

Northeast

DEALER

The Newsletter of NORTHEAST EQUIPMENT DEALERS ASSOCIATION, INC.

www.ne-equip.com

FEBRUARY 2017 Vol. 19, No. 215



Outdoor Power Equipment Council

OPE PRIORITY ISSUES FOR 2017

- Fair Warranty Treatment;
- Mass Merchant Sales and Marketing;
- Internet Sales and Marketing; and
- Manufacturer Relations.

The Equipment Dealers Association (EDA) places a high priority on the outdoor power Equipment (OPE) industry and the dealers who serve this market. As a result, EDA operates an OPE Council comprised of qualified dealer members who promote the general welfare of retailers within this sector. The council includes both dealers who exclusively handle OPE brands and dealers who handle OPE brands as a portion of their business.

The primary objectives of the OPE Council are:

- To hold an active position within EDA that empowers the council too effectively address OPE industry concerns in a timely and forthright manner;
- To identify legislative and regulatory issues affecting dealers and their businesses at the national and state levels;
- To improve relations between OPE dealers and manufacturers by conducting regular discussions that serve to improve the welfare of OPE dealers; and
- To create and/or enhance a "Win-Win" partnership between OPE dealers and manufacturers that clearly identifies and defines the expectations of both parties.

OPE COUNCIL MEMBERS

PATTY WILLIAMS, *Chair*, Mark Williams Outdoor Equipment - Murphysboro, IL; **SHARRON KILLIAN RADKE**, Killians, Hickory, NC; **CRAIG HOUSEKNECHT**, Moffett Turf Equipment, West Henrietta, NY – NEDA; **VANCE MILLER**, Bertels Sales and Service, Dorsey, IL; **PAUL BUCCHI**, Sno-White Outdoor Power Equipment, Southington, CT – NEDA; **SCOTT JARDINE**, Arn's Equipment LTD., Calgary, AB; **RALPH GAISS**, Northeastern Equipment Dealers Association, Liverpool, NY – NEDA; **JOE DYKES**, *Staff Liaison*, EDA, St. Louis, MO

If you have any questions about the Equipment Dealers Association, please contact us at info@equipmentdealer.org or 636.349.5000.

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DIVIDEND HISTORY



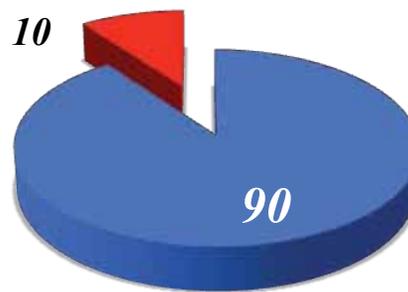
<u>Policy Year</u>	<u>Dividend</u>
2014-2015	20.0%
2013-2014	15.0%
2012-2013	15.0%
2011-2012	5.0%
2010-2011	20.0%
2009-2010	25.0%
2008-2009	37.5%
2007-2008	20.0%
2006-2007	35.0%
2005-2006	37.5%



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You may also visit us at www.haylor.com/NEDA

Observations **FIELD** from the



Tim Wentz
Field Director
717.576.6794

President Trump will have been in office for about a month, and Britain may have triggered or will be on the verge of triggering "Brexit" by the time this month's newsletter is published. How the global and domestic economy will react/be impacted in the short or long term is virtually impossible to predict, particularly when one adds in other variables like interest rates and retail gasoline prices increases. That said, I think those dealers whom are able to focus on the fundamentals (Parts, Service, CRM and Inventory Management) will control their own destiny and should have a successful and rewarding 2017.

Of the dealers I have visited with recently whole goods inventory continues to be the number one concern. "New" whole goods inventory complaints range from overly complicated order programs, market share/sales performance criteria and multipliers, mid-stream program changes. Used wholegoods complaints continue to focus on the continuing flow of low priced/low-hour Ag equipment coming out of the mid-west and their effect on both the sale of existing inventory (lost sales) and trade values. Compact equipment/"Rural Lifestyle" sales remain as bright spots for most dealers, with rental programs playing a larger role in the Construction equipment markets as customers continue to work through cash-flow challenges.

In most of our states, 2017 is the beginning of a new biennium. This means that most of the legislation not passed last session must be re-introduced and the process will begin again. Our ability to introduce/support/promote legislation is directly tied to our dealers' commitment to actively engage and participate in the legislative process and their/our ability to collaborate with and ultimately gain the support of like-minded associations and partners within the agricultural community. We need your help to organize meetings, hosting fellow dealers, legislators, government officials, providing financial support and helping to connect with other partners in the Ag and dealer communities is invaluable. To be sure, the legislative process is particularly long and difficult; but it is rewarding to see how effective dealers can be if we talk with one voice and carry a strong message!

