TirePAC

The Political Action Committee for the Tire Industry

Dear Tire Industry Member:

This is an exciting time to have led the Government Affairs Committee as we conclude a very successful year in defending the tire industry from numerous assaults and various forms of legislation. Over the past year TIA has been involved in a variety of issues including: Small Business Healthcare, Work Opportunity Tax Credit, Estate Tax, Lawsuit Abuse, Retroactive Liability Provisions of Superfund, Scrap Tires and Used Oil, National Energy Bill, Federal Aid Highway Bill, Urge Strong Enforcement of the Magnuson-Moss Warranty Act, Halt the Activist NLRB's Efforts to Ease Unionization of Business, Support the Motor Vehicle Owner's Right to Repair Act, Marketplace Fairness Act, and Comp Time. If you would like to receive position papers on any of these issues or topics please send the request to rlittlefield2@tireindustry.org.

This year we continue our fundraising efforts to support the TirePAC fund and wish for your participation. Your TirePAC will have another and even more exciting silent auction at the upcoming 2013 Global Tire Expo and of course we will have 100 spots available for our PAC Board. It only costs $25 per square to participate with a first place cash prize of $500, second place of $250, and third place of $100. This year we are setting a goal to have $35,000 in the PAC fund by the end of the Global Tire Expo. As a reminder, TirePAC can only accept personal checks made out to the TIA TirePAC or up to $200 in cash at the events.

In an effort to make our government affairs efforts more visible, this year we will have former Congressman Al Wynn speak at the cocktail hour on Monday, November 4, from 5:00 p.m.-6:00 p.m. at the Cosmopolitan of Las Vegas. Congressman Wynn served in the U.S. House of Representatives for sixteen years in Maryland's 4th district. During the majority of his time as congressman, Wynn was an integral part of the House's Energy and Commerce Committee sponsoring such important legislation as the 2007 Energy Act which included a tire fuel efficiency consumer information program. Mr. Wynn was most recently Chairman of the Energy and Commerce Committee's Subcommittee on Environment and Hazardous Materials, and was a member of the Subcommittee on Energy and Air Quality. He was also part of the House leadership serving as the Senior Democratic Whip, Regional Whip, and as Chairman of the Congressional Black Caucus PAC. Currently, he practices law at Dickstein Shapiro, LLC, with a focus on legal and legislative counseling. Congressman Wynn is a strong and reliable friend of the tire industry and we look forward to his presence at the event.

If you are not attending the Global Tire Expo this year but would still like to donate, we would greatly appreciate your contribution. Consider making a generous contribution of $50 to help you in the fight to protect our industry. Please make a contribution via a personal check made out to TIA TirePAC and mail it to TIA's Executive Vice President Roy Littlefield at 1532 Pointer Ridge Place, Suite G, Bowie, MD 20716. If you want to find out more about getting involved with your association's government affairs efforts, please contact me or Roy Littlefield (rlittlefield@tireindustry.org or 301-430-7280) to find out how.

I hope you have a wonderful fall and I look forward to seeing you in Las Vegas at the Global Tire Expo and the pre-show TIA activities at The Cosmopolitan of Las Vegas.

Sincerely,

Ken Brown
Chairman, Government Affairs Committee

IN THIS ISSUE

DEBT CEILING

The discussion on the CR is, for the most part, unrelated to the next crisis, which has a softer but nevertheless important deadline: increasing the government's borrowing limit.

We anticipate another effort to "defund" health care reform or delay the individual mandate, some motivational triggers for tax reform and entitlements reform and a few other items in the debt ceiling increase legislation. The exact timing of the push for this legislation remains soft but at the outside, we are looking at about six to eight weeks.

WOTC EFFORTS

Passing a bill to fund the government through December 15 is essential before budget talks on spending and taxes between Congress and the White House can get underway. Those talks will be up against a December 15 deadline for completion, and a looming sequester on January 15 will be a further incentive to deal.

