

Virginia Automotive Report

E Newsletter for March 2023



VAA Victory at the GA

By Steve Akridge

For the 2023 Virginia General Assembly, the "short session" adjourned on February 25. There were 2,863 Bills and Resolutions introduced.

For Legislative Monitoring, VAA again retained the services of The Keeney Group in Richmond, and our Registered Lobbyists were Bo Keeney and Bruce Keeney. Here is a summary of bills of interest.



At the Virginia General Assembly VAA Members
L-R: Jerry Tatum, Steve Akridge, ST Billingsley, Kim Taylor, Bo Keeney,
John Kline and Mike Fortune

HB 1677:

Our battle to end unfair taxation on Diagnostic Labor and Road service Labor, with HB1677 sponsored by VAA member Delegate Kim Taylor, was won when the Senate voted 40-0 on the 2nd and 3rd Readings, which means it officially passed in the Senate. It had already cleared the House 99-0. It has been signed by Governor Youngkin, and the new law will take effect July 1.

Here is a history of how this evolved. We approached Tax Commissioner Craig Burns for an appeal to their interpretation, but to no avail. From there, we met in person with the Attorney General's staff to present the full details of the issue. We sent a direct letter to AG Jason Miyares, requesting a ruling. None of this got our desired results. Our last effort, which we knew would be a difficult road, was to put a bill in the General Assembly, which Delegate Taylor was willing to do. After easily passing in the House, there was a strong attempt to kill the bill in the Senate Finance committee. So it was an uphill battle in the Senate. When we realized the resistance in Senate Finance, our Legislative Counsel and Registered Lobbyists, Bo Keeney and Bruce Keeney met one on one with key Senators to tell our message, and to get their vote. We cannot stress the importance of having this strong representation for our cause. The relationships Bo and Bruce had with key Senators changed the direction for our bill. Their effort, along with our "team effort" from our dealer members, clearly made the difference. Behind the scenes our Legislative committee Members Mike Fortune, John Kline, ST Billingsley, Jerry Tatum, along with Kim, Bo and myself have been working on this issue for a very long time. So a BIG thank you to our Dealer members for sending your emails and making the calls to the Senators on this Committee. We certainly thank our friends at the VGMC for joining us in this fight. And none of this would have happened without the commitment from Delegate Kim Taylor, who was willing to introduce this legislation, and fight for it to the end. And the rest is history. After passing in the House and Senate, and now the Governor's signature, it will take effect July 1.

So it was an uphill battle in the Senate. When we realized the resistance in Senate Finance, our Legislative Counsel and Registered Lobbyists, Bo Keeney and Bruce Keeney met one on one with key Senators to tell our message, and to get their vote. We cannot stress the importance of having this strong representation for our cause. The relationships Bo and Bruce had with key Senators changed the direction for our bill. Their effort, along with our "team effort" from our dealer members, clearly made the difference. Behind the scenes our Legislative committee Members Mike Fortune, John Kline, ST Billingsley, Jerry Tatum, along with Kim, Bo and myself have been working on this issue for a very long time. So a BIG thank you to our Dealer members for sending your emails and making the calls to the Senators on this Committee. We certainly thank our friends at the VGMC for joining us in this fight. And none of this would have happened without the commitment from Delegate Kim Taylor, who was willing to introduce this legislation, and fight for it to the end. And the rest is history. After passing in the House and Senate, and now the Governor's signature, it will take effect July 1.

Loud Exhaust:

3 bills were introduced concerning loud exhaust, with 2 of them impacting the state inspection program. As written, it would add a certain noise level to the procedure for inspect and reject, which would add more time to the procedure. Stations would be required to purchase decibel meters to measure the noise level. None of this has anything to do with safety. We directly opposed these bills, and our members also rallied to send emails and make calls to the committee members. Again, our efforts paid off, and none of the exhaust bills passed. SB1085 was amended to include a study on this which will be conducted by the Dept. of Transportation. The State Police will be involved and we have asked to be a stakeholder as part of this study to lend our expertise.

California Emissions:

There were 7 bills introduced (all by Republicans) to repeal a law which passed in 2020 when the Democrats had full control. Better known as the California Emissions, this adopts a program calling for a stepped up sales of EV and low emission vehicles, beginning with a higher percentage in 2024. The program dictates by 2035, all new vehicles sold in Virginia will be EV or low emission only. We supported the bills to overturn this, but knew chances were slim that any would pass, based on the Republicans controlling the House and Democrats controlling the Senate. As expected, the votes went down straight party lines, and all bills were killed in the Senate.

