NOZZLE & WRENCH

AN OFFICIAL PUBLICATION OF THE WASHINGTON DC, MARYLAND & DELAWARE SERVICE STATION & AUTOMOTIVE REPAIR ASSOCIATION

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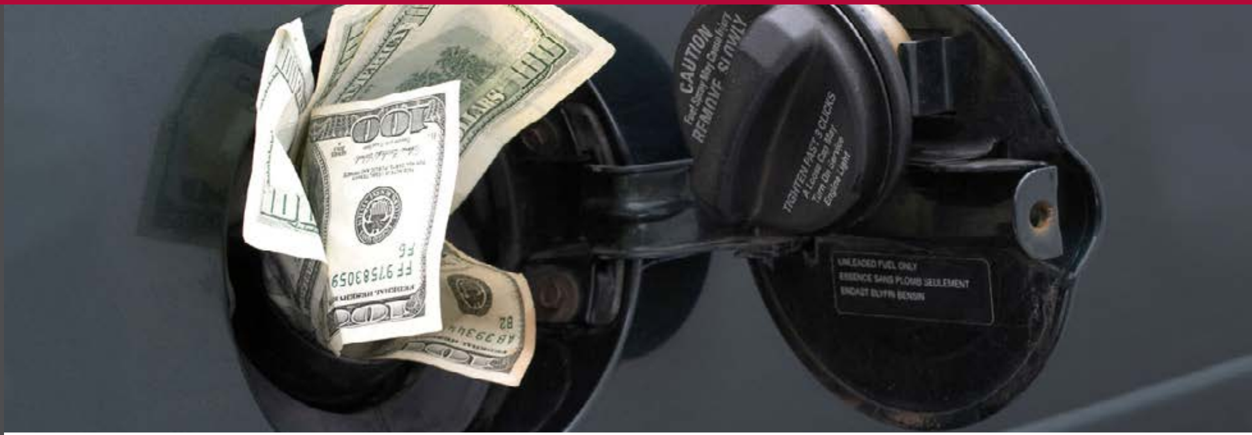

KIRK'S CORNER

Stop the Gas Tax Hike in Maryland & Delaware

By Kirk Mccauley, Director Of Member Relations & Government Affairs

The past year we have been talking about the effects Transportation Climate Initiative (TCI) would have on our businesses as far as gas volume and car count in repair shops.

TCI would affect the way we go about our business and the cost would be borne by all to build bike lanes, supplement the purchase of electric vehicles, or truthfully anything the managers (Georgetown Climate Center) decide your tax dollars from increased fuel costs should pay for.

If you are a repair shop, convenience store or bayed station this will not only affect your sales and car count but the **value of your business.** Act now, click the link below and sign the petition (1 minute).

Is now the time for Maryland and Delaware to implement policies that dramatically increase the cost of gasoline?

Maryland Governor Larry Hogan and Delaware Governor John Carney are considering a regional transportation initiative that would impose a new gas tax on the region and restrict the sale of gas by 30%.

https://www.stopnewgastaxes.com/

Any questions can be addressed to kmccauley@wmda.net.

COVID 19 - Essential Workers and Vaccine

As a vaccine for COVID 19 gets closer to being approved, WMDA/CAR is advocating for putting our essential employees in line behind health care workers, nursing homes, first responders and people with pre-existing conditions that make them especially susceptible to the virus. Our employees have stayed in harm's way to serve the public.

From repair shops, convenience stores and fuel islands we have provided car repair, gas, diesel, and necessary food. Our convenience stores have become a go to when trying to avoid shopping with crowds. Our workers interact with hundreds of people a day while providing service. Facts speak for themselves and the safer our employees are the safer communities they serve become.

Continues on page 4

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WMDA/Car has jointed our business coalition partners in urging federal Legislators to pass a stage 4 stimulus package that includes another round of paycheck Protection Program and funding to include 501 C 6 trade organization that have not been included in any of the funding so far.

Continued from page 1

Hopefully, we get some traction from the Maryland, Delaware, and District of Columbia on the need to take care of our essential workers.

District of Columbia

The vaping flavor ban bill 23-0453 has not been scheduled to full council as of this writing. There was talk of adding a flavor ban all tobacco products to this bill. Thanks to those that sent a response to council on this bill.

The council dug up another old bill from 2019 that would require all retail business with a few exceptions (online and parking garages) to accept cash. Bill 23-0122 also said a retailer shall not charge a different price to customers depending on their payment method. WMDA was in the process of pointing out that would keep a retailer from recovering the cost of accepting credit cards as a legitimate business expense.

When the bill came out of committee the line on payment method was taken out of bill. With that line gone we had no objections as all our businesses take cash. The bill will pass through council and become law. This is another example of how DC council can bring a bill from years past and pass it with little or no current comments from citizens or business. Not a very honest legislative process.

News Release — DC Office of the Attorney General

WASHINGTON, D.C. – Attorney General Karl A. Racine today filed a lawsuit against Capitol Petroleum Group, LLC (CPG), a leading retailer and distributor of gasoline in the District of Columbia, as well as several affiliated companies, for illegal price gouging during the District's COVID-19 emergency. The Office of the Attorney General's (OAG) investigation revealed that even as wholesale gas prices dropped when the economy slowed in March and April 2020, CPG unlawfully doubled its profits on each gallon of gas sold to consumers at 54 gas stations in the District. OAG also alleges that CPG and its affiliates, Anacostia Realty, LLC, and DAG Petroleum Suppliers, LLC, unfairly increased profit margins they earned on gas distribution to other retailers. With this lawsuit, OAG is seeking a court order to stop CPG from violating the District's price gouging and consumer protection laws, relief for consumers who were charged unfairly high prices, and civil penalties. This is the second lawsuit OAG has filed against a D.C. business for price gouging during the pandemic.