The question of extending WOTC and other expiring tax provisions will be on the table during these talks; thus, the period from October 1 to December 15 will be vital to WOTC's future and demand an all-out effort by our Coalition. Our thanks for the outpouring of support we've been getting.

We enter those talks with support of the President – the result of the TIA Coalition's efforts over four years to persuade key White House staff in the National Economic Council and OMB to include permanent WOTC in the President's budget. This occurred for the first time in the fiscal 2014 budget issued in April.

By extension, we will have the support of the Democratic majority of the Senate as well as three experienced negotiators in the House – Minority Leader Nancy Pelosi, Assistant Leader James Clyburn, and Minority Whip Steny Hoyer. Congressman Charles Rangel, Emeritus Chairman of Ways and Means and lead supporter of WOTC among House Democrats, will be guarding the ramparts.

If the parties reach agreement, our aim is to win permanent authority for WOTC in the bill Congress passes to implement the deal – likely a further Continuing Resolution. If a debt ceiling bill is agreed sooner and negotiations on tax extenders are far along, we will work for WOTC passage on debt ceiling.

If the Parties fail to reach agreement, our aim is persuade House and Senate leaders to pass a tax extenders bill before Congress adjourns for the holidays in December.

Under the Constitution, revenue measures must originate in the House. The House has done its duty to fund the government, passing H.J. Res. 59, "Continuing Appropriations 2014" last Friday.

The Senate is poised to take the first vote Tuesday on a motion by the Majority Leader to end debate (known as "cloture") and take up the bill. The motion will pass easily, as Republicans say they will join Democrats and Independents in voting to bring up the bill.

The Senate will then be in post-cloture debate – a 30-hour period in which amendments may be offered. Senator Reid, for the majority, will propose an amendment removing the House's provision defunding Obamacare. Using a longstanding Rule of the Senate, Senator Reid will amend his own amendment, thus blocking any further amendments, and debate will proceed on the H.J. Res. 59 as amended by the Majority Leader.

Nevertheless, Republicans leading the charge for defunding Obamacare may try to tie up the Senate to gain leverage via points of order or delaying tactics.

By Thursday or Friday, Senator Reid should be able to move to end debate and vote on final passage, which will require 60 votes. Senator Cruz and others plan to filibuster this motion and persuade their colleagues to stand together, which will deny Democrats the 60 senators needed to vote on final passage.

When and how this impasse will be resolved is uncertain, but with time running out for returning the bill to the House for passage before midnight September 30, Senator Reid's plan is to hold further cloture votes until he wins 60. If he's successful, the bill will pass.

Democrats are in revolt against the House's funding levels for 2014, and are railing at the President's promise to accept them. Senator Reid hasn't made a decision on amending the House bill to increase funding levels and try to avert sequester – he's under heavy pressure by his caucus, but knows he's courting a shutdown if the House returns the bill to the Senate, as time will run out.

U.S. STOCK MARKET

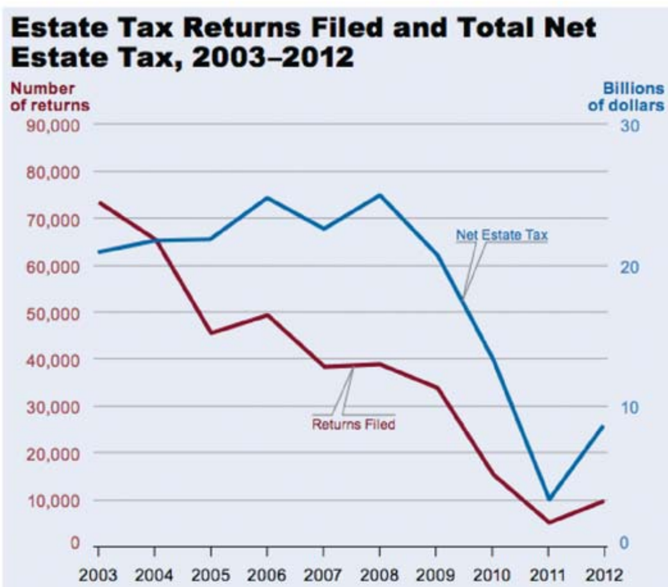
Stock futures jumped following the news of Larry Summers removing his name from consideration for the future replacement for Federal Reserve Chairman Ben Bernanke. When the FOMC decides to reduce the current $85 billion bond buying program depends on the growth of the economy, previous meeting pointed towards beginning the taper soon, but economic growth has been less than predicted and could delay the taper.

