



TRA NEWSLETTER

News affecting Retailers & Grocers in Texas Industry

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President Circle Members

Texas Retailers Newsletter: October 2018



Hello TRA members.

The past month has been a blur--but definitely in a good way. We hosted state association and industry colleagues in San Antonio for the annual Council of State Retail Associations (CSRA) conference, and returned to Washington, DC to make a last push on the Farm Bill and to lobby on technical fixes to the new Tax Reform law, as well as on trade and tariffs. Additionally, we have been preparing for the November 6th elections by meeting with candidates for the state legislature and issuing our list of endorsements, as well as rolling out our first ever Giving Month Appeal for TREF, our educational Foundation.

As we meet with state lawmakers and candidates for the State Legislature, we continue to educate state lawmakers on our priority issues going into the next Texas legislative session. Our top priorities include: the inventory tax and why it is so detrimental to business in Texas, preempting the Austin Paid Sick Leave ordinance and other burdensome wage and labor initiatives like it, and Dark store taxing issues. As a result of our efforts this fall, we expect to be able to hit the ground running when the 86th Texas Legislature convenes next January. Be sure to

look over our recently released [endorsement list](#) for the November 6th elections. If your elected officials are on it, be sure to thank them for their support of Texas retailers, and let them know we will need their continued support during the next session.

On the federal level, TRA had the opportunity to be back in Washington, DC in late September for a last push on our top federal priority issues, before the end of the federal fiscal year on September 30th. Specifically, Technical Corrections to the new Tax Reform law, which would yield the actual and intended property improvement depreciation benefit, Tariffs and the Farm Bill. The Tax Reform Technical Corrections and the Farm Bill both faced deadlines (the Farm Bill by September 30th), so TRA and our national industry partners aggressively worked to lobby our members of Congress and even the White House to pass these much-needed pieces of legislation. Unfortunately, the Congress wrapped up their work before the elections and before dealing with either of these key retail industry priorities. However, there is still ample opportunity during the “lame duck” session of Congress, which will take place right after the November elections, so the focus is now on getting these items passed then.

While in Washington, I also had the opportunity to join a small group of industry colleagues for a meeting at the White House to discuss our priority issues. Specifically, I raised our increasing concerns with the growing trade war with China and what then appeared to be a fractured NAFTA renegotiation. On the trade war with China, I was assured that there is a strategy the Administration is following which is meant to achieve better and more fair trade agreements with China. Further, White House staff also relayed that the President and his senior economic advisors are aware of the concerns of the retail industry and are factoring those into their efforts. The same logic was relayed to me regarding NAFTA renegotiation and went a step further, predicting that a new and improved tri-lateral agreement would be announced soon. As we now know, the revamped US-Mexico-Canada trade agreement (USMCA) was officially announced by the President on October 1. The USMCA preserves the spirit of NAFTA and improves and modernizes it to keep it a viable for years to come. TRA is supporting Congressional passage of USMCA and its full implementation.

All of this said, there is still much work to do on both the state and federal levels, so **NOW** is the time to discuss the state and federal issues that matter most to you and your business with your elected officials and candidates for office. We encourage you to get to know your candidates running for office during this important election year. It's important for you to know where they stand on our industry's key issues. If you are able, consider contributing to the candidates of your choice, your industry Political Action Committee (PAC), or the Texas Retailers Association PAC (TRAPAC) so we can help support retail friendly elected officials. You can get the latest information on TRA's advocacy efforts by visiting the TRA website at: www.txretailers.org.

Lastly, a reminder about TRA's Plastic Container Task Force. As some of you may know, TRA launched the Task Force and its Operation S.T.O.P.P. initiative in 2013 in Houston, TX in response to the overwhelming plastic container losses by retail members. Plastic crate theft is considered a felony and our mission is to recover containers and stop this organized crime. These thefts affect profit margins as a result of the costs of REPLACING the stolen crates, trays, baskets, totes, and pallets. Currently, companies are allocating millions of dollars to replace stolen containers and crates every year, and this money could be used to create more jobs, better pay, charitable contributions, or fund scholarships.

Last month TRA launched the **optional Plastic Container Theft Task Force Assessment** for TRA members. Now, or at the time of renewal of your company's TRA membership, you will have the option to OPT IN to the task force by paying a once-a- year assessment, in addition to your annual dues. 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, as our success rate has been quite high in product recovery. For example, in one recent grand theft bust in January, **TRA Member Companies, and Task Force Representatives loaded nine 18-wheelers and one large box truck with 22,162 baskets, trays, pallets, and totes at a replacement value of \$130,891.14.**

The opt-in annual assessment for the Plastic Container Task Force goes toward retaining a private investigator who is invested in this cause and coordinates our efforts with law enforcement. 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 help prevent future organized retail crime, please look for more details regarding the program and opting-in to the Plastic Container Theft Task Force, [here](#) or inside this newsletter.

