag repairs are simple. During a 2015 webinar, Stephen Ridella, who at the time was the director of vehicle crashworthiness research at NHTSA, described components of Takata inflators as being "complex and unique," and that "only someone with specialized training should replace these parts."

Ford has fined some dealerships thousands of dollars–some fines rising to six figures–in response to the problem, and said it is committed to having the over quarter-million vehicles affected by the issue reinspected.

NHTSA Launches Probe into 250k-Plus Hondas Over Emergency Braking System

The U.S. National Highway Traffic Safety Administration (NHTSA) has launched a preliminary probe into certain Honda vehicles following reports of a malfunctioning emergency braking system, reports Reuters.

Vehicles affected by the problem include Honda Insight hybrid vehicles and Honda Passport SUVs from model years 2019-2022, representing a total of 250,712 vehicles.

The problem appears to be with the automatic emergency braking system activating at inappropriate times. According to 46 complaints received by the Office of Defects Investigation, the problem has led to three crashes or fires and two injuries.

The preliminary probe is the first step in an NHTSA investigation and consists of reviewing consumer complaints and manufacturer service bulletins to determine if there is an inherent safety risk in the vehicles. Honda has expressed that it is working cooperatively with NHTSA while also conducting its own internal investigation.

U.S. House Subcommittee Holds Hearing on Electric Vehicle Fire Risks

During a recent hearing held by the U.S. House Science, Space & Technology Committee's Investigations & Oversight Subcommittee, the fire risks presented by electric

vehicles and how to handle them were discussed, according to a press release from the Automotive Service Association (ASA).

During the Feb. 29 hearing, Subcommittee Chairman Obernolte (R-CA) stated that EV fires can be more intense than those caused by internal combustion engine vehicles, spiking to temperatures much hotter and emitting toxic chemical gases. A lack of guidance and resources on the issue from the federal government was cited as something that needs to be improved.

Part of the hearing was dedicated to strategies for combatting EV fires. Subcommittee Ranking Member Foushee (D-NC) suggested pursuing further study into lithium-ion batteries: looking into why they have the reactions they do, if there are better ways to design the batteries, and developing tools and techniques to handle battery fires.

Dan Munsey, Fire Chief for the County of San Bernardino, California, was the first of two witnesses who spoke before the subcommittee. Munsey expressed concern for the safety of auto repairers and said that consumers must be informed on how to safely charge EVs and what modifications should be avoided.

The second witness, Dr. Judy Jevarajan, said that it may be viable to remotely access EV batteries to identify battery cells that are still active and to easily update its software. However, Dr. Jevarajan also pointed out potential cybersecurity risks with the idea.

Following the hearing, ASA Board of Directors Chairman Scott Benavidez commended the subcommittee for having a discussion on EV fires, highlighting the risks it poses to the auto repair industry, as well as how first responders could benefit from partnering with independent repair shops.

"Repairers possess high baseline expertise in automotive issues, which make us ideal partners for first responders trying to prevent or extinguish EV fires," said Benavidez. "ASA calls on the federal government to coordinate with the independent automotive repair industry in its efforts to address the growing concerns surrounding fires caused by electric vehicles."

Consumer Demand Leading Automakers to Invest in Hybrids Over Electric Vehicles

Automakers are currently making a push to produce more hybrids as opposed to fully electric vehicles, reports Reuters.

Alhough automakers such as General Motors had initially outlined plans to move their focus to fully electric vehicles, consumer demand has redirected them to gasoline-electric hybrid and plug-in hybrid vehicles.

This past February, U.S. sales of hybrids grew five times faster than EV sales, according to Morgan Stanley. Ford saw sales of its hybrids grow by almost 37% during the first two months of 2024.

Ford now plans to double sales of its hybrid F-150 to 20%, while Toyota expects its hybrid sales this year to reach 45%–a significant increase from last year's 29%. Data from AutoForecast Solutions suggests that U.S. hybrid sales could reach 20% of total light-vehicle production by 2025, with EVs accounting for just 14%.

As companies including Ford, GM, Mercedes-Benz, Volkswagen, Jaguar Land Rover, Hyundai Motor, Kia, Aston Martin, Mercedes-Benz and Toyota Motor are all looking to have a diverse range of electrification options in their vehicles., Tesla CEO Elon Musk remarked this past January that the company is preparing for a significantly lower rate of growth.

Automakers are expressing apprehension as the U.S. presidential election approaches. Depending on the election's outcome, proposed emission regulations that would require 60% of an automaker's sales to be electric by 2030 could be done away with.

U.S. Regulators Continue to Relax Electric Vehicle Standards

An initial proposal from the U.S. Department of Energy that would phase out extra fuel-economy credits for automakers' electric vehicles has been revised to allow them more time to comply, reports Reuters.

The announcement comes before other regulations set to be unveiled by the Biden Administration this week, including revised 2027-2032 vehicle emissions requirements from the Environmental Protection Agency that have also been altered to allow automakers more time to adapt.

The Energy Department has previously been criticized for the existing rules, which environmentalists argue assign fuel-economy values to EVs that are unrealistically high. Those numbers are figured into fleetwide averages under federal Corporate Average Fuel Economy (CAFE) rules and serve to offset the value of ICE vehicles, as explained by Reuters.

Under the existing rules, the Ford F-150 Lightning electric pickup had a petroleum-equivalent fuel economy rating of 237.7 miles per gallon. The new guidelines originally proposed by the Department of Energy would have altered that number to 67.1 mpg.

While the DOE's first proposal would have lowered these mileage ratings for EVs by 72% in 2027, these revised rules will call for a 65% decrease by 2030, granting more flexibility to automakers.

The original rules proposed were met with criticism from both automakers and the United Auto Workers union, who argued that it would result in $10.5 billion in CAFE fines being issued to auto manufacturers through 2032.

Electric Vehicles Will See Continued Growth, But In Fits And Starts

Jeff Lenard

The year 2023 was a great and so-so year for electric vehicles. EV sales overall topped 1 million units—equaling the total sold over the six-year period of 2015-2020—and more than a 50% increase over sales in 2022. Overall, EV

sales will account for almost 8% of all new cars sold in 2023, which is pretty amazing considering the first EV sold in the United States was only 14 years ago.

