



TRA NEWSLETTER

News affecting Retailers & Grocers in Texas Industry

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President Circle Members

Texas Retailers Newsletter: December 2018



Happy Holidays Texas Retailers:

The holiday shopping season is in full swing and by all accounts Texas retailers are faring quite well. The economy continues to be good, unemployment is even lower than at this point last year, and the weather has been pleasant. Most of us have even enjoyed some cool and crisp holiday shopping weather since the beginning of December. Your TRA team has been busy as well, promoting Texas retail during this holiday shopping season. As you may have seen in our various social media posts, we have had many opportunities to speak on behalf of Texas retail regarding the holiday shopping season, with media outlets from across the state. Our goal is to further position TRA as THE resource for retail information during this most important time of the year for our industry, and to also establish TRA as the go-to resource for all things retail. If you, your company or store is interested in serving as one of our industry spokespeople, please contact Justin Williamson at jwilliamson@txretailers.org.

Although we are focused on promoting and supporting our industry throughout the all-important holiday shopping season, we are also busily preparing for 86th Texas Legislature, which will gavel in on January 8th. As we have mentioned since the election results were finalized, there are A LOT of new faces in both the state legislature and among our Congressional delegation. As such, your TRA team is already working to get to know all these new elected officials, and to begin to educate them about the importance of retail in Texas. There will be at least 29 new members in the Texas House starting in January, including a new House Speaker and 12 new Democrat House members. The Texas Senate will remain largely unchanged; with the loss of only two Republicans, the election results will have little effect on the way the Senate operates. In addition to beginning to forge relationships with the newly elected members of the Texas Legislature, we have also finalized TRA's legislative priorities for the 86th Legislative session. The legislative priorities are included in this newsletter as part of the legislative update.

One key legislative priority is our fight against burdensome wage and labor laws and ordinances, which are nothing more than one-size fits all solutions to perceived problems. This is why TRA has joined forces with many of Texas' top business industry groups as a leader within the Alliance for Securing and Strengthening the Economy in Texas (ASSET) coalition. ASSET's focus is on protecting Texas businesses from public policies that interfere with the employee-employer relationship and free market principles proven to have worked in preserving 'small business America', which have made Texas the best state in the nation in which to do business. ASSET collectively represents millions of employers and employees in the Lone Star State who believe that employment and business operational decisions are best left to private employers – not government. ASSET believes it is in the best interest of our Texas economy to defend state sovereignty by passing a statewide law that would preempt local

governments from unilaterally enacting local employment and labor laws, like employer benefits, employer hiring practices, scheduling, and other daily operational business practices that ultimately serve in the best interest of their employees and livelihood. More information can be found about ASSET in this newsletter and at www.ASSETtexas.com.

As the session really starts to get going, we'll look forward to seeing as many of you here in Austin for our always successful Texas Retailers Lobby Day at the State Capitol, which will be on March 20th. For more information about Lobby Day and to register to attend [click here](#).

On the Federal level, the end of the year typically brings with it a flurry of activity, especially during lame duck sessions after elections and this year is no exception. Aside from the overall concerns related to whether or not the federal government will partially shut down (as of now funding for a big chunk of the federal government runs out at midnight on December 21st), Texas retailers are celebrating a big victory regarding the re-authorization of the Farm Bill. The Farm Bill contains many programs and provisions that are very important to our grocers and food industry members. Specifically, TRA and many of our members lobbied very aggressively on the Farm Bill over the course of this year and we are pleased that it was passed by Congress last week. More specifics on the Farm Bill are in the legislative update section of this newsletter.

As always, the TRA team is busy laying the foundation for some of our most important efforts during 2019, while working on finishing 2018 strongly. Please don't hesitate to contact me or any member of the TRA staff team at any time. As always, thank you for supporting TRA. Happy Holidays to all of you and your families, and best wishes on a successful holiday sales season.