Protections under the District's Natural Disaster Consumer Protection Act (NDCPA) went into effect when the Mayor declared a state of emergency on March 11. The NDCPA prohibits individuals or businesses from taking advantage of an emergency by charging higher than normal prices for goods and services. Specifically, the law bars retailers from increasing the amount they markup goods over their wholesale costs and requires them to maintain the same markup percentage that was in place 90 days before the emergency was declared. This means that merchants may not increase their profit margins during an emergency. Under the District's Consumer Protection Procedures Act, companies are also prohibited from engaging in unfair trade practices, such as substantially increasing profit margins during an emergency. Link to full complaint is below

https://oag.dc.gov/sites/default/files/2020-11/Capitol-Petroleum-Group-Complaint.pdf

Delaware Minimum Wage on Table Early

Delaware legislative session does not start until January 12th, but we already have a minimum wage bill circulating. The Delaware democratic party gained 2 seats in the senate and wasted no time in bringing a minimum wage bill to introduce in the 2021 session.

The bill would increase minimum wage to $15.00 hour by 2026 and has a consumer index in bill. Minimum wage is $9.25 an hour now and would go to $11.00 hour in 2022 and would go up a $1.00 year from there. I will have to get a look at the full bill and talk with Delaware members. $15.00 hour has faced stiff opposition in Delaware in past years.

DNREC

Delaware has two virtual meetings set up for amendment to stage 1 emission control regulations on December 8th and amendments to UST regulations on December 9th. We are reading

changes now and will provide comments online and written, as necessary. Links to both are below.

[Public Hearing: Vapor Emission Control Regulations (delaware.gov)](https://dnrec.alpha.delaware.gov) Dec 8th

https://dnrec.alpha.delaware.gov/events/public-hearing-proposed-revisions-to-the-underground-storage- tank-regulations/ Dec 9th

Maryland Legislative

Maryland sessions comes in January 13th and all eye will be on a vetoed bill HB732 which was vetoed by Governor Hogan after the 2020 session. This bill includes tobacco and ESD tax increase and a tax on digital advertising gross revenue. Will legislators override veto? http://mgaleg.maryland.gov/2020RS/bills/hb/hb0732E.pdf

Other bills we expect to see:

- Sports Betting
- Beer and wine sales in grocery, convenience, and box stores
- Bills that would tax carbon fuels or anything generated by carbon fuels
- Vaping and flavor Bans

Federal Stimulus

WMDA/Car has jointed our business coalition partners in urging federal Legislators to pass a stage 4 stimulus package that includes another round of paycheck Protection Program and funding to include 501 C 6 trade organization that have not been included in any of the funding so far. States and Counties are also in desperate need of federal stimulus.

Congress passed the CARES Act in March. The move provided more than $2 trillion in economic stimulus to state and local governments to combat the impacts of the pandemic.

One of the restrictions placed on the funding, however, limits the money's use to expenses incurred between March 1, 2020, and December 30, 2020. Even if there is CARES money that has not been used it will not be available after December 30. A bipartisan effort must be now. ■

CAR TALK

The Year of Training

By Sandi Weaver
BA Auto Care, Inc.

Wow has this year been full of training. With Covid putting a stop to almost all in-person training, just about everyone has made the switch to virtual learning. Some training that wasn't available to shop due to the high cost, are now available to them at little to no cost. Not needing to book and pay for travel and hotel is saving every shop money. It's not just money we are all saving, it is time too. Being able to step into the office and attend a 1 hour class during lunch or joining a Zoom class from home after dinner is so convenient.

I was pleased to be able to attend AAPEX this year when I wouldn't have been able to had it not been virtual. I have not just learned from the online/Zoom classes I have taken but I have also learned a lot about the platforms that are used to host such events. The ability to meet one on one with vendors at trade shows is actually better than when in person with no interruptions. There is even a way to meet other attendees while attending the large training events, through online chat. This is perfect for an introvert like myself.

With so many benefits of virtual training and so many options available, it's definitely been a year of learning and growth for myself and everyone working at our shop.

WMDA/CAR is offering free virtual lunch and learns through December. Coming in February is WMDA/CAR's annual training day. This year is going to be bigger and better than previous years due to being 100% virtual. 3 days of training from industry leading instructors from all over the United States. To learn more, visit wmda.net or call the office. ■

With Covid putting a stop to almost all in-person training, just about everyone has made the switch to virtual learning.

Lunch n Learn Tuesdays

Free Virtual Training for WMDA/CAR Members

NON-MEMBERS: One low Fee of $100/Shop for ALL sessions. This fee can be used towards WMDA/CAR membership fees IF you join between now and Dec 30. Valid for "New" members for the first year.

Classes for Technicians, Service Advisors, Managers and Shop Owners.

Sponsored by: *AdvisorFix, BOLT ON TECHNOLOGY, DiagNation, Institute of Automotive Business Excellence and RLO Training.*

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WMDA CAR

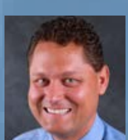
What is the Next Step for You and Your Shop?

DEC. 8 | 12PM-1PM | Chris Frederick, Jr., *Automotive Training Institute*

If you are exiting the business in the next 5 to 10 years, what does that look like and what are the items you need to focus on today to do this successfully. Join me, Chris Frederick Jr, in this exciting lunch and learn to reignite your passion and help you refocus your efforts on results!

Shift...Selling to a New Generation of Tech Savvy Consumers

DEC. 15 | 12PM-1PM | Jeremy O'Neal, *Advisorfix*



Welcome to a new generation of tech savvy consumers. This workshop will provide you with real world systems and tools needed to thrive with this new consumer. You'll learn the exact systems cutting edge auto repair shops are using to dominate the sales landscape. **Jeremy O'Neal** (AdvisorFix) will assist each student in understanding the fundamental tools needed to meet the demands of this new generation and create a system to thrive in the coming years.

