A United VOICE for Pennsylvania’s food industry
The Pennsylvania Food Merchants Association is a statewide trade association representing more than 900 food retailers who operate nearly 4,000 retail food stores in Pennsylvania.

OUR MISSION

“TO IMPROVE THE PUBLIC IMAGE, EFFECTIVENESS AND PROFITABILITY OF COMPANIES IN THE RETAIL AND WHOLESALE FOOD DISTRIBUTION INDUSTRY.”

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During my first year as your chairman, PFMA has voiced our concerns about many legislative and regulatory issues. Many of those issues carried over from 2012 and we are still monitoring them in 2014.

PFMA continues to work toward changes to Pennsylvania’s antiquated adult beverage sales system, including privatizing the wholesale and retail operations and creating new licenses for interested retailers.

Last year, Governor Tom Corbett proposed privatizing alcohol sales within the Commonwealth. His plan, introduced as HB 790 and amended, passed the Pennsylvania House of Representatives in a historic vote of 105 to 90. While the bill wasn’t perfect, we were hopeful the Senate would vote on the bill. However, a much needed transportation bill took priority and the bill did not come up for a vote.

Several Senate amendments to HB790 privatization bills are being considered this year. We need all PFMA members and their customers to unite and send a strong message to lawmakers. It’s time to change the adult beverage sales system to make it convenient for shoppers. If you haven’t already contacted your lawmakers, now is the time to do so. Visit www.consumerchoicepa.com or www.freemybeer.com to send a message to your lawmakers. In addition, please encourage your customers to visit those websites to ask for reform. For a complete look at alcohol privatization, review the government relations section on pages 10-13.

Changes to the Supplemental Nutrition Assistance Program (SNAP) caused PFMA members and many Pennsylvania families major concerns last year. In 2012, the Department of Public Welfare announced plans to implement an asset test for Pennsylvania residents to qualify for SNAP benefits. The DPW would only allow residents under age 60 to hold less than $2,000 in assets and no one over age 60 with more than $3,250 in assets to qualify for SNAP. In October, Governor Tom Corbett announced that he would take into consideration DPW Secretary Beverly Mackereth’s stance to reconsider the SNAP asset test.

Despite efforts by U.S. Senator Bob Casey (D-PA) to retroactively maintain the cut SNAP benefits, SNAP benefits expired for 1.7 million (including 740,000 children) Pennsylvanians. This year, SNAP was set to take another cut as President Obama signed a new Farm Bill into law on February 7, 2014. The bill included a provision to reduce SNAP benefits by $8 billion over 10 years only for those recipients receiving a Low Income Home Energy Assistance Program (LIHEAP) benefit from their state of residence. According to the DPW, 400,000 Pennsylvania households were slated to lose a monthly average of $60 to $65 each in benefits, amounting to $300 billion a year. Governor Tom Corbett prevented those cuts by committing to increase federal energy aid from $1 to $20 in Pennsylvania. PFMA will continue to monitor the SNAP issue as we expect the program will be in danger of further cuts, which not only impacts Pennsylvania’s poor, but also businesses, the economy and puts a strain on food banks that have to make up the food deficit.

Our Loss Prevention Committee scored a huge victory with the passage of SB 731 last year. The new law clarifies the definition of what is considered a first time retail theft. It treats repeat offenders of the state’s retail theft statute the same regardless of whether the offender participated in an Accelerated Rehabilitation Program (ARD) the first time they violated the statute. First time offenders would still have the ability to get their first offense expunged from their record if they completed ARD, but they would be held accountable for any repeat offense as a true repeat offense. The initial theft would go back on the offender’s record and as a result, this law helps remove the target from Pennsylvania as we are no longer a state that is soft on retail theft.

PFMA’s business subsidiaries — MEMO Financial Services, Inc. (MEMO) and Pennsylvania Coupon Redemptions Services, Inc. (PCRS) — provide valuable products and services to members. MEMO is in the process of transforming with a new name and new financial products, while PCRS continues to provide competitively priced coupon processing to retailers in Pennsylvania and surrounding states. Please support these subsidiary businesses, which provide a financial contribution to the association. Learn more about these affordable services on pages 27-36.

These are just a sample of the many issues PFMA acted on last year. Thank you to all members who worked with the association, made phone calls and sent letters. Your voice helps our lawmakers understand how these issues impact our businesses. Collectively, the food industry is powerful.

In addition, thank you to all the board members and committee leaders who volunteer their time, ideas and knowledge to PFMA. You make us a stronger association. I encourage all members to get involved. Contact David McCorkle, PFMA president and CEO, at 800-543-8207, x5900.
Volunteers Help Your Association Succeed

The members and staff of PFMA have benefited from the volunteers serving on the managing Boards and Committees that develop association policies and action plans.

