

# SSDA SERVICE QUARTERLY



September  
1997  
\$10

An official publication of the Service Station Dealers Association of Michigan

## 1997 SSDA Convention a success

*Convention workshops provided dealers with valuable information on finding quality employees and how to do their own security surveys*

The 1997 SSDA Convention at the Park Place Hotel in Traverse City on August 3-6 provided attendees with information on a variety of subjects essential to running a successful station.

On Monday morning, Mr. Mel Kleiman of the Houston based consulting group Humetrics, Inc. shared his knowledge with convention attendees about how to hire winners and keep them. Mr. Jim Dominowski of STT, Inc., spoke to dealers about store security matters and reducing shrink or internal theft on Tuesday morning. Wednesday morning's session was a Rewarding Ideas Roundtable Meeting where attendees shared their best business ideas of the past year.

In addition to the valuable seminars, dealers and their families also enjoyed a variety of fun events at the Convention. Attendees were welcomed Sunday night with an Italian dinner complete with a rousing (modified) game of bocce ball. On Monday night, the SSDA group enjoyed dinner and a fantastic variety show at Dill's of Traverse City.

The golfers of the group enjoyed a beautiful day at the SSDA Convention Golf Outing held this year at Mistwood Golf Course in Lake Ann.



*Mr. Mel Kleiman of Humetrics, Inc. led a lively workshop on how to hire and keep winners (see story on page 10 for more information).*

Of course, when there were not any events or workshops taking place, many attendees took the opportunity to enjoy all the Traverse City area has to offer, including sight-seeing and shopping.

For more Convention coverage, including more details on the valuable workshops and a pictorial review, please turn to pages 10 and 11.

## Hearings examine August gas price increase

The gas price sub-committee held their first meeting on September 24, 1997 to begin to investigate the sharp rise in gas prices in August 1997. This was the first of many hearings scheduled around the state for this sub-committee.

This first hearing was an informational and organizational meeting for the sub-committee. Chairman Clark

Harder (D-Owosso) explained his intent for the hearing process. His goal is to establish and understand the process of how the price of gasoline at the pump is determined. He would like to see this remain as a by-partisan process and focus on Michigan's motoring public.

Testimony was given that day by a staff person from the House Fiscal Agency. He

gave a background of prices at the retail level according to AAA. He also gave descriptions of how the futures market works and how it interrelates to the price of gasoline. Many questions were asked and directions were given to the House Fiscal Agency for additional research and questions to be answered.

At the closing of the

meeting, they reviewed dates for the upcoming meeting and noted that there would be at least 3 hearings to be held in Detroit, Saginaw and Grand Rapids. Chairman Harder indicated that he would be working with both industry and public groups as to when and where they could testify and

*see Hearings pg. 17*

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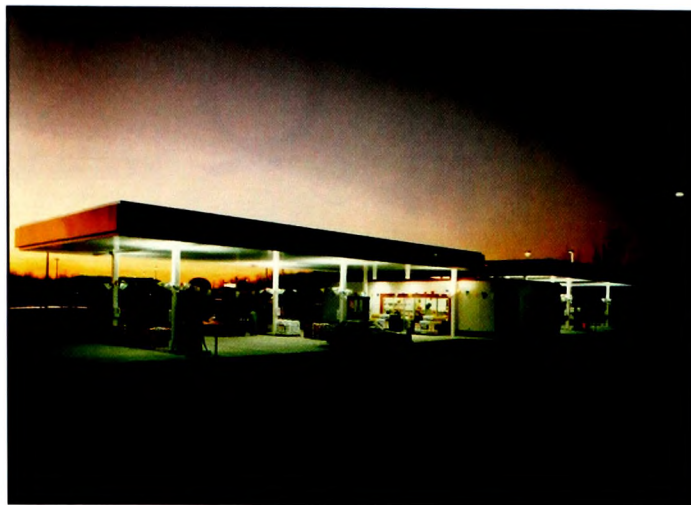
Randy Markham's Sunoco Superstore in Lansing really lives up to its name.

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# President's Corner —

Dennis Siderski, SSDA-MI President

## Summer's news

As usual, summer is gone as quickly as it came, and also like usual, it was as busy as ever. Many dealers spent their summers trying to find good employees. The SSDA Convention provided some help in this area.

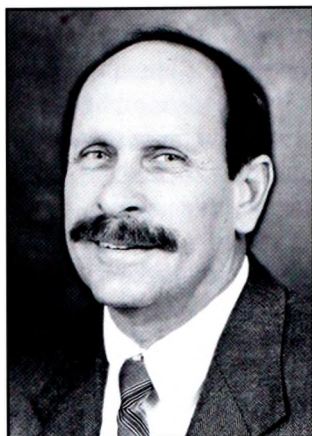
### Convention news

Those dealers who were able to get away to attend the 1997 SSDA Annual Convention in Traverse City on Aug. 3-6 enjoyed three days of informative speakers and workshops. The seminar on employment recruitment held by Mr. Mel Kleiman was especially fantastic. His message was much needed and very on target with the employment needs of today's dealers. I would like to thank Mr. Kleiman and all of the convention seminar speakers for sharing their knowledge with us. In addition, I would like to thank all of our Convention sponsors for their support of this important dealer event (be sure to see page 8 for a full list of the Convention sponsors).

### New SSDA officers elected

A new slate of SSDA officers was elected at the Association's Annual Meeting held at the Convention on August 5.

I am happy to announce the following new officers: President, Mr. Ed Weglarz, Hunter and Oak Amoco Service, Birmingham; First Vice President, Mr. Gary Fuller, 12 & Evergreen Shell, Southfield; Second Vice President, Mr. Rich Bratschi, Lake Lansing Rd. Mobil, Lansing; Third Vice President, Mr. George Schuhmacher, Colonial Amoco Service, St. Clair Shores; Treasurer, Mr. Keith Anderson, Anderson Service



Center, Midland.

