

FACT: In 2002, an estimated 936,000 new motorcycle units were sold. 66% were on-highway motorcycles. Dual motorcycle represented 2% and off-highway motorcycles comprised 32% of the new retail units sold in 2002. New motorcycle retail sales equaled an estimated 7.5 billion dollars in 2002.

On-highway motorcycles accounted for 85%, off-highway (13%), dual (2%).

Source: Motorcycle Industry Council, 2003 Statistical Annual

mark your calendars 2006 tmda annual conference



February 18-19, 2006
Hotel Finisterra
Cabo San Lucas, BCS, Mexico

Hotel accommodations available for February 16-21



823 Congress Ave., Suite 230
Austin, TX 78701 • 512/479-0425
Fax: 512/495-9031 • Email: tmda@eam.com

OFFICERS

President, Morris Baker
Honda of Lubbock, Lubbock
Vice President, Al Lamb
Dallas Honda, Dallas
Secretary, Bob Kee
Destination Cycle Sports, Kerrville
Treasurer, Steve Littlefield
Central Texas Power Sports, Georgetown
Past President, Robert Barger
Barger's Allsports, Waco

BOARD OF DIRECTORS

Gene Anderson
Gene's Polaris Country, Inc., Mon Belvieu
Lisa Bliss
Joe Harrison Motor Sports, San Antonio
Gene Brady
Pasadena Honda, Pasadena
Jim Foster
Killeen Power Sports, Inc., Killeen
Mark Lamb
DFW Honda, Grapevine
Randall Latch
Fun Motors of Longview, Longview
Ronnie Lunsford
Northwest Honda, Houston
Scott Ross
Ross Motorsports, Lufkin
Alvin Sharp
Sharp's Motorsports, Inc., Amarillo
Irvin Thomas
Inv Thomas Honda, Corpus Christi

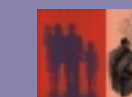
STAFF

Mike Marks
Executive Director



Texas Motorcycle Dealers Association

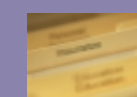
823 Congress Avenue, Suite 230
Austin, Texas 78701



overlooked
medical plan can
save your
company money
PAGE 2



summary of
the 79th
legislative
session
PAGE 3



what you
need to
know about
hb 7
PAGE 5

published by the texas motorcycle dealers association

motorcycle DEALER news

JUNE-JULY 2005

79th legislative session concludes

hb 2702 abolishes motor vehicle board



The 79th Legislature concluded on Monday, May 30 as lawmakers prepared for a special session to tackle the school funding and property tax issue, and passed hundreds of other measures. Gov. Rick Perry has now called a second special session for finalizing school funding and the property tax issue.

TMDA actively monitored legislation on the behalf of member's interests this session.

House Bill 2702 relating to the construction acquisitions, financing of transportation passed both the House and Senate and was signed into law by Governor Perry. The bill is a 163-page "catch-all" transportation bill that passed just minutes before a midnight May 29 death knell mandated by legislative rules.

Among the amendments that were added in the last few days and passed was an amendment to abolish the Motor Vehicle Board. This is the 9-member board appointed by the Governor to hear proposed rules, relocations, new dealer points, etc. This was done in retribution to the Texas Automobile Dealers Association for their opposition to the payroll tax and gross receipts tax. TADA believed that it was best to have the Motor Vehicle Board be abolished as opposed to having a payroll or gross receipts tax implemented.

The bill states that all cases with the exception of proposed rules will be heard by the Department of Motor Vehicle staff and all proposed rules be heard by the 3-member Texas Transportation Committee.

If you wish to protest a new dealer, protest an advertising fine, etc., the Motor Vehicle Board staff will have the final decision unless it is appealed to District Court. Proposed rule changes will be heard by the Department of Transportation Commissioners.

More information on HB 2702 will be provided to members as it becomes available.

In addition, TMDA monitored several bills affecting motorcycle dealers and a summary of these appear on page 7.

TMDA thanks the Legislative Committee consisting of Morris Baker, Gene Brady and Bob Barger for their efforts this session.

motor vehicle board adopts dealer metal plate limit rule

On September 9, 2004, the Texas Motor Vehicle Board adopted a new rule that limits the number of metal dealer plates issued to dealers, 16 TAC Section 111.9. This rule was proposed because of documented abuse of metal dealer plates.

