



**AUTOMOTIVE
AFTERMARKET
SERVICES**

Automotive Aftermarket EMPLOYER'S ADVANTAGE

A Publication of Automotive Aftermarket Services, Inc.
Volume 5, Issue 1

Spring 2005

Important **Legislative Updates**
on line at
www.aasi.cc/bulletins.html

Business Legislation and Regulation Highlights for 2005



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Automotive Aftermarket Employer's Advantage is published quarterly by Automotive Aftermarket Services, Inc. (AASI) and is distributed to businesses in the automotive aftermarket industry. To receive a copy of the AASI Employer's Advantage contact DeAnn at 1-888-383-2274 x324.

Address: 5750 Sunrise Blvd #250,
Citrus Heights, CA 95610

E-mail: advantage@aasi.cc

Below is a run down of some of the legislation that may affect businesses in 2005-2006. As the legislative session progresses and bills are reviewed and voted on, we may call upon you for your support by way of letters. **Your letters last year on Workers' Comp Reform made a difference. They landed on many legislators' desks, including Governor Schwarzenegger's.**

Income Tax

OPPOSE AB 6 (Chan; D-Monterey Park / Vargas; D- San Diego) Increases the tax burden on small and medium-sized businesses by increasing the maximum tax rates to 10 and 11 percent and the alternative tax rate to 8.5 percent.

4-Day Work Week

NEUTRAL AB 640 (Tran; R-Garden Grove) Helps employees achieve greater flexibility in work schedules by allowing individual workers to request and their employers to mutually agree to a 4-day work week.

UI Tax Amnesty

SUPPORT AB 793 (Benoit; R-Riverside) Increases revenue level of the nearly insolvent Unemployment Insurance Trust Fund by creating a one-time unemployment insurance tax amnesty program.

Electronic Paycheck Cards

SUPPORT AB 822 (Benoit; R-Riverside) Expands employer options for compensating employees to include electronic paycheck cards.

Small Business Reg. Flexibility Act

SUPPORT AB 1302 (J. Horton; D-Inglewood) Helps reduce red-tape burden on California small business by ensuring state bureaucrats really know and understand the small business impact before new regulations are adopted and consider reasonable alternatives.

Plain Language Workplace Posters

SUPPORT AB 1709 (Wyland; R-Del Mar) Reduces confusion and increases understanding of workplace rights and responsibilities by requiring all workplace posters to be written simply and in plain language.

Stop ADA Shakedown Lawsuits

SUPPORT SB 855 (Poochigian; R-Fresno) Helps stop predatory shakedown ADA lawsuits by requiring a specific notice of intent to sue and brief period of time where a business can repair an ADA access problem.

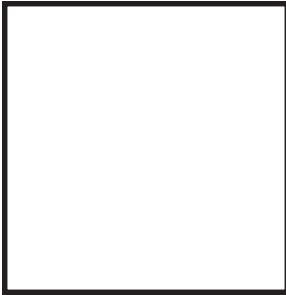
SUPPORT AB 20 (Leslie; R-Tahoe City) Helps stop predatory ADA litigation by establishing much-needed definitions of what constitutes an ADA access barrier and to whom it constitutes a barrier, among other provisions.

AASI is tracking several bills that could affect California automotive aftermarket businesses. These topics are covered in our V.P. of Legislative Affairs' column; **Legislative Update**, on page two.

Highlights from California Chamber of Commerce's website, www.calchamber.com, dated March 7, 2005



Legislative UPDATE



Clarence Parkins
VP Legislative Affairs

As we begin the 2005 Legislative Session it appears it is going to be very combative on many fronts. A record number of bills have been filed, and while there are many duplications, and bills directed at the same issues, we expect them to all be sorted out soon and we will have a better indication exactly where our efforts are to be directed.

We know, for instance, that more workers compensation reform bills will surface, some good and some bad. We will follow them closely, and keep you up to date as they flow through the legislative process. We look for more reform to take place in medical benefits, and also a tightening up of disability benefits. We have also seen signs of an effort to bring back a form of minimum rates. While the Governor has said he will veto such legislation, we will see where this goes.

Also, a new type of Universal Health Bill has been introduced to cover all Californians. Unlike last year when SB 2 singled out businesses to support the bill, which was later defeated by the voters, this bill is much broader and may have a chance of success. When more details are known, we will let you know, and we will be there to lobby against anything not in the best interest of small business.

