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

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Bulletin No. 628 February 2021

Legal/Legislative

COVID-19 Guidance on Ventilation in the Workplace

OSHA is committed to protecting the health and safety of America's workers and workplaces during these unprecedented times. The agency will be issuing a series of alerts designed to keep workers safe. Ensuring adequate ventilation throughout the work environment can help to maintain a safe and healthy workplace. Employers should work with a heating, ventilation, and air conditioning (HVAC) professional to consider steps to optimize building ventilation. An HVAC professional can ensure that the ventilation system is operating as intended. The following tips can help reduce the risk of exposure to the coronavirus:

- Encourage workers to stay home if they are sick.
- Ensure all HVAC systems are fully functional, especially those shut down or operating at reduced capacity during the pandemic.
- Remove or redirect personal fans to prevent blowing air from one worker to another.
- Use HVAC system filters with a Minimum Efficiency Reporting Value (MERV) rating of 13 or higher, where feasible.
- Increase the HVAC system's outdoor air intake. Open windows or other sources of fresh air where possible.
- Be sure exhaust air is not pulled back into the building from HVAC air intakes or open windows.
- Consider using portable high-efficiency particulate air (HEPA) fan/filtration systems to increase clean air, especially in higher-risk areas.
- When changing filters, wear appropriate personal protective equipment. ASHRAE recommends N95 respirators, eye protection (safety glasses, goggles, or face shields), and disposable gloves.
- Make sure exhaust fans in restrooms are fully functional, operating at maximum capacity, and are set to remain on.
- Encourage workers to report any safety and health concerns.

For more information, visit **www.osha.gov/coronavirus** or call 1-800-321-OSHA (6742).

Source: CareWorks Comp

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Auto Care Association Seeks Advocacy Assistance

The Auto Care Association is seeking help and asking business owners to take five minutes to email their members of Congress and let them know that it is critical for you and your business that they introduce legislation this year to provide customers with access to their vehicle's repair and maintenance vehicle data.

Right now, Congressional staff are determining which issues will be priorities for their bosses this year. If we want to get their support, we need to speak up and let them know just how important this is to the auto care industry and our customers! Let's try and get 2,021 messages sent in 2021! Spread the word.

Click the link below to access our Advocacy Center. A template email is pre-prepared and waiting for you.

Contact Congress

If you have any questions or would like to learn more, contact tod.moore@autocare.org.

Don't Overlook Overtime

What employers should know about overtime requirements under the Fair Labor Standards Act

As an employer, few expenses impact your weekly bottom line more directly than your staffing budget. You draft your schedule with care, assign the hours you expect your staff to work, and forecast what that will mean to your weekly payroll. Of all the factors that can affect your total expenditures, overtime is among those that can make the biggest difference in the shortest amount of time. Understanding and complying with federal labor regulations regarding overtime under the Fair Labor Standards Act (FLSA) is a critical piece of your payroll puzzle.

The DOL's Wage and Hour Division has recently found violations of the FLSA among auto repair and maintenance employers in the Southeastern U.S. Many of these violations have resulted from employers failing to pay employees proper overtime when they work over 40 hours in a workweek. When such violations are disclosed, employers pay back wages to employees and risk exposure to additional damages and penalties.

The Wage and Hour Division enforces the FLSA, the federal law that provides minimum wage, overtime, child labor, and recordkeeping requirements for covered employers in the U.S. Determining which employees are due overtime, when they are due overtime, and how much overtime they are due requires a clear understanding of the law. Unless a specific exemption applies, employees must be paid at least the federal minimum wage of $7.25 per hour and overtime at time-and-one-half their regular rate of pay for any hours worked in excess of 40 hours in a workweek. Employees who do not qualify for an exemption and are therefore entitled to overtime pay are commonly referred to as "non-exempt" employees, while those who do qualify for an exemption from overtime pay are referred to as "exempt" employees.