Those elected will begin serving a two-year term on January 1, 1998. Together these individuals represent many brands, locations and business types (c-stores, repair facilities, and combinations of both). I wish the best to those elected and am confident in their abilities to lead the Association into the next century.

### SSDA-AT developments

At the SSDA-AT national convention, I was recently elected Third Vice-President of the national dealer association. I am very honored to be assuming the Michigan delegate role of Mr. Phil Bucalo, who passed away in August. I will try to do my best to continue the work Phil was doing to make the national association a better organization for everyone involved.

Along those lines, it was voted at the national Convention to approve a bylaw change to become an individual membership association rather than a federation of state associations.

### In memory

I would like to extend my warmest wishes to the family of Mr. Phil Bucalo, a long time member and leader of SSDA and SSDA-AT. His work as an avid supporter of the industry will be long remembered.

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# Member Briefs

## Scholarships awarded

The Charles L. Binsted Scholarships were recently awarded at the SSDA-AT Annual Convention on August 8-12.

This year's winners of the two \$2,000 scholarships (\$500 maximum per year) are Kelli Turner and Angela McDaniels, both of New York.

According to the provisions of the scholarship, names were assigned to the Pennsylvania and New Jersey lottery numbers and were awarded on the daily draw for August 9, 1997.

Our congratulations go to Kelli and Angela and we wish them and all of the scholarship applicants the very best in their studies.

## Forms help SSDA members figure applicable taxes for street prices

With the 4 cent increase of Michigan's gas tax, it is a good time to insure that the price you are charging for a gallon of gas reflects all appropriate taxes.

With the increase, the state tax went from 15 cents to 19 cents. The federal tax remains at 18.4 cents per gallon. Michigan also charges sales tax on each gallon of gasoline sold. Sales tax is charged on the total of the wholesale cost, plus any profit, plus the federal tax.

Many dealers calculate the amount of sales tax by adding the cost up or working backwards from the street price. In order to help facilitate the calculation of sales tax on gasoline, Mr.

Larry Wright, a long time friend and consultant to SSDA, has compiled a worksheet and a gasoline sales tax computation form for SSDA members. Our thanks go out to Mr. Wright for his work and the support he has given SSDA.

The sales tax formula gives both methods of calculating sales tax, working from the street price backwards, or from the wholesale price forward. A key factor in calculating the sales tax is to make sure we use the proper number when dividing.

If you would like to contact Mr. Wright regarding your personal financial planning, please call him at 248-548-4148.

## In memory of...

Our sincere condolences go out to the family of Mr. Phil Bucalo, who passed away in August.

Phil had taken an active part in the leadership of SSDA and had earned the respect of dealers throughout the state for his leadership, honesty and availability.

Phil was involved with Shell Oil as an employee and most notably as a dealer at New Five Shell in Livonia, where his family members continue to operate that station.

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# Mechanic recertification update

## *Tune-Up/Performance mechanics required to demonstrate competency*

Beginning in 1998 mechanics certified in Engine Tune-Up/Performance are required to demonstrate continuing competency (recertify) in that category.

There are three ways to demonstrate continuing competency and qualify. One may be certified by passing a current state examination, receiving training from a state-approved training provider, or showing ASE certification in that area. A mechanic must demonstrate continuing competency before their Engine Tune-Up/Performance certification category can be renewed in 1998 (all other categories can be renewed as usual).

In an attempt to identify

mechanics who may already qualify for recertification, the Bureau of Automotive Regulation (BAR) has entered into an agreement with ASE to obtain the names of currently certified mechanics in the categories of Engine Perfor-

mance and Advanced Engine Performance Specialist. This information is being downloaded into BAR's computer as it is received.

Mechanics with Michigan mailing addresses need not submit documentation to confirm their certification

status with ASE. Mechanics with out-of-state addresses should send a copy of their current ASE certificate with their mechanic renewal application.

To help mechanics who are not currently ASE certi-

fied, BAR has begun sending a list of approved training providers with renewal applications. Mechanics who plan to meet the recertification requirement by obtaining training should take the training several months before their certification expires. Mechanics opting to take the state test at a Secretary of State branch office should arrange to take the test as early as possible to avoid last minute bottlenecks and to allow time to obtain approved training if the test is not passed.

BAR is offering large group testing opportunities around the state. Information on the testing opportunities can be received by calling the BAR at 1-888-297-1234.

Remember to check your mechanic certificate to identify your expiration date so that you can meet the recertification requirement before your certification expires. If you have any special questions, members may call SSDA at 517-484-4096.

## SSDA Classifieds

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**Station**—3 bay car wash and convenience store with gas, diesel, K-1, beer and wine, Lotto and more. Port Hope, MI. Call (517) 428-4441.

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# *The Service Station Dealers Association would like to thank all of the 1997 SSDA Convention Sponsors*

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## Are dealers the oil companies' cash cows?

In recent weeks gas prices have been highlighted throughout the state. These high prices hit at the same time as the additional 4 cent gas tax increase on August 1, 1997. Everyone involved in retailing gasoline has been asked questions from the press, from customers and from inquiring minds as to why and what triggered this sharp rise. Depending upon who you ask, the answers were insightful, comical, same ole same ole or, at best, confusing. Some of the responses were as follows:

- Supply and demand.
- Summer gas prices are normally higher.
- The old stand by - 'a couple of refineries were down for maintenance or environmental regulations.'
- Too much competition or too many stations.