SMALL BUSINESS OUTLOOK

The second quarter Small Business Outlook by the US Chamber of Commerce found the new healthcare law was the largest point of concern for small businesses. A majority of firms said they did not plan to add new employees in the next year and overwhelming majorities support reform of US regulator policy and fixing the broken immigration system. 77 percent of firms believe the country is on the wrong track.

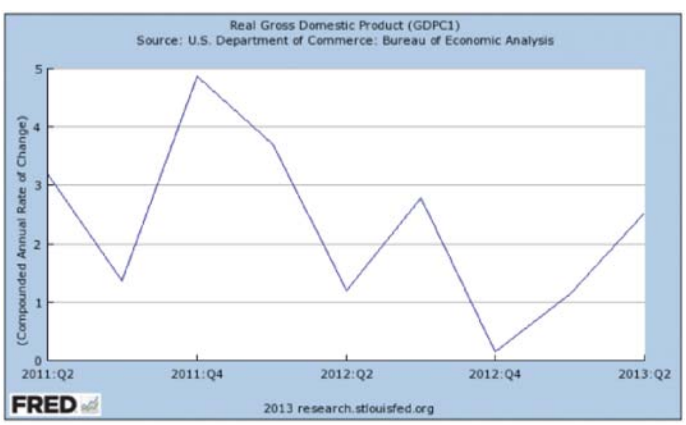
IRS RELEASES 2012 ESTATE TAX FILING DATA

3,738 returns paid an average of $2.3 million each for a total collection of $8,497 billion. 5,673 non-taxable returns were filed as well. The gross estate of taxable returns totaled $62.446 billion, including publicly traded stock of $20.159 billion, state and local bonds of $7.961 billion, cash of $6.133 billion, and real estate of $5.673 billion. 499 farms were taxable with farm assets of $1.458 billion, 1,103 taxable estates reported limited partnership assets of $1.603 billion, and 664 taxable returns had $1.299 billion on non-corporate business assets. As you can see from this chart, the number of estate returns and estate tax paid are starting to turn up from after 2010, when we briefly enjoyed no estate tax.



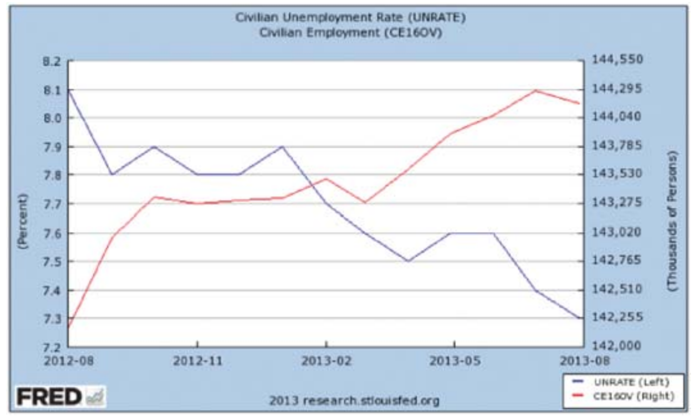
VITAL SIGNS FOR FAMILY BUSINESSES

Gross Domestic Product



On August 29, the Bureau of Economic Analysis released the second estimate of Q2 GDP at 2.5 percent annualized. This is an increase from the advance estimate of 1.7 percent. Data collected by BEA found an increase in personal consumption expenditures, exports, and investment in inventory and housing. There will be one more revision released at the end of this month.

