

Virginia Automotive Report

E Newsletter for June-July 2022



VAA At The AG Office

Recently, members of the VAA Legislative Committee, Delegate Kim Taylor and our Legislative Counsel, Bo Keeney, attended a meeting with staff of the Attorney General's office in downtown Richmond to address concerns with the Department of Taxation. Our primary concerns we discussed were the overall audit process some members are experiencing and the department's interpretation of code which allows Diagnostic Labor and Road Service Labor to be considered taxable in certain circumstances. We will continue our discussion with the AG's Office and the Department of Taxation regarding these issues. More to come in the upcoming months.



At the Attorney General's Office in Richmond.
L-R: Bo Keeney, John Kline, Steve Akridge, Kim Taylor, Mike Fortune, ST Billingsley, Jerry Tatum

VAA at Governor's Budget Ceremony

At the invitation of Delegate Kim Taylor, VAA was represented by Legislative Chairman Mike Fortune and Executive Director Steve Akridge at Governor Youngkin's Budget signing ceremony held at Tom Leonard's Farmers Market in Glen Allen on June 20. The Governor gave a robust assessment of his budget to a lively crowd of about 300 supporters and Republican legislators. Thanks Kim for including us at this special event.



Delegate Kim Taylor is flanked by Lt. Governor Sears (L) and Governor Youngkin



VAA Members L-R:
Steve Akridge, Kim Taylor, Mike Fortune

Highlights of VAA 2022 at The Homestead

Bill Hoal Elected New VAA President
Board Members Robby Cutchins, Mark Anderton, Brenda Carpenter Recognized
VAA Recognizes TIA's Roy Littlefield
VAA Distinguished Member Award Presented to Don & Brenda Carpenter



Meet Your New VAA President Bill Hoal
Read His Story on Page 2

"It was so good to be face to face again" was the underlying theme of this year's Convention and Trade Expo. After missing 2020 and 2021, over 300 dealers, their employees, spouses and our vendors attended the weekend of April 22-24 at the Omni Homestead in Hot Springs. We opened the weekend with our traditional VAA Open Golf Tournament where 60 players enjoyed picture perfect conditions on The Homestead's historic Old Course. The opening Welcome Reception brought everyone together again for the first time in three years. Our room was packed for the VAA Annual Meeting and our opening keynote speaker Patti Hoying who shared her extensive research and knowledge on some of the best shops and their practices in the country. From there we broke into two groups. Our owners were treated to an exclusive session with Jamie Hasty, VP at Sesco for an update on many issues affecting us in Virginia. In particular she shared common areas of target for Wage and Hour audits, which most in the audience said was "eye opening". Jamie's complete presentation is attached to the email for this newsletter. Bryan Stasch, VP of Program Content and Development for ATI guided our Sales and Service attendees on a high energy session regarding Objective or Subjective Selling. Always entertaining and informative Bryan is one of our favorites. From there Patti Hoying moderated the always popular Peer to Peer Roundtable for owners, and Bryan moderated the same format for Sales and Service. This unscripted session always brings out great discussion and ideas.

At our Saturday evening Awards Banquet we paid tribute to some special volunteer leaders, Robby Cutchins, Brenda Carpenter and Mark Anderton. We recognized outgoing TIA CEO Roy Littlefield with the VAA Friend of the Industry Award, and Don & Brenda Carpenter received the VAA's highest honor, The Distinguished Member Award. We also saluted and thanked our many VAA Sponsors with a special recognition to each one. Following dinner, we held our Trade Expo with 61 booths and our industry vendors from across the country. This lively and exciting event combines our trade show and Reception together and highlights cash giveaways throughout the show. Our Sunday breakfast closed out the weekend with our Closing keynote speaker Bryan Dodge. Bryan is the best in the business and motivates everyone he reaches—this was evident by the standing ovation he received from our audience. Check out the pics on the following pages and the complete selection, which will be available on our website next week; www.vaauto.org.