Even in the most recent articles, some people were quoted as saying, 'it could have been because of zone pricing' or according to the banking economist, 'it came as no surprise, it's summer'

Why was this all such a big concern? Well, first the

legislators had just quarreled and squirmed over raising Michigan's gas tax. This process has been going on for approximately two years and finally came to a vote on a 4 cent increase. Many of the legislators saw this vote as a possible career ending vote. Once the vote was taken, they had to face their constituents. On that day the 4 cents was imposed, to raise approximately 200 million tax dollars, the bureaucrats woke up to see the gas prices go up higher than the proposed 4 cents. They knew how hard it was for them to come up with 4 cents and then to be apparently taken advantage of by the oil companies to what was equal to an annualized additional income of 400 to 800 million dollars for themselves. Now you can understand what caused the backlash. The problem now is, who do they blame? As the inquiries continue, major oil companies have turned back to their same answers. They all have them. I think they are on page 7, paragraph 4, 1-20 in the price guide book on how to

answer questions on gas prices.

When oil companies need to make additional money, zone pricing kicks in. Dealers in areas where customers can pay more are charged more. This makes it easy to show how wholesale prices may have gone up and then immediately decreased, but dealer prices went up higher and remained higher or went up even more as the wholesale price went down. Zone pricing affects the street prices. If the oil companies need to make more money, one way is to have the street price be higher. As the street price is higher and the wholesale price is low, more money for the oil companies paid by the consumers. Therefore, oil companies need dealers. The distributors benefit from dealers having high zone prices. As the dealers must show a higher street price the distributors can follow within a couple of cents and increase their volume with a much lower wholesale cost. That equates to jobber profits. This shows that deal-

ers may be the cash cows that oil companies depend upon. The oil companies rely on dealers for profits (through

*see Viewpoint pg. 22*

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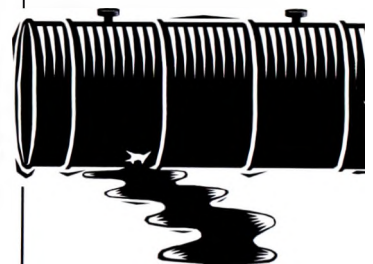
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# 1997 SSDA Convention Coverage

## Employment expert shares tips on how to hire and keep winning employees

Convention speaker Mel Kleiman lived up to his reputation and more in his presentation, "How to hire winners and keep them," at the 1997 SSDA Convention, Aug. 3-6 in Traverse City.

Mr. Kleiman, of the Houston based consulting group, Humetrics, Inc., gave an excellent workshop on how to hire quality people for our businesses and keep them.

The workshop gave ideas and actual questions to ask in interview situations in order to get the information needed to make a proper decision. It also showed how to motivate and retain those employees that are already part of our team.

This workshop received many positive comments and was a timely topic. We hope to bring Mr. Kleiman back to a SSDA function in the future.



*Dealers at the workshop held by Mel Kleiman of Humetrics, Inc. listened intently to the valuable information on hiring winners*



*Mr. Jim Dominowski of STT, Inc. shared with dealers how to do their own security surveys on their businesses.*

## Workshops cover security surveys and rewarding businesses ideas

A workshop given by Mr. Jim Dominowski of STT, Inc. gave dealers some valuable information on discovering internal theft and other store security matters.

Mr. Dominowski's workshop gave many practical ideas and corrected many misconceptions on common practices

of most retail practices today.

Attendees also participated in a Roundtable Idea Session where practical and functional business ideas were discussed. Dealers exchanged these ideas which have been proven to work in actual retail establishments to improve sales or motivate employees.

## Dates announced for SSDA-AT World Transportation Services Conference and Exhibition

The Service Station Dealers Association of America and Allied Trades and the International Tire and Rubber Association (ITRA) have announced the dates for their upcoming joint World Transportation Services Conference and Exhibition. During recent meetings of both association's Board of Directors, convention dates were set for Friday, Saturday, and Sunday,

April 3-5, 1998 at the Kentucky Fair and Exhibition Center in Louisville, Kentucky.

Additional educational workshops will take place on Thursday, April 2, the day prior to the opening of the exhibition.

The international conference will include seminars on business management, exhibitors, a golf outing and a backyard barbecue.

## Convention golf outing enjoyed by all

Attendees of the 1997 SSDA Convention enjoyed some great golf at the Convention Golf Outing held at Mistwood Golf Course on Tuesday, August

5, 1997. Mistwood, located just minutes away from Traverse City, offered Convention attendees challenging play and an enjoyable time.



*Tim and Pat Mariner (Grand Rapids) and Howard and Helen Hobbs (Grand Rapids) awaiting their tee time at the Convention Golf Outing*



# Looking back

*at the 1997 SSDA Annual Convention  
held August 3-6 at the Park Place Hotel*



*SSDA members enjoying  
Sunday night's Italian  
dinner (clockwise  
around the table):  
Ed Weglarz, Richard  
Szлага, Elaine Szлага,  
Angelo DiMango,  
Delores DiMango,  
Jodi Wright and,  
Larry Wright.*



*The West Michigan  
delegation (plus Chris  
Demo) gathers together  
for Sunday's dinner:  
(clockwise) Chris  
Demo, Harry Lane,  
Linda Engle, Helen  
Hobbs, Howard Hobbs,  
Tim Mariner, Pat  
Mariner, Bob Wilmarth,  
Kay Wilmarth.*

*After Sunday night's  
Italian dinner, attendees  
competed in a game of  
Bocce played with bean  
bags instead of balls.  
Linda Engle, throwing  
and (left to right) Ron  
Harkness, Gloria  
Harkness, Dené Pellicci,  
Kay Wilmarth, Tim  
Mariner, Judy Covatch  
and Chris Demo.*





# Lottery Update

Commissioner Bill Martin, Michigan State Lottery

## New games bring more excitement

The Michigan Lottery's first lump-sum cash option winner claimed his prize from the Sept. 10 Michigan Lotto drawing—a prize worth \$5,196,211 before taxes! The winner, who requested anonymity, purchased his ticket at Wright's Corner Market in Lakeville. He's just one of many Michigan Lotto players excited about the new cash option.