Some frequent problem areas that lead to violations of the overtime requirements include:

1) Paying "straight time" rates for hours worked beyond 40 per workweek;
2) Failing to combine hours worked at two or more locations owned by the same enterprise for overtime calculation purposes (for example, paying an employee for 25 hours worked at Store A at straight time in one check, and for another 25 hours worked at Store B at straight time in another check);
3) Averaging workweeks (for example, paying overtime after 80 hours in two weeks, instead of after 40 hours in one week as required by the FLSA);
4) Failing to include bonuses and other payments, such as shift differentials, in employees' regular rates when calculating overtime compensation; and
5) Failing to record all hours worked or improperly decreasing employees' total hours below 40 when they really worked more than 40 hours and are due overtime.

For additional information on the requirements of the FLSA, visit the U.S. Department of Labor Wage and Hour Division's website at **www.dol.gov/agencies/whd**, or call 866-4US-WAGE (866-487-9243). Your state may have additional requirements or different statutes or regulations. To find your state labor department's contact information, visit **http://www.dol.gov/whd/contacts/state_of.htm**

2021 Standard Mileage Rate for Business, Medical, and Moving Purposes

The Internal Revenue Service (IRS) released Notice 2021-02 on December 22, 2020 providing the 2021 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

Beginning on January 1, 2021 the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 56 cents per mile driven for business use, down 1.5 cents from the rate for 2020.
- 16 cents per mile driven for medical or moving purposes for qualified active duty members of the Armed Forces, down 1 cent from the rate for 2020.
- 14 cents per mile driven in service of charitable organizations. The charitable rate is set by statute and remains unchanged from 2020.

The standard mileage rate for business use is based on an annual study of the fixed and variable costs of operating an automobile. The rate for medical and moving purposes is based on the variable costs.

It is important to note that under the Tax Cuts and Jobs Act, taxpayers cannot claim a miscellaneous itemized deduction for unreimbursed employee travel expenses. Taxpayers also cannot claim a deduction for

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2021 Standard Mileage Rate

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moving expenses, unless they are members of the Armed Forces on active duty moving under orders to a permanent change of station.

Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rate. Taxpayers can use the standard mileage rate but must opt to use it in the first year the car is available for business use. Then in later years, they can choose either the standard mileage rate or the actual expenses. Leased vehicles must use the standard mileage rate method for the entire lease period (including renewals).

Notice 2021-02 contains the optional 2021 standard mileage rates, as well as the maximum automobile cost used to calculate the allowance under a fixed and variable rate (FAVR) plan.

In addition, the notice provides the maximum fair market value of employer-provided automobiles first made available to employees for personal use in average valuation rule or the vehicle cents per mile valuation rule.

Industry News

EV Sales Boom on Hold

By Jim Lang

"Electric vehicles (Plug-In Hybrids and Battery Electric Vehicles) are feeling the impact of Covid-19, with 2020 annual sales down significantly. This will mark the second consecutive annual decline in Electric Vehicle (EV) volume across the U.S."

"But don't worry, this is the lull before the exponential growth of new EV models over the next few years, which will drive Electric Vehicle sales through the roof. At least that is the prevailing opinion. A closer look at the EV market, however, indicates that this expected surge in EV sales might not come so soon."

EV Sales Hit by Covid-19

The sales of Electric Vehicles (Plug-In Hybrids and Battery Electric Vehicles) are being hit hard by Covid-19, as their 2020 volume dove proportionately more than the sales reduction suffered by ICE vehicles last year.This follows an EV sales decline of nearly 10% during 2019. That sales slump was concentrated in the last six months of the year and was blamed largely on the reduction of purchase incentives.

2019 EV Sales Decline

Electric Vehicle sales fell to 329,000 in 2019, down over 30,000 from 2018, when a record 361,000 EVs were sold in the U.S. EV 2018 sales had surged dramatically over the previous year, topping the unit gains achieved by EVs over the previous four years.

2020 EV Sales

Lang Marketing estimates that 2020 EV sales dropped to approximately 264,000, down about 20% from 2019 and nearly a one-third plunge from 2018. EV 2020 sales fell at a greater rate than total light vehicle volume, down substantially from their record share of the 2018 market.

Optimistic Sales Projections

The expectations of rocketing EV sales over the next several years are based on the profusion of new EV models that will be offered to U.S. buyers. Virtually all carmakers will release a wave of new EVs, with over 100 new EV models filling Dealer showrooms in the next three years.