OPUS Emission inspection Bill:

There was a bill submitted which would raise the cost to every emissions inspection station in NVA. Our lobbyist Bo Keeney, along with VAA and VGMC members strongly opposed this in a meeting prior to the session. After it was introduced, Bo met privately with Senator Marsden, the patron of the bill. When he learned of the opposition, he pulled the bill, thus killing it for this session. This effort keeps each station from paying more to be in the program.

In closing, the tax issue potentially impacted every shop in Virginia. This shows what a very determined group can accomplish. A very successful session for VAA, our members and our industry!

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
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VAA, Richmond
Richmond Region

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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:

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Lynchburg Region:

Ron Justice, Justice Tire Distributors, Lynchburg

Shenandoah Valley Region:

Steve Crawford, Hepner Tire, Woodstock
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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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President's Corner By Bill Hoal

The VAA has been very busy in the first three months of 2023. Our legislative committee, with the help of Delegate Kim Taylor, who wrote a bill to end the taxation on diagnostic labor and road service, won a important victory for our industry. This bill was so well done that it passed the House 99-0 and the Senate 40-0. Congratulations to all! It makes me proud to see the hard work that everyone put in to making this a reality. To quote Mike Fortune who I think said it very well.

"It began with the beating of a fist against the table saying this is not fair. It evolved into a well thought out plan to form a PAC and hire the best representation. It continued because of the integrity of our association and its close relationship with Delegate Taylor."

The passion that the members of our Legislative Committee showed, along with the help we received from Bo and Bruce Keeney and the Keeney Group, and the emails and phone calls from our members in support of this bill, made this possible. And of course, none of this is possible without Delegate Kim Taylor and her willingness to write and sponsor this bill. A big thank you to Kim and the Committee: Mike Fortune, Chairman, Jerry Tatum, ST Billingsley, John Kline and Steve Akridge.

This started with the unfair audits of some of our members, and from that point many went to work to form a plan and correct this issue. This passion and commitment, is what makes the VAA the best dealer association in the country.

Our upcoming Convention in Williamsburg is less than a month away. We are very excited for what our convention committee has put together, and in particular our new Friday night Welcome Reception and Networking Cookout Dinner. This casual and relaxed format encourages more networking, which we all know is the hidden value in attending. Thanks to our Convention Committee:

Fish Crawford, Chairman, Andrea Ellett, Clint Farrar, Tom Jones, Wes Tatum, Chuck Shifflett and ST Billingsley. .

I look forward to seeing you in Williamsburg April 21-23.
Until next time,
Bill Hoal

*The Annual Meeting of the
Virginia Automotive Association will be held
Saturday, April 22, 2023, 8:00 AM at
The Williamsburg Lodge, Williamsburg, VA.*

2023 VAA SPONSORS

We want to thank the following vendors for being year round VAA Sponsors for 2023, 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



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Millennials Put Amazon in Driver's Seat

"Amazon holds a special place among Millennials, who rank it as the most relevant product/service brand in the U.S. In the minds of Millennials, Amazon overshadows tech giants like Apple and Google and product/service companies the likes of Sony, Starbucks, and Nike, to name only a few."

"Amazon's top ranking among Millennials has significant implications for its future sales of automotive parts and repairs. Amazon has shown a growing interest in the aftermarket as a foothold for gaining access to the massive, trillion-dollar mobility market of the future."

Millennials are America's Economic Future

Millennials (Americans born between 1981 and 2000) range in age from 23 to 42 years and are the largest U.S. generation.

For the next 20 years, Millennials will be the key generation driving the U.S. economy as Baby Boomers fade from the scene, and Generation Z consumers gain economic traction.

Millennials Rate Amazon the Most Relevant Brand

Amazon is first in Millennials' ranking of relevant product/service brands. Brand relevance is determined by its benefits to consumers and how it addresses their key needs, wants, and desires.

Relevance is the most significant factor in determining a brand's economic success and impact.

Millennials have grown up with Amazon, and it has become their go-to buying source for all kinds of goods and, increasingly, services. As digital natives, Millennials have not known the Internet without Amazon.