When the Michigan Lotto cash option was introduced July 13, nearly half of the wagers placed for the July 16 jackpot were for the lump-sum cash option. In the months since, the number of cash option wagers has steadily increased, with now more than 62 percent of Michigan Lotto players opting to take their jackpot winnings in one lump sum. Clearly, there are a lot of Lotto players out there who

want their millions up front!

However, when implementing a game enhancement such as the lump-sum cash option, it's natural that your Lottery customers will have questions. It is my job to be certain that the correct information is available to everyone—especially our retailers—so your customers can get the answers they need in order to make informed decisions.

Here are a few facts about the lump-sum cash option that bear repeating:

1. Lotto players must choose annuity or cash option at the time of ticket purchase—it is an IRS requirement.

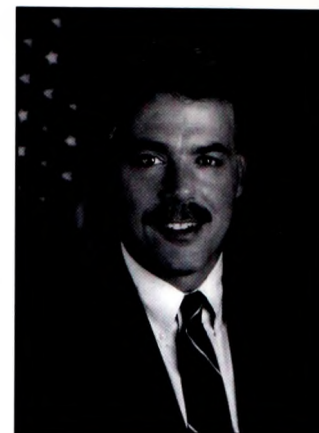
2. If a player selects the cash option and matches all six Lotto numbers to win the jackpot, the player receives the present cash value of the jackpot in one lump sum.

The actual amount will vary, but will be approximately one-half of the advertised jackpot. This is a one-time payment, with no future annual installments. Just as with the annuity payments, a lump sum payment is subject to federal and state taxes.

3. The new lump-sum cash option does not affect annuity winners in any way. The Lottery has always paid out the full jackpot to an annuity prize winner. Even if the winner should die before the full 25 years over which the prize is paid, the Lottery will pay out any remaining years on the annuity to the winner's beneficiaries.

### UPC Codes

Another move designed to assist Lottery retailers is the introduction of UPC bar codes on Lottery instant tickets. Beginning with the new "Monster Cash" instant ticket



(on sale Sept. 29), all Michigan Lottery instant tickets will carry a UPC bar code specific to each individual game. The bar code will enable retailers that use UPC scanning equipment to inventory Michigan Lottery instant tickets on their systems.

*Note: SSDA Roundtable Group members first suggested the use of UPC codes to Lottery officials while meeting with them at Lottery headquarters in Lansing. We are happy to see the implementation of this suggestion and are proud to have had a part in its creation.*

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## *Is Bigger really Better?*

By Steve Ott

From its automatic doors to its three co-brands, and from its twelve gas pumps to its double car wash, Randy Markham's Dunkel Sunoco Superstore was designed with one thing especially in mind—VOLUME.

The newly opened station is located on Dunkel Rd. at the Jolly Rd. exit of US 127/I-496, just south of Lansing and north of the US 127 and I-96 interchange. The Sunoco Superstore has a 3,000 square foot convenience store, a full Kentucky Fried Chicken with sit down dining and a drive-up window and a Dunkin' Donuts. In October, a TCBY will open in the store. Outside, the station offers a double car wash with soft touch wash on one side and a touchless wash on the other.

Randy said he thinks building bigger stations is better. "With the gasoline industry as volatile as it is, I think it is going to be easier for the big stations with a lot of profit centers to survive," commented Randy.

Having always priced his gas low at his other stations, Randy said his goal with the new station was to have a major brand gasoline but be able to price as an independent. "The c-store, three co-brands and the car washes will help us compete on the gasoline no matter where the margins go," Randy said.

In keeping with those low gas prices, Randy held three grand opening specials each Saturday at the Superstore. He backed traffic up for miles with hour-long 49 cent per gallon gasoline promotions and in-store 49 cent specials.

While the Sunoco Superstore is new, Randy is definitely no new-comer to the service station business. He draws his business philosophies from his nearly thirty years of owning stations.

In addition to the Sunoco Superstore, Randy also currently owns the Handy Mobil at the I-96 Fowlerville exit, the Saginaw and I-96 Amoco on the west side of Lansing and his original station, Randy's Mobil at

"With the gasoline industry as volatile as it is, I think it is going to be easier for the big stations with a lot of profit centers to survive,"

Okemos Road and I-96.

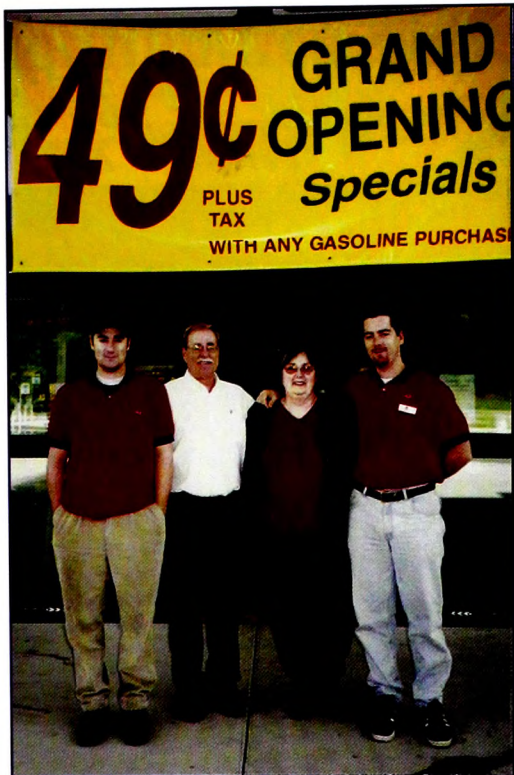
Randy first started working in a station while attending college at Michigan State University and he bought his first station in 1969 after serving in the U.S. Army. "I got the Okemos station when it was out in a cornfield and opened it on a shoe string," commented Randy.