The Vehicle Inspection Done Right

DEC. 22 | 12PM-1PM | John 'JB' Burkhauser, *BOLT ON TECHNOLOGY*

With longer intervals between vehicle services the inspection is much more important to the vehicle's safety than it ever was. Doing and documenting a proper inspection will not only protect the drivers, but also the shop from possible liabilities. During this webinar, we will discuss the proper methods of performing, documenting and sharing of the inspections for the benefit of all involved.

Diagnosing Difficult Deposit Related Driveability Concerns

DEC. 29 | 12PM-1PM | Gary Smith, *Diagnation.com*

- This one-hour mini class looks at how fuel and oil depositing plays a major role in getting the diagnosis right the first time on these modern close tolerance, fast-fuel control vehicles.
- This is an eye-opening class for techs, advisors and shop owners alike, and talks about critical knowledge that the OEMs are NOT teaching today.
- Learn how adding this strategy to your diagnosis saves time, un-necessary parts replacement and LESS COMEBACKS. A Must-See class for all shop positions, techs, advisors and shop owner.

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The Rent Increase Predicament

By James L. Parsons, Jr., Lynott, Lynott & Parsons, P.A.

What options does a dealer have when its franchisor imposes a rent increase that the dealer's business cannot afford to pay?

What options does a dealer have when its franchisor imposes a rent increase that the dealer's business cannot afford to pay? Two recent decisions illustrate how this predicament can result in the demise of a dealer's business.

The first case, *Hopkinton Friendly Service, Inc. v. Global Companies LLC*, 2020 WL 5821915 (D. Mass., Sept. 29, 2020) arose out of a dispute in Massachusetts between a dealer, Hopkinton Friendly Service, Inc. ("Hopkinton") and Global Companies LLC and Global Montello Group Corp. ("Global"). In that case, Global had increased the monthly rent that Hopkinton was paying in connection with the renovation of Hopkinton's gas station and convenience store. Under its most recent franchise renewal agreement, Hopkinton was paying monthly rent of $14,138. The renewal agreement provided Global with the right to redevelop the premises. Under Global's rent guidelines, if the cost of redevelopment exceeds $500,000, then the rent increase would be the cost of the development multiplied by 15%.

After Hopkinton signed the renewal agreement, Global invoked its right to redevelop the property. However, Global did not advise Hopkinton that the total cost of the project would exceed $5 million until after the dealer signed the renewal agreement.

The cost of the project resulted in a monthly rental increase of proximately $65,000.00 *per month*, which was about the same amount of the average *annual* net profit that the dealer had received over the previous 5 years. Based upon the proposed increase, Global provided Hopkinton with a right to terminate the agreement within 30 days of the notice of the rent increase, but the dealer did not exercise that right. Instead, the dealer filed suit against Global. The claims asserted by Hopkinton included a violation of the Petroleum Marketing Practices Act (PMPA), a breach of the covenant of good faith and fair dealing, unfair or deceptive business practices under Massachusetts law, and fraud in the inducement.

The court rejected all of the dealer's claims, finding that Global had acted in good faith in connection with its decision to redevelop the property, which it had the right to do under the terms of the franchise agreement. In reaching its decision, the court pointed to the admission by the dealer that, if the amount of the rent had been disclosed to her before she signed the renewal agreement, she still would have signed it. As a result, she had no actionable claim based upon Global's failure to disclose the rent increase before she signed the renewal. Hopkinton has filed an appeal of the court's decision, which (as of this writing) is pending with the First Circuit Court of Appeals.

Another recent case dealing with a disputed rent increase that arose in New Jersey is the case of *Four S Shell Limited Liability Company v. PMG Limited Liability Company,* 2020 WL 5642190 (D. N.J., Memorandum signed Sept. 22, 2020). In that case, the franchisor, PMG Limited Liability Company ("PMG") presented its dealer, Four S Shell Limited Liability Company ("Four S Shell") with a rent increase from $5,466.67 to $10,000 per month (an 83% increase). When the dealer did not accept the rent increase, PMG issued a notice

of non-renewal of the franchise. After the notice was issued, the dealer inquired as to how PMG calculated the rent increase, and PMG's representative responded that the increase was based upon PMG's "own proprietary internal method" which is "fair, consistent and . . . applied uniformly to all sites in its network." After the termination of the franchise, the dealer sued PMG, alleging a violation of the PMPA. At trial, a representative from PMG testified that he explained to the dealer that rental amounts are based on twelve percent of the "estimated value of land, improvements, plus taxes and plus maintenance." However, PMG did not provide any written notification of the rent guideline formula to the dealer prior to the termination of the franchise.

Section §2802(b)(3) of the PMPA allows for the non-renewal of a franchise by the franchisor if the franchisee (*i.e.*, the dealer) fails to agree to changes in the franchise (such as a rent increase), so long as the changes are determined by the franchisor "in good faith and in the normal course of business." In addressing the PMPA claim, the court noted that the good faith requirement can be satisfied if the rent formula is evenly applied to all franchisees, even if the increase seems objectively unreasonable. The court added that the "normal course of business" requirement can be satisfied if the franchisor can establish that the changes to the franchise were the result of its "normal decision-making process."

Applying those standards to the facts of the case, the court found that PMG failed to meet its burden to show that the proposed rent increase was proposed in good faith and in the normal course of business. The court cited several factors supporting its conclusion, including (i) the valuation of the station by PMG's representative that was used in the rent formula was "suspect," (ii) the application of the rent formula was arbitrary compared to prior dealers, and an appraisal should have been performed; and (iii) the lack of advance written notice to the dealer of the rent formula showed lack of good faith.