Unemployment



August unemployment decreased to 7.3 percent with an increase of 169,000 jobs. The number of long-term unemployed is little changed at 4.3 million people. The civilian labor force participation rate decreased to 63.2 percent.

CONSUMER CONFIDENCE

Consumer Confidence increased slightly in August to 81.5 from 81.0 in June. More consumers have an increased income expectation, the highest reading in over two years. The number of consumers who consider current conditions good for business decreased to 18.4 percent.

NFIB SMALL BUSINESS ECONOMIC TRENDS

In August, Small Business optimism decreased slightly to 94.0. The survey found a net of 16 percent of small businesses plan to increase employment and 25 percent plan to increase capital outlays. Small Business Owners ranked taxes as the largest issue facing small business followed closely by government regulations and red tape.

TAX INCENTIVES FOR BUSINESS MAY GET SENATE VOTES THIS FALL INSTEAD

As the prospects for tax reform in the Senate dwindle from slim to non-existent, liberal Senate Democrats are pushing for up or down votes on business tax incentives this fall, possibly Senator Debbie Stabenow's bill, S.337, a 20% insourcing tax credit and denial of

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TAX INCENTIVES FOR BUSINESS

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outsourcing deductions, or Senator Sherrod Brown's bill, S.1468, to establish a national manufacturing innovation network within the National Institute of Standards and Technology (NIST)**.** Senator Bernie Sanders (ID-VT) has said he would support a lower corporate tax rate if net revenues were raised to fund Democratic priorities. All of these votes, if they occur, would be for show. None of these has any more chance of enactment than does tax reform.

OBAMACARE EMPLOYER MANDATE DELAYED ONE YEAR, BUT FAMILY BUSINESSES COULD BE HIT WITH RETROACTIVE PENALTIES DESPITE THE IRS'S STATEMENT TO THE CONTRARY

On July 2nd, in the air on the way home from Africa, President Obama decided to delay for one year, until January 1, 2015, the employer mandate to provide health insurance for all employees in businesses with 50 or more employees or pay a $2,000 per employee penalty. The word came at 6 PM that day in this White House blog post by Valerie Jarrett, entitled "We're Listening to Business about the Health Care Law." While the White House spin was positive, this comes as quite a blow to Affordable Care Act supporters because it means millions of Americans will remain without coverage, and, according to this *Gallup* poll, 43% of them don't know they will be required to buy coverage on insurance exchanges by January 1, 2014 because the ACA individual mandate remains in place. If currently uncovered individuals don't buy the required health insurance, they will face penalties next year of 1% of taxable income or, if higher, $95 per person (up to 3 people). Those penalties jump to 2% of taxable income or $325 per person in 2015 and to 2.5% of taxable income or $695 per person in 2016. Furthermore, insurance exchange officials and the IRS will have great difficulty next year determining who is covered by employer insurance and who isn't for purposes of determining who is eligible for subsidies to buy health insurance.

When Capitol Hill staff took a close look at exactly what the President did, they discovered he suspended the enforcement of the employer mandate for a year, which would still allow retroactive "employer shared responsibility payments" [penalties of $2,000 per employee] to be assessed. The IRS Q&A on this states flatly that "...no employer shared responsibility payment will be assessed for 2014," some members of Congress want to see that in the law, not just in an administrative document. October's debt limit increase would be the obvious vehicle for such an amendment.

So why did President Obama suddenly reverse course on the employer mandate? In our opinion, he reacted to reports of employers, including state and local governments, universities, and large retailers, cutting hours below 30 hours a week. Together with weak job growth possibly resulting from the ACA employer mandate, Mr. Obama concluded the Democrats could lose control of the Senate in next year's election unless he acted. The White House wants us to believe this added "flexibility" was just a common sense adjustment in the transition. Opponents argue that ObamaCare remains fatally flawed.