Rest assured the manufacturers will continue to spend heavily on representation, their PAC's (political action committees) and are working hard to divide and conquer dealers. The "manufacturers" are and will continue to pursue their interests. In light of that, it is important that we work hard against any attempt to divide and conquer. As we have demonstrated in Maine, Vermont and New Hampshire: **"When dealers work together, speaking in a unified voice we can achieve what individuals could not; the ability to attain our mutual goals."** It goes without saying that the more voices we have, the more successful we will be! Help spread the word about your Equipment Dealer Association.

**When you REAP the benefits of membership
your PROFITS will follow!**

The general information provided in this publication is not intended to be nor should it be treated as tax, legal, investment, accounting, or other professional advice. Before making any decision or taking any action, you should consult a qualified professional advisor who has been provided with all pertinent facts relevant to your situation. This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is furnished with the understanding that the Northeast Equipment Dealers Association, Inc., the publisher, is not engaged in rendering legal, accounting or other professional service. Changes in the law duly render the information in this publication invalid. Legal or other expert advice should be obtained from a competent professional. Some of the editorial material is copyrighted and may be reproduced only when permission is obtained from the publisher and the association.

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News

FEBRUARY & MARCH



Hosted by Fastline Media Group, specifically with equipment dealers in mind.

Held on the 2nd Wednesday of the month, Fastline Media Group's Webinar Wednesday covers a variety of topics for agricultural equipment dealers.

"At Fastline Media Group we are always looking for new ways to disseminate important and timely information to our equipment dealer customers," said Susan Arterburn, Marketing Director. "As industry experts in the field of agriculture marketing, Webinar Wednesday provides a unique way for us to share and communicate with equipment dealers."

Topic: 5 WAYS TO RUIN YOUR SOCIAL MEDIA PRESENCE
Date: Wednesday, February 8, 2017
Time: 3 PM EST, 45 minutes
Register: <https://cc.readytalk.com/r/u19mmitOutv8&eom>
Cost: Free

Five ways to ruin your social media presence delves into the common misconceptions of how companies want to use social media and gives you five ways to truly experience the benefits of social media.

Topic: BEYOND PRICE – WHAT BRINGS THE BUYERS IN YOUR DOOR
Date: Wednesday, March 8, 2017
Time: 3 PM EST, 45 minutes
Register: <https://cc.readytalk.com/r/iufj3bpxca3g&eom>
Cost: Free

A survey of 600 active ag equipment buyers reveals five factors in dealership loyalty and purchase decision making. Learn what those essential factors are and how to leverage them within your dealership.

Visit www.FastlineMediaGroup.com/Resources to register for upcoming Webinars or view past episodes.

Share Your Dealership News With Us

NEDA is interested in stories about members getting involved in their communities, supporting charities or otherwise doing good deeds. Have you celebrated a business or personal anniversary, facility expansion, or a prestigious award from one of your suppliers, a special community event you participated in or any other way your business has been recognized that you would like to share with other members and have published in our monthly newsletter?

Member stories, along with photos, will be showcased on NEDA's media sites and in NEDA's monthly newsletter or Weekly E-bytes. If so, please contact Dave Close or Art Smith, Editor of the monthly newsletter: Dave at 800-932-0607 – davec@ne-equip.com or Art Smith at ajssja@embarqmail.com.

Committed to Building the Best Business Environment for Northeast Equipment Dealers



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- Distracted Driving – What is Important to You?
- Claims Management
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APPLY

what you've learned to make a tangible difference at your business.



"It's Our Business to Protect Yours® is not just a slogan at Federated Insurance; it is ingrained in everything we do! Total needs risk management is at the heart of this protection and I strive to further the development of our employees, clients, and affinity partners in all aspects of risk management and professional development."

Presenter Laramie Sandquist – General Manager
Risk Management Resources

SAVE THE DATES

Monday, February 6, 2017
Wednesday, February 8, 2017
Friday, February 10, 2017

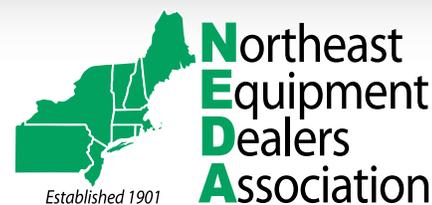
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Committed to Building The Best Business Environment for Northeast Equipment Dealers

Your website is just as important as your physical location. Are you sure you're giving customers the right impression?

When and Where?

February 6, 2017: Lancaster, Pennsylvania

February 8, 2017: Liverpool, New York

February 10, 2017: Concord, New Hampshire

Why Attend?