At the Annual Meeting in May 2013, Rich McMenamin and Paul Rankin thanked Louie Sheetz for his two excellent years leading the PFMA Board of Directors and welcomed the new slate of officers: Rich McMenamin, chairman, McMenamin Family ShopRites; Paul Rankin, vice chairman, Country Fair, Inc.; Jeff Brown, treasurer, Brown’s ShopRites, and Rich Wood; secretary, Wawa, Inc. The PFMA Board of Directors is made up of a representative group of supermarket and convenience store executives, full service wholesale distributors, and product and service suppliers. Our organization brings all segments of the food industry together to fully review public policy topics that impact consumers and the industry so that we can speak to elected and appointed public officials with a single voice. The process adds significantly to the work of members and staff, but helps us to efficiently convey our message to policy makers.

The 2013 business and legislative agenda is covered in detail in this report and significant issues including the reform of beer, wine and spirit sales; the reduction of the unfunded public employee pension liability; the stabilization of social safety net programs and ongoing state and local fiscal shortfalls continue as priorities for our staff and members. In addition, the cybersecurity challenges impacting businesses and consumers worldwide add to the many problems that must be jointly addressed by financial institutions and retail businesses large and small.

Cybersecurity

Pennsylvania food retailers will join in the international retail/financial industry partnership to secure the trust and financial information shared by consumers. MEMO Financial Service executives may be in a special position to assist given the familiarity that they have with state and federal banking regulators. PFMA and our national affiliates: the National Association of Convenience Stores, the Food Marketing Institute and the National Grocers Association must implement cybersecurity system improvements in 2014.

Adult Beverage Sales

The debate continues and Pennsylvania’s legislative leaders still have not addressed the key issue of how we can better serve consumers who want to buy beer, wine and spirits.
When Marshall Field coined the phrase “The customer is always right” in the late 1800’s, the business of retailing was changed forever.

Customers frequent businesses where convenience, product selection, price and service are available in a combination that suits their needs and their pocketbooks. In America, retailers compete freely for customers buying adult beverages. Except in Pennsylvania, where beer, wine and spirits sales are buried in the time capsule of the Prohibition Era.

State lawmakers must consider and change the following:

- Pennsylvania is the only state that dictates the quantity of beer a customer can purchase and a beer distributor or tavern can sell.

- Pennsylvania and Utah are the only states where the wholesale purchase of wine and spirits and the retail sale of those products are monopolized by the state.

- Pennsylvania businesses and unions that are comfortably entrenched in the wine and spirit sales monopoly want to keep it that way — landlords for 600 state stores, contract warehouses, some wineries and distillers, the beer industry, taverns, all Pennsylvania unions and the lobbying firms for all of the above.

So, what about Pennsylvanians and visitors to our state who want convenience and who want to buy beer, wine and spirits at the same location? That is the task at hand in 2014.

On behalf of PFMA members and staff, thank you for your support and assistance in 2013!

David L. McCorkle
PFMA President & CEO

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Teross Young
Food Lion, LLC, Salisbury, NC
This is the last annual report to which I will be a contributor as I will be retiring completely from PFMA at the end of June. I would like to take a little space to reflect on the last 25 years.

Before doing that, let me say that we have always had a strong team in the Association Services Division, but never stronger than the one we have in place now. Alex Baloga has taken over government relations and his legislative background and solid work ethic, along with the contacts he already had at the Capitol, mean that PFMA will be represented well both in Harrisburg and in Washington. Elizabeth Peroni continues in her role in the communications arena and will be working this year to bring you a brand new website. Annette Knapp runs several PFMA committees and provides communication to the members as well as extensive legislative research and analysis. Jenny Hamelin takes on administrative tasks and will be working with a new membership database provider so we will have a newer and more efficient way to keep track of PFMA retail members and associate members. Ellen Markle is raising two young daughters, but does typing and minutes for PFMA from home.

The food industry has changed incredibly over the last 25 years. We have larger stores but fewer members, and the broker and supplier communities have gone through considerable consolidation.

In spite of all of these changes, PFMA has been fortunate to have a strong board of directors and those who have risen through the ranks to become Board leaders have given a considerable amount of time to ensuring the food industry in Pennsylvania remains healthy and vital. The Board provides the policy decisions that guide the Association and gives us all our marching orders.

I am proud to have played a small role in the affairs of the Pennsylvania food industry for the last 25 years, and I am most fortunate to have been able to work for David McCorkle, PFMA’s longtime president and CEO. He gives clear direction to the staff about what is expected of them and then lets them figure out the best way to fulfill the tasks they are assigned. Fortunately, he will be around to continue to provide strong leadership to all those who work at PFMA.

