Hello Texas Retailers!

July is here and that means one thing for the Texas Retailers Association… in just a little under a week we will gather for the 3rd annual Texas Retailers Forum in Corpus Christi. Our annual educational Forum, hosted by the Texas Retailers Association and the Texas Retail Education Foundation (TREF), will provide retailers with timely, topical and quality program sessions and speakers, in addition to highlighting the work of TREF. More details about the Forum are below, but it’s shaping up to be another great and fun event that you won’t want to miss. In addition to
working on the final details for Forum, the past month has been a very busy one for the TRA team on the advocacy front at federal, state and local levels. More on all these issues below.

The past few weeks have been full of blockbuster developments on the advocacy front at all levels. In late June, the U.S. Supreme Court ruled in favor of the retail industry on the e-fairness case (Wayfair v. South Dakota), essentially leveling the playing field for all retailers when it comes to collecting sales tax, regardless of presence. Now, Texas Comptroller Glenn Hegar and his team have begun the work on how the State of Texas will implement the Court’s ruling in Texas. We have met directly with Comptroller Hegar since the ruling was announced and will stay in close contact with his office as the implementation process unfolds to ensure the smoothest transition for the retail industry. Another positive development at the federal level is that immediately prior to the July 4th holiday, both the U.S. House and Senate passed their respective versions of the Farm Bill. The two chambers will now work to consolidate the differences in their respective versions in an effort to pass a reauthorization (an updated version) of the Farm Bill by September 30th.

On the state level, also in late June, the retail industry scored a major legal victory through the Texas Supreme Court’s ruling that plastic bag bans are illegal according to Texas law. This ruling effectively rescinds all the local plastic bag bans that have been in place, most notably in Austin. Most of the cities that had bag bans in place, including Austin, have now rescinded the bans. I am pleased to report that TRA members impacted by this ruling have shown extraordinary professionalism and community awareness in their respective statements and decisions regarding how they will proceed in the communities that they serve where bag bans had previously been in place. This is consistent with both TRA’s, as well as our industry’s, long stated position of being good stewards of our communities through education and promotion of recycling efforts. We also continue to educate state lawmakers on our priority issues going into next session: the inventory tax and why it is so detrimental to business in Texas, preempting the Austin Paid Sick Leave ordinance and others like it, and Dark store taxing issues. All these issues and more will be discussed in depth at the Texas Retailers Forum, which will be July 22-23 in Corpus Christi, so don’t miss out! Additionally, we will host our first ever PAC lunch at Forum this year, to raise funds for TRA's political accounts, which help us support retail friendly elected officials.

Even though the TRA Forum is only a week and a half away, you still have time to register and attend! Specific highlights include attendees hearing from experts in tax policy, electoral politics, journalism, national associations, as well as local, state and federal representatives during panel discussions which will focus on the most topical issues facing the retail industry. Additionally, Forum attendees will have the opportunity to meet with retail industry leaders from across the state and nation at networking functions such as our Awards Dinner, networking breaks, and our popular closing night casino party, which is aboard the USS Lexington this year. There is only minimal time left to register, so make plans now to secure a spot for you and your company at this can’t miss annual industry event by clicking here.

As always, thank you for supporting TRA and please feel free to reach out to the TRA team anytime.

Sincerely,

[Signature]

President/CEO
Texas Retailers Association
The Texas Retailers Forum is at the Omni Corpus Christi Hotel July 22-23, 2018. Our 2018 educational Forum, hosted by the Texas Retailers Association and the Texas Retail Education Foundation, provides retailers with timely, topical and quality program sessions and speakers. Attendees will have the opportunity to meet with hundreds of retail industry leaders from across the state at networking functions such as our Awards Dinner, networking breaks, and a closing night party - aboard the U.S.S. Lexington.

Register for the Texas Retailers Forum!

Book Your Hotel Room for the Texas Retailers Forum!