- ✓ Learn from an Industry Leader
- ✓ Get to visit with a leading expert from Google
- ✓ Increase your dealerships overall ROI
- ✓ Innovate your digital media tactics for the benefit of your dealership
- ✓ Learn and solve the challenges your dealership is facing in 2017
- ✓ Walk away with a list of website goals for your dealership



Speaker:

TIM WHITLEY
CEO, Team SI

Your Website – Your Most Valuable Implement

In order to thrive in today's market, you must have an online storefront that is as organized and pleasant as your physical location. Your website is an extension of your physical locations, so it should include the core values and priorities of each of your locations. It is important that your dealership matches your look and feel throughout every medium. Information-only websites aren't useful to potential customers anymore. Consumers will look at 7.2 websites prior to purchasing new or used equipment. You are trained to convert customers who come onto your lot, but are you converting lookers into customers in your online store?

Renowned digital innovator and CEO Tim Whitley from Team SI and a category expert from Google will provide an overview of digital marketing tools, platforms and techniques that can take sales to a new level and provide constant contact and insights for your most valuable customers.

About Tim Whitley

- ✓ CEO and Founder of Team SI
- ✓ Google All-Star Partner since 2012
- ✓ Business Executive of the Year
- ✓ Inc. 500 and 5000 Member
- ✓ Degreed Meteorologist
- ✓ 10+ years in Television
- ✓ Arkansas Business 40 under 40



“Tim Whitley had the room full and engaged as he educated our Agricultural, Construction and Outdoor Power Equipment dealers on the latest digital media tactics to drive additional business to our dealer members. He was without question the most popular speaker during our annual meeting.”

– Mike Caraway, Executive Vice President, Midwest-SouthEastern Equipment Dealers Association

Truck Idling Regulations for All Nine Northeastern States (NEDA territory)

In last month newsletter, Jan. 2017, page 16, we listed idling regulations for New York State and numerous cities and villages in New York state.

We have up-dated the complete list and have it available for all states. **All states have Idling regulations and in addition, various cities, towns and counties also have separate regulations from the state.** All vehicles must comply with the idling regulations.

Regulations cover all vehicles and reads: How long can you idle a vehicle, Fines given, Penalties and cold weather temperature such as below 32 degrees/ 25/ 20, etc.. etc.

If you would like a copy for your state, please call Dave Close at 800-932-0607.

OSHA Issues Final Rule Clarifying Employer Record-Keeping Requirements



On Dec. 19, OSHA issued a final rule clarifying that companies have a "continuing obligation" to record their employees' injuries and illnesses. The rule amends existing regulations to specify that an employer's obligation to make records of recordable injuries and illnesses continues for as long as the employer must maintain records for the year in which they occurred, and does not expire if the employer fails to make a record when first required to.

ATA, along with other industry leaders, view the final rule as beyond OSHA's authority.

In October 2015, ATA commented on the proposed rule, as a member of the Coalition for Workplace Safety, recognizing that employers have an obligation to record injuries and illnesses and that maintaining accurate injury and illness records serves an important purpose in ensuring safe and healthy workplaces.

However, the rulemaking disregarded a U.S. Court of Appeals decision; one which OSHA did not appeal, and in the Coalition's view usurps Congressional authority to make new law.

The "clarification" could potentially open up employers to citations from OSHA, past the 6 month statute of limitations as mandated in the OSHA Act, if employers fail to accurately record and maintain injuries or illnesses anytime within the 5 year retention period.

The final rule may be seen here: <https://www.gpo.gov/fdsys/pkg/FR-2016-12-19/pdf/2016-30410.pdf>

~ The Dispatch

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Tickets Available From Your Local Northeast Equipment Dealer

Co-sponsored by American Agriculturist Magazine and The Northeast Equipment Dealers Association

The Pennsylvania School for Excellence in the Agricultural Sciences

Program Information and Eligibility

The 2017 Pennsylvania School for Excellence in the Agricultural Sciences will be hosted by the College of Agricultural Sciences at the Penn State University Park Campus will be held from July 9 to August 4, 2017.

The 2017 Pennsylvania School for Excellence in the Agricultural Sciences will be a four-week summer residential program held on University Park campus for academically talented and gifted high school students (rising seniors) from throughout Pennsylvania. This program is free to participants and is sponsored by Penn State's College of Agricultural Sciences. --
Postmark Deadline: February 17, 2017.