Alongside Randy since the opening of that first station has been Randy's wife, Betty. She does payroll and helps out in many different roles at their four stations. "Betty is



Randy Markham's Sunoco Superstore off US 127/I-496 at the Jolly Road exit in Lansing offers passing motorists all the conveniences: a double car wash, plenty of pumps and a variety of eating opportunities.





Left: Randy and part of his family (left to right) Mark, Randy, Betty and Doug, stand in front of a promotion for the opening weekends of at the Sunoco Superstore. Right: Inside the Sunoco Superstore, there is a c-store, a full sit down Kentucky Fried Chicken and a Dunkin' Donuts.



## FORMALITIES

- Randy owns four stations in the Lansing area.
- He is married to Betty and has three sons and two daughters, Mark, Doug, David, Becky and Denise.
- His newest station is the Sunoco Superstore at the Jolly Rd. exit of US 127/I-496.

especially helpful in running the profit centers,” said Randy. “I couldn’t do it without her.”

Randy and Betty have also had five steady employees to rely on, their three sons and two daughters. While they are all adults now, Becky, Mark, Doug, David and Denise all worked at the family’s stations at one time or another. Becky and Mark still work part time while attending college and Doug works full time at the Superstore. “The

kids spent a lot of holidays working so other employees could have time off,” said Markham.

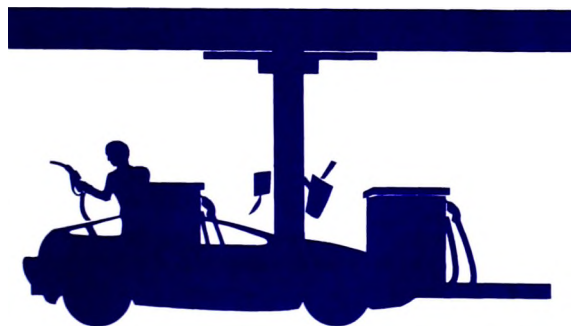
As for the future, Randy has another big station under development in Howell and says he always keeps his eyes open for new possibilities.

*SSDA is proud to represent dealers like the Markhams, who are willing to take risks and try new strategies in order to be successful.*

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# Michigan/Ohio dealers tee off in golf outing

*Event gives dealers a chance to collaborate and raise money for PAC*

On September 8, 1997 SSDA-MI and OPRRA held their first golf outing together in Ottawa Lake, Michigan. This was a great opportunity for dealers from both states to get together and discuss issues, set strategies for solutions and have a great time competing in a golf game.

Dealers from all over Michigan and Ohio enjoyed an excellent day on the course, the weather and food were great and everyone enjoyed the camaraderie. Keeping with tradition since the Battle of Toledo, Michigan

prevailed over Ohio once again. Ohio dealers have already requested a re-match hoping to redeem themselves.

The real benefactor of this golf outing were all of the dealers from Michigan and Ohio. Money was raised for both State PACs, to be used accordingly, to help in regulatory relief and support those people who support dealer issues.

If you were unable to attend this year's event, make sure to be looking for information for next year, so that



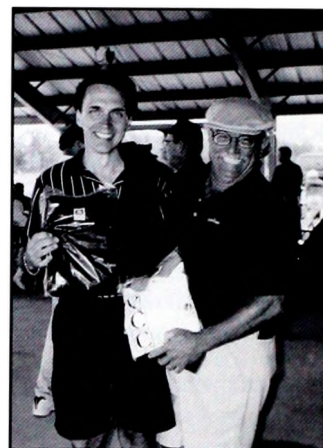
*Attendees of the SSDA PAC Golf Outing at Whitehills Country Club enjoyed dinner after a hard day on the course swinging the clubs.*



*SSDA-MI members Tony (left) and Angelo (right) DiMango chasing down their long drives.*

you can be part of an excellent event and a worthwhile cause. We thank those members that played and the sponsors that provided players and provisions in order to make this year's golf outing a great success.

*Right- SSDA-MI members Art Eliason (left) and Tony Marocco (right) show off their winnings from the outing.*



## AMERITECH CELLULAR and SSDA

*Announce*

***"A Cellular Service That Can Save you Money"***

SSDA members have been asking for a cellular service that has a backing of a major carrier, many locations for service and reasonable charges for air time. That question has been answered for dealers in southeast Michigan by a new SSDA membership benefit with Ameritech and Pagetec.

The program is especially valuable because of the following facts:

- *Ameritech is one of the strongest cellular carriers in the nation.*

- *Pagetec is a company with over 25 locations in Metro Detroit area. They provide phones, Ameritech cellular service, and paging service.*

- *SSDA members, families and employees can benefit from this new cellular package.*

When you enter a Pagetec location, let them know that you are an SSDA member and these special prices will be available to you.

SSDA members can use

this package as a benefit for your managers and other employees that may be interested in a cellular phone. Today's rising business costs make us look at every possible avenue to save money on things that we must have. Today's business world requires us to have cellular phones so we should have them for the best prices available.

SSDA researched many cellular packages and is very proud to be able to offer the Ameritech/Pagetec program

to its members. We are confident it will save SSDA members money.

If you have any more questions on this new program, or need to know the closest Pagetec outlet to your location in southeast Michigan, please call the SSDA office at 517-484-4096.

Thank you for your continued support. We are looking forward to announcing future programs that meet the needs of dealers throughout Michigan.



## Tax stamp draws mixed reactions

Hearings from pg. 1

A cigarette tax stamp is supposed to be implemented December 1, 1997 and to be in retailers locations by February 15, 1998. This was issued by the Department of Treasury under emergency rules due to many factors, including cigarette smuggling and the lack of the legislature to act.

Litigation has been filed against the state by the cigarette wholesalers due to concerns over the cost of implementation. This issue came to head at a recent House Tax Policy Committee meeting. There has been legislation in both the House and Senate to impose a cigarette tax stamp. There has not been a compromise on the 2 bills in order for legislation

to pass both the Senate and the House. The sticking point, as reported earlier in *SQ*, has been the percentage allowance to the wholesalers for implementing the tax stamp process. The administration deems that it is not necessary to increase the percentage due to the windfall wholesalers received when the tax increased from 25 cents to 75 cents.