Legislative Update
The 4th of July Holiday slowed activity down in the Capitol building in Austin but that has not had any impact on some serious developments that lawmakers will have to deal with once they return to interim hearings and begin to gear up for the 86th Texas Legislature in January. Some of the most significant developments will have a major impact on our industry and your TRA team is working diligently to keep you and the decision makers up to speed on those topics.

1. South Dakota v. Wayfair, Inc.– Online Sales Tax Collection

A long awaited decision from the US Supreme Court on states’ ability to collect sales tax on out of state purchases was issued in late June and was a huge win for brick and mortar retailers across the country. The big question still pending among many states, including Texas, is what needs to be done both to current laws and by retailers to implement these collections. Word from the Texas Comptroller’s office is that there will likely need to be some changes to current statute but given the agencies broad rule making authority those changes should be minimal. However, any legislation that solidifies these changes and the significant revenue increase expected will be a must pass bill and need the support of our industry. We are working with legislators and the Comptroller’s office to make sure we fully understand what needs to be done and the impact on our operations. That work also includes an assurance from the agency that notice will be issued to each tax payer on what they need to do differently, when they will be liable for new taxes collected on those type purchases and a variety of resources available to us to make sure we are in compliance with those changes.

2. Laredo Merchants Association v. The City of Laredo – Plastic Bag Ban

Yet another court decision handed down by the Texas Supreme Court settled a long awaited challenge to municipal bans on the use of plastic bags that have popped up in many cities. The court ruled in favor of retailers, invalidating bag bans across the state and Attorney General Ken Paxton followed up the decision with at least 11 letters notifying those cities of the court’s decision. While the decision is clear, not all of those ordinances have been repealed nor a clear statement been issued on what the cities expect to do next. There will be legislation filed in the next session to allow bag bans and will work diligently to preserve the court’s decision and prevent movement toward reinstating and expanding the bans.

3. Texas Paid Sick Leave/ Preemption Legislation
Following Austin’s implementation of a mandatory paid sick leave (PSL) ordinance for all employers several other cities are considering following their lead and intend to implement their own PSL policies. Of those, San Antonio is likely the next municipality to follow suit. Again, Attorney General Ken Paxton issued a letter to San Antonio city officials telling them to reject the ordinance as it is in direct conflict with state laws relating to minimum wage. Dallas and Houston have also recently joined in the discussion on adopting similar ordinances. Thankfully, the business community is currently challenging the Austin ordinance in the court system and will also push for legislation preventing further adoption of these type of ordinances. TRA is working closely with a number of interested parties and elected officials on that front and will keep our membership aware on all related developments.

4. Comptroller Hegar Increases State Revenue Estimate by $2.8 Billion

Comptroller Glenn Hegar released an unexpected revenue estimate in mid-July that bumped the estimated dollars the Legislature will have at their disposal by $2.8 billion. This increase is due in part to unpredicted sales tax collections and oil and gas revenue growth. This increase in available state revenue means part of the strain lawmakers have been anticipating on state resources due to in part to hurricane relief efforts and public education funding could be eased. While this is more than welcome news, Texas budget projections will still be tight and the likelihood of excess funding for tax relief and additional agency functions remain relatively low.

Lastly, while the information above is just a brief summary of these topics, we will discuss all of these issue in great detail next weekend at the 2018 Texas Retail Forum in Corpus Christi. We will hear from experts and elected officials about these topics and the rest of the TRA legislative priorities.

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 are now expected to go to conference to work out differences between the two bills, shortly after the July 4th holiday recess. They have until September to pass an agreed upon bill.

We’ll keep everyone updated and in the meantime keep pushing for our priorities.

Thanks to everyone for their help on our Farm Bill lobbying efforts so far.

Tour My Store 2018

Showcase your store and build relationships with policymakers by hosting your Member of Congress during the upcoming August congressional recess. NRF and TRA are partnering for the Tour My Store 2018 initiative.

Everything policymakers do is on behalf of the constituents they represent. They are looking to understand how their policies affect the people in their district and the stories of retailers have the most impact on helping them make their decisions. By participating in Tour My Store 2018, you can get to know your elected officials and be an advocate for the retail industry. Store tours also
serve as press opportunities for your business and promote retail’s policy agenda. Retail affects everyone, everywhere, every day, and a store tour showcases that first hand.