With respect to damages, the court awarded the dealer the funds that had been withheld by PMG for the security deposit and fuel inventory, and the cost for the installation of bullet-proof glass, but did not award the dealer the $130,000 goodwill payment that the dealer had paid for the business. The court reasoned that the dealer knew when it bought the business that it was a "tough location" and that the dealer could not cite any case that supported acquisition costs as a measure of damages. The court also allowed the dealer to submit an application for reasonable attorney's fees. As a result, while the dealer won the battle of proving a violation of the PMPA, the dealer still lost its business.

These recent cases show how rent increases can put dealers in the unenviable position of choosing between attempting to survive with higher rent, or dealing with the expense and uncertainty of litigation. Despite the outcome of these cases, dealers should be aware that the PMPA does provide some protection when franchisors run afoul of the "good faith and normal course of business" standard. In addition, if the purpose of the rent increase proposed by the franchisor is to convert the leased marketing premises to operation by employees or agents of the franchisor (*i.e.*, conversion by the franchisor to a company operated or commissioned agent store), then such rent increase would be in violation of the PMPA. ■

These recent cases show how rent increases can put dealers in the unenviable position of choosing between attempting to survive with higher rent, or dealing with the expense and uncertainty of litigation.

The Power of Digital Advertising

Research has also shown that if a user cannot find what they are looking for on the very top of the first page of search results they will enter a new, different set of search terms rather than drill down into the initial results.

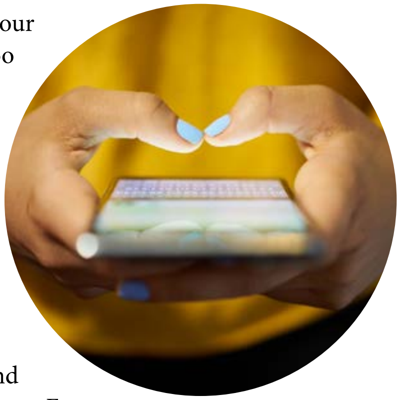
The reason that digital advertising is so important is that search engines are where almost every customer buying journey begins. Every day Google gets 3.5-billion searches, Bing gets nearly 875-million, and Yahoo gets another 585-million search queries. That equates to a combined total of almost 5-billion daily searches. Yet despite the volume, the oldest joke in digital marketing is "The best place to hide a dead body is on the second page of Google" because 60% of traffic goes to the top three listings and less than 10% of all searchers will ever go to the second page.

Research has also shown that if a user cannot find what they are looking for on the very top of the first page of search results they will enter a new, different set of search terms rather than drill down into the initial results. Most importantly, 97% of online users perform a search to find local businesses like yours.

Paid digital advertising is a marketing method where companies pay a "publisher" – such as a search engine provider or website owner or a social media platform – each time someone views or clicks on one of their ads. Essentially, companies use the paid ads or keywords to "buy" visits to their site rather than earning them organically over time. Different companies will bid for the ad space or a specific keyword in a search, the publisher accepts the highest bid, and then places the ad at the top of the page where it has maximum visibility and the greatest chance of being clicked on. Enough click-throughs and the resulting jump in traffic will help turn the purchaser's website into a highly ranked destination by Google and the other big search engines. At the end of the day, it's a basic equation: Spend enough, place a solid ad, and you will get top placement on page one in a search.

That's why you need to have a clear paid advertising strategy for your business and a solid approach is to develop one that covers the big three pillars of online ads: Search, social, and display. Although they are all similar in some ways, they all have different advantages and can reach different audiences, so let's break them down.

Search Advertising Basics: SEO, SEM, and Display Ads



Search Engine Optimization (SEO) "organically" increases your platform visibility on search engines such as Google or Yahoo and drives more traffic to your dealership's website. Organic (non-paid) search results are ranked by the quality and content of the web page and make up most of the content you see after a search. To rank at the top of this section, your landing page needs to be relevant for the searcher and needs to have a high click-through rate. SEO makes up around one-third of all traffic to company websites and accounts for more traffic than paid and social put together, but it takes time and expertise to build. Successful SEO requires extensive knowledge of how search engines work and takes time and practice to get right because it is a moving target. For example, search engine algorithms on Google alone are updated as many as 500 to 600 times a year and requires constant monitoring and modifications to be effective.

To accelerate the ability for your business to be quickly found in web searching, you'll need to use paid Search Engine Marketing (SEM). SEM is used to describe online searches that begin by clicking through on a paid ad.

Some of the most common terms used to define to SEM activities include:

- **Paid Search Advertising:** Short, text-based ads that are placed on search engines like Google, Yahoo, Bing, and appear at the top right-hand side of the page when search results are displayed.
- **Pay-Per-Click (PPC):** The pricing model for what you will pay if someone clicks on your ad and goes to your website or landing page. These ads appear in the top search engine slots and direct searchers directly to the page you want them to land on.
- **Cost-Per-Click (CPC):** The fee you pay when a user clicks on your ad to visit your website or landing page.
- **Cost-Per-Thousand Impressions (CPM):** Most search ads are sold on a CPC/PPC basis, but some advertising options may also be sold on a CPM basis.
- **Display Ads:** A step up from standard PPC text-based ads, this approach uses either static or dynamic images (e.g. banners, videos, audio, or polling formats) that offer a more engaging experience that helps capture the attention of your target audience and drive conversion.

SEM effectively turbocharges your online marketing because paid search ads drive traffic directly to your website or straight to your service and inventory pages. The most common form of this is the Pay-Per-Click (PPC) model. On one level, paid search ads are simple. If you are a tire dealer and a big winter storm is forecast for your area, you absolutely want to advertise your inventory on Google. When someone searches for keywords you bid on, like “studded tires” or “best winter tire,” their search term will trigger your text ad. Your ad will show up in the sponsored section of the search results at the top of the page just to the right of all the organic entries.