Sincerely,



President/CEO
Texas Retailers Association

Legislative Update



As 2018 winds to an end and holiday shopping kicks into full swing, things are beginning to boil with activity in Austin and in the halls of the pink granite building at 1100 Congress Avenue. Early bill filing began after the general elections in November and more than 700 new pieces of legislation have fresh signatures on their top lines and are ready to begin the long treacherous journey through the legislative process. Just keep in mind, while the Legislative session begins on January 8th, the Texas Constitution provides that only bills deemed an emergency issue by the Governor may pass within the first 60 days of

session. That leaves only 80 of the 140 total days of session for the vast majority of bills to find their way into law or die somewhere along the way. TRA's legislative team will read through all of the filed bills, track those impacting our industry, and report on their progress while talking to lawmakers and their staff to make sure they are aware of our support or opposition along the way. TRA wants this to be a collective process where the opportunity for our members to participate is wide open. We will be sending out bills for comment, issue and policy statements for review and requesting your expertise and company's perspective by testifying during the Legislative hearing process. We encourage each of you to participate in any way you can. In order to facilitate your access to the most recent legislative information and news we want to provide you the following links.

Texas Legislature Online: <https://capitol.texas.gov/>

Find Your Elected Officials by address: <https://fyi.capitol.texas.gov/Home.aspx>

Texas House Members: <https://house.texas.gov/members/>

Texas Senate Members: <https://senate.texas.gov/members.php>

Bill Lookup: <https://capitol.texas.gov/BillLookup/BillNumber.aspx>

Texas Statutes: <https://statutes.capitol.texas.gov/>

- Video Broadcasts: [House](#) | [Senate](#)
- Today's Calendars: [House](#) | [Senate](#) | [All](#)
- Today's Meetings: [House](#) | [Senate](#) | [All](#)
- Today's Filed Bills: [House](#) | [Senate](#) | [All](#)

86th Legislature's Dates of Interest: <https://lrl.texas.gov/whatsNew/client/index.cfm/2018/8/7/Dates-of-Interest-for-the-86th-Regular-Session>

House Research Org: <https://hro.house.texas.gov/>

Senate Research Center: <https://senate.texas.gov/src.php>

Legislative News Sources

<https://www.texastribune.org/>

<http://www.quorumreport.com/>

We look forward to working with you all and always feel free to reach out to our team for updates on any issue you feel is important.

Texas Retailers 86th Legislative Session Priorities

The Texas Retailers Association (TRA) has prepared legislative priorities for the 86th Texas Legislature. Collectively, TRA represents more than 320,000 retail establishments and over 3.5 million jobs across the state. The association supports all levels of Texas retail including grocery stores, chains and single location small businesses.

TRA's goal is to keep Texas "retail-friendly" and ensure that legislative action is taken to protect business owners so that they can continue to employ hardworking Texans and serve communities across the great state of Texas.

- **TRA supports a business-friendly regulatory environment.** TRA member companies are regulated, licensed, inspected, and taxed by agencies in Texas and appreciate the Legislature's efforts to continue to make Texas retail friendly. TRA supports regulation that is reasonable and that allows our members to continue to provide excellent customer service, top quality products and continued business success in the retail industry. TRA appreciates the various approaches our membership takes to providing these services and supports their efforts to make those choices independently without unnecessary regulatory burdens imposed by either the state or local governments. Additionally, in light of, the South Dakota v. Wayfair decision by the United States Supreme Court, TRA and its member-companies look forward to continuing work with our state's elected officials to implement any legislation, rules, and regulations in a way that reflects the spirit of the level playing field for all retailers envisioned by the Court's ruling.

- **TRA supports Texas customers and communities.** All TRA members provide the best service to all of their customers and communities and do so in a variety of ways. Whether providing food, clothing and essential supplies during the recent hurricanes, flooding and other natural disasters or providing school supplies and medication to those in need across the state,

TRA's members go above and beyond to support the customers that support their businesses. Our members coordinate closely with local, state and federal authorities in efforts to make sure our communities thrive throughout the year.