Other issues we are following include mandatory rest periods for workers which we oppose, an increase in minimum wage which we will oppose, various sexual harassment, and ADA issues which will just

make doing business in California more expensive, and more restrictive. We will keep you advised on all these issues.

On the automotive front, we are involved with the various proposals for re-defining the Bureau of Automotive Repair, and will represent you at the hearings on this important issue. Smog laws will be a major factor this year, and a number of bills have already been filed to change this system.



Keep in mind; we are at the State Capital to represent the interests of the automotive aftermarket. If you have any questions please call me, or DeAnn Smeltzer, toll free at 888 383-2274. If we don't know the answer, we will get it for you. If you have an interest in a particular bill, just let us know.

Know Your Legislators

Decisions made by legislators affect your cost of doing business. AASI is tracking several bills that have been introduced or are being reviewed and will report items that may affect the way you do business in future issues. Of utmost importance is for every businessperson to know who represents him or her. Below are websites to government and legislative resources offering a wealth of information about current issues, who your representatives are and how to contact them:

Calif. State Senate – www.sen.ca.gov/
California State Assembly –
www.assembly.ca.gov/defaulttext.asp
US Congress – <http://thomas.loc.gov/>

Important
Legislative
information
and updates
at your
fingertips,
go to www.aasi.cc.



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informative Employer's
Advantage article?

Newsletter back issues
are available online at
www.aasi.cc.

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comparing current WC,
Employee Benefits, or
Liability Insurance
rates?

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AASI Offers Support

Is your business facing industry or employment issues?

Do you feel like you're alone in the fight to stay in business? Do you spend more time complying with regulations instead of doing what you love, owning a small business involved with the automotive aftermarket? AASI would like to know the problems and issues that are confronting you. We have daily contact with other businesses in the industry and meet with associates in different industries that may be seeing or facing comparable situations. We can carry certain issues to our legislators. AASI may be able to put you in contact with others who are dealing with similar roadblocks or who have overcome them. We can't guarantee that problems will be solved but dealing with a problem together may at least ease the stress of struggling alone.

If you have an issue, be it employee legalities, or regulation compliance and would like to see if AASI could provide support, please contact us via fax (888 383-2211, Attn: DeAnn), email (deann@aasi.cc), or phone (888 383-2274 ext 324). We will do our best to offer any support available.

The Amazing Human Mind

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Help Us Keep You Informed

Fax Authorization

From time to time we have urgent legislative updates, regulation information, or timely bulletins that, if we were able to fax to our patrons, would enable us to get this information to you days faster. Sometimes rash legislative decisions require immediate reaction. To be able to notify you by fax, we need your approval. To authorize Automotive Aftermarket Services, Inc. to fax you, please sign, date and send the information below back to us via any of the follow venues: Toll Free Fax: 888 383-2211;
US Mail: AASI, 5750 Sunrise Blvd #250, Citrus Heights, CA 95610.

Fax Authorization Form

Yes, AASI has approval to fax my business.

Signature: _____

Date: _____

Print Name: _____

Name of Business: _____

Address: _____



Comments Submitted to Clarify Labor Law Meal / Rest Period Regulations

Automotive Aftermarket Services Inc., in collaboration with California Employers Coalition, submitted Meal/Rest Period clarification comments to the Division Of Labor Standards Enforcement (DLSE). All comments will be reviewed and hopefully we will have clear concise meal and rest period wording to comply with.

Clarification

The new proposed rules make no change to existing law; they simply clarify what employers and employees may do.

The rules implement sections of the Labor Code that were added in 2000, but which have been subject to misinterpretation because of conflicting opinion

letters issued by the DLSE and further Labor Code changes that differed from the Industrial Welfare Commission orders, according to DLSE.

DLSE has rescinded the conflicting opinion letters and is applying the new rules as the official enforcement policy on meal breaks. Employers who accurately follow the proposed rules will be deemed in compliance with California meal break requirements.

Giving Workers More Say

The proposed permanent regulation clarifies that:

- Workers working less than six hours in a day can mutually agree with their

employer to waive the meal period.

- Workers working between six and 10 hours in a day will be able to take their meal period at a time after the sixth hour, if the employee requests and as long as the employer ensures that the worker had time available and the opportunity to eat before the end of the sixth hour.
- Workers working between 10 and 12 hours may mutually agree with their employer to waive the second meal period if the worker took the first meal period.
- Meal breaks can begin at any point from the beginning of the fifth hour of work to the end of the sixth hour.