You can also use PPC to target searchers based on their geography with search ads, so it’s only shown to people in your local area. It’s a great way to compete in your industry and target local audiences and people who are already looking for your services. This is a cost-effective approach to getting visibility quickly and may not be as expensive as you’d think. A recent review of Google AdWords pricing shows that the minimum bid per keyword is only 5-cents, while the most expensive keywords (like “insurance” or “loans”) can range up to $670 per click!

Beyond text ads, you can also use PPC strategies with “Display” ads. Display advertising is a way to grow your brand’s awareness online and are targeted based on user activity. Display ads (often banner ads or “rich media” formats like video or audio) are shown to your target audience when they are browsing the Internet. With a 90% reach across all Internet users worldwide, Google’s display network is the largest in the world and reaches more than 2-million sites and more than 650,000 mobile apps.

Effective display formats include:

- **Static Banner Ads:** A banner is a simple image ad that is served onto a web page. Static banner ads typically consist of a single image file with no audio, video or additional features
- **Animated Ads:** Animated ads are a cut above static banner ads when it comes to capturing the attention of the target audience. Animation creates movement that naturally catches the eye and works against what is known as “banner blindness,” prompting target audiences to investigate your message
- **Video Ads:** While video ads are primarily served through video content platforms like Netflix and YouTube, they can also be distributed through display ad networks like Google. The great thing about video advertising today

Facebook has a huge audience – a staggering 2.4 billion people use it every month! But beyond keeping connected with friends and family, people are increasingly using Facebook to connect with businesses of all sizes.

is that almost everybody has access to a mobile phone with reasonably high-quality video capabilities and consumers love them!

Display ads are powerful tools, but require advanced audience targeting and the creative ability to build a dynamic web-based ad. To maximize your dealership's success online, you need to develop a strategy that blends both PPC and Display formats

FACEBOOK AND INSTAGRAM MARKETING

Facebook has a huge audience – a staggering 2.4 billion people use it every month! But beyond keeping connected with friends and family, people are increasingly using Facebook to connect with businesses of all sizes. The company recently reported that two-thirds of its users say they visit a local business's Facebook Page at least once a week. Potential customers are already looking for businesses like your dealership on Facebook and having a clear, focused Facebook marketing strategy is the only way to tap into this existing audience.

Here are six ways you can significantly boost your dealership's advertising reach through Facebook:

- **News Feed Ads:** Cost-effective ads that target unique audiences and can track traffic and conversion on your website
- **Conversion Ads:** Target and deliver certain actions such as "Request a demo" or "Take a test drive"
- **Carousel Ads:** Feature several rotating images in a single ad to display different models and feature packages
- **Engagement Ads:** Best used to drive "likes" and comments on your ads, increasing validation and visibility
- **Lead Generation Ads:** Allow users to fill out lead forms on their own Facebook wall without going to your website
- **Remarketing Ads:** Connect your website inventory feed to Facebook, then advertise to past visitors with ads customized to highlight the products and services they viewed

Facebook's high traffic flow and wide range of ad mediums offer several ways to enhance your brand. It also allows you to promote products and services through social experiences that can drive loyalty and help create the most powerful type of marketing – word of mouth referrals.

Although Instagram is owned by Facebook, it's a network of younger users. According to recent studies, more than half of the global Instagram user population is younger than 34 years old. There's a nearly even split between the genders with 51% female and 49% male users. Since this younger population is less likely to have a long-term relationship with a tire dealer or repair shop in place, Instagram is a potent tool for dealers seeking to attract new customers. With its easy-to-use visual interface, it's also a great way to build your brand because Instagram puts a "face" on your dealership that encourages trust and engagement among potential customers. Having an Instagram account signals that your business is reputable, real, and transparent to this audience.

Instagram currently offers business users three formats for advertising:

- **Photo ads:** These look like regular photo posts, but they have a "Sponsored" label above the photo. They also have a "Learn More" button in the bottom right corner under the photo.
- **Video ads:** Like the photo ads, these look like regular video posts, but with a "Sponsored" label on top.
- **Carousel ads:** These ads look identical to photo ads but feature multiple photos that users can swipe through.

You can promote your posts with ad dollars while also gaining access to key analytics on their performance. Advertising on Instagram absolutely makes sense because Instagram often has up to 10-times the engagement of Facebook, so you are likely to get far better results from your ads. Since Instagram uses the same Ad Manager platform as Facebook, it has all of the same great tracking capabilities that Facebook offers. That means you can create a post about a new product or special promotion and see everything from link clicks, to leads to conversions and the cost-per-result on any campaign you run. In addition, you can also break down the results you receive to see who or where they came from (i.e. gender, age range, location, device type, etc.).

THE BEST OPTION FOR YOUR BUSINESS

As you can see, there are a lot of different choices when it comes to developing an effective online strategy for your dealership. The truth is all of these tactics work, but it's also important to evaluate the success of each before continuing to invest your dollars in a particular bucket.

No matter what advertising mix you try, some of the key metrics you'll want to watch include:

- **Clicks:** Every conversion starts with a click, and the higher number of clicks are an early indicator of PPC success
- **Click-Through-Rate (CTR):** CTR is measured by dividing the total number of clicks your campaign got in the month (or period being reported) by its total impressions. This equation tells you that out of 1,000 impressions, your ad was clicked 100 times and your CTR is 10% percent for

example. Knowing what CTR is and how to measure it is key to being able to indicate your performance.

- **Cost-Per-Click (CPC):** CPC measures exactly how much an advertiser has paid. You can measure CPC by dividing the total cost of a campaign by the number of times the ad was clicked in that campaign.
- **Conversion Rate (CVR):** You can measure conversion rate by dividing the number of conversions the campaign received by the total clicks. Since conversion rate is expressed as a percentage, if the campaign had 100 clicks and 10 conversions, 10/100 means that the conversion rate would be 10 percent. Beyond being a key indicator of a successful campaign, CVR is the main reason why most businesses hire an outside PPC marketing firm!