Eligibility

- Grade Level at Time of Application Deadline: Current junior only.
- School Enrollment: Must currently attend a public, charter or non-public secondary school or be home schooled.
- Pennsylvania Residency: The primary full-time residence of least one custodial parent or legal, court-appointed guardian of the applicant must be in Pennsylvania. Military dependents based in Pennsylvania are eligible.
- If you have questions, please contact Jenneth Layaou, at PSEAS@psu.edu
- Application at: <http://agsci.psu.edu/school-for-excellence/files/2017-pseas-application>

PENNSYLVANIA

Removal of Semiannual Inspections on Trucks and Registration Fee Refund actions on Heavy Duty (See page 14 of the Jan. newsletter)

Effective February 2, 2017, vehicles with a registered gross weight in excess of 17,000 pounds (other than farm vehicles for which a biannual certificate of exemption has been issued) will be inspected on an annual basis, instead of semiannually.

Registration fee refunds are available when a vehicle in excess of 17,000 pounds is stolen or demolished and the vehicle has a non-repairable certificate or certificate of salvage. The refund will be prorated based on the number of months the vehicle was operational.

In the case of apportioned registrations, only the fees paid for the commonwealth portion of the fees shall be eligible for a refund.

~ HBK, Rex Collins



When to call a CVA

Here are some of the events that trigger the need for a business valuation:

- Buy/Sell Agreements
- Succession Planning
- Mergers and Acquisitions
- Liquidation or Reorganization
- Estate and Gift Tax Planning
- Divorce Proceedings

To be sure you know the actual value of your most important financial asset, contact Western Association, your equipment and hardware specialist.

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IN SALES AND BUSINESS YOU DO WHATEVER YOU HAVE TO DO TO WIN

Recently Shaunae Miller of the Bahamas won the women's 400 meters at the Rio Olympics by diving over the finish line. Some say she fell, others say she dove, but either way, she won, as it is legal to fall, dive, or do whatever you have to in order to get over the finish line first. Still, some people cried "foul" because, to them, this didn't seem fair. This situation, Deflategate, and other examples raise the question of right and wrong, and fair and unfair when it comes to winning in sports. What about when it comes to winning in sales and business? Is there a gray area? Is there a line somewhere that we don't cross? Or is selling in the same category as love and war where "all's fair"?

The Rules for Pushing the Envelope when Competing

Rule 1: Know the Rules and Laws Intimately

You do whatever you need to do to win as long as it is legal and ethical. Because of this, it is very important to have a complete understanding of the rules and laws. I find that people who say "that's not fair" when a competitor uses a creative but legal tactic against them to win, simply weren't aware of the tactic and would have been the first to use it had they known. I also find that many people incorrectly interpret rules and laws as an excuse for not stepping out of their comfort zone or going above and beyond. You must use all rules and laws at your disposal to win. Shaunae knew it was legal to dive, so she did, and she won.

You also need to know what isn't in the rule book that you might be able to use to your advantage. For example, when I was eight years old, my best friend David and I played minor-league baseball. One day, when I was the pitcher and he was the catcher, David, who is now a sports announcer, and even at 8 knew more about sports than most adults, had the bright idea to intentionally walk the other team's superstar player. He called for time-out, marched out to the mound and said to me, "John, let's walk this guy. When I stand up and step off to the side, just throw the ball to me." He did, and I did, and after the first pitch the coach from the opposing team erupted and came flying out of the dugout screaming and yelling that "we couldn't do that." The coaches and umpires, unable to find any rule against it in the rule book, allowed us to intentionally walk the batter, but just this one time.

Another example came when I was in Cub Scouts. The highlight of that experience was winning the Pinewood Derby. I won by knowing the maximum weight for a car was 5 ounces, a little something about aerodynamics, and the fact that graphite would help my wheels turn with the least friction. Okay, correction, my dad knew all that. In any case, we crafted the car for aerodynamics, my dad filled the cockpit with clay, bolts, and nuts until we were at the maximum weight, and I put graphite on the nails holding the wheels... and WE won. I remember looking up the rules to identify the maximum weight and whether or not it said anything about graphite: 5 ounces, and nothing on graphite, so we used it. Know the rules and the laws and be resourceful without crossing ethical or legal lines. Oh, and surround yourself with smart people like David and my dad.

Rule 2: Tell Horror Stories Related to the Competition

One of the first rules of sales is that you NEVER bad mouth the competition, I agree. This is not the same as bad-mouthing the competition. You're going to tell stories about bad results of some of their common practices, not attack them personally. You're going to use these stories when a customer is in danger, or you are about to lose a major account and you are trying to save it. In these situations, the gloves come off and everything is legal. You're looking for situations in which customers have been hurt by something the competition did or overlooked. For example, three years ago a friend switched his insurance and saved \$300. He was told it was exactly the same policy; the new company was simply less money. After he had a serious motorcycle accident, he found out it wasn't the same. The new company had exclusion so he wasn't covered under his umbrella policy when he was on his motorcycle.