However, EVs ran into some challenges in 2023. Because of higher price points and a powertrain unfamiliar to many drivers, electric vehicles tend to sit on car lots longer than internal combustion engines (ICE). Also, sales tend to be concentrated in coastline states. While car rental agencies offer EVs at a competitive price, my test drive was quite stressful.

EV enthusiasts will tout that charging is ubiquitous (one headline erroneously stated "EV charging locations will soon outnumber gas stations"), the charging infrastructure needs to grow to reduce range anxiety.

The U.S. Department of Energy counts approximately 60,000 public charging stations, which may be at a convenience store, large parking lot, shopping mall, apartment complex, or seemingly in the middle of nowhere. They cumulatively have 160,000 charging nozzles, but only 37,000 are fast chargers. Meanwhile, there are approximately 145,000 retail outlets that sell fuel. Each one averages 10 fueling positions, meaning that there are about 1.5 million outlets to refuel quickly, 40 times the number of public fast chargers now available.

Then there is the math associated with states, countries and automakers pledging to have 100% of new cars sales be zero-emission vehicles in 2025, 11 short years away. While there are more than 2 million EVs on the road today, there are 290 million registered ICE vehicles. Meanwhile, some automakers recently announced they are cutting back on their EV production plans.

None of this is to say that EVs are not the future. The only thing up for debate is when that future will take place. As the EV market matures, and zero-emissions mandates grow closer, it will take more breakthroughs and creative thinking to get there—and some of those zero-emissions solutions may even be less-known options like hydrogen and eFuels. It will also take a concerted effort to do more than install new EV chargers—a focus on the cost-benefit to retailers and other locations also needs to be refined.

EV Learnings From Europe

Michael Spurr, ADS-TEC Energy

The move away from gas and diesel engines not only changes the underlying technology that powers our cars, but also necessitates a different "refueling" infrastructure that leads to changes in customer behaviors and expectations. This provides an opportunity — some might say necessity — for convenience stores to respond to the electric vehicle (EV) transition by expanding their customer offerings to include EV charging. In doing so, c-stores can carve out a competitive advantage toward existing and new customer groups. However, establishing a successful EV charging business is not without challenges.

Capitalizing on a European Blueprint

Germany and other European countries have been at the forefront of EV adoption. To date, 2023 EV sales of both battery-electric and plug-in hybrid vehicles in Europe reached more than 21% with the increase in fully electric vehicles driving the charge. Additionally, Europe has more than 600,000 public charging points and Germany alone is on a path to invest 6.3 billion euros for the build out of EV charging infrastructure over the next three years.

In the United States, EVs represented 9% of total vehicle sales in 2023 with a stock of around 160,000 public charging points. However, EV sales grew by 54% year over year which illustrates the accelerating pace and oncoming transition in the U.S.

Planning for the Moment vs. the Future

In the early days of e-mobility in Europe, when EV adoption was low and vehicles only offered minimal driving range and slow charging speeds, site hosts such as supermarkets and c-stores pursued a hesitant approach and installed one, and rarely more, than two level 1 and level 2 slow chargers with single-digit kW charging power. At the time, this seemed to be sufficient. However, as more and more EVs entered the market, vehicle ranges increased, and fast charging capabilities became available at almost all price points. The initially hesitant approach lacked scalability, and requiring several hours to fully charge the car at a slow charger became more and more inconvenient.

At the same time, charging technology developed to providing DC fast charging beyond 300 kW — enabling the recharging of 100 miles range in minutes. With it came a behavioral change — whereas the refueling of a gas-powered car requires a deliberate trip to the gas station, drivers integrate EV recharging into their daily routines. As a result, site hosts had to pull out their existing slow chargers and started offering DC fast chargers to stay competitive. Gas stations and c-stores, where dwell times rarely go beyond 20 minutes, provide the perfect opportunity for DC fast charging.

Solving Grid Challenges & Delays With Batteries

In planning fast charging locations, however, more and more sites faced the challenge of getting power to the site and establishing an adequate grid connection. The grid either didn't supply sufficient capacity or the grid upgrade timelines stretched 12 to 24 months into the future. At the same time, the grid build out is challenged with new renewable energy plants and transmission lines coming online. While electricity is available nearly everywhere, it is not available at the same power and in most cases not sufficient to support DC fast charging.

This is where a novel solution — battery-buffered DC fast charging — can come to the rescue for c-stores, enabling a quick installation time while delivering high charging power even with power-limited grids. Battery-integrated charging boosts a low-power grid connection through the battery storage unit for the duration of the EV

charging session — with the internal battery recharging as soon as the charging power of the vehicle drops below the grid connection

At a highly frequented site in Germany with a battery-buffered charging system installed, the customer is recording more than 30 charging sessions per day with a total of above 7,000 kWh of energy sold per week — all with a minimal grid connection and 140 kWh battery. As the EV infrastructure rollout continues in the U.S., c-store owners can and should leverage important lessons learned from their European counterparts. By doing so, U.S. providers will be able to better meet the accelerating EV transition.

U.S. Adds 1,000-Plus EV Stations in Six Months

Range anxiety may become less of a reason for drivers to rule out the purchase of an electric vehicle (EV).

Nearly 1,100 new public, EV fast-charging stations opened in the United States during the second half of 2023. According to federal data, this marks a 16% increase in EV charging stations and means there is approximately one quick-turn EV charging station for every 16 traditional gas stations, reported Bloomberg Green.

"It's been kind of a worn-out talking point from some of the opponents of EVs, that the infrastructure's just not ready," Albert Gore, executive director of the Zero Emission Transportation Association, told the news outlet. "But that overlooks the fact that there's phenomenal growth taking place."

He noted that many drivers are unaware of the number of charging stations they pass because EV chargers are not as noticeable as gas stations. Additionally, EV drivers who charge up at home may not often seek out a public charger.

The pace of installation is expected to pick up. In previous years, EV chargers were primarily added by for-profit companies, but in 2024, states will begin to deploy $5 billion in federal aid money — with seven states already having done so. The goal of the National Electric Vehicle Infrastructure program is to have a minimum of one public, fast-charging station at every 50 miles along the country's major travel corridors.