- **TRA supports property tax relief.** Retailers across Texas are subject to increasingly higher and higher property taxes, not only on their retail space but also on the inventories on their shelves. Texas business property taxes continue to serve as a significant disadvantage to the retail industry in our state. Inventory taxes stacked on top of ever rising taxes being assessed on our buildings drive costs up for our businesses and ultimately the customers we serve. Retail property across the state is unique in its position in the market and we support a regulatory framework that allows for accurate and fair valuation of that property.

86TH LEGISLATIVE SESSION PRIORITIES:

- **LOCAL EMPLOYMENT ORDINANCE PRE-EMPTION** - TRA will support passing statewide legislation that would preempt local governments from unilaterally enacting negative local employment and labor laws mandating employer benefits, employer hiring practices, scheduling, and other daily operational business practices.

- **INVENTORY TAX RELIEF** - TRA supports inventory property tax relief and repeal. Texas is one of only a handful of states that allows local property taxes to be assessed on retail inventories. Those other states are not states with whom Texas normally competes for new business and economic development opportunities. Additionally, inventory property tax relief is not selective, it benefits large and small businesses equally and attracts greater investment in the Texas economy.

- **SNAP DISTRIBUTION SCHEDULE** – Many TRA members participate in the Supplemental Nutrition and Assistance Program (SNAP) and want to do so as effectively and efficiently as possible to maximize customer experiences. Insuring product availability to our customers while also allowing retailers to manage employees and inventories is essential in this process. To do so, TRA will advocate to broaden the SNAP distribution schedule from its current 15 days to 28 days. This will provide both customers and businesses with a more even and predictable shopping experiences across the state.

ASSET



New Statewide Group Forms To Fight Burdensome Ordinances On Small Businesses

With “Small Business Saturday” in the rearview and a bustling holiday season on our doorstep, now is the time of year when many pause to reflect on what local businesses bring to patrons and their community, and how we as Texans can better support them in the remaining eleven months of the year.

This year is no exception, especially as Texas small businesses are under fire now more than ever. Unfortunately, certain Texas municipalities have taken strides to pass burdensome regulations on businesses in recent years, making it increasingly difficult for small businesses to remain profitable and conduct commerce across city lines. We're talking specifically about local ordinances mandating certain employer benefits, scheduling and hiring practices like mandatory paid sick leave, for instance.

This breed of local regulations is adversely affecting the employer-employee relationship, and in doing so has highlighted a real need for statewide legislation that would preempt municipalities from instituting these local ordinances in the first place. After all, they make it difficult for the State of Texas to attract new businesses, and they often force employers to slash budgets, lay off employees or worse – close their businesses for good. As the need grew and more businesses and trade organizations came to the table in search of a solution, the Alliance for Securing and Strengthening the Economy in Texas, or ASSET, was born.

ASSET is a 501(c)(4), non-profit advocacy coalition of sixteen business groups that was formed in October to fight for public policies that protect Texas small businesses from these burdensome government regulations. Their goal is to bring more businesses to the table to advocate for a statewide legislative solution that would put a stop to these harmful patchwork ordinances for good.

Increasingly, Texas cities have faced unnecessary pressures to expand their regulatory scope and pass these ordinances – and ASSET believes state law says they shouldn't have to. At the end of the day, employers and their employees are in the best position to decide what's best for their businesses – not government.

While offering better benefits allows businesses to stay competitive and retain top talent, local regulations shouldn't force them to make these costly decisions. Just because government mandates something to be done doesn't mean a small business can afford it, after all.

As we head into the holiday season and the legislative session, let's keep in mind the many ways we can help support small businesses. Coming together in support of this effort and organization is a good place to start.

To learn more about ASSET and its mission [click here](#) or visit www.ASSETtexas.com.

Texas Retail Lobby Day



[RSVP today for the 2019 Texas Retail Lobby Day!](#) The event will be held on **Wednesday March 20, 2019** at the Sheraton Austin Hotel at the Capitol and attendance is free for all members! If you have already RSVP'd, thank you! Nothing else is needed at this time and more detailed information will be sent out closer to the date.