VAA Officers & Directors



President: Bill Hoal
NTW, Roanoke
Southwest Virginia Region



Vice President: Mike Scaglione
Kempsville Auto Care, Virginia Beach
Tidewater Region



Secretary-Treasurer: Jerry Tatum
Leete Tire & Auto, Petersburg
Richmond Region



Past President: Chris Barnett
Tire Tread Service, Fredericksburg
Northern Virginia Region



Executive Director: Steve Akridge
VAA, Richmond
Richmond Region

Directors:

Richmond Region:

Kim Taylor, Titan Auto & Tire, S. Chesterfield
Clint Farrar, American Tire Distributors, Richmond
Mike Fortune, Cloverleaf Tire & Auto, Richmond
Andrea Ellett, Winding Brook Tire Pros, Milford
Jake Palmer, Max Finkelstein, Inc., Richmond
Caleb Stowe, Napa Auto Parts, Richmond
John Kline, Old Dominion Tire, Midlothian

Tidewater Region:

Jim Bennett, CarMasters Auto Care, Norfolk

Northern Virginia Region:

ST Billingsley, B & W Associates, Woodbridge

Lynchburg Region:

Ron Justice, Justice Tire Distributors, Lynchburg

Shenandoah Valley Region:

Steve Crawford, Hepner Tire, Woodstock
Tom Jones, Fisher Auto Parts, Staunton
Larry Williams, University Tire & Auto, Charlottesville

Southwest Virginia Region:

Chuck Swain, Modern Automotive, Christiansburg

Next Generation Advisory Council:

Wes Tatum, Leete Tire & Auto, Petersburg
Joe Wood, Hometown Tire, Woodbridge

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Mailing Address: VAA, P.O. Box 13428
Richmond, VA 23225-0428



President's Corner By Bill Hoal

It was good to finally have a convention after missing 2020 and 2021 due to covid. We had an excellent turnout, and I enjoyed catching up with old friends, and making some new ones. I know for myself and I'm sure many others, the Homestead is my favorite location.

I would like to thank Chris Barnett for his service as President as he led us through these very difficult past two years. I would also like to congratulate Don and Brenda Carpenter for their well deserved Distinguished Service Award.

For those members who were unable to attend the convention, or Sunday's session I would like to tell you a little about my background and my family.

I started in the tire business 43 years ago. During that time, I worked for ATD for 13 years as a branch manager. I left ATD to join Heafner-Itco as a regional marketing manager. Later I held positions as Director of the AutoEdge program, Director of Goodyear Brands and Director of Tire Starz. I have spent the last 13 years with TBC as a DC manager, first for Carroll Tire and now with NTW. I attended my first VAA convention in 1989 and except for the time we lived in North Carolina have attended most conventions. I came on the Board of Directors in 2015 and the executive committee in 2019.

My wife Susan and I were married in 1992 and recently celebrated our 30th anniversary. We have 3 children and 6 grandchildren. The two oldest grandchildren are in college and the youngest is in kindergarten, so they cover a wide of ages. Susan has worked for Kroger for 40 years and is currently the supply chain administrative assistant for the Kroger distribution center. She has managed to attend all the VAA conventions which I have been to for the last 30 years. We currently live in Callaway Va.

Please don't hesitate to call on me if I can help anyone. I look forward to serving as your President for the next two Years.

Until Next Time,
Bill Hoal

2022 VAA SPONSORS

We want to thank the following vendors for being year round VAA Sponsors for 2022, and for financially supporting the work VAA does for the entire automotive and tire industry. This work is year round, and is vital to everyone who makes their living in this industry. We greatly appreciate their support, and will continue to recognize them throughout the year. We ask our VAA Dealer Members to support them back with your business in 2022.

Platinum Level Sponsors



Gold Level Sponsors



Silver Level Sponsors



10 Million ICE Autos Dodge the Junk Pile

"Nearly 10 million cars and light trucks were not scrapped in the U.S. from 2016 through 2021 due to vehicle scrappage rates averaging one-fifth lower than during the previous ten years. Virtually all vehicles escaping the scrap heap were Internal Combustion Engine (ICE) cars and light trucks."

"This reduction in scrappage has four significant consequences for the country's vehicles in operation (VIO): the number of cars and light trucks on the road, the share of domestic and foreign nameplate vehicles, the growth of older automobiles, and the VIO domination by ICE vehicles."

Moderate Scrappage Rates

Vehicle scrappage (the removal of vehicles from operation) in the U.S. has traditionally climbed when new car and light truck sales increase or the numbers of older vehicles expand. However, annual scrappage rates for 2016 through 2021 fell, despite a growing population of older vehicles (12 years plus) and record-high new vehicle sales during 2016 through 2019.

Vehicles in Operation (VIO)

Lower vehicle scrappage during 2016 through 2021 boosted the nation's VIO by nearly 10 million cars and light trucks, vehicles that would have landed in the junkyard had the scrappage rates not declined.