In typically American fashion, without making any legislative changes to the Affordable Care Act until after the 2014 election, we will proceed with sometimes chaotic changes to our health care system in an attempt to lower costs and to improve outcomes. Some states will transition smoothly, and some will court disaster.

OBAMACARE EXCHANGE INSURANCE RATES FOR 17 STATES AND D.C. ARE "LOWER THAN EXPECTED," BUT OUT-OF-POCKET LIMITS SUSPENDED UNTIL 2015

On September 4, this 29-page Kaiser Foundation analysis (the first early look) concluded: **"**While premiums will vary significantly across the country, they are generally lower than expected. For example, we estimate that the latest projections from the Congressional Budget Office imply that the premium for a 40-year-old in the second lowest cost silver plan would average $320 per month nationally. Fifteen of the eighteen rating areas we examined have premiums below this level, suggesting that the cost of coverage for consumers and the federal budgetary cost for tax credits will be lower than anticipated.**"**

CBO: "THE DEFICIT IS DOWN, BUT THE FUNDAMENTAL CHALLENGE REMAINS"

That was the conclusion of Congressional Budget Office Director Doug Elmendorf's 22-slide presentation to the Macroeconomic Advisers' Washington Policy Seminar on September 12:

"The federal budget deficit has fallen faster than we expected. However, relative to the size of the economy, debt remains historically high and is on an upward trajectory in the second half of the coming decade.

The fundamental federal budgetary challenge has hardly been addressed: The largest federal programs are becoming much more expensive because of the retirement of the baby boomers and the rising costs of health care, so we need to cut back on those programs or increase tax revenue to pay for them."

HOUSE TAX REFORM BILL LIKELY TO STAY SILENT ON DEATH TAX

That's what we've been told by several House Republican sources. Chair Camp (R-MI) is meeting behind closed doors with members of his Committee to build support and to put the finishing touches on his proposal. He has promised them a top rate of 25% for businesses and individuals and a Committee mark-up in early October in time to possibly ride the debt limit increase that will be required as early as October 18 and no later than November 5 according to the Bipartisan

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HOUSE TAX REFORM BILL

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Policy Center analysis. While Camp may have the votes to pass a tax reform bill in his Committee next month, it's not clear that the House could pass such a bill. It's very clear that the Senate doesn't. Senate Majority Leader Harry Reid (D-NV) has made no secret of his opposition to any tax reform bill unless it raises $600 billion or more of revenue for federal "investments."

OPPOSE THE ESTATE TAX

TIA has been very involved with death-tax repeal. The association believes the death tax or estate tax is hurting family-owned businesses because the cost of the estate tax comes not only from paying the tax, but also from estate planning. The estate tax applies to property transferred at death when the value of the property exceeds the estate tax exemption. Much of the value of family-owned business is tied to illiquid assets such as land, buildings, and equipment. This can force the new owner to sell the businesses' assets to pay the tax.

For many family-owned businesses to keep operation after the death of the owner, they must plan for the estate tax. Planning costs associated with the estate tax are a drain on business resources, taking money away from the day to day operations and business investment. These additional costs make it more difficult for the business owner to expand and crate new jobs. Protecting family business from the estate tax is important in order to keep these businesses operating for future generations.

TIA stands firm on its belief that it is wrong for the government to tax people twice, once when they earn the money and once when they give it away, if the giving away is done after death, an arbitrary and unpredictable deadline. It's wrong for the government to create a tax that benefits tax lawyers and insurance companies for their creativity in structuring tax havens rather than helping to create jobs and boost the economy.

The bottom line is that death-tax repeal needs to be a top priority for pro-growth, supply-side conservatives in a post-Obama fiscal future. Representative Kevin Brady (R., T.X.) and Senator John Thune (R., S.D.) recently introduced full death-tax-repeal legislation. For the first time in a long time, killing the death tax is within reach. Now is the time to seize this opportunity. TIA has sent letters of support for the proposed legislation and remains active in ongoing fight though small business coalitions.

