

PFMA

Pennsylvania Food Merchants Association

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LEGISLATIVE REVIEW



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2017

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The Pennsylvania Food Merchants Association represents nearly 800 food retailers, wholesalers and affiliated businesses throughout Pennsylvania. Our retail members operate nearly 3,200 stores and employ more than 150,000 Pennsylvanians.



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The mission of the Pennsylvania Food Merchants Association is to improve the public image, effectiveness and profitability of companies providing products and services in agriculture production, consumer education, consumer packaged goods, food retailing and wholesale food distribution.

The 2017 Legislative Session

Overall it was a difficult and active year for PFMA and its members. Thank you for all of your help and support. It is essential to our success.

LEGISLATION SUCCESSFULLY BLOCKED (as of January 1, 2018)

State Issues:

Property Tax Reform/Shifting — Several proposals were introduced this session to reduce or eliminate property taxes. Unfortunately, these proposals included shifting the tax burden to employers and working families in the form of increased and expanded sales taxes and higher personal income taxes. PFMA successfully helped prevent the ultimate passage of these proposals.

Minimum Wage Increases — PFMA prevented the passage of various bills on the state and federal levels that would have increased the state minimum wage from the \$7.25 per hour to anywhere from \$9 to \$15 per hour. Some of these bills would have included automatic increases to the minimum wage tied to inflation/Consumer Price Index.

State Sales Tax Rate Increase and Expansion — PFMA successfully blocked efforts in 2017 to raise the sales and use tax and expand the base of products to which it can be applied.

Personal Income Tax Increase — PFMA helped block efforts in 2017 to raise the personal income tax rate.

Commercial Warehouse Services Tax — PFMA helped defeat a plan that would remove the sales and use tax exemption for public warehousing and commercial storage businesses in Pennsylvania. This plan was to be included in the final budget agreement, but we helped prevent its inclusion.

Tobacco and OTP taxes — The association and its members successfully prevented any new or increased tobacco or other tobacco product taxes from being enacted. Some discussion took place around adding a new tax to cigars to help plug the budget deficit for 2017-2018.

Gross Receipts Tax (GRT) increase on Electric bills & Telecommunications and Transportation purchases — PFMA helped prevent final passage of an increased GRT on electricity bills, telecommunications and transportation purchases. This tax would have significantly impacted our members in many negative ways.



HB 475 (Deluca — Amends the Unfair Trade Practices and Consumer Protection Law further providing for private actions) — PFMA helped block passage of HB 475, which raises the minimum from \$100 to \$500 in cases of minor violations to the Unfair Trade Practices and Consumer Protection law. This bill would have increased costs for members and been a boon for trial lawyers.

HB 1547 (Stop-and-go liquor establishment legislation) — PFMA helped prevent passage of HB 1547, which would seek to address the issue of stop-and-go, problem liquor license establishments in Philadelphia. This would have been done by lumping all licensees in a specific zip code together to create a nuisance zip code, and putting certain restrictions and conditions on those businesses, which would be created by the PLCB. All restaurant license holders would have been at risk for this unfair (nuisance zip code) designation, and subjected to these additional restrictions and regulations with almost complete authority and oversight by the PLCB. A scaled back version of this bill was included with the budget agreement in 2017.

Statewide Beverage Tax — PFMA helped prevent passage and enactment of a statewide beverage tax.

Paid or Unpaid Leave Mandate — PFMA helped prevent passage and enactment of a statewide paid or unpaid leave mandate.

Plastic Bag Fees, Taxes and Bans — PFMA helped prevent passage of any plastic bag fees, taxes or bans on the state level.

LEGISLATION SUCCESSFULLY PASSED/IMPLEMENTED (as of 1/1/18)

State Issues:

***HB 290 (Metzgar) and SB 143 (Yaw) Underground Storage Tank Indemnification Board Legislation (USTIB)** — PFMA helped secure House passage of HB 290 and Senate passage of SB 143, which amends the Storage Tank and Spill Prevention Act by requiring USTIB to remove the Middle Atlantic Truck Stop Operators, which has disbanded. HB 290 was passed finally on December 6, 2017 and headed to the governor for his signature. The governor signed the bill and Alex Baloga received an appointment to the Board. ***PFMA priority issue for 2017**

HB 1071 (Farry) Municipal Plastic Bag Fee/Tax/Ban Preemption Legislation** — PFMA, along with a large group of major business organizations, worked to get HB 1071 passed and signed by the governor. This bill would prohibit municipalities from passing plastic bag bans, taxes and fees on its retailers and citizens. It does allow for retailers to charge their own fees. This bill sends a major message to other municipalities who would think of enacting harmful policies on businesses and their customers. **Governor Wolf vetoed this legislation which had bipartisan support in the House and Senate

Pa. State Board of Pharmacy: Medications held for redispensing regulatory revision approved —

The Pennsylvania State Board of Pharmacy voted to approve the final proposed general revisions to Chapter 27, State Board of Pharmacy Standards. The revisions change the 6-month expiration date for medications held for redispensing to 12 months. This change was requested and championed by PFMA and its members. This was a priority for our pharmacy committee members. The final review and issuance of the regulations will still take some time. PFMA will continue to update members as this moves through the process towards completion.