The key here is to raise a reasonable doubt. You have to show the prospect the potential pain to going with the competition. Is there something that can hurt them like in the story above? If so, tell a story of someone who got bit by their mistake. If you've been in your business for any length of time, you have some solid stories of people who got hurt by the competition in one way or another. If you don't personally have stories, go to others who have been in your business a while that have good stories. Oh, and if you

continued on page 14

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Hydraulic Fracturing: U.S. EPA Releases Final Report on Impacts to Drinking Water Resources from Hydraulic Fracturing

Culminating a six-year-long process, the U.S. Environmental Protection Agency (EPA) released its Final Report on Impacts from the Hydraulic Fracturing Water Cycle on Drinking Water Resources in the United States on December 13, 2016. The final report was issued more than a year after EPA had released its Draft Assessment on the same topic.

In the draft report, EPA found no evidence that hydraulic fracturing had "led to widespread, systemic impacts on drinking water resources in the United States." This language, however, was removed from the final report. EPA explained that "contrary to what the sentence implied, uncertainties prevent EPA from estimating the national frequency of impacts on drinking water resources from activities in the hydraulic fracturing water cycle."

The final report evaluated the potential for impacts on drinking water resources and identified the factors that established the frequency and severity of impacts during the five stages of the hydraulic fracturing water cycle – water acquisition, chemical mixing, well injection, produced water handling, and wastewater disposal and reuse.

In acknowledging the existence of data gaps and other uncertainties, EPA highlighted the need to use those data gaps and uncertainties to identify "future efforts" for the understanding of the potential impacts of hydraulic fracturing activities on drinking water resources. EPA concluded that "this report provides a foundation for these efforts, while helping to reduce current vulnerabilities to drinking water resources."

~ The Center for Agricultural and Shale Law
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pennstatelaw.psu.edu/casllncreases



**NEDA will be closed
Monday, February 20
in observance of
Presidents Day***

You Do Whatever You Have To Do To Win

continued from page 12

catch the competition outright lying, let the prospect know and have them get the lie in writing to cover their butt.

Rule 3: Sell on Price

The last thing you want to do is outright cut your price. Typically, if you are dropping price, you are also reducing services or removing options or extras. That said, as an exception, you can drop price as a "last" resort. I remember presenting a new bank branch proposal to a Senior V.P. and he said, "If you can knock \$1500 dollars off, I'll do it." Considering it was a \$165,000 order, I said, "Done. I just need your approval right here."

Rule 4: Leave No Stone Unturned

You have to go to bed at night knowing you did

everything you could to get the sale. If there was something else you could have done, but you didn't, you're always going to wonder if that would have made the difference. So make one more call, spend a little more money making something look better, and put in a little more effort and energy to make sure you do all you can to win.

NOTE: Never outright break a rule or law, get caught in a lie, or otherwise sacrifice your ethics. Also, always err on the side of caution. At the end of the day, all you have is your reputation and character.

John Chapin is a sales and motivational speaker and trainer. For his free newsletter, go to: www.completeselling.com or e-mail: johnchapin@completeselling.com or phone 508-243-7359.

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Ending The Confusion Regarding Conversion Transactions of The LLC and Non-LLC

The Internet is fueling a technology and information revolution. Never before in human history have people been able to look up anything (and I mean anything) by using a pocket held device which offers instant results. The same is true in the legal and tax world as well. Twenty years ago, someone with sufficient knowledge of tax law was needed to file a form 1040. Today, you look up your question and a popular web search brings you your answer. No trip to the library needed, no experience in research necessary. This leap in information has even reached business owners, and they are now asking, "Is my choice of entity appropriate for what I am doing?" This article applies to both LLCs and non-LLC businesses. We have to point that out for clarity because the LLC can "check the box" and take any form when selecting its manner of tax.

Converting From a Corporation to an S Corporation.

The default rule with the IRS for any incorporated entity is Subchapter C status. An S Corporation is an incorporated entity in which the shareholders have elected tax status under Subchapter S of the Internal Revenue Code. Form 2553 is used to make this

conversion, requiring consent of the shareholders. When converting an entity from a C corporation to an S corporation, there is the potential for Built in Gains tax. Built in Gains items are simply gains that could potentially be triggered at the sale of an item if that asset is sold for gain within 5 years of the C to S conversion. There are strategies to prevent this from happening. Converting from a C Corporation to an S Corporation, is not a taxable event. This manner of conversion can be useful when an old corporation (potentially formed in the 60s and 70s, S Corporations were not yet popular) is in a situation where the company and shareholder pay two levels of tax and wants to get out of C status.