The rule sets out the number of plates a newly licensed or renewing dealer may receive. A second provision allows additional plates if a dealer submits proof of sales by sending the Motor Vehicle Division a copy of the most recently filed VIT declaration or monthly statements. The rule states that the copy of the document submitted should be stamped "received" by the tax authority that received the statement. The dealer may submit a verified copy or the tax authority may submit the document directly to the division on behalf of the dealer.

While an official stamp was envisioned,

continued on page 2

summary of 79th legislative session

BILL	SUBJECT	STATUS
HB 264 (Chavez of El Paso)	wearing of protective headgear by certain motorcycle operators and passengers	FAILED
HB 395 (Homer of Paris)	eligibility requirements for the issuance or renewal of a driver's license that authorizes the license holder to operate a motorcycle in this state.	FAILED
HB 565 (Brown of Bryan)	requirement of overhead roll bars on certain all-terrain vehicles.	FAILED
HB 648 (Krusee of Austin)	presumptive value of a motor vehicle for purposes of the imposition of the sales and use tax.	FAILED
HB 672 (Jones of Dallas)	disclosure of charges for motor vehicle repairs.	FAILED
HB 988 (Chisum of Pampa)	county in which a seller of a motor vehicle may file an application for registration and certificate of title.	PASSED eff. 9/1/05
HB 995 (Vo of Houston)	operation of pocket bikes and minimotorbikes.	FAILED
HB 1268 (Bohac of Houston)	information included on a voter registration application.	PASSED eff. 1/1/06
HB 1322 (Kolkhorst of Brenham)	testing and examination fee requirements for persons completing certain driver education courses.	FAILED
HB 1522 (Griggs of N. Richland Hills)	operation and movement of motorcycles during periods of traffic congestion.	FAILED
HB 1538 (Hamric of W. Houston)	authority of a county assessor-collector of the Department of Transportation to refuse to register certain vehicles.	FAILED
HB 1596 (Paxton of McKinney)	regulation of neighborhood electric vehicles and motor assisted scooters.	PASSED eff. 6/18/05
HB 1627 (Brown of Terrell)	presumptive value of a motor vehicle for purposes of the imposition of the sales and use tax.	FAILED
HB 1628 (Brown of Terrell)	authority of certain counties to enact noise regulations.	FAILED
HB 1646 (Hughes of Mineola)	definition of all-terrain vehicle in the motor vehicle registration law. <i>(companion bill SB 717 by Eltife)</i>	PASSED eff. 9/1/05
HB 2093 (Oliveira of Brownsville)	safety in bicycling and certain other activities using nonmotorized recreational equipment.	FAILED
HB 2149 (Goodman of Arlington)	manufacturer or distributor ownership of certain motor vehicle dealerships.	FAILED
HB 2394 (Hill of Richardson)	issuance of a temporary tag for use on an unregistered motor vehicle.	FAILED
HB 2509 (Bohac)	jurisdiction of a municipal court over an action to enforce certain vehicle dealer and enforce plate laws. <i>(companion bill SB 1039 by Ellis)</i>	PASSED eff. 6/18/05
HB 2545 (Casteel of New Braunfels)	authority of counties to enact noise regulations.	FAILED
HB 3203 (Zedler of Arlington)	operation of a motorcycle on which a young person is a passenger.	FAILED
HB 3221 (Callegari of Katy)	records of certain vehicle repairs, sales and purchases <i>(companion bill SB 1746, by Lindsay)</i>	PASSED eff. 9/1/05
SB 338 (Carona of Dallas)	amount of the use tax imposed on certain motor vehicles brought into this state by a new resident.	PASSED eff. 9/1/05
SB 1073 (Staples of Palestine)	issuance of a temporary tag for use on an unregistered motor vehicle.	FAILED
SB 1310 (Hinojosa of McAllen)	wearing of protective headgear by certain motorcycle operators and passengers.	FAILED
SB 1311 (Hinojosa of McAllen)	establishment of an all-terrain vehicle trail and recreational area program.	PASSED eff. 9/1/05



medical plan

continued from page 2

expenses are covered. “In most cases, employers restrict coverage in one way or another,” says Alexander Domaszewicz, a principal at Mercer Human Resource Consulting. “They may choose not to cover Lasik eye surgery, for example, or fertility treatments or acupuncture,” all of which are considered qualified medical expenses by the IRS.