I hope your fall and holiday season preparations are going well. As always, thank you for supporting TRA and please feel free to reach out to the TRA team anytime.

Sincerely,



President/CEO
Texas Retailers Association

Legislative Update



Election season is upon us and everyone is counting down the days until we find out who has been successful at their bid to hold office. This election Texas will be telling in a number of ways. Rumors of the Democratic blue wave circulate with increasing regularity while those who seek to keep Texas Republican red dismiss these claims with equal force. True indicators are difficult to identify and most often have to be considered with a understanding of who is promoting them and the scope in which they tell their story. For instance, some view the special election victory of Republican Pete Flores over Democrat Pete Gallego in a traditionally blue Senate

District 19, as a sign that the state is not only holding, but gaining Republican voters. While others look to the timing of that election combined with low voter turnout to demonstrate reasons this election will not reflect the results of the November contests. This election, along with a growing number of polls have been extrapolated and applied to races across the state with little certainty of exactly what will happen come election day. One thing we know is voter turnout, as always, will play a significant part in every election, and with polarizing races like that for the US Senate seat between Senator Ted Cruz and Congressman Beto O'Rourke, many are close enough to make both parties nervous.

Early voting runs from Oct. 22 through Nov. 2, 2018.

Election Day is Nov. 6

To find out if you are registered to vote, early voting locations and ballot information visit the Texas Secretary of State website [HERE](#).

TRA recently released its list of candidate endorsements for the November 6th election and they can be found [here](#). If you have a specific race or candidate you are interested in and would like to get additional information about TRA's endorsements, please contact Justin Williamson (jwilliamson@txretailers.org).

2018 Farm Bill Update

As you may have seen or heard, the U.S. Senate passed S. 3042, the Agriculture Improvement Act of 2018, also known as the Farm Bill. The U.S. House of Representatives passed their version of the Farm Bill, H.R. 2, the Agriculture and Nutrition Act of 2018, a week earlier on June 21st. The House and Senate had until September 30th to pass an agreed upon bill. They did not meet this deadline. The legislation will be taken up by a lame-duck session of Congress after the November midterm elections on November 6th.

We will continue lobbying aggressively for the new Farm Bill and will keep everyone updated. Thanks to everyone for their help on our Farm Bill lobbying efforts so far.



Texas Retailers Association CEO/President, George Kelemen, at the White House with meeting with White House staff with TRA's key federal issues, and with U.S. House Agriculture Chairman Mike Conaway in Washington D.C. last month.

Amerex Energy Services: BGC Charity Day



Each 9/11, Amerex Energy Services puts its money where its mouth is.. On September 11, 2018 Amerex Energy Services remembers those lives that were lost and many injured. To those that don't know, our parent company, BGC/Cantor Fitzgerald, was housed in the World Trade Center. CEO of BGC/Cantor, Howard Lutnick, took his son to kindergarten for the first day of school during the attack but he lost his younger brother who worked for Cantor and two-thirds of his employees.

Charity Day is a significant day for BGC, as they remember 658 friends/employees and colleagues who lost their lives on 9/11. Last year, approximately \$10 million was raised globally across Cantor, BGC, GFI and Amerex, all of which was donated to the day's participating charities. Since its establishment, Charity Day has raised approximately \$147 million. On this day the reparations our company pays to families: offers 25% of salaries, money made on this day/profits, volunteer donations from families, celebrities, clients and employees. Money is donated to the families of the deceased and jobs are offered to children of parents killed in the attack. In 2016, Cantor hired about 57 children and we are up to about 100 as of 2018. To learn more about Charity Day and the Cantor Fitzgerald Relief Fund, please visit www.cantorrelief.org.

Brandi Peck
Amerex Energy Services

BGC Charity Day Information

2018 Retailing Summit



The Retailing Summit, hosted by the Center for Retailing Studies at Texas A&M University, was held this past week in Dallas. During this event, Caleb Haygood, a senior in the Center for Retailing Studies, was presented with a scholarship for the amount of \$4,000 from TREF. Students eligible for the scholarship had to have worked, interned, or currently work for a member of the Texas Retailers Association. Caleb had completed an internship with Jake's Finer Foods in Houston, TX. Many congrats to Caleb and we wish him luck in his future endeavors!