From an S to a C.

This transaction is low risk in so far as potential to trigger a tax is unlikely. All one must do is revoke the S Corporation election by filing a statement that it is revoking the election under Section 1362(a). Shareholders representing more than half of the outstanding shares must consent to this in a written instrument. Converting from an S to a C is useful when a company is making a fair amount of money and the owner

wants the money to be shielded from his tax return. The conversion is generally not a taxable event.

Partnership to Corporation.

When converting from a non-LLC/partnership or LLC filing IRS Form 1065 to a corporation, this is not a distribution. It is an exchange of assets to the corporation in exchange of shares of stock in the newly formed corporation. One advantage of this conversion is that corporations are generally lower cost to maintain year-by-year and the formation fees are generally cheaper as well. For the small/household based business, this can be a positive factor.

Corporation (includes both S or C type) to an LLC/Partnership.

This is a distribution and it is taxable. This can be an attractive conversion, though. Limited Liability Companies are great for liability exposure to the extent or better than a corporation. Additionally, in 16 states and in one territory statutes allowing, "Series LLCs" have been enacted. The states include: Alabama, Delaware, DC, Illinois, Iowa, Kansas, Minnesota, Missouri, Montana, Nevada, North Dakota, Oklahoma, Tennessee, Texas, Utah, Wisconsin, and Puerto Rico. Series LLCs allow an owner to place assets in "series" and that contains liability through cross section existence.

Conclusion, LLCs can be converted every 60 months. Given the technology we now have, the concept of a company has become more fluid. No more do companies have to carry a rigid structure cradle to grave. In the electronic/computer/internet age, a business can change its name, concept, and structure as often as it suits the owners to change it. The Center routinely advises on these matters, as well as business succession and valuations of companies. If you have questions, please call: Basi, Basi & Associates at The Center for Financial, Legal & Tax Planning, Inc. at 618-997-3436.

Researchers Receive \$7 Million Grant To Develop Deeper Crop Roots

UNIVERSITY PARK, PA — Researchers in Penn State's College of Agricultural Sciences have received a \$7 million grant from the U.S. Department of Energy's Advanced Research Projects Agency-Energy, or ARPA-E, to design a low-cost, integrated system that can identify and screen for high-yielding, deeper-rooted crops.

The interdisciplinary team, led by Jonathan Lynch, distinguished professor of plant nutrition, will combine a suite of technologies designed to identify phenotypes and genes related to desirable root traits, with the goal of enhancing the breeding of crop varieties better adapted for nitrogen and water acquisition and carbon sequestration.

~ Chuck Gill, cdg5@psu.edu, 814-863-2713
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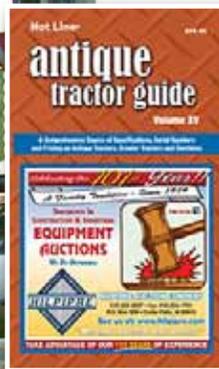
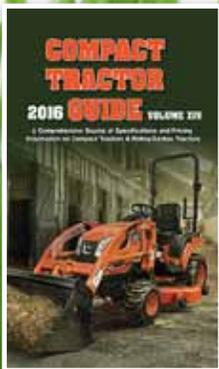
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C&CE Dealers Looking for Another Solid Year in 2017

Nearly half (49%) of dealers who cater to the commercial and consumer-type equipment needs of hobby farmers, large property owners, turf, lawn and landscape contractors, as well as municipalities and parks maintenance customers expect solid revenue growth during 2017. This confident outlook comes on the heels of strong sales years in 2015 and 2016.

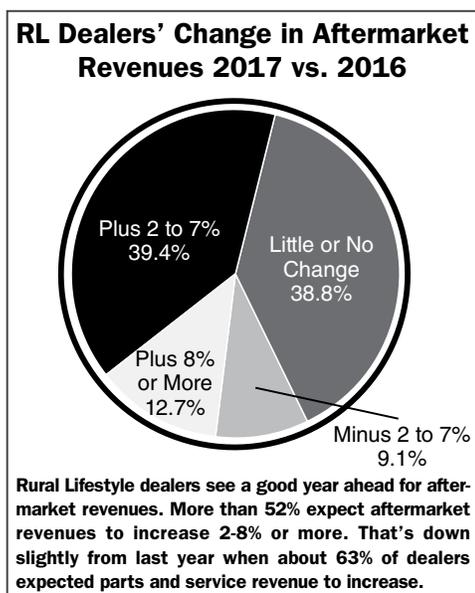
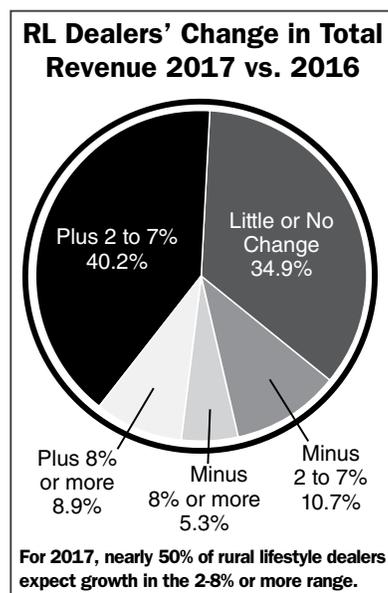
According to the results of *Rural Lifestyle Dealer's* 2017 Business Trends & Outlook survey, overall, 84% of the 170 dealers who responded to the annual study are forecasting that total revenue will be as good as or exceed levels seen in 2016.