Four Barriers to Greater EV Sales

EVs must overcome at least four major barriers if they are to significantly expand their new vehicle sales share in the U.S.First, a substantial gap in operating range still exists between internal combustion engine (ICE) vehicles and EVs. This creates "range anxiety" among many potential EV buyers. Second, the limited life of EV battery systems and their high replacement costs are important issues. In some cases, the estimated battery replacement costs are so high that the operating life of some Electric Vehicles (especially BEV models) might not be much longer than the life of their original battery systems.Third, the purchase price differences between EVs and ICE vehicles remain high. Without generous rebates or government incentives (which are being phased out) BEVs can cost up to 20% more than comparable ICE models. Finally, there is not an adequate nationwide vehicle charging infrastructure that can effectively and conveniently enable Electric Vehicle owners to charge their vehicles.

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EV Sales Boom on Hold

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Current State of the EV Market

EV sales in the U.S., so far, represent an enthusiast market rather than a mass market phenomenon.Tesla accounts for an overwhelming share of EV sales in the U.S. Additionally, EV sales are heavily concentrated in a few metro markets, with California representing a dominant share of EV sales last year.

More ICE Vehicles on U.S. Roads

Lang Marketing projects that the growth of EVs will not reach an annual sales level before 2030 that will be high enough to eliminate the annual increase of ICE vehicles on U.S. roads.

2021 and Beyond

EV sales will recover this year, but a number of factors (low gasoline prices, relatively high prices of EVs, etc.) will keep their 2021 sales recovery weaker than the sales rebound of ICE cars and light trucks.In the longer view, the flood of new EV models into the U.S. market will not address all of the barriers that have kept EVs from becoming a nationwide sales phenomenon.

Six Major Takeaways

- Electric Vehicles (Plug-In Hybrid and Battery Electric Vehicles) suffered an approximate 20% sales reduction during 2020, more than the percentage decline of ICE vehicles during the year. Electric Vehicle 2020 sales were down nearly one-third from two years earlier, when a record 361,000 EVs were sold in the U.S.
- Expectations of soaring EV sales over the next several years are based largely on the explosion of EV models that will be flooding Dealer showrooms.
- There are at least four major barriers to higher EV sales in the U.S. new vehicle market: operating range, battery life, higher purchase price, and the lack of an adequate charging infrastructure across the country.
- EV sales, so far, reflect an enthusiast market rather than a mass market phenomenon that expands over a large mix of vehicles and geographic areas of the country.
- EV sales during 2021 will record a lower recovery rate than the sales rebound of ICE cars and light trucks.
- EVs will not reach an annual sales level before 2030 that will be high enough to eliminate the annual increase in the population of ICE vehicles on U.S. roads.

ASE Extends Certifications Expiring December 31

ASE is extending certifications that expired December 31, 2020, for service professionals.

Those with automobile certifications (A1-A9) can get a one-time, one-year extension of their unexpired credentials by subscribing to the ASE Renewal App. The app will send one question per test per month that can be answered using a smartphone, tablet or computer. After answering eight monthly questions correctly per test, an additional year extension is earned beyond the app sign-up bonus.

Those holding any other non-automobile ASE certifications that expired December 31, 2020, will automatically have their certifications extended until June 30, 2021.

Management Notes

Cash Discounting - Credit Card Processing

We find ourselves one month into the new year with hopes that it will be much better than 2020. As with all types of business, there are new things coming that will offer us an opportunity for expanding our sales opportunities and along with that, our profit margins. If we can increase profits without expending monies for new equipment, inventories, or advertisement dollars, then that is all the better.

The buzz word and opportunity in the merchant services industry for this new year is “cash discounting.” Cash discounting has been around for some time though not in all types of businesses. You probably saw it first in the gas/convenient store industry. Remember pulling up to the pumps and seeing a sign that offered two prices for the gas that you were about to purchase? One would list a cash price per gallon of gas while

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Cash Discounting - Credit Card Processing

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the next listed a higher price if the amount purchased was going to be paid for using a credit card. That was and is cash discounting. The placement of the sign alerting the customer to a difference in price according to the way it was paid makes the whole concept perfectly legal. The customer has a choice prior to the purchase as to how he is going to pay for the purchase.