Based on these and other metrics, you may want to start small across multiple channels to test the waters and then invest in the two or three strategies that are delivering the best results. But to have a strong paid advertising strategy, you need to have a strong understanding of your target audience. Where do they "live" online? What do they care about? What are they searching for, what kind of language do they use, and what do they buy? Remember that young customer who was searching for those studded tires? He or she may have clicked on your Instagram ad at the beginning of winter and might not make a purchase immediately, but your company made an impression. That means your brand stands a better chance of being remembered when they begin searching for local tire shops a few weeks later and your PPC ad pops up at the top of the page and they click through.

Understanding your target market, how they behave, and then measuring how they react to your content is key to the success of all your campaigns! ■

This article was created by the team at Net Driven. Learn more about Net Driven digital marketing solutions by visiting www.netdriven.com.

Joe Biden's Death Tax Plans

By Roy Littlefield IV

For many, their business is a family legacy. A business that has been proudful passed down through generations. WMDA/CAR representing locally owned family businesses has remained a strong and influential member of the Family Business Estate Tax Coalition (FBETC). This Coalition is dedicated to the full and permanent repeal of the estate tax aka the death tax. With a new administration entering the White House, WMDA/CAR working through SSDA-AT remains extremely concerned with the prospective changes to the tax code especially changes to the estate tax.

As a brief history, in working with Rep. Kevin Brady and the Coalition we were able to pass the Death Tax Repeal Act of 2015 (HR 1105) on a 240-179 vote. We have supported efforts to fully repeal the Estate Tax in the 116th Congress by supporting the Death Tax Repeal Act (HR 218 and S 215).

At the end of 2017, Congress passed a tax reform package that doubles the estate tax exemption from now through the end of 2025. In 2026, the exemptions would revert back to their previous levels ($5.6 million individual and $11.2 per couple), indexed for inflation. The new tax affects estates of at least $11.2 million, or $22.4 million for couples.

SSDA-AT wanted full and permanent repeal of the estate tax which is what was in the House version of the bill.

SSDA-AT wanted full and permanent repeal of the estate tax which is what was in the House version of the bill.

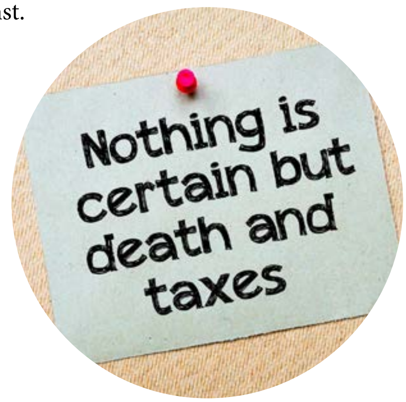
We are thrilled the exemption was raised as this will help more WMDA/CAR members, but we have several other members who will still be negatively impacted by the estate tax and will find themselves over the exemption because of the value of their business.

The Fate of the Death Tax

During the presidential campaign, President-elect Biden proposed a number of changes to how family businesses are taxed, including hiking the death tax. Here is a look at some of the potential policy changes we'll be up against.

Joe Biden's Death Tax Plan:

Biden would return to 2009 law for the death tax ($3.5 million exemption and 45% rate vs. $11.7 exemption for individuals/$23.4 million for couples in 2021 and 40% rate). According to the JCT, this change would more than triple the number of taxpayers currently subject to the death tax. Joe Biden's other proposed tax increases would compound the financial and compliance burden on next generation family business owners.



Step Up in Basis Repeal

Joe Biden has proposed repealing the step up in basis provision of the law. ATR has catalogued the President-elect advocating for eliminating step up on the stump

several times. As an example, consider a family distribution business started with no basis that has grown to a $50 million business with locations and jobs across several regions. If step up in basis were repealed, upon the sale of the business, the next generation of ownership would owe capital gains taxes on the full $50 million in appreciation throughout the lifetime of the business, instead of, as current law calls for, having the basis "stepped-up" to its current fair market value on the date of the previous owner's passing. Stepping up the basis of property protects next generation business owners from the potential double whammy of paying a 40% death tax and then another large capital gains tax upon the sale or future passing on of the business.

Capital Gains Due at Death

Death is not predictable in the same way a planned sale is which makes the estate tax hard to plan for and pay. When a business owner passes away, under the Biden plan, inheritors would now owe capital gains taxes as if a profitable sale of the family business had occurred upon the owner's death in addition to death taxes. This would add yet another layer of complexity to the tax code for family businesses at the worst possible time.

Taxing Capital Gains as Ordinary Income

The potential tax increase on family businesses will be compounded by the Biden plan to tax capital gains as ordinary income. A part owner of a large family business making over $1 million in income would potentially have to pay the ordinary income tax rate on a small business they inherited at death versus the capital gains tax rate. Let's step back and consider an example with all of the above factors worked in.

Example, Current Law vs. Biden tax plans:

John is second generation part-owner of a family distribution company valued at $50 million, started by his father with no basis. The company makes an annual profit of $1 million per year with taxes paid by John and his father.

Let's consider a scenario where John's father, the majority owner of this company, dies in 2021 under current law vs. under the Biden tax plan. John who has been running the family business for his father is set to inherit the company, with the goal of keeping it running, protecting jobs, and staving off a fire-sale to a publicly traded multi-national company.

No additional capital gains or income taxes would be due by the estate or heir. In some states an additional state estate/inheritance tax may be due.