Retail Enhancements from Ilottery and IGaming

— PFMA was successful in adding an ilottery retail card, .5% bonus commission program and lottery retail advisory commission to the HB271 (ilottery/igaming legislation). The bonus program could represent up to \$20 million in new revenue for participating retailers, and the advisory commission should help PFMA members increase lottery sales and bonuses. HB 271 also included Video Gaming Terminals for truck stops and some fuel retailers that qualify. This could be another opportunity for additional revenue for PFMA members.

PFMA will continue to press legislators and the administration for a clean increase in the lottery commission and the creation of a cashing bonus for lottery retailers.

Federal Issues:

Congress Passes Legislation to Fix SNAP Final Rule - Lawmakers direct FNS to redefine “variety” to work for small retailers —

PFMA worked with its federal partners to provide comment, media coverage and pushback against the proposed SNAP regulations. We are pleased to report that the omnibus spending bill, passed by Congress in May 2017, contained a provision that would require the Food & Nutrition Service (FNS) to rewrite one piece of its updated Supplemental Nutrition Assistance Program (SNAP) retailer eligibility regulations. Specifically, FNS will have to adjust the problematic definition of “variety” so that retailers participating in SNAP will have more options for which foods can count toward staple food stocking requirements. The provision also states that until FNS rewrites its definition, retailers will have to comply with the old SNAP requirements, which require retailers to stock three varieties of food in the four staple food categories

Tax reform legislation —

PFMA, working with our congressional delegation and our national partners, successfully helped pass comprehensive tax reform for large and small businesses. This reform would lower the rates for c-corps and passthrough entities.

At left, U.S. Representative Scott Perry spoke during the Fall Legislative Conference lunch, October 10 in Harrisburg, where he announced tax reform would be the next big push for lawmakers. Scott Hartman, Rutter’s, introduced the congressman.



PROGRESS MADE ON PRIORITY ISSUES (as of January 1, 2018)

(HB 1918) Anti-skimming device/fraud legislation (Phillips-Hill) — PFMA helped secure house passage of legislation which seeks to eliminate and punish the use of fraudulent credit card devices by criminalizing the use of a scanning or skimming device, the use of a re-encoder, and the possession or sale of a skimming device. The bill awaits further action in the Senate.

SNAP Disbursement Schedule changes (SB 568, Argall and HB 877, Toohil) — PFMA worked to adjust

the SNAP disbursement schedule to allow for a staggered approach in providing benefits to recipients across the Commonwealth. Currently recipients receive their benefits in the first ten days of the

month. PFMA was successful in helping to convene and participate in a Senate Majority Policy Committee Hearing on the issue. Also, PFMA had legislation introduced, SB 568 and HB 877, to address this issue. The legislation is awaiting action in the Senate Public Health and Welfare Committee and House Appropriations Committee. These actions helped bring attention to the issue and will hopefully spur interest from the Wolf Administration to help find a solution.

Paid Leave Preemption — PFMA and its allies helped advance paid leave preemption in the form of SB 128. The bill would prohibit local municipalities from passing paid and unpaid leave ordinances. The legislation passed in committee in the Senate.

Patent Reform Legislation — PFMA, working with its allies, was successful in having legislation introduced on the state level to help address the issue of patent trolls.



Rep. Kristin Phillips-Hill announces her anti-skimming legislation is under consideration by the House Judiciary Committee. Supporters include Rep. Keith Gillespie; Rep. Dawn Keefer, Rep. Mike Regan, York County District Attorney Tom Kearney, Patrick Conway, Pa. Credit Union Association; Detective Richard Blais, Southern Regional Police Dept.; and Greg Rowe, Pa. District Attorneys Association.

The legislation, HB 1775, will likely move from the House Judiciary committee early in 2018.

SB 508 (Bartolotta) & HB 1477 (Wheeland) Vape/E-cig tax Reform — PFMA supported legislation, SB 508 passed out of the Senate Finance Committee by a vote of 9-3. This legislation amends the vape tax formula from the current 40% tax on the wholesale price to a .05 cent per milliliter tax. HB 1477 also passed from the House Finance Committee. We will continue to push for further action on the senate and house version in the coming year.

HB 401 (Grove) Commerce Courts — HB 401 sponsored by Rep. Seth Grove (R-York) passed the Pa. House and awaits further action in the Senate. The bill would allow the superior court to establish a commerce court to hear cases regarding internal business issues.