"It will be a constant drumbeat of new stations," Gore said. "We're really confident that charging infrastructure is not going to be a constraint on EV deployment in the United States."

Gasoline Retailers See Toughest Margin Environment of the Decade

Marketers have yet to press the panic button, but there are concerns about a late winter slide for motor fuel margins, particularly in Texas, Rocky Mountain states and a wide swath of Southeastern geography.

Each day, OPIS compares average wholesale prices with pump prices on a regional, statewide and site-by-site basis, and the week begins with clear bottom-line pain for fuel, which is generally the highest dollar category for most convenience retailers.

The years 2022 and 2023 saw robust margins for retailers, with marketers typically collecting more than 40cts/gal over fuel costs. The mantra of "40cts/gal is the new 20cts/gal" has been uttered in many cases to describe more prosperous returns.

But those once-robust margins have recently given way to a much more challenging environment thanks to compressed margins as well as sales volumes that can't seem to recover to 2019 levels.

This week begins with 13 states finding gross margins of less than 15cts/gal. In recent years, Texas surpassed California as the state that dispenses the most gasoline, and marketers begin this week in that state with rack-to-retail spreads of just 11.3cts/gal. Utah margins earn the moniker as the most compressed returns nationwide with consumers paying just 7.1cts/gal over cost on average. The remaining states with less than 15cts/gal of margin room are: Connecticut (14.6cts); Rhode Island (14.2cts); Ohio (14.4cts); Kentucky (14.8cts); Alabama (14.1cts); Mississippi (13.9cts); Arkansas (14.8cts); Colorado (12.2cts); Wyoming (14.3cts); Idaho (12.8cts); and Montana (10.6cts).

There's no disputing the trigger of the compression. Since RBOB futures bottomed on Dec. 13, 2023, spot prices for the region-appropriate blend of gasoline have soared by 49cts/gal in the Northeast; 69cts/gal at the Gulf Coast; 91cts/gal in the Great Lakes bulk market; 73cts/gal in Group 3; and 83cts/gal on the West Coast. In that same span, retail prices have moved up by just 35cts/gal, or in many cases by less than 50% of the cost increases.

The Incredibly Shrinking US Retail Gasoline Margins (2024 is March-to-date)

Region	2024 Margin	2023 Margin	2022 Margin
Nationwide	29.3cts	32.8cts	35.0cts
Northeast	30.1cts	33.7cts	39.2cts
Southeast	24.1cts	26.0cts	33.0cts
Great Lakes	34.5cts	28.6cts	35.8cts
Midwest	30.4cts	31.7cts	32.6cts
Southwest	18.7cts	20.9cts	28.6cts
Rocky Mts.	18.7cts	20.9cts	27.6cts
West	40.4cts	58.8cts	40.2cts

The uneven retail performance is likely to persist into April, the month that the Energy Information Administration regards as the first month of the driving season. About half of the country has yet to make the transition from high-RVPwinter gas to spring/summer blends, and April will see remaining laggards make the move toward more-expensive blends.

The downturn in margins has yet to be acknowledged in company earnings reports among publicly traded retailers. Most of those companies did well in the fourth quarter of 2023 thanks to the wholesale slide that reduced costs in October, November and the first half of December. Share prices for Murphy USA and Casey's, for example, remain within a few dollars of all-time highs and the big box retailers finished 2023 on a high note as well.

But Arko, the publicly traded parent company of convenience-store aggregator GPM, has not been so

fortunate. Earlier Monday, shares of the company scraped a new low of $5.48, after trading above $9/share over the last 52 weeks. The company once had a market cap of about $1-billion, but it fetches a price implying about a third of that peak value currently.

Meanwhile, Yesway, a company which most observers believe still covets an initial public offering, finds a difficult margin environment thanks to its specific nine-state footprint. A high concentration of company sites are in the challenging Texas market. In all of 2023, some western Texas counties saw gasoline fetch 35-50cts/gal above wholesale costs, but those sites have seen margins crumble inside of 25cts/gal.

The 2024 performance evokes some interesting comparisons with standards thought to be etched in stone during the previous decade but antiquated more recently.

Until Covid-19, many analysts suggested that retail performance was inversely proportional to refining performance; retail margins swelled when refinery fortunes faded and vice versa.

That conventional wisdom was tossed aside in the 2020-2023 period when both segments saw plenty of prosperity. With gasoline cracks currently fetching anywhere from $22/bbl to $45/bbl (versus West Texas Intermediate) and retail margins under pressure, the inverse relationship appears to be reborn.

One month doesn't necessarily add up to a trend, and there is a strong tradition of second-quarter corrections in gasoline futures and physical prices. It is ordinary for RBOB futures to retreat after reaching a preseason peak. Last year, RBOB futures hit a preseason apex of $2.8943/gal on April 12. Prompt RBOB ultimately scraped a low of $2.3221/gal on May 3, amounting to a nearly 20% downturn in just three weeks. Gasoline retailers saw a very hospitable margin environment through May and June.

--Reporting by Tom Kloza

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Shell to Divest Up to 1,000 Stations Globally, but Grow US Retail Network

Shell plans to divest about 500 gasoline stations per year worldwide in 2024 and 2025, the company said in its recent report, Energy Transition Strategy 2024. The divestitures will be Shell-owned or joint-venture sites.

The company would not disclose the locations of the divestitures or how many Shell-owned and JV sites it has globally.

But expect the oil major to continue to grow its retail network in the U.S. The company last month signed an agreement to acquire 45 stations in New Mexico, a Shell spokeswoman noted in an email Tuesday.

"The drive is value over volume, which includes disposing of select sites and focusing on growth in key markets where we can generate high returns and increase direct ownership of our retail stations," she said.

At the time Shell announced the New Mexico agreement, the company said it is looking for opportunities to expand its company-operated retail network in the U.S. and told OPIS it owns and operates about 180 convenience retail sites in 49 states. Subject to the closing of the New Mexico purchase, Shell will own and operate about 225 convenience retail sites.