The 10 million cars and light trucks not scrapped accounted for more than half of the total VIO gain (approximately 18 million) during these years.

Domestic Nameplate VIO

Domestic nameplate cars and light trucks have accounted for nearly three-quarters of all vehicles scrapped over the past ten years.

This means that the domestic nameplate population was boosted by over 7 million during this period, slowing the growth of foreign nameplates as a percentage of all cars and light trucks in operation despite their record-setting share of new vehicle sales.

Older Vehicle Age Groups

Older cars and light trucks, particularly those over 15 years, represent a disproportionate share of vehicles scrapped.

They are more likely than newer vehicles to be "totaled" in accidents (because of their diminished value) and less likely to be spared from the junk pile when expensive repairs are needed.

As a result, the below-average scrappage rates have been a major force driving the record growth of vehicles 15 years and older on U.S. roads.

More ICE Vehicles on the Road

Internal Combustion Engine (ICE) vehicles constituted virtually all of the nearly 10 million cars and light trucks not scrapped from 2016 through 2021.

The total number of ICE vehicles not scrapped amounted to more than five times the sales of Electric Vehicles over these six years, both Plug-In Hybrid Electric Vehicles (PHEV) and Battery Electric Vehicles (BEV). ICE vehicles accounted for over 99% of the 2021 VIO, a much larger share than if scrappage rates had remained high and the nearly 10 million ICE vehicles had been sent to the junk pile.

Aftermarket Consequences

Low scappage rates have impacted the aftermarket in three major ways.

First, the expanding VIO and growth of older cars and light trucks are favorable for aftermarket product growth, particularly when annual miles face strong headwinds from the knock-on effects of COVID-19 and other factors.

Second, the impact of below-average scappage on the foreign and domestic nameplate mix has consequences for the aftermarket in terms of where automotive parts are sold, where vehicles are serviced, and the brands of products used in vehicle repair and maintenance.

Third, the dominant ICE share of the VIO has significant aftermarket consequences ranging from the brands of repair products used to the total volume of aftermarket products and where parts and services are purchased.

Six Major Takeaways

- Annual vehicle scappage rates in the U.S. from 2016 through 2021 averaged one-fifth lower than over the preceding ten years.
- Due to the below-average scappage rates, nearly 10 million cars and light trucks were not scrapped in the U.S. during the past six years (2016 through 2021).
- The nearly 10 million vehicles not scrapped represented more than half of the total VIO gain from 2016 to 2021
- Domestic nameplates comprise the largest share of older vehicles. The declining scappage rates slowed the share growth of foreign nameplates on U.S. roads during these six years.
- Since older cars and light trucks generally account for the largest portion of scrapped vehicles, the decline in annual scappage rates allowed the number of older vehicles (particularly those over 15 years of age) to increase from 2016 through 2021. This fueled aftermarket product growth since older cars and light trucks use more aftermarket products per mile than newer ones.
- ICE cars and light trucks constituted virtually all of the nearly 10 million vehicles not scrapped between 2016 and 2021. This helped to maintain the dominant ICE share of the nation's VIO, estimated by Lang Marketing to top 99% during 2021.

Welcome New VAA Members

Please join us in welcoming the following companies as our newest VAA members:

*Bimmer Rescue, Patrick McHugh, Richmond
Referred by Andrea Ellett*

*Tire Tutor, Inc. Jimmy Gogan, Brookline, MA
Referred by Kevin McLaughlin*

*Courtland Auto Repair, Elizabeth Holliday,
Courtland, VA*

Tire Discounters, Dave Crawford, Cincinnati, OH

Support the organization that supports You, and help VAA grow our membership– recommend a shop or a supplier you know and sign them up online at www.vaauto.org. Click on the Join VAA tab

Scenes From the VAA Open Golf Tournament at The Homestead Old Course



Long Drive Winner
Chris Burr



Closest to the Pin
Yen Vo



Closest to the Pin
Joe Dalton



Last Place Team Had the most Fun!
L-R: Chris Barnett, Jerry Tatum, Lance Meyer, Brad Steiger



3rd Place Team with a score of 59
L-R: Andrew Givens, Kevin Kummerer, Ron Justice (not Pictured Don Justice)



2nd Place Team with a score of 59
L-R: Lester Lawson, Mac Ellett, Lenny Gonzalez, Chris Patrick

TOLBERT CORLETT RONSEY ARUYA	63	LINDSEY FRUTHER HOSON GAYNOR	72
DALTON WILLIAMSON FOLTZ FOLTZ	58	PATRICK LINDSON ELLETT SINDALEY	59
BUDGINS PURNINS MOOR	69		

And the Winner of the 2022 VAA Open with a score of 58:
L-R: Dallas Foltz, Greg Foltz, Joe Dalton, Stan Williamson.