NEW COAL FIRED PLANTS WOULD BE EFFECTIVELY BANNED BY EPA RULING

The Environmental Protection Agency is about to issue a long-awaited draft regulation that would limit carbon emissions of coal fired plants to 1,100 pounds per megawatt hour and to 1,000 pounds for large natural gas fired plants. Legal challenges will probably delay its implementation, but this is another blow to the coal industry.

WE'VE HIT THE ETHANOL BLEND WALL, AND EPA WILL ADJUST THE 2014 RFS DOWNWARD, HOPEFULLY BY NOVEMBER 30, IF NOT BEFORE

An RFS adjustment amendment could possibly ride the debt limit extension into law, but it's more likely to be done administratively by the Environmental Protection Agency. On August 6, the Environmental Protection Agency admitted the 2014 renewable fuel standard can't be met because required production will exceed 10% of gasoline consumption, the so-called E10 blend wall EPA promised "adjustments" will be announced by November 30. See page 67 of its 89-page ruling for details. The oil industry is demanding complete repeal of the renewable fuel standard as unworkable and unnecessary now that gasoline consumption has leveled off and natural gas production has soared. Midwest biofuel producers and environmentalists are staunchly opposed to any changes.

HEALTH CARE REFORM UPDATE: SHOP DELAYED ONE MONTH

The Affordable Care Act (ACA) provides for the establishment of state-based insurance exchanges (or marketplaces) for individuals as well as small businesses also known as SHOP (Small Business Health Options Program). These exchanges (whether state or federal) were to open for business on October 1, 2013 allowing people to purchase coverage for the 2014 year. In another unexpected announcement, the Federal Government indicated September 26 that the federally-established SHOP exchanges would not be open for business on October 1 as previously announced. Instead, small businesses wishing to use a Federal Government SHOP marketplace must wait until November 1, 2013. Coverage, however, will still be effective as early as January 1, 2014.

More about Exchanges

Each state could establish either one ACA exchange covering both individuals and small businesses, or two exchanges – one for individuals and one for small businesses. States that did not establish their own ACA exchange had the Federal Government step in to set one up for them. Other states set up an exchange under a state and federal partnership. There are 36 federally established or partnership exchanges.

Early in the week of September 23, the Federal Government provided a report with general information about the insurance options that would be available on their exchanges – including number of insurers, policies and general information on rates. This announcement showed a wide variation in rates even within a state, averaging nationwide at $328/month for single level coverage at the silver level plan.

Enrollment for individual coverage through the state exchanges began October 1.

Are you worried about finding an affordable employee benefits solution?

Relax. You may have just found the right program for your employees *and* your bottom line.

The TIA/TABS self-funded health care program offers:

- Twelve different plan options including traditional co-pay plans with deductibles ranging from $250 to $4,000 and high-deductible HSA compatible plans with deductibles ranging from $1,250 to $2,500. Additional plan options are currently under development.
- PPO programs which utilize either of the top-rated Cigna or Aetna networks.
- Built-in financial protections designed to mimic traditional fully insured plans.
- The ability to earn a rollover credit (dividend) in favorable claim years.
- Potential up-front savings since they are exempt from a large portion of state premium taxes, some of the new taxes associated with the Affordable Care Act and from complying with certain state mandated coverage requirements.
- Comprehensive enrollment, eligibility and billing services as well as full COBRA administration, Form 5500 filing, quarterly claim and financial reporting, full summary plan descriptions and many other services!

Contact us today and learn more about what this exclusive program can do for your bottom line.