Complimentary of TRA, there will be transportation to and from Dallas and Houston. If you are coming to Austin on your own, we do have a host hotel, The Sheraton Austin Hotel at the Capitol, [where you can book a hotel room at a discounted rate.](#)

Farm Bill Reauthorized by Congress

Earlier this week, the United States Congress passed the Agriculture and Nutrition Act – also known as the Farm Bill. The Texas Retailers Association wants to thank our members who actively lobbied for the passage of this bill over the entire course of 2018, including those who attended the 2018 Advocacy Summit and spoke directly to House Agriculture Committee Chairman Mike Conaway about our concerns.

The Farm Bill includes protection against harmful processing fees, increased investment in the Food Insecurity Nutrition Incentive (FINI) program, and NO harvest box initiative, which were all hard fought wins for TRA, our national partners at the National Grocers Association (NGA) and Food Marketing Institute (FMI), as well as our industry as a whole. Although the Farm Bill doesn't include a protection of store-level SNAP sales data, the Texas Retailers Association has an ongoing lawsuit in the Federal District Court in Austin to protect that data. The Food Marketing Institute has a similar lawsuit that is currently pending at the United States Supreme Court.

The Texas Retailers Association will continue to monitor the work of the U.S. Congress and keep our members updated on their efforts and the results of the two lawsuits.



FMI Report: Administration Releases Proposed Addressing Pharmacy DIR Fees

The Trump Administration recently released the proposed rule entitled, [“Modernizing Part D and Medicare Advantage to Lower Drug Prices and Reduce Out-of-Pocket Expenses \(CMS-4180-P\).”](#) As expected, policy changes to pharmacy DIR fees are included in the proposed rule, which aims to achieve meaningful price transparency and lower out-of-pocket costs for beneficiaries. Stakeholder comments regarding the proposed rule can be submitted [here](#) until 5PM on January 25, 2019.

Among many other things, the proposal would address pharmacy DIR fees by redefining the “negotiated price” – reported by the pharmacy at the point-of-sale price for a Part D drug – to include all pharmacy price concessions as the lowest possible payment. This appears to be a very positive step, which would be in line with [the position FMI, TRA and industry allies have taken in requesting](#) that the Administration eliminate retroactive DIR fees by requiring all pharmacy price concessions be accounted for at the point of sale. FMI will continue to support this strong advocacy effort, which is being led by both the National Association of Chain Drug Stores and National Community Pharmacists Association.

It was also nice to see a [blog post on the proposed rule](#) by HHS Secretary Alex Azar and CMS Administrator Seema Verma reference unachievable performance requirements put on pharmacies by pharmacy benefit managers (PBMs), “leading to large financial clawbacks from pharmacies and swings in revenues that pharmacies cannot manage.” The post continues, “What’s worse, beneficiaries are not benefitting from these discounts in the amount that they pay at the pharmacy counter—they are paying cost-sharing based on a price that is higher than the amount that pharmacies are actually reimbursed for drugs.”

More to come on this development, but again, the proposed rule seems to be a step in the right direction regarding DIR fee reform. Also, please note FMI will be holding a webinar on DIR fees and the proposed rule next Wednesday, Dec. 19, at 11AM. Information on the Webinar and how to participate is below.

Webinar: Pharmacy DIR Fees and the Medicare Part D Proposed Rule

Wednesday, December 19, 2018
11:00 a.m. – 12:00 p.m. EST

[Click to Register!](#)

Hard to explain and impossible to predict, DIR fees remain the ultimate source of frustration for pharmacies across the board. Indeed, these retroactive rebates (i.e. price concessions) are bad for consumer wallets and pharmacies alike. So, what are DIR fees exactly and why do they exist? More importantly, how would the Administration's recent [Medicare Part D 2020 Proposed Rule](#) impact DIR fees, and what can be done to further ease their burden on FMI member pharmacy businesses?