In fact, the top 5 for 2017 matched the top 5 for 2016, with a few switching of positions. Tractors under 40 horsepower ranked second again this year with about 33% of dealers adding inventory. Skid steer loaders ranked third with about 31% of dealers planning to add this category of equipment to their current product line. (ranked number 4 last year).

Zero-turn mowers ranked fourth with about 26% of dealers indicating they will add inventory (ranked third last year). Tractors 40-100 horsepower ranked fifth this year and last year with about 20% of dealers them to their product lineup for 2017.

An in-depth summary of *Rural Lifestyle Dealer's* 2017 survey appears in the Winter edition of the magazine.

~ AEI

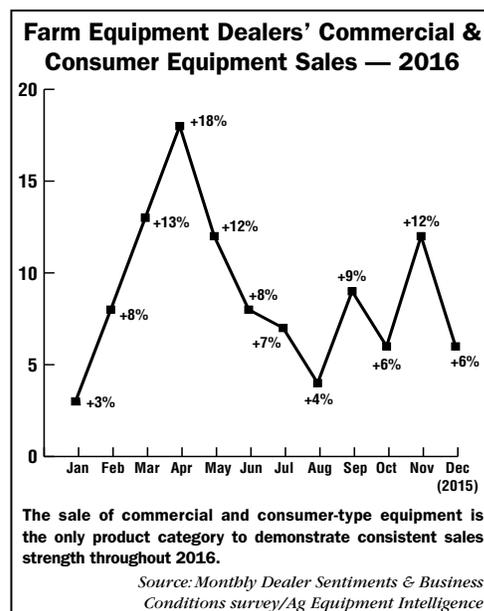


Strong Year for C&CE Sales in 2016

Sales of commercial and consumer equipment continued as one of the few bright spots for equipment dealers throughout 2016, easily outpacing the other 11 product categories covered in *Ag Equipment Intelligence's* monthly Dealer Sentiments & Business Conditions Update survey.

In fact, it was the only equipment category that posted positive growth in all 12 months. Only GPS/precision farming equipment and systems showed any growth at all during the past year. It posted positive numbers in February, March and April before falling back into negative territory for the remainder of 2016.

~ AEI



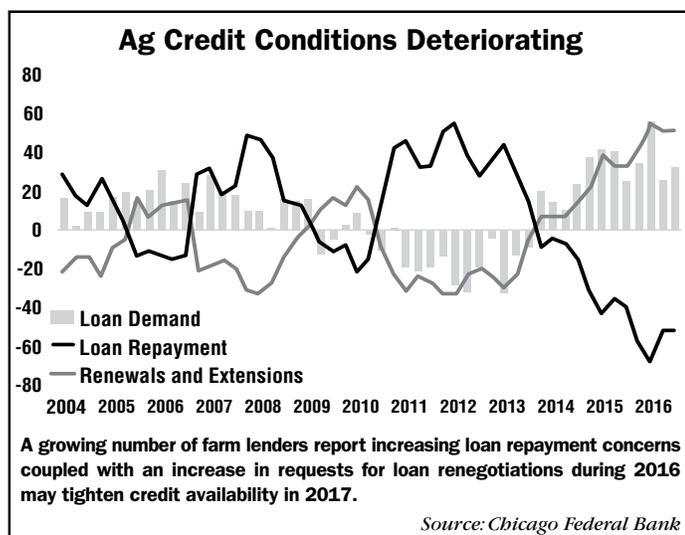
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'Margin Squeeze' Leading to Increased Farm Loan Scrutiny