The wholesalers contend that additional monies are required because of start up costs, leasing equipment, holding time and the additional need for space to securely house stamped cigarettes. The legislature contends that the tax stamp must be authorized by the legislature while the admin-

istration believes that they have the authority to implement this under current statutory obligations. Meanwhile, smuggling continues.

It is SSDA's position that a tax stamp must be implemented in order to at least stop some of the current smuggling. The smuggling of cigarettes is a serious issue to all retailers and has been overlooked and pushed aside long enough. It is time for a stamp to be implemented and for a strong position to be taken. A House tax policy meeting is scheduled for late September in the efforts to come to a compromise so that the tax stamp can be implemented under legislative authority and that those skirting the law can be brought to justice.

the procedure they would be using.

It was clear many representatives on this Committee have strong feelings on this issue and want to see something positive come from these hearings. While it is understood that prices have dropped slightly, there are still reasons for questions to be asked regarding the August 1 increase. Real answers to all of these questions will benefit the motoring public, dealers and the oil companies when these type of occurrences happen again.

We will be updating members in the SSDA newsletter on the results of these additional hearings. Please call the SSDA office with any questions.

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  - Save you up to 50 percent with a Visa/MasterCard program; with no transaction fees and a fixed rate of 2.0 percent.
  - Earn you an annual dividend with Dodson workers' compensation; this year's is 16 percent!
  - Give you additional promotional points toward Tire Wholesalers programs, as a Tire Wholesalers customer and SSDA member.
  - Host an annual convention each year filled with business advantages and entertainment.
  - Protect your interests by having an SSDA representative on the MUSTFA Policy Board.
  - Make sure your voice is heard in Lansing with an active legislative support network and PAC.
  - Put a staff at your fingertips to find the legislative and regulatory answers you need.
  - Invite you to join a network of hundreds of other dedicated professionals in the industry who can help with advice and support.

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*Please send the application below to SSDA, 200 N. Capitol Suite 420, Lansing, MI 48933*

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COUNTY: _____	TYPE OF OWNERSHIP: <input type="checkbox"/> CORPORATE <input type="checkbox"/> NON-CORPORATE <small>SOLE PROPRIETORSHIP PARTNERSHIP</small>
ENCLOSED PLEASE FIND A CHECK FOR _____	
PLEASE CHARGE MY MEMBERSHIP TO MY MC OR VISA (PLEASE CIRCLE ONE) CARD # AND EXP. DATE _____	
<b>PLEASE BILL ME</b>	
ANNUAL MEMBERSHIP DUES:	ANNUAL ASSOCIATE MEMBERSHIP DUES:
_____ \$41 monthly (electronic banking)	_____ \$25 monthly (electronic banking)
_____ \$480 annual payment	_____ \$250 annual payment
Add \$120 per station after four stations.	
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## Planning your retirement requires financial foresight

With the number of years people are spending in retirement increasing, it's become more important than ever to plan your retirement budget carefully. If you're not sure how much you'll need to finance your leisure years, read what the Michigan Association of Certified Public Accountants (MACPA) has to say about developing a retirement budget.

### A LIFESTYLE DECISION

CPAs say you'll need 70 to 80 percent of your pre-retirement income to maintain your standard of living in retirement. However, the exact amount depends on the type of retirement you have in mind. For example, some retirees who have traveled extensively on business may look forward to spending their retirement years close to home. Others have long dreamed of a retirement filled with trips to exotic destinations. The more expensive your hobbies, interests and leisure time activities, the more money you'll need in retirement.

### ASSESSING YOUR EXPENSES

While some of your expenses will remain the same in your retirement years, others may not. Take the time before you reach retirement to estimate these so that you can anticipate how much retirement income you'll need.

For example, you can count on spending less on work-related expenses, such as business clothing, dry cleaning, lunches out and commuting costs. If your mortgage will be paid off by the time you retire, you won't need to send that monthly check to the bank, but keep in mind that there's no getting away from prop-

erty taxes, homeowners insurance and maintenance expenses, all of which are likely to increase over time. And remember, when you're in the house more often, you can expect to pay more for heat, air conditioning, electric and other utilities.

Taxes are another area where you should see expenses drop. At least part of your Social Security benefits will be tax free, and since the tax rules don't consider pension payments earned income, you won't pay Social Security taxes on your monthly pension. Your total income is likely to be less in retirement than it was while you were working, which means you'll pay less income tax.

One expense you're likely to see significantly increase after retirement is the cost of health care. As employers cut back on health care coverage for retirees, more retirees are faced with the expense of buying health insurance on their own. Add the cost of out-of-pocket medical expenses, like prescription drugs, which are not covered by some plans, and health care becomes a major budget item.

When planning your retirement budget, keep in mind that you'll need to factor in inflation to account for the gradual increase in the cost of living. According to the *Wall Street Journal*, inflation has averaged four percent in the United States since 1926. If you need help determining how inflation impacts your retirement budget, you might want to consult with a CPA.

**STRETCHING YOUR RETIREMENT DOLLARS**

If you're concerned about outliving your retirement

funds, don't despair. There are some ways you can extend your retirement nest egg. Here are a few suggestions:

- **Make a move.** If your current home is bigger than you need, consider selling it and relocating to an area where the cost of living is lower or to a smaller home with lower taxes.
- **Consider a reverse mortgage.** If you choose to stay put, a reverse mortgage can help you tap into the equity in your home. Essentially, you borrow against your home's value and you receive the proceeds in the form of regular monthly payments, as a lump sum, a line of credit or some com-

bination of the above. However, CPAs recommend that you take the time to understand the financial implications of reverse mortgages before entering into such arrangements.