John's tax obligations under current law, post Trump tax cuts:

If John's father used the full 2021 estate tax exemption with spousal portability of $23.4 million, about half of the business would be protected from death taxes. John while attempting to keep workers employed and the business running would still need to come up with $10 million for death taxes (40% estate tax rate on roughly $25 million over current exemption). Upon paying this huge tax bill to Uncle Sam, John would inherit the company and have the basis of the company "stepped up" upon inheritance to its fair market value of $50 million. No additional capital gains or income taxes would be due by the estate or heir. In some states an additional state estate/inheritance tax may be due.

Assets left after taxes: Roughly $40 million

John's tax obligations after the potential Biden tax increases:

Under Joe Biden's death tax plan, ($3.5 million exemption and 45% rate, with no spousal portability), John's goal of preserving jobs in the family business becomes much more difficult. Before paying the death tax, John must first pay capital gains taxes due at death on the $50 million business. Capital gains for taxpayers making more than $1 million would be taxed at ordinary income rates, a proposed 39.6% under the Biden tax plan. Additionally, the 3.8% net investment income tax created by the Affordable Care Act would likely still apply, increasing the tax rate to 43.4%. Since our hypothetical next generation business owner John now makes $1 million as the sole owner of the family business according to pass-through rules, his inheritance of the business is now taxed at the maximum income tax rate.

Business value:	$50 million
Capital gains tax rate:	43.4%
Capital gains tax owed:	$21.7 million

After paying the capital gains due at death, John must also pay the death tax on the remaining assets in the estate. Instead of coming up with $10 million under current law, John must now pay Uncle Sam an additional $11.2 million in death taxes under the Biden tax plan in addition to $21.7 million for capital gains taxes.

Value of remaining estate:	$28.3 million
Estate tax exemption:	$3.5 million
Taxable estate:	$24.8 million
Estate tax rate:	45%
Death tax owed:	$11.2 million

Taken altogether the Biden tax hikes would shrink the $50 million business all the way down to $17.1 million versus $40 million under current law. That's not factoring in state transfer taxes.

Under a fully implemented Biden tax plan, John is having to at a minimum shut down branches, sell assets, and lay off employees to keep the business running. For many family businesses operating on tight margins, coming up with any spare cash is a struggle and that extreme level of taxation would be nearly impossible to overcome. That's a look at what's at stake for the treatment of family businesses under a possible Biden administration tax plan.

After Senate control is decided on January 5th, SSDA-AT will set its legislative priorities for the 117th Congress we'll be working with our Senate partners to oppose any roll back of the Tax Cuts and Jobs Act proposed by the Biden administration.

We expect 2021 to be an active year for the death tax, step up in basis, and protecting other technical changes relating to estate planning so please stay tuned for more frequent updates as we gear up to protect family businesses from these policies. ■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On November 3rd , a ballot referendum (known as Question 1) in Massachusetts passed by a tremendous margin… demonstrating the determination of the commonwealth's citizens to have access to their vehicles' repair data.

EDITORIAL

Federal Issues

By Roy Littlefield III

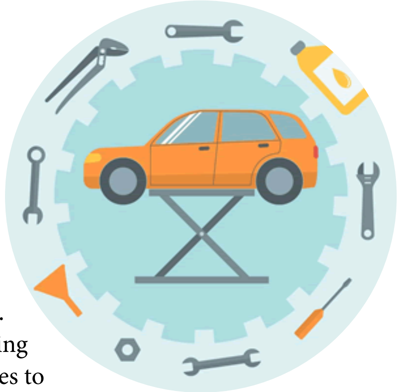
While face-to-face meetings with members of Congress have been curtailed, because of the Pandemic, SSDA-AT and WMDA/CAR continues to bring your issues to key lawmakers.

SSDA-AT has written to Congressional leaders defending the recently passed Massachusetts Right to Repair legislation and telematics language in the Senate draft of the FY 2021 Transportation Housing and Urban Development (THUD) appropriations bill.

SSDA-AT thanked the congressional leaders for noting the current debate over telematics by including language in the explanatory statement for the THUD bill which encourages the National Highway Traffic Safety Administration (NHTSA) to work with stakeholders on this issue. SSDA-AT welcomes the opportunity to work with NHTSA and other agencies to demonstrate to the Agency, Congress, and other parties that the independent aftermarket can access vehicle data safely and securely. Technology that ensures that cybersecure access to data for owners and their authorized repair shops already exists, and the independent aftermarket continues to lead and innovate on this front.

In addition to thanking you for the language in the THUD bill, SSDA-AT calls your attention to the overwhelming Right to Repair victory that took place in Massachusetts on behalf of vehicle owners in the commonwealth. We urge the authorizing committees within Congress to consider federal legislation similar to the Massachusetts referendum in the 117th Congress. On November 3rd , a ballot referendum (known as Question 1) in Massachusetts passed by a tremendous margin (75 percent to 25 percent), demonstrating the determination of the commonwealth's citizens to have access to their vehicles' repair data. The initiative will require vehicle manufacturers to provide control of mechanical data to vehicle owners and further permits owners to authorize repair shops to access mechanical data directly from their vehicle. This will allow owners continued access to the competitive repair industry, providing consumer choice based on price, location, quality of work and other factors.

SSDA-AT is concerned about and disagree with vehicle manufacturer claims that allowing the independent aftermarket and repair industry access to vehicle generated data is a safety risk. Consumers rely on regular maintenance and service, as well as repair of their vehicles, to ensure that their vehicles are a safe and reliable mode of transportation. The current average age of a vehicle on the road is almost 12 years. The industries we collectively represent are committed to ensuring the safety of vehicles we service and have decades of experience doing just that.



SSDA-AT and WMDA/CAR look forward to working with you, NHTSA, the automakers, and all other parties to ensure and protect the safety of vehicles and consumers rights to vehicle repair data.