In addition this team accomplished a rare feat in Golf when Greg Foltz holed his 187 yard approach for an Albatross 2 on the #3 Par 5. Congrats to Greg and the Team!



Scenes From the 2022 VAA Convention Reception and Dinner



More Scenes From the 2022 VAA Convention Reception and Dinner



More Scenes From the 2022 VAA Convention & Trade Expo at The Homestead



A BIG THANK YOU to our VAA Sponsors who were individually recognized during the Saturday Awards Banquet

VAA Recognizes Board Members Mark Anderton, Brenda Carpenter and Robby Cutchins VAA Recognizes TIA's Roy Littlefield with the Friend of the Industry Award VAA Recognizes Don and Brenda Carpenter with the Distinguished Member Award



Outgoing Board Member Mark Anderton is recognized by Executive Director Steve Akridge



Outgoing Board Member Brenda Carpenter is recognized by Executive Director Steve Akridge



Don and Brenda Carpenter are recognized with the VAA Distinguished Member Award by Executive Director Steve Akridge



TIA's Roy Littlefield is recognized with the VAA Friend of the Industry Award by Executive Director Steve Akridge



During the Saturday evening Banquet we recognized and thanked three outgoing Board members for their service: Mark Anderton of First Landing Auto in Va. Beach– 10 years, Robby Cutchins of Bobby's Tire & Auto in Franklin– 3 years, Brenda Carpenter of Carpenter Tire in Lynchburg– 15 years. We also recognized recently retired TIA CEO Roy Littlefield and thanked him for his support of VAA and our industry over his 42 year career, with the VAA **Friend of the Industry Award**. And last we recognized Don & Brenda Carpenter with the association's highest honor, **The Distinguished Member Award**. Don and Brenda served our Board of Directors for a combined 34 years, and also have the distinction of being the only husband and wife over the VAA's 57 year history, to both serve as our President; Don in 1994-95 and Brenda in 2012-2014. Congrats to Don and Brenda and all the best in your retirement!

Scenes From the 2022 VAA Trade Expo at The Homestead



More Scenes From the 2022 VAA Convention & Trade Expo at The Homestead



Our Grand Prize Winner!
Sarah and Nate Benedict
Of RNR Tire Express
in Norfolk won a weekend for 2 back at The Homestead.
Congrats!

And the Saturday Night Trade Show Winners Are



\$100- Noah Mikolski of Virginia Tire in McLean



\$200- Dallas Foltz of Broadway Automotive in Broadway



\$300- Lea Rowsey of Leele Tire in Petersburg



\$400- Vicki Hauer of Kempsville Auto in Virginia Beach



\$500- Kenny Fesperman of Virginia Tire in McLean

More Scenes From the 2022 VAA Convention & Trade Expo at The Homestead



Chris Barnett is recognized and thanked for his 2 years of service as our VAA President



Chris Barnett recognizes Past President John Kline with his Presidential Captain's Chair



Bill Hool is installed as our new VAA President by outgoing President Chris Barnett (L)

2022 VAA Annual Meeting at The Homestead



President Chris Barnett



Secretary/Treasurer Jerry Tatum



Legislative Chairman Mike Fortune



Legislative Counsel and Registered Lobbyist Bo Keeney



Delegate Kim Taylor

The Convention Speakers Really Brought It!



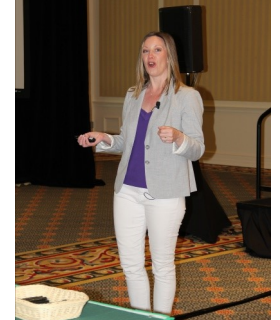
Opening Keynote Speaker Patti Hoying presented to owner's , sales/service and vendors following the Annual Meeting



Patti Hoying also moderated the Owner's Peer to Peer



ATI's Bryan Stasch presented to the Sales/Service and moderated their Peer to Peer



Sesco's Jamie Hasty presented to the Owner's



Bryan Dodge closed our convention on Sunday morning



Bryan Dodge received a rare standing ovation from our members



Closing Keynote Speaker Bryan Dodge shares a point with Opening Keynote Speaker Patti Hoying

Overtime Standards in Virginia Will Return to Federal Standards Beginning July 1, 2022

On July 1, 2021, the Virginia Overtime Wage Act (VOWA) went into effect, significantly deviating the state's overtime pay laws from its long-standing reliance on the standards set forth in the federal Fair Labor Standards Act (FLSA). Exactly one year later, Virginia will return to the overtime standards that applied prior to the VOWA.