Withdrawals

HSA: Employees can withdraw money from the account for nonmedical expenses, paying a 10% penalty if they are under 65.

HRA: No withdrawals for nonmedical expenses are allowed.

Next Issue: So which plan is for you?

Source: *Fortune Small Business Magazine*

dealer plate limit rule

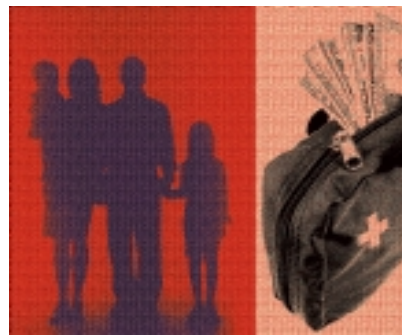
continued from page 1

if such a stamp is not available, any verification such as the date and a signature of a clerk, and the county name, will be accepted. A dealer is responsible for the acts and omissions of any agent, representative, or employee if that dealer gives authority to any person for that agent, representative, or employee to act on the behalf of the dealer.

Source: TADA

TMDA Accepts Credit Cards

TMDA is now accepting credit cards



President Bush has been aggressively promoting health savings accounts as an antidote to rising health-care costs, but so far relatively few small businesses are seeing such plans as a cure-all. Only 14% of the one million users who had established such plans through March worked for businesses with fewer than 50 workers, according to a trade-group survey. HSAs give consumers a financial stake in their health-care spending, which can help small businesses control costs. However, spurred by the publicity surrounding HSAs and consumer-driven plans in general, many small businesses have discovered that there is another type of plan that suits their needs better, one that is older and perhaps less sexy than an HSA but that gives them more flexibility and control: a health-reimbursement arrangement.

"From what we're seeing, the growth in HRAs is huge," says Ric Joyner, president of Eflexgroup.com, a benefits administrator in Madison, and also president of the National Association of Professional Benefits Administrators. "Somebody may call up asking about HSAs because they've heard of them on the news, but once they find out about them, they end up going with an HRA instead." By 2005, about 2.6 million individuals were covered by HRAs, far outnumbering those using HSAs, according to publisher Atlantic Information Services.

healthy choice: an often overlooked medical plan can save your company money

part one of a two part series

by Michelle Andrews

HSAs were created under the 2003 law that overhauled Medicare. They allow individuals or businesses to set up accounts to save for medical expenses on a pretax basis. The accounts must be coupled with a health plan that has a high deductible: at least \$1,000 for an individual and \$2,000 for a family. Often the employer covers some or all of the deductible by depositing money in the HSA, and the employee is responsible for any difference. Health-reimbursement arrangements, which date back to 2002, are somewhat similar to HSAs in that they also allow businesses to set up accounts that employees can access to cover their medical expenses. Typically businesses also couple the accounts with a high-deductible health plan. But there are key differences between the two types of plans that make HRAs attractive to many small businesses.

Structure

HSA: The accounts must conform to specific guidelines. For 2005, the maximum contribution is \$2,650 for an individual or \$5,250 for a family. The health plan attached to the HSA must have a deductible of at least \$2,000 for families. The health plan's maximum out-of-pocket limit can be no more than \$10,200 for families or \$5,100 for individuals.

HRA: The employer has broad flexibility concerning how much the company contributes to the account and how the accompanying health plan is struc-

ture. For example, the health plan's deductible could be lower than HSAs allow.

Funding

HSA: Individuals or businesses can open an account. The account must be "fully funded," meaning an employer must deposit the money up front, either in a lump sum or over the course of the year, before employees can access it.

HRA: Only the employer can open and fund an account for an employee, which gives the business owner more control over the company's health spending. Until an employee incurs medical expenses, the employer need only pledge the money for the account rather than actually deposit it, a boon to managing cash flow.

Ownership

HSA: Money in the account belongs to the individual and goes with him if he leaves the job.