Join FMI for a webinar presentation featuring expert legal counsel from the law firm Quarles and Brady, who will address these questions and more. Attendees will walk away with a greater understanding of DIR fees, including what they need to know about the proposed rule, as well as tips for crafting the DIR fee contract language with pharmacy benefit managers (PBMs) in a favorable manner. This webinar is intended for FMI legal community, pharmacy leaders and government affairs gurus.

Please contact [Matthew Viohl](#) with any questions about this webinar or have difficulties registering.

Member Spotlight: H-E-B



This month's member spotlight goes to grocer, H-E-B. This past month H-E-B donated close to 22,000 pound of meat to the Brazos Valley Food Bank in the Bryan-College Station area. Thank you H-E-B for giving back to your local communities. The news article that was released is below:

BRYAN, Tex. ([KBTX](#)) - The Brazos Valley Food Bank got a huge food donation from H-E-B Wednesday morning.

The store donated nearly 22,000 pounds of turkey breast and spiral ham. The Food Bank doesn't receive a lot of protein because it is more expensive, but with H-E-B's donation, it will help feed a lot of hungry families this holiday season. "For this to come at this time of year, when there is more need because kids are about to get out of school and for it to come in packaging that's fantastic for families and is easy to distribute right away, is something we can't say thank you enough for," said Theresa Mangapora with the Brazos Valley Food Bank. In total, more than 225,000 pounds of turkey and ham will be donated to families in need.

If you would like to volunteer or donate to the Brazos Valley Food Bank, they are located at 1501 Independence Avenue in Bryan. You can also call them at (979) 779-3663. For more information about the Brazos Valley Food Bank, [please click here](#).

Plastic Container Theft Task Force



The Texas Retailers Association launched the Operation S.T.O.P.P. initiative in 2013 in Houston, TX in response to the overwhelming plastic container losses our retail members report each year. Plastic crate theft is considered a felony and our mission is to recover crates and stop this organized crime.

When you opt in to the Plastic Container Theft Task Force, you have a very high chance of getting your plastic crates and containers back. This program is designed specifically for retailers who are victims of plastic container theft and who want to save money by recovering their stolen property. If your company wants to acquire stolen goods back or wants to help prevent future organized retail crime, [please click here for details on opting-in](#) to the Plastic Container Theft Task Force.

Complete Data Systems



Complete Data Systems is a Texas-based company that offers Retail Pro POS software for independently-owned specialty retail stores. More than just point of sale software, the Retail Pro platform includes multiple hardware options, robust e-commerce tools, advanced customer loyalty, extensive reports available anywhere, and ERP/accounting plug-ins that let you connect your retail world into one system while maximizing profits.

Independent retail stores now have the power to compete and win against Big Box retail stores using advanced features and cutting edge retail technology. Extract as much information as possible from transactions while creating a personalized customer experience inside your store. Magnify all of your inventory replenishment process to maximize your investment using advanced replenishment and Open To Buy planning tools. Manage your employees with valuable sales reporting, time clock, and sales target tools. Most of all, get the most robust customer management tools available to indie retailers including loyalty and marketing tools to return as many of your customers as possible.

Retail Pro POS is best-in-class retail management software that enables retailers to increase sales and reduce inventory. Successful retailers depend on Retail Pro POS to manage their entire business from employee management to forecasting cashflow and inventory demand for maximum return on investment.

See the software online at: www.RetailProDemo.com

CDS is offering a free inventory analysis for all TRA retail members, which will include:

- Which classes are performing well?
- Where can you increase sales?
- How can you reduce your markdowns?
- How can you generate more cash flow?
- Does your expense structure work for your business?

Contact: Michael Armstrong 940-282-2100 x19 michael@CDSpos.com

TRA-Endorsed Energy Solutions Provider: Amerex Energy Services



A TRA-endorsed service provider since 2002, Amerex is the largest OTC(wholesale) natural gas, electricity and emissions trader in North America. Their real-time involvement in the wholesale energy market and their customized service has consistently yielded significant cost savings to TRA members. [Click Here to Learn More](#)

Contact: Brandi Peck, bpeck@amerexenergy.com, 281.340.5308
www.amerexenergyservices.com

[Click Here to Learn More!](#)

TRA-Endorsed Insurance Provider: ANCO Insurance



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Agents Cassie Doolittle
and Gina O'Hara



ANCO insurance is TRA's endorsed provider for the full range of insurance coverages for your business, including property, general liability, auto, workers compensation, occupational accident, life, group health and disability. You can count on an insurance program customized for your business with a commitment to serving TRA's membership and providing personal attention to each client. ANCO is known for superior customer service standards, quick response times to calls & emails, along with individual care.