Generally, the FLSA requires that non-exempt employees be paid overtime at a rate of one and one-half times their "regular rate of pay" for all hours worked in excess of 40 hours in a workweek. Under the FLSA, the regular rate of pay is the sum of an employee's compensation for a given workweek (barring certain statutory exclusions) divided by the total hours worked by the employee during that workweek. Under the VOWA, if a non-exempt employee was paid on a salary basis, their regular rate of pay was calculated by dividing that same compensation by 40 hours rather than actual hours worked, resulting in a higher regular rate. The new legislation eliminates this difference and returns to the FLSA's regular rate calculation method entirely.

Now that the FLSA's regular rate calculation standards will again apply, the fluctuating workweek may be used again.

Based on the definition of "employee" set forth in the VOWA, arguably some of the FLSA's exemptions from overtime were no longer available under state law. A return to the FLSA's standards ensures that all overtime exemptions available under federal law likewise will be available under Virginia law.

Employers should be mindful that the VOWA was not entirely rescinded. Prior to VOWA, employees could assert overtime pay claims only in federal court under the FLSA. VOWA in part enabled employees to alternatively bring such claims in state court, under arguably more employee-friendly state law standards. While those differing standards are eliminated as of July 1, employees may still pursue their overtime claims in state court, whether under state law, federal law, or both.

Note: VAA Members get no cost phone consultation on any HR related issues.

If Members have any questions or concerns about this or any other HR issues, we recommend they contact us. For assistance, contact us at 423-764-4127 or by email at sesco@sescomgt.com



We Thank the Following VAA Vendors for Exhibiting at our Trade Expo at The Homestead on April 23

Advance Auto Parts
American Tire Distributors
Andreoli Software
AP Emissions Technology
Atlantic Tire Distributors
Automotive Training Institute
Car-Part.com
Continental
Cooper Tire
Crovato Products & Services
Dodge Development
Driv Automotive
Emanuel Tire of Virginia, Inc.
Federated Insurance
Fisher Auto Parts
Hankook Tire NA
Hunter Engineering
Justice Tire Distributors
Keen Insurance Company
Koalafi
KUKUI
KYB Shocks
Martin-Scott
Max Finkelstein Inc.
Mitchell 1
Mohawk Rubber Sales

Morris Distributing
Myers Tire Supply
NAPA
NA Williams
Net Driven
New Hope Benefits & Consulting, Inc.
Nexen Tire America
NTW
Optimize Social Media
O'Reilly Auto Parts
Parrish Tire Co.
Pugh Lubricants
R.O Writer
Reliable Payments / Dominion Payroll
Shop-Ware
Standard Motor Products
TCS Technologies
The Supply Room
Tire Tutor, Inc.
TOPDON USA, Inc.
Torqata Data & Analytics
Unifirst Corporation
Wheel-1
World Kinect Energy Services
VAA

A Very Special Note of Thanks:

Thanks to our Convention photographer Don Schultz, and our Convention Videographer ST Billingsley.

A big thanks to our Convention Committee for their help during the Convention and their many hours of meetings and emails putting this event together: Chairman Steve "Fish" Crawford, Andrea Ellett, Chuck Shifflett, Clint Farrar, Kim Taylor, ST Billingsley, Tom Jones and Wes Tatum.

Special thanks to Chairman Fish for his countless hours behind the scenes. To Terry Cunningham, the smiling face at our Registration Table, and for her many hours of detailed work. And to Tom Jones, the best Golf Mulligan salesman in the country!

Change to the 2023 Convention and Trade Expo

The Omni Homestead is continuing an extensive renovation program to the tune of \$150 million. This project will impact our next scheduled visit April 2023. Because of this, we have moved The Homestead Convention and Trade Expo to April 19-21, 2024 when all renovations will be complete, and our members will experience a brand new Homestead.

For VAA 2023 Convention and Trade Expo, we will return to historic Colonial Williamsburg, and The Williamsburg Lodge the weekend of April 21-23, 2023. Mark your calendar now- More Details coming this Fall.