TEXAS RETAILERS
ASSOCIATION

2019 LOBBY DAY

MARCH 20, 2019

SHERATON AUSTIN HOTEL AT THE CAPITOL

Contact jwilliamson@txretailers.org to participate

To ensure transportation/ appointments please
RSVP by

MARCH 10, 2019

Member Spotlight: Complete Data Systems



COMPLETE DATA SYSTEMS
COMPLETE RETAIL™

Complete Data Systems provides a full set of service offerings to complement your investment in Retail Pro technologies. Our service professionals provide an in-depth knowledge of Retail Pro

capabilities and decades of testing and validation expertise in retail environments. By taking advantage of Complete Data System's array of service offerings, your company will be able to establish comprehensive technology solution for your retail management. We can show you how to leverage an intimate knowledge of industry best practices, realize greater ROI on technology investments, and achieve higher levels of your customers' satisfaction.

Contact: Michael Armstrong, michael@cdspos.com, 940.294.8096
www.RetailProDemo.com

Plastic Crate 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 below for details on opting-in to the Plastic Container Theft Task Force.

Click Here to Opt In!



Help the Houston Food Bank Prepare for the Next Hurricane

houston 
foodbank
Filling pantries. Filling lives.

The Houston Food Bank needs your help! In preparation for hurricane season, the Houston Food Bank is stocking up on most needed items in order to help its residents before and after a storm hits. Residents of Houston stock up on storm emergency kit essentials to prepare for hurricanes. They also lose many essentials during a storm and need these items replaced in order to continue on after the storm hits. The Houston Food Bank does much more for its community than providing food and we strongly believe the Texas Retailers can help!

Needed Items:

- Toilet paper
- Bar/bath soap (never get enough)
- Shampoo (never enough)
- Feminine hygiene products (never enough)
- Liquid dish soap
- Clothes soap
- Plastic wrap
- Tin foil
- Zip locks- plastic bags
- ANY cleaning supplies
- Brooms
- Mops
- Dust pans
- Swiffers
- Extension cords
- Fans
- Light bulbs of all kinds
- Work gloves
- Warehouse jackets
- Safety vests

Product Donation Guide

Making Sense of the Headlines: Tariffs 101 and What They Mean for the Industry

It is hard to turn on today's news without hearing about the Trump administration's decision to impose tariffs on a host of imports. These tariffs are often presented as black and white - either a

necessary adjustment or taxes that will sink the economy.

As taxes placed on imports from other countries, tariffs are not paid by the exporting country, but by the importer of record in the United States. Tariffs don't directly cost foreign exporters money, but make their goods more expensive to U.S. consumers, who often find these tax costs passed along as higher prices.

The maximum tariffs the U.S. can place on imports is set by a host of multilateral and regional trade agreements. That said, there are times when the US can move beyond these limits as a means of addressing trade disputes. The Trump administration's recent tariff announcements are part of two such disputes – one deals with issues of national security and the other with the misappropriation of intellectual property.

Steel and Aluminum Tariffs – Section 232

Section 232 of the Trade Expansion Act of 1962 allows the President to order an investigation of the impact of imports on national security. President Trump used this authority to focus on steel and aluminum imports. The Commerce Department's investigation found that these imports did raise national security concerns and the President ordered imports of steel to face a 25% tariff and aluminum a 10% tariff.

A handful of countries impacted by this decision have negotiated with the US to avoid the tariffs. Most others – including Canada, the EU, China, India, Japan, and Russia – have not.

Several impacted countries argue that the U.S. tariffs violate our commitments under a variety of trade agreements and have asserted their right to impose retaliatory tariffs. When you hear talk of a “trade war” in the press, it is this back-and-forth process raising concerns that the situation could get out of hand.

China Tariffs – Section 301

A second trade dispute involves concerns that China is misappropriating U.S. intellectual property and proprietary technology. The Trump administration invoked Section 301 of the Trade Act of 1974, which allows the President to impose sanctions to halt these types of policies. Following an investigation confirming violations, he announced a first slice of tariffs aimed at \$34 billion in Chinese goods, followed by another set valued at around \$16 billion.

The Chinese government was extremely upset over the imposition of the tariffs and the targeting of industries central to the country's industrial plans. After China declared it would take retaliatory action, President Trump responded by announcing an additional \$200 billion in tariffs, covering virtually all food exports from China – fish and seafood, produce, etc. This set of tariffs went into effect on September 24th at a 10% rate; on January 1st, the rate increases to 25%.