The major has several retail joint ventures in the U.S. in addition to company stores but has declined to provide details on those operations. In 2021, when Shell announced it would purchase the Timewise retail network in Texas, it told OPIS that JV stations represented 10%-15% of Shell-branded sites in the U.S.

In its energy transition report, Shell said "we are upgrading our retail network with expanded electric vehicle charging and convenience offers in response to changing customer needs."

The report also said Shell is growing its premium lubricants portfolio to supply key energy transition sectors such as transformer oils used for offshore wind parks and cooling fluids to support the development of electric vehicle car batteries.

--Reporting by Donna Harris

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Higher US Gasoline Prices Contribute to Jump in Inflation in February

The indexes for gasoline and shelter rose in February, representing more than 60% of the monthly increase in the Consumer Price Index for all items, the Bureau of Labor Statistics reported Tuesday.

The CPI for all items rose 3.2% for the 12 months ending February, a larger increase than the 3.1% increase for the 12 months ending January. The all-items index without food and energy rose 3.8% over the last 12 months.

The energy index and all its components increased month to month in February, though that index and some subcategories were down from 12 months ago. The energy index rose 2.3% in February but declined 1.9% year to year.

After four straight months of declines, the gasoline index rose 3.8% in February, though it was down 3.9% from last year. The fuel oil index also declined four months before rising 1.1% in February, but it decreased 5.4% year to year.

The gas utility index increased three out of the past six months including January before rising 2.3% in February, but dropped 8.8% year to year.

Electricity prices, which have been increasing for the past six months, were up 0.3% February and 3.6% year to year, the bureau reported.

The index for food away from home, which includes convenience stores, rose 0.1% month to month in February, a smaller jump than the month-to-month increases reported over the past six months. In the past year, prices for food away from home increased 4.5%, federal figures show.

--Reporting by Donna Harris

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US Vehicle Miles Traveled See First Year-to-Year Decrease in Nine Months

Winter weather appears to have taken a toll on U.S. driving activity, as the number of vehicle miles traveled by motorists in January fell 0.8% when compared to the same month last year, according to the Federal Highway Administration.

Motorists are estimated to have traveled 247.1 billion miles during the month, 2.1 billion miles fewer than in January 2023. It was the first year-to-year decrease in travel in nine months.

Decreases were seen in the southern and central states, with the South Gulf region - which includes Texas, Oklahoma, Louisiana, Mississippi, Arkansas, Kentucky, Tennessee and Alabama - seeing a nation-topping drop of 3.2%. Travel saw a year-to-year increase of 2.7% in the West, while in the Northeast the increase was a nominal 0.1%, according to FHA data.

Despite the year-to-year decrease, the moving 12-month total of miles traveled was a record-setting 3.261 trillion miles, according to the agency's Traffic Volume Trends report.

Much of the country saw extremely cold weather during the month, with the Texas Water Development Board reporting the month was the coldest January the state has seen since 2007 and the second coldest since 1988. It was also the wettest January for the state since 2007.

The decrease in travel led to lighter gasoline demand during the month. Fuel sales in January fell 6.8% when compared to the same time in 2023, according to OPIS DemandPro data, which canvasses more than 30,000 U.S. gas stations weekly.

--Reporting by Steve Cronin

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EIA's Preliminary Numbers Show 2023 Gasoline Demand Was Highest Since 2019

The Energy Information Administration on Thursday raised its estimate of December gasoline demand, boosting its preliminary estimate for 2023 to 8.944 million b/d, the highest level since 2019.

In its December Petroleum Supply Monthly report, EIA put U.S. gasoline demand in December at 8.84 million b/d, about 2% above the 8.654-million-b/d estimate derived from the agency's weekly reports.

While the agency's final 2023 demand number won't be released until spring, the preliminary data suggests implied gasoline demand last year topped all previous figures of the decade. The preliminary annual demand number of 8.944 million b/d for last year surpassed 2022's 8.81 million b/d, 2021's 8.816 million b/d and 8.049 million b/d in 2020.

EIA measured 2019 gasoline demand at 9.309 million b/d, with consumption in 2016, 2017, and 2018 all topping 9.3 million b/d.

There were six months last year in which implied gasoline demand exceeded 9 million b/d, with 2023 consumption peaking in August at 9.299 million b/d. That was the highest monthly total since 2019.

The difference between 2023's lowest demand month of January and the August peak was 1.017 million b/d, which points to the seasonality of gasoline consumption.

--Reporting by Tom Kloza

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EIA Sees Higher Gasoline Prices Than 2023 at Start of Summer Driving Season

Gasoline prices at the start of summer will be higher than last year as production cuts by OPEC and its allies drive crude oil and refined product prices higher, the Energy Information Administration said on Tuesday.

EIA also warned that OPEC+ production cuts and the subsequent slowing of global production growth will lead to significant oil stock declines in the second quarter of the year.

In its March Short Term Energy Outlook, the agency projected global crude oil and liquid fuel production will average 101.35 million b/d in the second quarter and 102.82 million b/d in Q3. It said global consumption will average 102.21 million b/d in Q2 and 102.88 million b/d in Q3.

Production is expected to continue to trail consumption in the third quarter, averaging 102.82 million b/d against demand at 102.88 million b/d.

EIA, however, said it expects production will slightly outstrip demand in the fourth quarter. It projected Q4 production at 102.96 million b/d and consumption at 102.93 million b/d.

Earlier this month the OPEC+ said it would extend a 1.7-million-b/d output cut at least through the first half of the year.

That decision and the expected tightness in global oil supplies, led the agency to raise its 2024 price forecast for West Texas Intermediate and Brent crude by more than 5% from the February forecast.

EIA projected WTI will average $82.15/bbl in 2024, up 5.8% from its February forecast, while forecasting the average Brent price at $87/bbl, up 5.6% from last month.

The agency also boosted its forecast for 2024 refined product prices, saying it expects an average gasoline price of $3.48/gal, up 5% from February. Its projected diesel prices will average $4.01/gal, up 2% from last month.

Even with the increases, the agency said it expects the average cost of both fuels will be below 2023 levels for most of the year. The average gasoline price this year will be about 4cts/gal below 2023, while the average price for diesel will be 2cts below last year's average.