HRA: If the employer chooses, money in the account may revert to the employer when an employee leaves the job.

Coverage

HSA: Money in the account can be used to pay for any "qualified medical expenses," as defined by the IRS, which includes a wide array of procedures, services, and products.

HRA: The employer determines which qualified medical

what you need to know about HB 7

texas workers' compensation commission abolished



During the recent legislative session, HB 7 abolished the Texas Workers' Compensation Commission and placed its responsibilities under the Texas Department of Insurance. Following are details about the legislation:

- The TWCC is abolished and the Division of Workers' Compensation and the Office of Injured Employee Counsel are created within the TDI as of 9/1/2005.
- The Governor appoints the Commissioners of Insurance and Workers' Compensation and the Public Counsel for the OIEC.
- The ombudsmen program will move to the OIEC.
- Carriers, self-insureds and public entities are allowed to create or contract with Provider Networks which must be certified by TDI.
- If an employer provides coverage which includes a network an injured employee must select a provider from within the Treating Doctors in the network.
- Employees must receive and acknowledge notice of the networks before they are required to use them.
- The carrier designates which specialties in the network may be Treating Doctors.
- An employee may select as Treating Doctor his/her PCP in their HMO if the PCP was selected before the injury and the PCP agrees to the network contract terms.
- Employees with existing claims will have 14 days to select a Treating Doctor within their network or one will be selected for them.
- TDI must have rules by 12/1/2005 and start accepting applications for certifying networks on 1/1/2006.
- Indemnity rate maximum will rise to 88% of the State Average Weekly Wage

(SAWW), about \$626/week, on 10/1/2006.

• The Commissioner of Workers' Compensation may raise the maximum to 100% of SAWW, about \$714, by rule.

• The period to withhold paying the seven day waiting period for TIB's is shortened from four weeks to two weeks.

• Designated Doctors will be able to provide presumptive opinions on extent of injury, whether the injury is work related and the employee's ability to return to work.

• Fee Schedule and Preauthorization requirement do not apply to networks (these are negotiated in the provider contracts with the network).

• On the carriers request, a Treating Doctor will be required to define the extent of injury and the carrier must accept or deny, in whole or in part, the injuries and diagnoses related to the compensable injury.

• The ADL expires on 9/1/2007.

• Only two BRC's may be held on an issue

• The Appeals Panel must issue and maintain a Precedent Manual.

• Electronic billing may be required by rule beginning 1/1/2008.

• Treatment and return to work guidelines will be adopted by the Commissioner.

• Networks must have guidelines, but not necessarily those adopted by the Commissioner.

• Case management must be considered for lost time cases.

• Return to Work Pilot program is established for small (2-50 employees) employers to assist in the cost of accommodating employees for return to work.

• Administrative penalties are at the discretion of the Commissioner, but may not exceed \$25,000 per day per occurrence.

• Commissioner must conduct rate hearing every other year beginning by 12/1/2008.

• Commissioner may, by rule, mandate rate reductions.

For more information, please see <http://www.tdi.state.tx.us/commish/twcc.html>.

To find out more ways you can improve your business, call TMDA at 512.479.0425.



4 tools for your business

TMDA Endorsed Service Providers

Contact the following TMDA endorsed companies for special member rates on services. Your participation in these programs also benefits TMDA by providing quarterly promotional allowances from the companies.

1 Discount Credit Card Processing First National Merchant Solutions

Contact: Chris Lynn
Phone: 866/778-4986

2 Property & Casualty Insurance Universal Underwriters

Contact: Wayne Knippers
Phone: 281-405-5226
E-mail: wayne.knippers@zurichna.com

3 Energy Buyers Program Affiliated Power Purchasers Int'l

Contact: Bill Kuzmich
Phone: 832/225-1275
E-mail: wkuzmich@appienergy.com
Contact: Mandi Krack
Phone: 800/520-6685
E-mail: mkrack@appienergy.com

4 Motorcycle and Personal Watercraft Insurance, Motorcycle and Personal Watercraft Service Contracts

The McGraw Group
Contact: Jack Ward
Phone: 512/762-3570
E-mail: csmward@msn.com

continued on page 4