Today, cash discounting is being applied in many types of businesses. It allows for the cost of processing to be passed on entirely to the consumer. Over the years and continuing today, not a week goes by that you don't receive a phone call from someone in the merchant services industry offering to lower your processing costs. Sometimes, depending on how your account was set up, they may actually be able to offer you a cost savings without your customer service suffering in the change over to a new merchant services company. Sorry to say I can't promise you that you are going to quit getting those calls because you're not. Those guys that have called in the past are now going to call telling you how to eliminate your process fees by offering you this "new" cash discounting program.

There are things to consider before you decide to institute this program. It is not for every type of business or every business owner. You need to know your market as well as your customer base. We at CoCard are excited about the concept of cash discounting and the opportunity to help our merchants save money on their daily credit card transactions. Those of you who are using our services are familiar to the attention to detail we give and the service we provide. Our goal has always been to offer honesty and integrity to our customers. We want our relationship to be long lasting and valued. If you choose to refer us to a friend in another business, we want you assured that they will receive the same service and attention to detail that you receive.

If you haven't received that call yet, offering to tell you about cash discounting, rest assured you will. Take the initiative and give us a call. We would appreciate the opportunity to meet with you to determine if now is the time to make cash discounting a part of your business.

Jackie Inscore, CoCard
919-418-4676

AAAMS News

2021 AAAMS Business Conference Dates & Location

The 2021 AAAMS Business Conference is currently scheduled for Thursday, September 23 - Sunday, September 26, 2021 at The Margaritaville Resort, Gatlinburg, TN. Full details regarding our September Conference will be published soon.

We hope to see you in Gatlinburg!

AAAMS Aftermarket Foundation Scholarship Application News

The Automotive Aftermarket Association of the Mid-South, Inc., is pleased to announce that applications are now available for annual AAAMS Scholarships. AAAMS plans to make available at least two (2) $1,000.00 scholarships. All students who apply must be sponsored by an AAAMS member in good standing. AAAMS Scholarships are also awarded regardless of the student's planned field of study. Keep in mind that AAAMS members and their immediate families, as well as AAAMS members' employees and their families, are all eligible for the scholarships.

Again this year, the student applicant may complete the application for the AAAMS Scholarships online at **www.automotivescholarships.com**. This way, the student will not only be eligible for the AAAMS Scholarship, but also ones from several other sources within the industry. All applications need to be completed online by March 31, 2021. The AAAMS Scholarships will be awarded by late May, 2021. If the applicant desires to apply only for an AAAMS Scholarship, then only a paper application should be completed and returned to AAAMS...call Randy Lisk at 919-821-1314 if you need a copy. But why not apply online and have a chance at multiple scholarships (especially if the student intends to enter the aftermarket)? Also, contact Randy if you have any questions regarding the application process.

— Randy Lisk, Executive Vice President

STICK-ON IDENTIFICATION LABELS

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1,000 PER ROLL
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DEFECT IDENTIFICATION LABELS

1,000 PER ROLL
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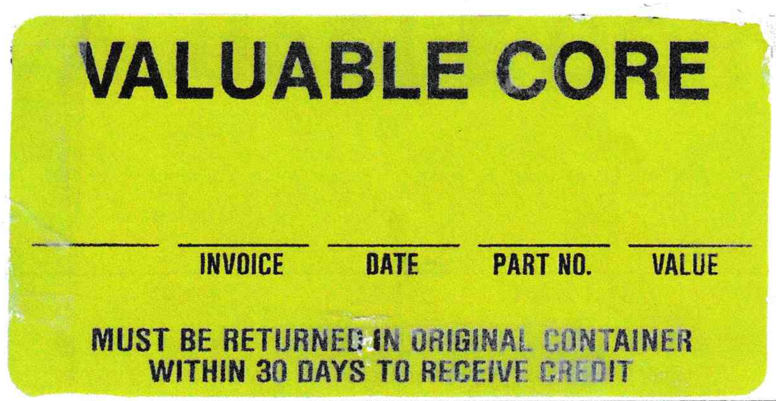

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Do not send check with order. AAAMS will bill you for the proper amount, including shipping and tax, after your order has been processed. Any questions, please call 800-849-8037 or email: rlisk@aaamsonline.com
(Effective 2/1/2021)

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