Still, EIA warned that drivers can expect higher pump prices than in 2023 as the weather starts to warm.

"Although still lower than 2023 over the course of the year, we expect nominal gasoline prices from May through July will exceed prices for those same months in 2023," it said.

This year's tight oil markets are also expected to affect prices in 2025, with EIA raising its WTI forecast for next year by 7.1% to $80.30/bbl and its Brent crude forecast by 6.7% to $84.80/bbl.

The agency said it expects gasoline will average $3.45/gal next year, up 4% from its February number and said the average diesel price will be $4.08, nearly 5% above where it had it a month ago.

With OPEC+ continuing to throttle output, EIA also boosted its forecast for U.S. crude oil production for this year and next, projecting it will average 13.19 million b/d in 2024 and 13.65 million b/d in 2025, up 0.7% and 1.2%, respectively, from last month.

The agency left its 2024 forecast for U.S. petroleum and liquid fuels consumption unchanged at 20.4 million b/d, but increased its 2025 forecast by 0.4% to 20.6 million b/d.

--Reporting by Steve Cronin

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Truckstop Owners Face More Competition

Truckstop and travel center operators face competition from a wide range of industries, including traditional convenience stores that are now focusing on truck traffic, grocery stores and restaurants that are installing fuel pumps, and big-box stores that are adding quick-service food offerings.

“If you’re a sophisticated operator, you’re looking at the competition around you, and that may or may not be a business that sells commercial fuel today,” said Darren Schulte, NATSO’s vice president of membership.

Schulte said it is important that operators expand their horizons about who they see as competitors. Regional c-stores have strong local followings and they’re building more truck stops. Many familiar c-stores are building bigger facilities along the interstate and many of them are excellent at food programs and speed.

Other competitors include interstate restaurants and grocers, fast casual and quick-service restaurants, EV charging locations and food delivery services. “Depending on the location, delivery services like Grub Hub or Uber Eats might deliver directly to the driver or to a nearby location, like your storefront,” Schulte said.

Michael Lawshe, president of Paragon Solutions, a NATSO Chairman’s Circle member, said shifts in competition could require operators to rethink design to create even more convenience for drivers who are in a hurry. “Do we have enough parking, so they don’t have to walk too far to come inside? Can we use a loyalty app program to let them order ahead? Can we bring things to them?”

Store layouts should focus on ease of entry, ease of exit, speed of service and customer service, Schulte explained. If your parking spaces are too close together, a segment of the driver population will struggle to get in and out of your location. Schulte said competition is a good thing. “I do believe that it will sharpen our saw, and I think our industry will be better for it,” he said.

Speed is critical. A survey by NATSO Services found that 81% of professional drivers had gone inside a travel center but left without purchasing food or beverages in the past month. Lines and wait times ranked among the top reasons why. Most drivers said they would be inclined to leave without making a purchase if they saw an average of five people in line.

Speed is essential, but the NATSO Services survey found that it shouldn’t come at the expense of personal interaction. Two-thirds of respondents said that both speed of service and personal interaction with staff are important when shopping inside a travel center. That personal interaction doesn’t have to come at the checkout and could occur throughout the store or at food service areas

Wages for US Gasoline Stations and Convenience Stores Hit New Highs

Average hourly wages for nonmanagerial workers at U.S. retail gasoline stations and for convenience stores with fuel hit new records in January after climbing in December, according to Bureau of Labor Statistics figures updated Friday.

Averages for both fuel stations and c-stores with fuel exceeded $17 per hour for the first time in January. In December, the average hourly wage for gasoline stations exceeded $17, while the average for c-stores with fuel was just below $17. The wages are not seasonally adjusted.

The average hourly wage jumped 15cts month to month to $17.25, and the average hourly wage for convenience stores with fuel jumped 17cts month to month to $17.14, the bureau reported.

However, the figures show year-to-year wage inflation has slowed to low single-digits from double-digit increases seen in 2022. The average gasoline station hourly wage rose 2.7% year to year in January, and the average for convenience stores with fuel rose 3.2% during that period.

The increases bring wages for fuel outlets closer to some other competing channels with hourly wages between $17 and $18. In January, the bureau reported wages for supermarkets at $17.48, liquor stores at $17.75, snack and nonalcoholic beverage bars at $17.34, general merchandise retailers at $17.27 and food and beverage retailers at $17.54.

Hourly wages for fuel retailers are above limited-service restaurants at $15.87 and cafeterias and buffets at $15.98, but more than $1 below car washes at $18.63, full-service restaurants at $19.38, bars at $21.04 and hotels at $20.83. In January, the average nonsupervisory wage for all types of retail businesses was $20.69 per hour, up 19cts or about 1% month to month and 53cts or 2.6% year to year. In February, that average for all retail businesses was $20.73 without adjusting for seasonality, the bureau reported.

--Donna Harris

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Massachusetts Court Upholds Brookline's Age-Restricted Tobacco Rule

A Massachusetts town ordinance banning tobacco sales to anyone born on or after Jan. 1, 2000, will go forward, potentially paving the way for similar bylaws.

The Massachusetts Supreme Judicial Court upheld the rule, which was passed in 2020 at a Brookline town meeting. Brookline has approximately 60,000 residents and is located near Boston.

Opponents of the ordinance, including convenience store operators, argued that it conflicts with a 2018 Massachusetts state law that allows those aged 21 and up to purchase tobacco products and that allowing it to stand would establish two sets of adults: those who can buy cigarettes and those who can't, reported the Associated Press.

However, supporters pointed out that Massachusetts state law recognizes the authority of local communities to take steps to limit the sale of harmful products. Before passing the rule, which took effect in 2021, then-Massachusetts Attorney General and current Governor Maura Healey provided an opinion that the policy was not preempted by state law.

The ordinance took effect in 2021 and remained in effect during litigation.

The state's Supreme Judicial Court agreed with Brookline and supporters of the ordinance, finding that Massachusetts' cities and towns "have a lengthy history" of regulating tobacco products in order to mitigate their adverse health effects.

"Importantly, state laws and local ordinances and bylaws can and often do exist side by side," the court wrote. "This is particularly true of local ordinances and bylaws regulating public health, the importance of which we have long acknowledged."