Contact: Gina O'Hara, ohara@anco.com or
Cassie Doolittle, doolittle@anco.com, 512.330.9836 x 6340

www.insuranceforretailers.com

Grocers Corner- In the Cart



The Grocery Industry has experienced a very interesting year with the emphasis on digital, on-line order, pick up at the store and delivery. As we approach 2019, the future looks bright for grocery retailing. One survey of 1260 customers shows 87% prefer to shop at a store. Also the profile of the primary grocery customer is changing. [Please see the links included to get more information.](#) Wishing all our food retailers a Happy Holidays and a very prosperous New Year.

WIC/SNAP Program Statistics Update

WIC recently issued an important news flash regarding new approved foods for the Authorized Product List (APL) effective October 1, 2018: This list included brands like Kix Cereal, Quaker Grits, Bush's Organic Beans, Dannon Low Fat Strawberry Yogurt, and some private label (store specific) brands. Also a few products were deleted effective Jan. 1, 2019. A full list can be found on: hhs.texas.gov.

A Few WIC Statistics for November 2018:

Participation: 717,000

Dollars: \$37,000,000

As the economy improves, WIC participation continues to decline -3.5/Month.

SNAP recently alerted retailers and regarding a possible phone fraud. A few retailers reported receiving a call to schedule an appointment to discuss risk matrix and interchange rates. The caller indicated they worked in conjunction with merchant services for debit/credit/EBT. This is not the case. Please be aware FIS merchant services ins not contacting retailers about services.

A Few SNAP Statistics for November 2018:

recipients: 3,700,000

Total: \$426,000,000

The State Agency believes this trend will continue in December. Again, as the economy improves, SNAP dollars are declining versus last year about 5%. Keep in mind some of the decline is due to Hurricane Harvey disaster response last year. The new WIC posters are available. To order please [click here](#) or call 800-252-9629.

Please contact Gary Huddleston ghuddleston@txretailers.org or 972-670-6814 if you have any questions regarding the statistics update.

2019 National Grocers Association Show

Each year, The NGA Show brings together independent retailers and wholesalers, food retail industry executives, food/CPG manufacturers and service providers for unparalleled opportunities to learn, engage, share, network, and innovate. NGA is the only industry association devoted exclusively to the needs of independent grocers. Given today's ever-changing marketplace and evolving advancements in innovation occurring in the food retail industry, The NGA Show is a must-attend event.

Over the course of three days, attendees have the opportunity to:

- Take part in over 40 education workshops, to bring home ideas that are guaranteed to drive profitable growth to your company
- Visit an EXPO floor designed to optimize business relationships between retailers and manufacturers and service suppliers, which features innovative and game-changing products and solutions
- Network with peers and industry leaders

Members of the Texas Retailers Association receive a 15% discount on registration for the 2019 NGA Show [using this link](#). [Learn more about the 2019 NGA Show!](#)

Grocery Revolution

The idea that the primary grocery shopper is female is changing. [Click here to learn more!](#)



TEXAS RETAILERS
ASSOCIATION

2019 TEXAS

RETAILERS FORUM

OMNIBARTON CREEK
RESORT & SPA

AUSTIN, TX

JULY 29, 2019

2019 TEXAS RETAIL

INDUSTRY LOBBY DAY

SHERATON AUSTIN HOTEL AT
THE CAPITOL

AUSTIN, TX

MARCH 20, 2019

2019 TREF GOLF

TOURNAMENT

WILDCAT GOLF
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HOUSTON, TX

MAY 3, 2019

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