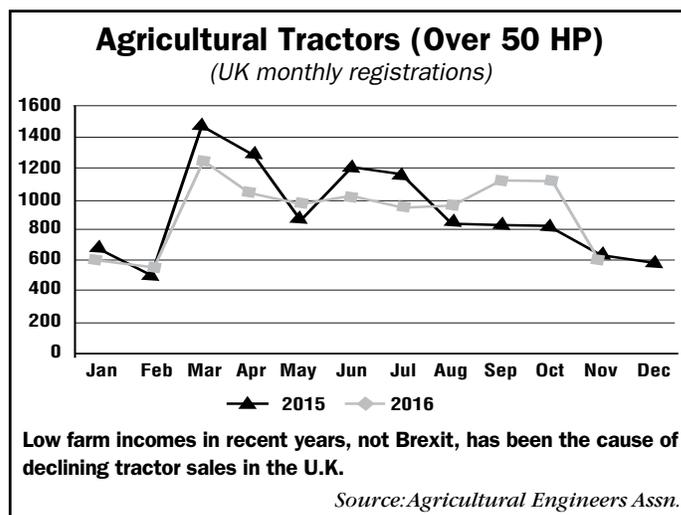
Farm lenders are taking a much closer look at crop producers' loan status as concerns about repayment are starting to grow. "The continued 'margin squeeze' faced by crop producers across the Midwest has led to a drastic reduction in working capital buffers," Todd Kuethe of the Dept. of Agricultural and Consumer Economics at the University of Illinois told those attending last month's Illinois Farm Economics Summit.

He noted that presently ag credit market data is giving off only "modest signals of increasing credit risk." But with the interest rates expected to rise in the near term, loan repayment risks also rise for lenders.

Dealers are also noticing the increasing concerns of ag lenders. Comments to *Ag Equipment Intelligence's* monthly Dealer Sentiments & Business Conditions survey have included: "Banks are scared to death" ... "With such low corn, soybeans and now cattle prices, we knew sales would be down. Bankers are routinely saying 'no' [to equipment purchases]." ~ AEI



Brexit Not the Cause of Slowing U.K. Tractor Sales



~ AEI

Ag Equipment Sales Down at Close of 2016

As 2016 came to a close, North American large ag equipment sales continued to decline, marking the 35th month of declines, says Mircea (Mig) Dobre, senior analyst with Baird Equity Research. Leading the declines for the month were 4WD tractors, which were down 36.4% year-over-year. While large ag equipment sales continued to struggle, compact tractors were once again the bright spot, with sales up 18.1% year-over-year in December.

~ AEI

DECEMBER U.S. UNIT RETAIL SALES							
Equipment	December 2016	December 2015	Percent Change	YTD 2016	YTD 2015	Percent Change	November 2016 Field Inventory
Farm Wheel Tractors-2WD							
Under 40 HP	9,350	7,909	18.2	133,227	118,816	12.1	72,284
40-100 HP	5,749	5,703	0.8	57,162	59,388	-3.7	35,838
100 HP Plus	1,761	2,181	-19.3	18,542	23,906	-22.4	9,774
Total-2WD	16,860	15,793	6.8	208,931	202,110	3.4	117,896
Total-4WD	241	410	-41.2	2,314	3,113	-25.7	800
Total Tractors	17,101	16,203	5.5	211,245	205,223	2.9	118,696
SP Combines	487	686	-29.0	3,972	5,376	-26.1	760

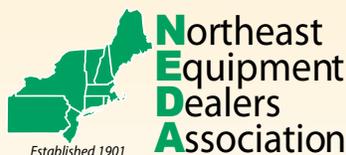
COST OF DOING BUSINESS STUDY

The 2016 Cost of Doing Business Study presents the annual financial and operational profile of independent, retail equipment dealerships.

This Study is made possible through the cooperation of participating dealers associations and their members who provided detailed financial and operational information for their individual companies. The Study assesses financial performance and presents composite income statements and balance sheets in addition to averages for key financial performance ratios. Use it to:

- ⊙ Compare your financial performance to that of all dealers (regardless of lines or manufacturers represented);
- ⊙ Use it to assist in the valuation process of your businesses for estate planning, buy/sell agreements, mergers/consolidation purposes;
- ⊙ Use the benchmarks to establish future goals and budgets.

NEDA participated in this joint venture, with other North American Equipment Dealers Association affiliates, because it is important for a trade association to generate this type of information for members to measure their own performance against industry averages. The data sets benchmarks you can use to establish financial plans to improve profitability.



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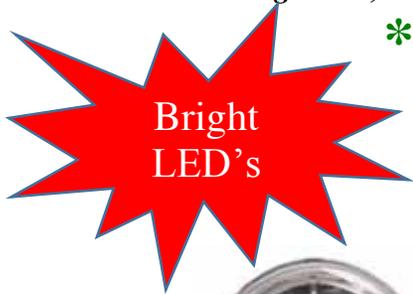
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