- **Rent out a room.** If your children have moved out of the nest and you live near colleges or universities, consider renting a room in your home to a student.
- **Get a post-job job.** The economic reality of today is that many retirees will need to work at least part time in retirement. Your employment income will help pay some of your living expenses and postpone the time when you

*see money* pg. 22

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## Retail price maintenance reaches the Supreme Court: The Khan V. State Case

Last October's column was devoted to an important circuit court decision concerning the right of a dealer under the federal antitrust laws to sell gasoline at prices which he or she desired, rather than prices dictated by a supplier.

In Khan v. State Oil Co., 93 F.3d 1358 (7th Cir. 1996), a Union 76 distributor, State Oil, had entered into a supply contract with a dealer, which provided that State Oil would sell gasoline to the dealer at 3.25 cents per gallon below the "suggested retail price" which State Oil established for the dealer's location. If the dealer dropped his retail price be-

low State Oil's "suggested retail price," State Oil was under no obligation to reduce the wholesale price in order to maintain the 3.25 cent margin. If the dealer raised his pump price above State Oil's "suggested retail price," however, he was required to turn over all of the resultant gain to State oil.

The Seventh Circuit Court of Appeals, which heard the case, is normally viewed as the federal appellate court most hostile to antitrust claims brought by dealers. Nevertheless, even that court correctly identified State Oil's scheme as blatant maximum price fixing because it made it impossible

for the dealer to increase his margin above the 3.25 cents mandated by State Oil. Even the Seventh Circuit recognized that such conduct was squarely prohibited by an earlier Supreme Court Decision, Albrecht v. Herald CO., 390 U.S. 145 (1968). Writing about the Seventh Circuit's Khan decision last October, this column said, "Maximum retail price maintenance will remain illegal per se until and unless the Supreme Court decides otherwise."

Now, the Supreme Court has decided to revisit that very issue by agreeing to hear State Oil's appeal from the Seventh Circuit's decision. Written briefs have been held to be illegal per se in numerous Supreme Court decisions stretching back over eight decades, and that no reason exists to depart from that well recognized rule. Consistent with those decisions, the Supreme Court in Albrecht expressly prohibited suppliers from fixing dealers' maximum retail prices, because the Court recognized that "substituting the perhaps erroneous judgment of a seller for the forces of the competitive market...may severely intrude upon the ability of buyers to compete and survive." 390 U.S. at 153.

In urging the Supreme Court to overrule Albrecht, the suppliers claim that they need to resort to maximum price fixing in order to protect consumers from overcharging by local "monopoly" dealers.

SSDA directly challenged that argument by asserting that, in the real world, dealers - who are faced with intensive competition from

other dealers as well as from company-operated stations - hardly possess the so-called "monopoly" power which the suppliers pretend to fear.

What retail price maintenance is really about, SSDA argued, is the supplier's abuse of its own superior market power in order to squeeze dealer margins unfairly. Dealers have sunk significant money and labor into their locations, and they are extremely vulnerable, absent legal protection, to supplier oppression. SSDA argued:

Dealers and franchisees most likely to be injured by this behavior are, like consumers, the least powerful and most vulnerable players in the economic system. Protecting small business from oppressive wealth transfers remains a primary goal of antitrust law, particularly when that goal is consistent with efficient allocation of economic resources.

SSDA also pointed out in its brief a further evil of maximum price fixing which was present in the Khan case. The supplier's supposed concern about maximum prices may actually disguise its intention to fix the minimum price of products sold to the public.

In Khan, the dealer contended that he could not survive on a 3.25 cent margin, but could have operated profitably had he been permitted to decrease the price of regular gasoline while increasing the price of his premium grades. He could not do so, however, because his margin was fixed on all grades of gasoline. SSDA argued:

State Oil, by directly fixing the maximum price for

*see law* *pg. 22*

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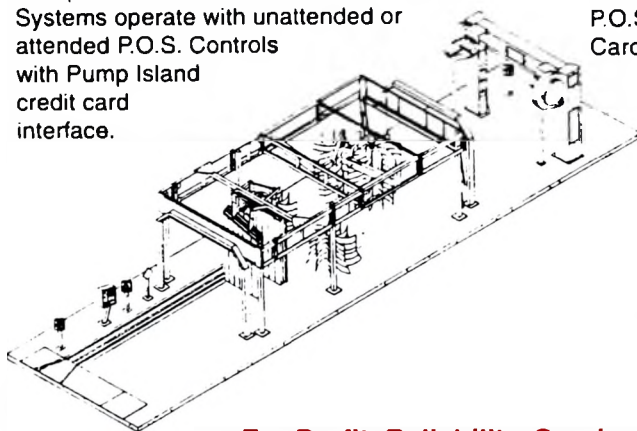
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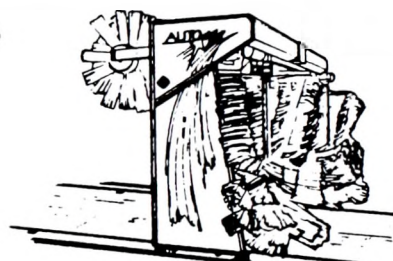
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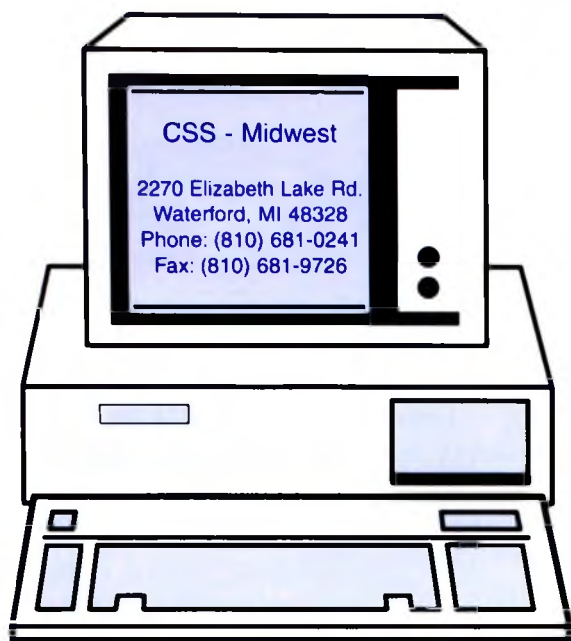
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all of Khan's gasoline products, made it impossible for him to reduce the price of his most price sensitive grade. Competition suffered from State Oil's price interference because...the dealer's independent pricing strategy would have been well received in the market place.