From Books to Everything

Amazon began on July 5, 1994, as an online marketplace for books, run by Jeff Bezos from his garage in Bellevue, Washington. Amazon has rolled out its offerings to encompass virtually all types of products, transforming from the Internet bookstore to the Internet everything store.

Amazon is expanding into services, with o2o (online to offline) transactions growing in volume and the range of services it offers, including auto repair.

Amazon's Unique Appeal to Millennials

In addition to its product array and quick delivery (which appeal to all consumers), Amazon has two features aimed directly at key Millennial values, which have helped it earn the status of top relevance among Millennials.

Product Reviews

One characteristic of Amazon that makes it so popular with Millennials is its product review feature, which allows users to rate products that they have purchased. This taps into a primary Millennial value: peer-to-peer opinion sharing. Millennials strongly rely on peer-to-peer opinions when they choose among products and services. This information provided by Amazon plays into Millennials' core value of sharing.

This sets Amazon apart from many other buying sources (mainly brick-and-mortar businesses) and gives Millennials the feeling of an extra value from Amazon, which makes their product selection much easier and more likely to be "on target".

Brand and Price Alternatives

Another of Amazon's features that make it the first choice of many Millennials is its vast variety of options within product categories. Amazon offers brand and pricing alternatives to buyers, which most brick-and-mortar stores cannot match.

This is important to Millennials who often prefer value (competitive pricing) over merchandise branding. This has led to the accusation by some analysts that Millennials lack brand loyalty.

Aftermarket Implications

Amazon's appeal to Millennials will have significant consequences as Amazon increasingly targets auto parts (retail and wholesale) and expands its offerings of automotive repairs.

Lang Marketing Article Continued on Page 5

Millennials, who already play a critical role in DIY parts buying, are a growing force in the Do-It-For-Me (DIFM) market partially due to the increasing number of Millennial technicians and repair shop owners.

Lang Marketing's recent study of repair shops' Internet buying practices has documented significant differences in the Internet buying practices of Millennial technicians and shop owners compared to the behavior of their older counterparts.

Aside from this wholesale aspect of the DIFM market, Millennials are changing the role of the Internet in the retail purchase of automotive repairs

Delivery Time Not a Barrier

The rapid delivery of auto parts by brick-and-mortar stores to repair outlets is usually regarded as a requirement of the DIFM aftermarket and a barrier that will keep Internet buying from expanding beyond only a small collection of aftermarket repairs.

However, o2o (online to offline) transactions can reduce the need for rapid parts delivery, with consumers scheduling auto repairs through Amazon (online) at approved outlets and allowing lead time for the necessary parts to reach the outlet from Amazon before the scheduled time of repair (offline).

This o2o strategy shifts the focus of consumers' auto repair buying decisions from local repair outlets to large platforms, such as Amazon.

Amazon in the Driver's Seat

With its unprecedented position of reliance and trust among Millennials, Amazon is ready to expand its already substantial auto parts DIY sales base and increase its offering of auto repairs (using an o2o model).

Its growing aftermarket foothold has positioned Amazon to gain access to the massive, trillion-dollar mobility market of the future.

Six Major Takeaways

- Ranging in age from 23 to 42 years, Millennials will be the dominant generation in the U.S. economy for the next 20 years.
- Millennials believe that Amazon is the most relevant brand, standing above tech giants like Apple and Google and consumer brands like Sony, Starbucks, and Nike, to name only a few.
- Two key features of Amazon are directed at core Millennial values: peer-to-peer ratings of products and services, and a wide selection of brands and prices.
- o2o (online to offline) transactions can work around the need for quick parts delivery to installers by enabling consumers to schedule repairs several days in advance (online), allowing Amazon to ship the necessary parts to the repair outlet (offline).
- This o2o strategy shifts the focus of consumers' auto repair buying decisions from local repair outlets to large platforms such as Amazon.
- Amazon's interest in the automotive aftermarket is based mainly on the access that it can provide to the much larger, trillion-dollar mobility market of the future.

Welcome New VAA Members

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

Rick's Tire & Auto Rick Watts Mechanicsville, VA

Michelle Rother LLC Michelle Rother Deltaville, VA

Holtzman Service Center Rebecca Racey New Market, VA

Avantech Tire Don Schultz Newnan, GA

Thinkcar US Miguel Rodriguez Ontario, CA

Mac's Service Center Mac McManus Ashland, VA

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. VAA Membership starts at less than a dollar a day!