SSDA-AT also wrote Speaker Pelosi and Leaders McConnell, Schumer, and McCarthy to ask for swift, post-election action to support America's small businesses

with much needed additional relief. Our small business members are desperately struggling to survive the COVID-19 pandemic and are facing an uncertain winter marketplace. Thus, we are specifically asking you to expeditiously enact legislation which would allow businesses to access a second Paycheck Protection Program (PPP) loan with tax deductibility and streamlined forgiveness.

SSDA-AT urges urge support for a PPP second draw. The PPP was a historically successful relief measure, and we commend you for its formulation and speed to market. But it is now clear that nearly all PPP proceeds have been used: according to the NFIB Research Center, 90% of PPP borrowers have spent their entire PPP loan, and they face difficult choices every day the pandemic continues.

The recent spike in COVID-19 cases and resulting government shutdowns make it a moral imperative that the federal government provide additional relief to help small businesses survive these shutdowns.

The PPP was uniquely crafted to allow small businesses fast access to capital at the outset of this crisis, and it remains the best solution to provide relief a second time. PPP should also be expanded to small business that are structured as 501(c)6 or quasigovernmental destination marketing organizations (DMOs) who were left out of PPP. As our country returns to normal and restarts business and leisure travel, these organizations will be vital economic redevelopment drivers across the country – but they must first survive the pandemic.

SSDA-AT urges Congress to lighten the tax burden of existing PPP recipients in two ways. Our members call on Congress to enact full tax deductibility for PPP loans, which is consistent with congressional intent. There are multiple bipartisan bills that would clarify PPP recipients that secure forgiveness can deduct business expenses paid by the PPP loan from their taxes. Congress should also simplify forgiveness for the smallest PPP borrowers. As you know, the smallest businesses received the smallest PPP loans, and thus we hope Congress can relieve the loan forgiveness burden for recipients of loans totaling $150,000 or less by including the "Paycheck Protection Small Business Forgiveness Act" (S. 4117/H.R. 7777) in any relief measure that advances.

Small businesses are struggling throughout the country during this unprecedented health and economic crisis. With the election now behind us, our members are desperately calling on Congress to act. It is unconscionable that there is more than $130 billion still available in the PPP loan program, yet small businesses and their employees are unable to access those critical funds because of congressional inaction. SSDA-AT and WMDA urge Congress to provide a lifeline for small businesses facing insolvency, closure, and layoffs from what has become a prolonged economic crisis due to the pandemic. ■

WMDA/CAR ENDORSED MEMBERSHIP BENEFITS & SERVICE PROVIDERS

Be sure to check out these companies endorsed by WMDA/CAR.

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intelicom@verizon.net

AUTO PARTS SUPPLIER

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Michael Ground
202-829-6315
mground@partsauthority.com

CONVENIENCE STORE PRODUCTS

Century Distributors, Inc.
Lori Rodman
301-212-9100
lrodman@centurydist.com

CREDIT CARD PROCESSING

First Merchant Services
Dan Cohen
1-866-511-4367, ext. 105
dcohen@firstmerchant.us

ELECTRICITY PROGRAM

Sprague Energy (MAAGIC)
Tom Gussen
732-440-0031
Fax: 732-440-0039
tgussen@spragueenergy.com

LEGAL SERVICES

Lynott, Lynott & Parsons, P.A.
James L. Parsons, Jr.
301-424-5100
jparsons@llplawfirm.com

OIL BUYING PROGRAM

REIT Lubricants Company
Chevron/Havoline
Jamie Atkinson
800-423-3624 I 443-309-9929 cell
jatkinson@reitlube.com

TRASH/DUMPSTER BROKER

Premier Waste Group
Bob Gluth
410-921-3660
Rich Good (New Accounts)
443-534-5961
customerservice@premierwastegroup.com

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LET YOUR MEMBERSHIP WORK FOR YOU!

Simply participate in all of the programs for which you are eligible and you will save or make enough to pay for your membership in WMDA/CAR!

WMDA PAC Political Action Committee

Having a Voice – Representing Our Members

Our Industry is facing not only the overwhelming effects of COVID-19 but issues that affect the core of our business.

- Maryland, Delaware, and District of Columbia belong to the Transportation Climate Initiative (TCI) with a goal of reducing carbon fuel use up to 30% by 2030.
- New cars manufactured are installing telematics in vehicles that only send information to their dealerships – no option to the car buyer.
- Ban on menthol cigarettes (already a law in Massachusetts)
- California bans gas powered cars by 2035.
- Baltimore council member wants to ban new service stations in the city.

This sounds like a Steven Spielberg horror movie, but these are real issues that face our industry!

These issues will be or already are in the legislative process and will affect every business WMDA/CAR represents. Outside and inside sales, and car count in our shops. Legislators are looking to raising funds for their next election. They are also looking at supporters who provide those funds and support their efforts.

We are working hard to protect our members and associates and your contributions are essential to that process. The devastating effects of COVID -19 and combining that with real legislative issues that affect all our members is difficult to absorb but they are a real danger to our businesses.

Now is the time to support the WMDA PAC and protect your business.

We suggest $150 per location however, any amount is welcome. Please send contributions to:
WMDA PAC
1532 Pointer Ridge Place, Suite F
Bowie, MD 20716

You may direct any questions about legislation to Kirk McCauley at kmccauley@wmda.net.

Your fellow business owners and PAC officers,
Rick Agoris, PAC Chairman
Riaz Ahmad, PAC Treasurer

CONTRIBUTION RULES:

1. Maryland currently is in a 4-year election cycle which began January 1, 2019 through December 31, 2022.
2. No individual or corporation can contribute more than $6,000 to any single candidate or a state PAC over the 4-year election cycle. (The maximum contribution to the WMDA PAC cannot exceed $6,000 in total during this cycle.)
3. Your contribution to WMDA PAC can be a personal or corporate check. Political contributions are not considered a business expense or tax deductible.