How the Supreme Court will rule on the Khan case will not be known for many months. Unfortunately, during the past twenty years the Court, like the lower federal courts, has shown an increased tendency to cut back on the protections afforded small business entities by the antitrust laws. We hope, however, that the Court recalls the words which it used over thirty years ago in striking down what it described as the "evil" of another "resale price maintenance program." In Simpson v. Union

Oil Co., 377 U.S. 13 (1964), the Court said:

Dealers, like Simpson, are independent businessmen; and they have all or most of the indicia of entrepreneurs, except for price fixing. The risk of loss of the gasoline is on them, apart from acts of God ... Practically the only power they have to be wholly independent businessmen, whose service depends on their own initiative and enterprise, its taken from them by the proviso that they must sell their gasoline at prices fixed by Union Oil... The evil of this resale price maintenance program... is its inexorable potentiality for and even certainty in destroying competition in retail sales of gasoline...

Hopefully, the Court will remember that message today.

## Viewpoint

from pg. 9

high DTWs, therefore forcing higher street prices) and depend upon the wholesalers and company ops to push volume.

One of their greatest fears is their cash cow may become an intelligent cash cow. Time has come to make sure dealers are up to date, educated and knowledgeable. One of the best ways to counter attack any of these ploys is to make sure that you keep **EXCELLENT** records. It is imperative that you start keeping excellent records for daily DTW costs

and the street price that you post on that day. Also, we need to keep competitors' daily street price. Keep an extra calendar with this information on it so you always have it at hand.

Secondly, dealers have to know and be ready to stand up for what is right. This is much easier to say than it ever is to do. The time is drawing near when action is going to be required. Be prepared, get your data and stay tuned.

Let me know what you think! Mooooo!

## Money

from pg. 19

need to dip into your retirement funds.

If you're among those who plan to work during retirement, build your contacts before you actually retire and make your wishes known. This task will help to ensure that more business and opportunities come your way.

Remember that planning

for your retirement requires as much foresight as it does math skills. CPAs can help you put your financial house in order and assist you in planning for your future financial well-being, but only you can make the vision of your retirement years a reality through disciplined savings.



## Poll shows mixed feelings over the effects of legislative term limits

Voters are about to force 65 House members from office next year due to term limits, and while support for limits remains strong, a new poll indicates the public believes a six-year exit is too quick and that imposing limits for the lifetime of an official is too harsh.

A recent poll by EPIC/MRA shows a strong 63-32 support to eliminate the lifetime limit, which is at the heart of legal challenge to the amendment, and 56-35 support to extend the term limit for House members to the same eight years allowed to members of the Senate and statewide officials. The poll

showed opposition by a 49-to-44 percent margin for the idea of increasing term limits to 12 years.

Term limits opponents took heart from the poll results, proclaiming the public to be increasingly aware of the negative effects of term limits.

Term limit proponents pointed out that voters have not veered from their basic support of limiting lawmakers to a maximum number of terms in office. In the poll, 54 percent said they still support term limits in some form, while 6 percent were against and 40 percent were undecided.

## Legislative info goes on-line

Beginning Friday, September 26, legislative documents, including text of bills, calendars and journals, will be available to the public on-line at <http://www.michiganlegislature.org>. The new web site, which has been under development for several months, has been touted as a major advance in allowing the public to stay informed on legislative activities.

Included in the web site will be the last five daily calendars for both the House and Senate, House and Senate journals, and bills and joint resolutions as introduced and as passed by both chambers.

## NOTICE

Dealers must notify suppliers by October 23 for 1997 holiday closing.

Under Public Act 134 of 1990, dealers who do not operate their station within a 1/2 mile of an interstate or U.S. Route freeway exit have the right to close their business on one recognized holiday a year. Dealers are allowed to close from 6 p.m. the day preceding the holiday until 6 a.m. the following day.

To take advantage of this law, dealers must notify their supplier in writing (certified mail insures accuracy) **60 days before the holiday** that they intend to close the station.

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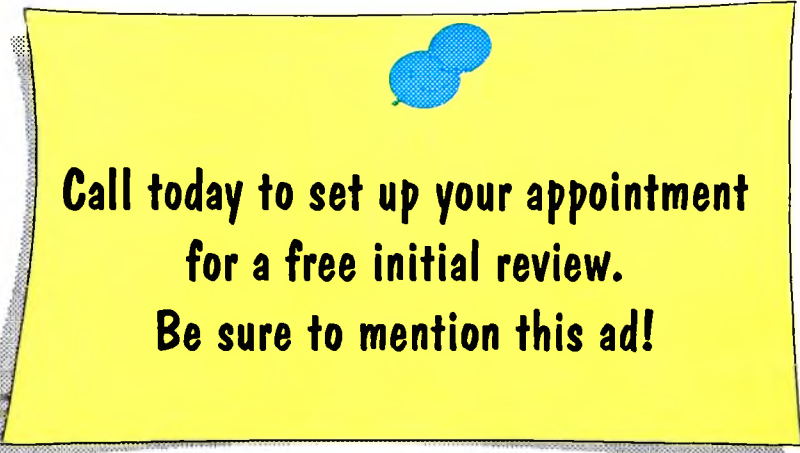
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