GRASSROOTS SUPPORT

PFMA recognized five members for their advocacy efforts in 2017. Our Defenders of the Food Industry are from left, Lisa Dell'Alba, Square One Markets; Justin Evans, Giant Eagle/GetGo; PFMA President & CEO Alex Baloga and PFMA Chairman Jeff Brown, Brown's Super Stores, presenting the awards; Tom Cormier, Ahold-Delhaize/Giant Food Stores; Ray Charley, Charley Family Shop 'N Save; & Frank Puleo, C&S Wholesale Grocers.



FOODPAC REPORT (as of January 1, 2018)

Below are the year-end totals for each of PFMA's three Political Action Committees (PACs). Thank you to all of our members who supported these efforts in 2017. It is crucial that we continue to build these resources for important state, federal and local elections in 2018. If you have not already contributed, please consider giving to one or all of our PACs.

Donate on our website at: <https://pennsylvaniafoodpaassoc.wliinc20.com/PAC/PAC-donation.aspx>

FEDERAL:	\$2,108.48
STATE:	\$8,966.21
PHILADELPHIA:	\$4,253.27



2018 STATE LEGISLATIVE & REGULATORY PRIORITIES

PFMA Supports:

1. Alcohol Wholesale and Retail Sales Reform

— PFMA will work to update state alcohol sales and distribution laws to allow its members to sell adult beverages (beer, wine and spirits) in any quantity, at their stores. Also, PFMA will work to create a competitive market-based wholesale distribution system for delivery and purchase of products by retailers.

2. Change/Extend the SNAP Distribution Schedule (HB 877 & SB 568)

— PFMA supports legislation that would adjust the SNAP distribution schedule to allow for a longer distribution period during which recipients would receive their monthly benefits. Currently recipients receive their benefits in the first ten days of the month.

PFMA supports HB 877, sponsored by Rep. Tarah Toohil (R-Luzerne), and SB 568, sponsored by Senator David Argall (R-Berks, Schuylkill).

3. Vape/E-cigarette formula change — PFMA supports legislation that would establish a five-cent per fluid millimeter tax on consumable vapor products. This is a change from the current 40% tax on these products.

PFMA supports SB 508 (Senator Camera Bartolotta, R-Beaver, Greene & Washington) and HB 1477 (Rep. Jeff Wheeland, R-Lycoming), which would eliminate the 40 percent wholesale tax and replace it with a 5-cents per milliliter retail tax on e-liquid.



4. Anti-Credit Card Skimming Legislation (HB 1918)

— PFMA supports HB 1918 (Phillips-Hill), which would help to eliminate and punish the use of fraudulent credit card devices by criminalizing the use of a scanning or skimming device, the use of a re-encoder, and the possession or sale of a skimming device

5. Philadelphia Sugar-Sweetened Beverage Tax repeal and preemption

— PFMA supports legislative efforts currently being pursued by Senator Mario Scavello (R-Monroe & Northampton) and Rep. Mark Mustio (R-Allegheny) to repeal the Philadelphia sugar-sweetened beverage tax. The legislation would also preempt all municipalities from trying to enact a similar tax or fee.

2018 FEDERAL LEGISLATIVE & REGULATORY PRIORITIES

PFMA Supports:

1. Repeal or reform of menu labeling (Common Sense Nutrition Disclosure Act) — PFMA supports efforts to further delay, simplify or eliminate the menu labeling rule contained in the Affordable Care Act. PFMA also supports the Common Sense Nutrition Disclosure Act which would help address some of the issues related to the menu labeling rule.

2. Tax reform — PFMA supports comprehensive tax form for individuals as well as small and large businesses. We do however; have concerns with eliminating the LIFO account method as it would hurt many of our members.

3. Patent Reform — PFMA supports legislation aimed at addressing the issue of baseless patent suits brought on by so-called “patent trolls.”

4. Healthy Food Financing Initiative (HFFI) — PFMA supports efforts to improve and increase access and funding for the HFFI. This is a national program modeled off the very successful program in Pennsylvania which helps provide support and investment for food merchants looking to address the issue of food desserts.

5. Regulatory Reform — PFMA supports efforts to reform and streamline the regulatory landscape on the federal level. This includes rescinding any harmful regulations that are currently in place, and preventing new and harmful regulations from being enacted.

PFMA Opposes:

1. “New” Government-Mandated paid and unpaid leave ordinances — PFMA opposes new mandated paid and unpaid leave policies by the federal government. We believe our members are best equipped to make decisions regarding leave policies for their companies and employees.

2. National Sugar-sweetened beverage/soda tax — PFMA opposes any attempt at levying a federal/national soda or sugar-sweetened beverage tax.

3. New taxes on tobacco and other tobacco products — PFMA opposes additional taxes on cigarettes and new taxes on other tobacco products imposed by the Federal government.

4. Changing the point of obligation for the renewable fuel standards program — PFMA opposes changing the point of obligation from its current position under the Renewable Fuels Standard Program.

5. Cuts to SNAP funding and increased regulations on snap purchases — PFMA opposes cuts to the Supplemental Nutrition Assistance Program (SNAP), and restrictions on what products SNAP customers can purchase.



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