Highlights from the CalChamber.com website.

Poochigian Introduces Workers' Compensation Legislation for 2005-06 Session

Bill Package Tackles Trio of Issues Not Addressed in Previous Reforms

"Last year's workers' compensation overhaul reformed many aspects of the system, and has begun to help bring California's standards of care and costs in line with the rest of the nation. However, there is still more work to be done to improve the efficiency of our system, expand opportunities for medium-sized businesses to join together and self-insure to better control costs, and increase California's workers' compensation fraud fighting effectiveness."

- Senator Chuck Poochigian

In a effort to tackle several issues not addressed in last year's workers' compensations overhaul (Senate Bill 899 – Poochigian), or other recent reform efforts, Senator Poochigian has introduced three bills this session relating to workers' compensation:

Alternative Dispute Resolution – SB 177: This bill will allow the State of California to use Alternative Dispute Resolution (ADR) in managing the state's workers' compensation claims. Currently, this option is available to self-insured employers and insured employers that have unionized workforces.

Group Self-Insurance – SB 178: This bill will allow more medium-size employers the opportunity to join group self-insurance plans. It is believed that group self-insurance offers employers more control over their workers' compensation claims and financial savings over traditional insurance plans. The measure also strengthens requirements that these new group self-insurance pools, once established, remain financially sound.

Workers' Compensation Fraud – SB 179: This bill will improve the workers' compensation fraud enforcement efforts at the local level by allowing the state to provide three-year grants instead of one. In addition, this proposal gives the Fraud Assessment Commission more authority over the system by providing it with independent staff.



Working to Improve Labor Laws

The California Chamber of Commerce is sponsoring a bill aimed to prevent abuse of the American with Disabilities Act (ADA).

"California employers comply with the most stringent and complex labor laws in the nation and face some of the highest fines and penalties when they fail to do so," said Julianne Broyles, Chamber director of employee relations and small business.

The Chamber has received numerous reports that the access requirements of the ADA have become a new source of unnecessary lawsuits.

Among other provisions, the federal ADA requires a business that is open to the public to have designated parking and no steps or curbs blocking an entrance. Bathrooms and aisles must be able to accommodate patrons with wheelchairs and counters cannot be too high.

The ADA allows a disabled person who has been denied access to a public building because of access violations to file a lawsuit.

Unfortunately, businesses throughout the state are being targeted by what have been called "frequent filers," who file look-alike lawsuits where a single plaintiff and his/her lawyers file lawsuits alleging the same violation against numerous small businesses in an area.

Employers support the ADA and its objectives. The problem is how the law is being enforced and how lawyers seem to end up being the ones who benefit financially from the predatory lawsuits.

The Chamber-sponsored bills will create a process where businesses have the opportunity to make a good faith effort to correct an alleged ADA violation before being subject to a lawsuit.

The bills are AB 20 (Leslie; R-Tahoe City; R-Richvale) and SB 855 (Poochigian; R - Fresno).

Information obtained from the CalChamber.com website, March 2005.



Good Point

I recently picked a new primary care physician. After two visits and exhaustive lab test, he said I was doing "fairly well" for my age.

A little concerned about that comment, I couldn't resist asking him, "Do you think I'll live to be 80?"

He asked, "Well, do you smoke cigars or drink beer or fine wine?"

"Oh no" I replied. "I've never done either."

Then he asked, "Do you eat rib-eye steaks and barbecued ribs?"

I said, "No, I heard that all red meat is very unhealthy."

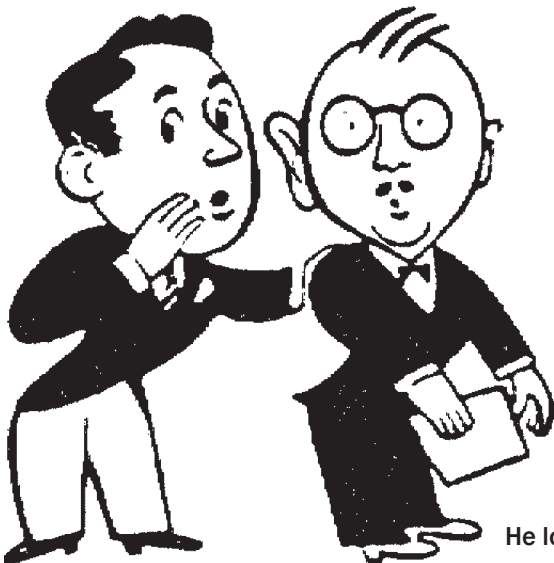
"Do you spend a lot of time in the sun, like playing golf, fishing, hiking or cycling?"