What Do the Tariffs Mean for Our Industry?

Calculating the impact of tariffs is tricky.

For instance, tariffs on steel and aluminum imports will increase the price of the industrial foil we use in our kitchens and some products, as well as make shelving and construction more expensive. These costs will have to be made up somewhere in the supply chain. In addition, several food manufacturers dependent on aluminum cans or foil packaging announced they will raise prices on consumers.

There is a flip side to these costs. The retaliatory tariffs imposed by our trading partners are strongly focused on U.S. agricultural products like soybeans, beef and pork; making these products more expensive for foreign consumers, in some cases prohibitively so. The economic

fallout from this is already being felt in farm country. As these foreign markets accept less product, the domestic U.S. market becomes the buyer of last resort, driving prices down. U.S. consumers could soon see pork prices fall simply because tariffs are limiting the ability to sell overseas.

Whether these lower prices balance out the increased costs created by U.S. tariffs remains to be seen. In the China 301 case - where Chinese exports to the U.S., like shrimp, strike directly at consumer's pocketbooks - it is unlikely that domestic supply increases will balance out the tariff impact.

Regardless of where they come down on the rationale behind these trade disputes, virtually everyone agrees that the best possible result is a negotiated solution that achieves our broader goals and eliminates these tariffs as soon as possible. So far, progress on both the steel and aluminum case and China 301 has been limited. Let's hope this changes before economic damage starts to be done.

We will work to keep you updated on progress, but do not hesitate to send any questions our way. Additionally, FMI led a group of farm-to-fork associations in the creation of a website, "Feeding the Economy" to showcase our collective impact on the U.S. economy, but also exports by Congressional districts. Feel free to utilize this information if it is helpful to you.

Andy Harig serves as Senior Director, Tax, Trade and Sustainability and prior to his position at FMI served on the Trade Staff of the U.S. Senate Committee on Finance.

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.

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

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**TRA-Endorsed Business Personal
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Tax Advisors Group**



Tax Advisors Group is TRA's endorsed provider for business personal property tax consulting. Tax Advisors Group (TAG) is known as the leader in Texas Business Personal Property market value tax filings. Tax Advisors Group TAG It™ system combines a proven market value analysis with third-party appraisal data to ensure that you do not pay more than your fair share of business personal property tax. Simply put, if you are just focused on compliance and not filing market value, you are losing money. TAG's results are unprecedented in the industry, with annual tax savings averaging more than 30 percent across the entire Texas client base over a fifteen-year period. Boosting the overall net income of your company is their focus.

Contact: Michael Reeves, mreeves@taxadvisorsgroup.com, 469.730.3278
www.taxadvisorsgroup.com

Grocers Corner - In the Cart



What trends will shape grocery retail in 2018?

Earlier this year, Food Navigator published an article noting the top 5 trends for grocery retailing. Below you will find the link.

The trends are still applicable today as we approach the end of the year.

1. Local products are popular with customers and many customers will try new products if they are sourced locally.
2. Digital and ecommerce is growing. All kinds of new apps are available to check pricing, look at specials and order product.
3. Home Delivery is also growing and more supermarket retailers are getting into the game to compete with Amazon.

4. Sustainability is important to customers. More and more customers want to know how supermarkets dispose of excess product. Also clean labeling is getting more attention.

[Click Here to Read Full Article](#)

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 September 2018:

- Participation: 821,873
- Payments: \$18,000,000

A Few SNAP Statistics for September 2018:

- Participants: 3,705,344
- Payments: \$421,487,503
- On a Nationwide basis SNAP is down 4.8% from a year ago and 1% down from last month. As the economy has improved, more people are employed and there is less dependence on SNAP benefits for families.

The Texas EBT system for SNAP/WIC had some maintenance and upgrades. The system was upgraded last month and fortunately the download went smoothly. The maintenance was performed in the early morning hours which minimized disruption to the system.

As we approach the Holiday season, the EBT system is positioned well to handle all the holiday transactions.

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

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About the Texas Retailers Association

The Texas Retailers Association (TRA) is a 501(c) 6 non-profit organization dedicated to keeping Texas “retail friendly” for business owners through legislative advocacy. Since 1926, our diverse membership has represented every segment of the retail industry throughout Texas – from the smallest neighborhood store to the largest corporate chain. Recognized as the Voice of Texas Retail, TRA effectively advocates for Texas retailers at the State and Federal level while providing value-added services and partner programs for its members. Visit www.txretailers.org and join today!