Support our VAA Endorsed Program Partners

VAA proudly endorses the following Program Partners, and they offer great value and service to our members. We ask you give them a few minutes, and take a look at their program when they call.

Federated Insurance (Liability/Worker's Comp)— Manuel Vazquez Ederra
P:919-923-6736 E: mfvazquezederra@fedins.com

Unifirst Corporation (Uniforms)— Heather Esparza
P: 540-532-7588 E: heather_esparza@unifirst.com

Reliable Payments (Credit Card Processing)— Zack Snead
P:804-302-6776 x121 E: zsnead@reliablepayments.com

Dominion Payroll (Payroll Processing)— Scott Byer
P:804-355-3430 E: sbyer@dominionpayroll.com

The Supply Room (Office supplies, furniture)— Ron Lindsey
P: 804-412-1200 E: rlindsey@thesupplyroom.com

ARI/TCS Technologies (Website)- Brian Rhode
P: 414-973-4377 E: brian.rhode@arinet.com

Optimize Digital Marketing (Social Media)— George Booth
P: 218-393-3081 E: george@optimizesocialmedia.net

SESCO (HR Related Information)— Jamie Hasty and Bill Ford
P: 423-764-4127 E: jamie@sescomgt.com;
bill@sescomgt.com

2023 HR and Employment Law Outlook

Each year, SESCO provides an outlook on what employers may expect in the new year. These updates include legislative and regulatory developments from a federal as well as state standpoint. Please consider the following.

Department of Labor Rules on Independent Contractors – The Department of Labor continues to scrutinize the classifications of workers to determine if they are employees of the organization or a true independent contractor. Of course, the Department of Labor wants to expand the definition of “employee” so that the relationship is more regulated to include taxed.

The public comment phase of the rule making process has concluded. It is expected that the final rule defining “employee” and independent contractor will be published in May. The final rule will consider other factors but primarily six (6) determining factors to include:

- Opportunity for profit or loss depending on managerial skill
- Investments by the worker and the employer
- Degree of permanence of the work relationship
- Nature and degree of control
- Extent to which the work performed is an integral part of the employer's business
- Skill and initiative

As stated, each one of these factors is, of course, slanted towards classifying the worker as an “employee”.

As SESCO was founded in 1945 by an ex-Department of Labor Wage-Hour Investigator, DOL and Wage and Hour Compliance remains to be a major part of our business. If you have any questions or concerns about a current or future designation of an independent contractor relationship, please contact us as both the DOL as well as IRS are closely monitoring these relationships and fines and penalties are severe.

Non-competes – As previously reported by SESCO, the Federal Trade Commission (FTC) proposed a rule on January 5th prohibiting non-competition provisions in employment agreements.

The FTC proposes to ban agreements that are too broad, require paying unreasonable training costs and the agreement would nullify any existing agreements within six (6) months from the rule taking effect.

As of now, the comment phase of the proposed rule ends March 6th. Subsequently, the FTC may issue a final rule following the 60-day comment period. Pending the final rule, SESCO consultants and attorneys are available to assist in reviewing current non-compete agreements, revising those to ensure compliance as well as developing new strategies and agreements moving forward.

Note: As with many labor and employment regulations, many states have already established restrictions and guidance concerning non-competes. Serving clients in all 50 states, SESCO will advise and ensure compliance to state regulations.

Disclosing Perspective Salary/Salary Ranges in Advertising – A number of states, which will continue to grow, to include New York, California and Washington have implemented pay transparency laws requiring employers to disclose perspective salary or salary ranges when advertising an open employment position. Employers who violate such transparency laws are subject to monetary damages, civil damages or other relief, such as amending the job posting.

AI and Its Use in the Workplace – Artificial Intelligence (computer technology) is widely used in the employment relationship to include recruiting and hiring, predicting job performance, or other trait analysis. Last year, the Equal Employment Opportunity Commission issued guidance on AI decision making tools.

Again, some states such as New York, Illinois and Maryland have enacted measures to regulate the use of AI and certainly if you operate in these states, contact SESCO to ensure you are complying with the regulations.