The New England Convenience Store and Energy Marketers Association is looking into a possible appeal to the U.S. Supreme Court, according to Executive Director Peter Brennan, who noted that the ordinance targets tobacco and did not change sales restrictions for marijuana.

"It's a question of how else can we demonize this product," Brennan said. "It's about trying to be a trendsetter, tying to be first in the nation."

Jon Hurst, president of the Retailers of Massachusetts Association, also criticized the ruling, noting that a patchwork of local ordinances "doesn't make sense for interstate commerce."

Your Inspection License May be Worth Money

Depending on where you are located, it may be possible to sell your license. Before merely turning it in, contact the association for further information.

DMV Record Retrieval

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 driver’s license, vehicle registration, and vehicle title records for an additional fee of $2 per abstract. Please call 516-371-6201

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What to Do If Your Shop is Audited

Nolan O'Hara

If you're a shop owner worried about being audited, you're probably not alone.

Nancy Williamson, a veteran certified public accountant and CEO and founder of Williamson Advisors in Austin, Texas, says she finds that business owners often have a lot of fear about being audited, but the chances of it actually happening are incredibly low.

In fact, the chances of a small business owner being audited are just 2.5%, according to Rocket Lawyer.

But if you do happen to be among the unlucky 2.5%, undergoing an audit isn't necessarily as scary as you might think, Williamson says. And if you do find yourself in that unfortunate position, here are some tips that can help you navigate the process of an audit.

Hire Someone to Help

The first thing you should do if you find yourself being audited, Williamson says, is to hire a professional to guide you through the audit, specifically someone who has experience dealing with the Internal Revenue Service or IRS.

That can be a certified public accountant or an enrolled agent. You're probably familiar with a CPA, and it's most common for those undergoing an audit to hire a CPA. But you may not be familiar with EAs, which are another excellent option who can help guide you through the process of an audit.

While CPAs cover a broader range of services, EAs are solely focused on tax compliance. And many EAs have previously worked as an IRS agent. With their experience being specifically tailored to tax preparation and compliance, they can be a great resource for anyone looking for help being guided through an audit.

"Looking for an EA to represent you might be a cheaper and more effective solution," Williamson says.

Whether you hire a CPA or an EA, the first step in working your way through the audit is to hire someone with experience dealing with tax compliance so you're not handling the audit on your own.

Get Organized

Getting the necessary materials organized to deal with the audit is the next step. In fact, having all your tax documents organized is the best way to avoid an audit all together.

"The way to audit-proof yourself is to have good books and records," Williamson says.

Having your tax documents, books and records organized is key to going through an audit as quickly and painlessly as possible. That starts with best practices throughout the year, like not mixing personal and business payments when using bank accounts or credit cards. And it looks like keeping track of tax documents, spending and receipts.

"Keeping your books in QuickBooks, not having a box of receipts in an Excel spreadsheet, all of that's the first step in making sure that if you get audited, you're prepared," Williamson says. If you are being audited and you haven't kept track of spendings, receipts, etc., you need to track down those documents as quickly as possible. Williamson says you should call your banks, credit card companies and gather all the information necessary for going through the audit.

Provide Information Requested

If there's a bright side to being audited, it's that the IRS isn't going to ask for every conceivable receipt, W2, 1099 or other document. They'll only ask for the information that doesn't line up with the information they have on their end.

Williamson says the most common type of audit is a desk audit, which are triggered automatically if certain information doesn't line up. For example, if the dollar amounts on a W2 or 1099 don't line up with the dollar amounts the IRS has, that could trigger an audit.

So, you'll only need to provide the information that doesn't match with what the IRS has. If it's one specific item, prove that item. If there are several forms or receipts needed, provide those. Whatever materials the IRS requests, provide them exactly what they ask.

"Get representation, provide the information that they request as simply and easily as possible and then don't volunteer additional information," Williamson says.

Other tips

If you're reading this and don't know that you'd be prepared for an audit, it might just be time to make sure your ducks are in a row. Even if you start being more organized now, that could help you in the future should you be unlucky enough to be subjected to an audit.

"It's going to be October of (2024) for maybe (2022's) tax return, so there's always going to be a pretty good time gap between it," Williamson says.

Williamson also says it's important to remember everything with the IRS is negotiable.

"Do the best you can and then prepare to negotiate," Williamson says. "There's payment plans with the IRS. There's structured settlements with the IRS. They are not as omnipotent and scary as people think they are. They want to work with you."

This tip should go without saying, but if you’re getting mail from the IRS, don’t ignore it. “I can guarantee if your bank account got levied, you’ve gotten 5,000 pieces of mail that you’ve ignored,” Williamson says. So don’t ignore any notices and respond to and address them once you’ve received them.

The Automotive Future is Here. Are You Ready?

Noah Brown

Adopting a technology mindset is not only an attainable goal for any shop, regardless of their starting point, but also a necessity to stay in business for the next 20 years and beyond.

Do Your Homework

Though it may feel like it at times, your shop doesn't have to buy its way into a tech mindset. White says sometimes buying too many new tools or other technology can be a detriment if you and your team don't have a plan for it. "Some of us feel like whoever has the most tools wins, but that's not the case," White says. "I love to see a shop invest in technology, but you have to make sure there's a market for it and that you're not going into debt to acquire it."

A technology mindset starts with planning and some good, old-fashioned research. Getting even the most basic understanding of what technologies are coming into your shop and what customers might need can help form a plan for your shop's technology needs. "Do your homework before you invest in the technology. To spend thousands of dollars on training for EVs when less than 1% of vehicles on the road are EVs, it's not sustainable," White says. "ADAS is a solid investment, and as we get to copilot and driverless technology, it becomes even more important. Do your homework. Make sure you have a market."

And this doesn't just apply to EVs. White says this research into what services you provide and what additional services your customers may need can help guide many decisions when planning out what technology to invest in. "Let's say there's a shop that isn't doing alignments that wants to get a $90,000 lift. How many alignments do you have to do to make that worth it?" White asks. "And you can't just take all the money that you make and put it toward the cost of the machine. There's a lot of other stuff to it."