Tours typically last for up to one hour and include a meeting with management, store tour, product demonstrations, meet and greet with employees, and photos. If you are interested in hosting a Store Tour in August, NRF and TRA have the resources to set up your store tour and ensure a successful visit. CLICK HERE for the Store Tour Toolkit and contact Meghan Keivel at keivelm@nrf.com or George Kelemen at gkelemen@txretailers.org.

Partner Spotlight: Fisher Phillips

The Fisher Phillips Retail Industry Practice Group understands the issues that are unique to your industry. By working with us, you benefit from our familiarity with retail industry employment issues that allows us to address problems quickly and effectively.

We believe it is better to avoid legal problems than to defend them. That is why we provide cost-effective and practical solutions to the problems that retail employers face every day through a robust advice-and-counsel practice. Among other things, we help you ensure that compensation and time-recording practices comply with wage and hour laws, counsel on Americans with Disabilities Act (ADA) accessibility issues, and assist with the many legal and practical challenges that multi unit companies face in training and monitoring your high-turnover workforce.

We provide training sessions specifically tailored for your organization to ensure compliance with the law and with best human resources practices. The training sessions can be delivered to your human resources team, managers, or employees.

Our Retail Industry Practice Group defends retailers in court and before government agencies such as the Equal Employment Opportunity Commission (EEOC), the National Labor Relations Board (NLRB), the U.S. Department of Labor (USDOL), and local and state agencies across the country. Our focus areas include handling employment discrimination, retaliation, harassment and wrongful termination lawsuits, customer discrimination claims, wage-and-hour lawsuits, Occupational Safety and Health Administration (OSHA) matters, and unionization issues. We also regularly represent retailers in arbitration proceedings.

NEW TREF Website Page

The Texas Retailers Association is currently building a new website page for the Texas Retailers Education Foundation. This new page will include a “Retail Job Center” for high school and college students to find retail jobs in their area. Members interested in having their job website pages linked should email Justin Williamson at jwilliamson@txretailers.org.
Same FedEx Service. Lower Cost

If you could get the same service from FedEx that you do today, but for a lower cost, wouldn't you jump at the opportunity? Through the TRA Shipping Program, you can. When you enroll for this free TRA member benefit, you can ship FedEx the same way you do today. The only difference you'll notice will be the positive impact on your bottom line. Enroll today to save up to 27%* on select FedEx services.

Visit PartnerShip.com/01tra for complete program details. If you have any questions call 800-599-2902 or email sales@PartnerShip.com.

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Grocers Corner - In the Cart
More Americans are turning down restaurants in favor of their own kitchens

- There's widespread belief that consumers are eating out at restaurants more and eating at home less, but in fact the opposite is true, according to The NPD Group's David Portalatin. He writes that while foodservice spending was up 2% for the year ending May 2018, visits were flat. Meanwhile, the number of consumers preparing and eating food at home increased.
- According to Portalatin, the growing cost of restaurant meals, the rise of grocery e-commerce and the popularity of streaming entertainment have all contributed to more Americans staying at home to eat and prepare meals. NPD found that the number of consumers making meals at home has grown over the past decade, with four out of five meals now prepared in U.S. kitchens.
- But consumers still want convenience, and aren’t willing to spend hours shopping and preparing home-cooked meals. Nearly half of dinners purchased from a restaurant are eaten at home and many in-home meals are a blend of freshly prepared dishes and foods purchased ready-to-eat. NPD predicts blended meals, which could include a mix of restaurant dishes, ready-to-go foods purchased at grocery stores and foods prepared at home, will grow in the next five years.

Click here to read more.

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 May 2018:

- Participation: 821,873 Dollars: $39,409,956
- 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 May 2018:

- # of cases: 1,577,628
- # recipients: 3,694,977
- Average: $264.00
- Total: $416,476,131
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.

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!

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*TRA Members

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