"No I don't," I said.

He said, "Do you gamble, or drive fast cars?"

"No," I said. "I have never done any of those things."

He looked at me and said, "Then why do you give a hoot if you make it to 80 or not???"





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The following column will appear as a regular in future *Employer's Advantage* Issues

Employee Benefit Tips

Maximizing Tax Favored Benefit Plans

This is the time of year where taxes and tax liability is on everyone's mind. Both employers and employees alike are looking for ways to reduce taxes and increase their disposable income. A great tool in reducing your overall employee benefit costs is to reduce your overall tax liability using an IRS approved Section 125 plan. By instituting a tax-favored Section 125 plan you will be able to provide your employees a raise in take home pay and reduce your overall employment tax liability. These plans can usually be set up with little or no cost to the employer and allows for the portion of the benefits premium paid by the employee to be payroll deducted on a pre-tax basis.

There are two types of Section 125 plans used by employers. First is the Premium Only Plan or often referred to as a POP plan. This allows the employer to take the portion of any employee benefit premium the employee is responsible for and deduct it from the employee's paycheck on a pre-tax basis. Depending on the amount of premium being deducted from the employees paycheck, this can provide a nice increase in the employee's net take home pay while also reducing the employer's payroll tax liability. This tool has helped several of our employers retain or attract new employees, because just the fact that they could provide this benefit to the employee provided a greater take home pay than the previous employer.

The second type of Section 125 plan is known as a Flexible Spending Account, or FSA. This provides the same benefit as the POP plan, however with this plan the employee can also set aside funds on a pre-tax basis to pay for unreimbursed medical, dental, and vision expenses. This way the employee can pay their deductibles and co-pays and non-insured expenses on a pre-tax basis. Most employees under current tax laws can rarely deduct these expenses from their personal income taxes, however by using the FSA they can realize an immediate tax savings with each paycheck. These plans can even provide for the payment of qualified dependent daycare expenses on a pre-tax basis. As you can see these benefits can greatly reduce both the employee's and employer's tax liability and allow the employee to see an increase in take home pay without the employer having to increase their gross payroll.

Through our strategic partnerships we can provide both the POP plans and FSA's for your business. Groups of all sizes where the employee pays any portions of their benefit premium on a payroll deduct basis should have at least a POP plan in place. In many situations this can be set up for you at no cost. And beginning this year the annual reporting requirements have been streamlined, and in most cases eliminated, for groups with less than 100 employees. The Flexible



Continued from page 6

spending Accounts are recommended for employers with 20 or more employees due to the fact that there are usually small set up fees and monthly administration costs involved in this type of plan. However, in most cases the amount you will save in payroll taxes will more than offset any cost involved in the administration of the FSA.

Contact Lauren Barrios toll free at 888 383-2274, ext 315, to get more information on how a Section 125 plan can improve your employee benefit program and reduce both you and your employee's tax liability. If you currently have a Section 125 plan let us evaluate your current plan and see if we can help you increase the tax savings benefits that you are currently receiving.

Article provided by Brian A. Mills, CIC, Director Employee Benefits, Universal Underwriters



On the Lighter Side

Could I Look That Old?

Have you been guilty of looking at others your own age and thinking, "Surely I can't look that old?"

I was sitting in the waiting room for my first appointment with a new dentist. I noticed his DDS diploma, which bore his full name. Suddenly, I remembered a tall, handsome, dark-haired boy with the same name had been in my high school class some 40—odd years ago. Could he be the same guy that I had a secret crush on, way back then??

Upon seeing him, however, I quickly discarded any such thought. This balding, gray-haired man with the deeply lined face was way too old to have been my classmate. Hmm, . . . or could he???

After he examined my teeth, I asked him if he had attended Morgan Park High School.

"Yes. Yes, I did. I'm a Mustang," He gleamed with pride.

"When did you graduate?" I asked.

He answered, "In 1959. Why do you ask?"

"You were in my class!" I exclaimed.

He looked at me closely.

Then, that ugly, old, wrinkled blockhead asked, "What did you teach?"



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5750 Sunrise Blvd, Ste 250
Citrus Heights, CA 95610

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