Staying in the know about the needs of your customers will help identify the tools your shop should invest in. And, if investing in that equipment makes sense for your shop, there are also smart ways to make those purchases more affordable. White recommends putting a small amount–say 3% to 5%– of sales into an account designated specifically for technology and tooling purchases. If you do it regularly, your shop might feel it for a little bit, but after a while, it becomes second nature. And, pretty soon, your shop will be able to buy new tools outright without having to scramble to find money.

And though you may ultimately be the one writing the check to purchase new technology or tools, you don't have to be the only one making the decision. White says the easiest way to get team buy-in on major investments is to let them help make the decision. Your technicians will know what your shop needs the most and where improvements can be made.

A Different Kind of Social Media

Whether your shop is in a good position or it's playing catch-up to get up-to-date on the latest technology, it can be daunting to lead the charge. When you invest in new technology, tools, or training, you know it's not just your livelihood that's on the line. Your whole team is dependent on that decision to work. Tarasik says that pressure can lead people to make less-than-ideal and sometimes desperate decisions when they don't need to. He encourages shop owners to contact other shops in their area to see what they're doing and how they've handled certain challenges. The first step in dealing with that pressure, he says, is to remember that you don't have to do this by yourself. "Don't feel like you're the tip of the spear. Spend time with someone who has already been down that road. Surround yourself with good people from different training organizations, Facebook groups, trade shows, and other places. Spend time with someone else and walk in their shoes."

White says getting up close and personal with new equipment and technology is crucial. Industry trade shows and other events are prime places to start to get an understanding of what technology is out there and what might be useful for your shop. "You can start to see some of this technology, and then from there, make sure you know how the system works and what the return is," White says.

Invest in Your People

An owner or manager can only do so much to establish a culture of technological learning on their own. Bill Haas, owner of Haas Performance Consulting, says there isn't enough time in the day for one person to be able to effectively develop and implement a technology strategy for a shop. "Unfortunately for the people that are making the decisions, they're so busy in the business that they can't spend their time on the business," Haas says.

Haas says you need a good team in place with a good support system to help attract new talent and establish a strong working environment that can not only adapt to new changes in the industry but to thrive while doing so. "You have to be a shop that's willing to invest in your people. You have to pay them well. You have to give them a great benefits package. That has to happen first. When it does, you'll have plenty of people who are excited to work in this industry." Training and development need to be a part of your shop's offer to technicians and other employees. The only way that your shop will be able to retain high-quality talent and keep up with growing technological trends is if your team is eager to take on those challenges. "Find people on your team who are curious about certain aspects of the technology in these cars. Then, make them the people who go to trainings and trade shows," Haas says. "Let them get as much information as they can, and then as a team you can collaborate and figure out which way to go."

A technology mindset comes down to two crucial things–understanding the needs of your customers and the strengths of your team. If your shop can invest in tools that you know your customers need while maintaining a staff of techs who are eager to learn, you'll be in a good position to take on any new technology that might come your way. Adopting new technologies, Haas says, is no longer an option. "We have to get out of the mindset of fixing broken cars. We are in the technology business. Technology is integrated into every part of the car now. There's a computer that manages every function of the car," Haas says. "How are we not a technology business?"

U.S. Corporate Transparency Act (CTA) is Declared Unconstitutional

A federal judge just ruled that the Corporate Transparency Act is unconstitutional, marking the end of a 16-month legal battle.

SSDA-AT has long supported these efforts to strike down the CTA.

By way of background, the CTA is a sprawling new data collection regime that would have required more than 32 million entities – including virtually every small business in America – to hand over their sensitive private data to the government.

We've written about the statute extensively, but the bottom line is that the CTA would have saddled law-abiding citizens with compliance headaches and criminal penalties, while doing virtually nothing to combat illicit activity.

Recognizing that the federal government went far beyond their enumerated powers in enacting and implementing the law, the National Small Business Association filed a legal challenge back in 2022, alleging that it violates a laundry list of constitutional protections.

As it turns out, presiding Federal District Court Judge Liles Burke agrees with our concerns. In a ruling issued just this evening, he wrote:

When Congress passed the 2021 National Defense Authorization Act, it included a bill called the Corporate Transparency Act ("CTA"). Although the CTA made up just over 21 pages of the NDAA's nearly 1,500-page total, the law packs a significant regulatory punch, requiring most entities incorporated under State law to disclose personal stakeholder information to the Treasury Department's criminal enforcement arm.

By requiring these disclosures, Congress aimed to prevent financial crimes like money laundering and tax evasion, which are often committed through shell corporations. Broadly defined, a shell corporation is a legal entity with no (or minimal) employees, customers, business, or assets.

Although shell corporations serve many legitimate purposes, it's also possible to disguise the identity of interested individuals and the flow of money by layering shell companies on top of each other, "such that each time an investigator obtains ownership records for a domestic or foreign entity, the newly identified entity is yet another corporate entity, necessitating a repeat of the same process[.]" Pub. L. 116-283 § 6402(4).

Yet corporate formation includes far more than for-profit enterprise. Each year, the States grant formal status to millions of entities that can and do serve "any lawful purpose," including benefit corporations, non-profits, holding companies, political organizations, and everything in between.

With that in mind, this case presents a deceptively simple question: Does the Constitution give Congress the power to regulate those millions of entities and their stakeholders the moment they obtain a formal corporate status from a State? The Government thinks so. While it acknowledges that Congress "can exercise only the powers granted to it," the Government says that the CTA is within Congress' broad powers to regulate commerce, oversee foreign affairs and national security, and impose taxes and related regulations.

The Government's arguments are not supported by precedent. Because the CTA exceeds the Constitution's limits on the legislative branch and lacks a sufficient nexus to any enumerated power to be a necessary or proper means of achieving Congress' policy goals, the Plaintiffs are entitled to judgment as a matter of law.

As a result, the Court GRANTS the Plaintiffs' motion for summary judgment and DENIES the Government's motion to dismiss and alternative cross-motion for summary judgment.

So for now, millions of small business owners can stop navigating FinCEN's website and go back to running their businesses.

The Department of Justice is almost certain to appeal the ruling, so the court challenge is far from over.