Sesco Article Continued on Page 7

Sesco Article Continued from Page 6

It is recommended by SESCO to continue to use sound technology and vendor programs that meet the AI Bill of Rights as issued by the Biden Administration and to fairly and consistently apply the use of these systems in all screening and hiring as well as employment decisions. Reputable firms will ensure compliance and these tools are excellent in making important hiring and employment decisions, re: DiSC Profile.

Hairstyle Discrimination – Creating a respectful and open world for natural hair, referred to as **The Crown Act**. The Crown Act is a law that prohibits race and national origin-based hair discrimination. This includes hairstyles such as locks, twists, braids or other hair textures that are associated with a specific race. There are a significant number of states that have passed Crown laws including California, Illinois, Colorado, Connecticut, Massachusetts, New York and even Tennessee. While other states do not have Crown laws, such laws have been passed at some local county and city levels.

Certainly, policies and procedures to include dress and grooming should be reviewed for compliance by SESCO.

Flexibility in the Workplace – As recruitment and retention of qualified and skilled candidates continues to be a significant challenge for employers in all industries and professions, flexibility in the workplace must be considered. For example, SESCO has a large manufacturing client that is extremely busy and is operating three (3) shifts a day, seven (7) days a week. Employees can literally get as much overtime as they would like, and wages and benefits are excellent.

However, this client experiences a high level of turnover. It has been determined that although the overtime yields high gross pay, the younger generation that typically works in a manufacturing environment simply do not want to work more than 40 hours a week. We are even seeing some wanting to work less than 40 regardless of the benefits that are provided.

We understand that there is no one-size-fits-all schedule. However, if you are experiencing turnover or having a hard time recruiting staff, consider flexible scheduling to include full-time, part-time, even casual or temporary employment.

Further, consider flexibility in the hours of work each day. For example, at SESCO we have a window from 8:00 am to 9:30 am as a starting time. An employee can establish their eight (8) hour workday schedule within that timeframe. This is a "fixed" timeframe and the employee cannot adjust the schedule daily, weekly or even monthly. This allows flexibility for those with children, taking care of adult parents, and other work life preferences.

In 2023 and beyond, flexibility in not only scheduling and hours of work but other factors such as benefits will become a reality.

Ask your employees their preferences.

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@sescorgt.com



Endorsed Program Partner Feature

By Steve Akridge

One of the real values to our VAA members is our relationship with our Endorsed Program Partners. This month we are focusing on our Partner Program with The Supply Room.

Members get special custom pricing on items in their extensive catalog, and will get convenient next day delivery. As time is critical, this means you will never have to leave your office to place an order.

A true family owned business, founded in 1951, and now run by the third generation, The Supply Room, is also a Virginia business. Their 280,000 square foot warehouse and headquarters is located in Ashland. So when you need to talk with someone, you're getting a real, live person right here in Virginia. To make their process efficient, they have hub locations across the state. I have personally toured their warehouse and ordered from them for VAA– the process is seamless. Here are a few areas The Supply Room can help you with:

- Office Essentials– overnight access to more than 100,000 products from top brands.
- Coffee and Breakroom– coffee brewer and water cooler rentals, maintained by Supply Room technicians. A wide selection of coffee and tea flavors, snacks, and refreshments.
- Janitorial and Facilities– cleaning supplies for any office area, shop area and restrooms. Janitorial equipment available for all cleaning needs.
- Furniture and Interiors– Full service furniture and interior design services installed by an experienced delivery team. They represent more than 75 major product lines to fit every project scope and budget.
- Promotional products to market your brand.

Here is what one VAA member had to say about doing business with The Supply Room:

"We have been using The Supply Room for four years. Their service is unequal, and their prices are competitive with anyone. I find the order process is simple, and my order arrives the next day. And they are headquartered here in Virginia if I have any questions".
Pam Foltz, Hepner Tire, Woodstock.

The Supply Room financially supports VAA as a sponsor and exhibitor, and they give back a percentage of sales generated from our VAA members. So know when you place your order, you are also helping VAA. To get started call our VAA contact at The Supply Room:

Ron Lindsey, VP of Sales:

Direct Phone: 804-412-2729

E Mail: rlindsey@thesupplyroom.com

Visit Ron at their booth at the VAA Trade Expo on April 22 at The Williamsburg Lodge.