Jeff Crumrine
Sr. Account Executive
The Association Benefits Solution (TABS)
Phone: 336-435-8691
Email: jeff.crumrine@ngic.com

TIRE INDUSTRY ASSOCIATION

TABS The Association Benefits Solution
A unit of National General Insurance

TirePAC Prior Approval Form

Federal law requires that the Tire Industry Association (TIA) receive your company's permission before we solicit your officers and employees for contributions to TIA's TirePAC, our federal political action committee. This *Prior Approval Form* is not a solicitation and does not obligate you (or other officers or employees of your company) to contribute to TirePAC, and does not in any way limit contributions you may make to political candidates or parties. However, your company may not provide authorization (to solicit your officers and employees for federal PAC contributions) to more than one trade association in the same calendar year. As indicated below, solicitation authorization may be given to TIA for more than one year in advance. Please complete the form, signing for each year you are providing authorization, and promptly mail or fax it to the address or number shown below.

For federal campaign contributions only, I understand that my company's approval is necessary before TIA may solicit contributions from my company's officers and employees to TirePAC, and understand that my company may not authorize federal PAC solicitations by more than one trade association in the same calendar year. By my signature below, I hereby provide authorization to TIA to solicit my company's officers and employees for voluntary contributions to TirePAC during the calendar years so indicated:

Contact Information *(Please PRINT clearly)*

Name ______________________________

Title ______________________________

Company Name ______________________________

Company Address ______________________________

City ____________________ State __________ Zip+4 ____________

Country (other than U.S.) ____________________ Postal Code ____________

Phone ____________________ Fax ____________________

E-mail ____________________ Website ____________________

Please sign below to authorize for one year, or up to five years:

Authorizing Signature Required for 2013 ______________________________

Authorizing Signature Required for 2014 ______________________________

Authorizing Signature Required for 2015 ______________________________

Authorizing Signature Required for 2016 ______________________________

Authorizing Signature Required for 2017 ______________________________

By Mail:

TIA TirePAC
Attention: Roy Littlefield
1532 Pointer Ridge Place, Suite G
Bowie, Maryland 20716-1883

By Fax:

301-430-7283

TIA TIRE INDUSTRY ASSOCIATION®
TIRE SAFETY STARTS HERE.

TIREPAC ENROLLMENT FORM

TIRE INDUSTRY ASSOCIATION
TIRE SAFETY STARTS HERE.

Yes, I want to join TirePAC to help protect the future of my business and the tire industry!

CONTACT INFORMATION (please print)

Name ______________________________

Home Street Address ______________________________

City ____________________ State __________ Zip+4 __________

Country (other than U.S.) ____________________ Postal Code __________

Company Name ______________________________

Occupation ______________________________

SUGGESTED CONTRIBUTION LEVELS FOR 2013

❑ $25 ❑ $50 ❑ $100 ❑ $250 ❑ $500 ❑ Other __________

METHOD OF PAYMENT

❑ Check (make payable to TirePAC) ❑ VISA ❑ MasterCard ❑ AMEX

Credit Card Number ______________________________ Expiration Date __________

Card Holder Name (please print) ______________________________

Card Holder Signature ______________________________ Date __________

Please mail this form to: TIA TirePAC
Attn: Roy Littlefield
1532 Pointer Ridge Place, Suite G
Bowie, MD 20716-1883

or fax to: 301-430-7283

Only **personal checks** and **personal credit cards** are accepted. Corporate donations are prohibited by federal law.

Payment guidelines are merely suggestions, and you may contribute more or less than the guidelines suggest. TIA will not favor or disadvantage anyone by reason of the amount contributed or a decision not to contribute.

Contributions to TirePAC are for political purposes. All contributions to TirePAC are voluntary, and pledges can be revoked at any time prior to the time at which contributions are made. Contributions to TirePAC are not deductible for federal income tax purposes.

Federal law requires TIA to use its best efforts to collect and report to the Federal Election Commission the name, mailing address, occupation and the employer's name of those whose contributions exceed $200 total in a calendar year.

A copy of our report is filed with and available from the Federal Election Commission, 999 E. Street, NW, Washington, DC 20463, or at www.fec.gov.

TIA complies with all federal election laws and regulations concerning the solicitation and acceptance of PAC contributions, and all other aspects of PAC operations.