But whichever way it goes, the ruling will help focus the attention of the public, the media, and lawmakers as to the threat the CTA and other laws like it pose to the privacy of law-abiding Americans, and it will help us in our efforts to ultimately fight these laws in Congress.

The decision issued is a big win for SSDA-AT members and for millions of law-abiding businesses nationwide.

SSDA-AT will continue to provide updates and developments.

SSDA-AT Sends Letter Calling for CTA Delay

As you're likely aware a federal court recently declared the Corporate Transparency Act unconstitutional. However, federal regulators have made clear they intend to continue enforcing the statute, stoking confusion among the more than 32 million affected entities.

In light of these developments we have prepared the letter below, which asks the Senate to move legislation delaying the CTA by one year. (Its companion bill passed the House late last year 420-1.)

Dear Chairman Brown and Ranking Member Scott:

SSDA-AT and the undersigned organizations, representing millions of small businesses, urge you to delay the filing deadlines of the Corporate Transparency Act by passing S. 3625, the Protect Small Business and Prevent Illicit Financial Activity Act introduced by Senator Tim Scott.

The companion to this legislation (H.R. 5119), introduced by Representatives Zach Nunn (R-IA) and Joyce Beatty (D-OH) was adopted by the House of Representatives on a bipartisan vote of 420-1 on December 12, 2023.

A one-year delay of the CTA's filing deadline would 1) allow the court process begun with the recent decision in National Small Business Association v. Yellen to work its way through the Appellate and Supreme Courts, 2) be consistent with congressional intent to give covered entities two years to comply with the CTA's reporting requirements, and 3) provide the business community and the Financial Crimes Enforcement Network (FinCEN) additional time to educate millions of small business owners regarding the new reporting requirements and the onerous penalties resulting if they fail to comply.

Background

The CTA began as an earnest attempt to combat illicit financial activity but has morphed into a bureaucratic nightmare targeted squarely at America's smallest businesses. It subjects covered entities and their "beneficial owners" to vague and complex reporting requirements while putting their sensitive personal information at risk. Failure to comply with the new statute – even in cases amounting to nothing more than a paperwork violation – can result in stiff fines and criminal penalties.

This burden is not evenly distributed across the business community. In general, the CTA's reporting requirements apply only to entities with 20 or fewer employees or less than $5 million in revenue. Thus, of the 32.5 million entities that FinCEN estimates will be affected by the law, the vast majority will be small businesses – the very companies least equipped to shoulder the regulatory burden imposed by the CTA.

Court Challenge

Earlier this month, the United States Court for the Northern District of Alabama ruled that the CTA exceeded the Constitution's enumerated powers and was therefore unconstitutional. The Court's injunction, however, was narrow and applied to the plaintiffs named in the case only: members of the National Small Business Association (NSBA).

Following the ruling, FinCEN indicated it would continue to enforce the CTA against all small businesses and other entities not named in the lawsuit. This decision effectively creates two classes of small businesses: those that were members of the NSBA as of March 1st will enjoy the protections of the Constitution while the remaining 32 million small businesses targeted by the CTA will not.

Meanwhile, many small business owners will hear about the ruling and conclude that they are no longer obligated to comply, unaware that they are making themselves vulnerable to the CTA's stiff fines and criminal penalties. FinCEN, meanwhile, has no practical means of distinguishing between NSBA members and other small businesses. The NSBA's membership is not public, and the courts have previously ruled that the government cannot compel trade associations like the NSBA to turn over their membership lists.

Congressional Intent

The CTA statute, adopted as part of the National Defense Authorization Act for Fiscal Year 2021 , called for a reporting deadline of "not later than 2 years after the effective date of the regulations" for existing entities. This timeframe was designed to give affected entities sufficient time to learn of, understand and comply with the new reporting regime. The two-year initiation period is in keeping with the legislation's preamble which instructs FinCEN to "seek to minimize burdens on reporting companies associated with the collection of beneficial ownership information."

In its rulemaking, however, FinCEN shortened this deadline and gave existing entities just one year to comply. That decision is problematic both in its disregard of congressional intent and its practical implications for CTA compliance rates. The CTA covers tens of millions of legal entities plus all those millions of individuals defined as their so-called "beneficial owners," yet the vast majority of the law's targets remain wholly unfamiliar with their new compliance obligations. They simply need time to learn about the new law.

CTA Education

Filing under the CTA began more than two months ago, yet fewer than 2 percent of covered entities have submitted their required information to FinCEN . At this rate, it will take more than ten years for filings to reach FinCEN's estimates of 32 million submissions.

One reason for this low compliance rate is that most business owners are ignorant of the new law. A recent survey conducted by the National Federation for Independent Business found that four out of five small business owners are "not at all familiar" with the new reporting requirements. Meanwhile, as a Tax Notes article highlighted, while the accounting community is best positioned to educate their small business clients regarding their filing obligations under the CTA, they are precluded from doing so it could constitute practicing law without a license.

Both the business community and FinCEN have made strenuous efforts to educate small business owners as to their new obligations, but it is obvious more time is needed. Congress did not enact the CTA in order to turn millions of law-abiding small business owners into felons.

Action Requested

Fortunately, there are multiple efforts underway to give small businesses the relief they need from this onerous statute. A group of 80 of your colleagues recently wrote to Secretary Yellen urging a delay of the CTA , citing its myriad flaws and FinCEN's inadequate efforts to educate affected stakeholders on their new obligations.

Legislation which would delay implementation of the CTA (H.R. 5119) passed the House late last year with a bipartisan 420-1 vote, while its companion introduced by Senator Scott (S. 3625) has been referred to the Senate Banking Committee. A one-year delay, as called for in H.R. 5119, would give the court process time to reach a conclusion, grant small businesses much-needed time to fully understand these latest developments and afford FinCEN and the business community the opportunity to continue their education and outreach efforts to ensure that all covered small businesses are aware of their new reporting obligations.

F or these reasons, SSDA-AT and the undersigned organizations strongly urge you to adopt S. 3625 and give America's small businesses the time they need to learn about the new CTA compliance obligations, as well as the Courts time to fully consider the NSBA's challenge.

Signed,

SSDA-AT and other trade associations