It would be easier to sign off now if so many of you had not become friends rather than just PFMA members. Thanks for letting me be a part of this industry for the last quarter of a century.

Here are some of the 2013 highlights for PFMA’s Association Services Division.

PFMA had a busy year working on important legislative and regulatory issues. Please review the Government Relations section for comprehensive information on the issues.

**Ridge Scholarships**

In April, an independent judging panel selected 24 Thomas R. and Laura Ridge Scholars. The students received $2,000 scholarship grants to attend the college or university of their choice.

Scholarship applications are available from November until the annual deadline in March. PFMA members are encouraged to advertise the scholarships.
Pennsylvania Milk Marketing Board Activities

Luke Brubaker continues as Chairman of the Pennsylvania Milk Marketing Board with Lynda Bowman as the Consumer Member and Richard Kriebel as the third Milk Marketing Board Member. Tim Moyer became the permanent Board Secretary.

Difficulties are beginning to arise for both the dairy farmer and milk dealers. The milk dealers have asked the board to reduce the Over-Order Premium in each of the last several hearings in response to competitive pressures from non-Pennsylvania milk dealers. The milk dealers are seeking the largest reduction to date, over one dollar, to the Over-Order Premium. The Board scheduled a hearing on the matter for May 22 – 23, 2013. Given the difficulties faced by dairy farmers with high feed and other costs, thee hearing was quite contentious.

The Board did not change any aspect of the retail milk price buildup formula during the last round of cost replacement hearings. The Board continues to allow retailers to adjust their costs in accordance with the consumer price index. If you have any questions regarding milk related matters, please feel free to contact Kevin M. Lutkins, Esquire at the Pennsylvania Food Merchants Association, 800-543-8207 x5903.

PFMA Hosts Annual Conference in Gettysburg

PFMA members gathered in Gettysburg, Pennsylvania, June 10-11, for the 2013 Annual Conference. It was a great time to tour the battlefield as the 150th Anniversary of the battle approached in July.

Attendees had the opportunity to tour the Visitor’s Center, see the Cyclorama painting and watch “A Birth of New Freedom,” a movie about Gettysburg narrated by Morgan Freeman.

Chairman-elect Rich McMenamin, left, and Chairman Louie Sheetz, right, join former Secretary Tom Ridge as he congratulates scholarship recipient Dwight Kessler and his parents Randy and Kimberly Kessler.

is named in in their honor. Ridge spoke directly to three of the scholarship recipients who were able to attend the dinner.

Marjia Jannanti, Elizabethtown; Dwight Kessler, Gettysburg; and Brady McCormick, Carlisle, attended the dinner with their parents.

Randy St. John, PFMA senior vice president of association services, was honored for his 24-year career with the association. St. John plans to retire at the end of June. Tim Reardon, introduced St. John and provided a fun look back at the friendship they formed while he worked for Ahold USA. Later, St. John provided a hilarious look at how he came to a decision for his career. Sporting costumes and props, St. John described how his role models — Dr. Spock, Socrates and hippies — led him to become a teacher.

“When I came to PFMA, I knew there would be members. I knew there were going to be colleagues, but I had never worked in a supermarket or a convenience store, so there was very little chance that this would become more than just a job,” St. John said. “There wouldn’t be any serious emotional attachment, which of course wouldn’t fit in with my role models. How could you get attached to a job that was going to help grocers or convenience stores make more money?”

“So I planned to work very hard. Do my best, but keep my Spock, Socrates, Hippie thing going on,” he said. “Now it’s almost 24 years later. What I really have to say tonight is that it didn’t work out that way. Those of you who are members didn’t just stay members. Those of you who are colleagues didn’t just stay as colleagues. And, those of you who are staff members, didn’t just stay staff members. Over the past 24 years, far, far, far too many of you, crossed the line and you became friends. Real. Genuine. I care a lot about you, friends.”

The second day of the conference featured seminars on Mobile Commerce, a LEED Building Certification tour of the Visitor’s Center and a National Park Ranger gave a talk on feeding the troops during the Civil War.
Association Services

PFMA Honors Chris Michael and Louie Sheetz for Service on the PFMA Board of Directors

It was a rare opportunity to say thank you as Pennsylvania Food Merchants Association (PFMA) members, staff and supporters gathered at the Hershey Country Club on October 8, 2013 to celebrate the support of long-time board members Chris Michael, chief executive officer, Associated Wholesalers, Inc., and Louie Sheetz, executive vice president of marketing, Sheetz, Inc.

Attendees started the day on the Hershey Links, where they enjoyed the beautiful fall weather and the challenging golf course. Later, they moved to the Hershey Country Club for a reception and dinner.

PFMA Vice Chairman Paul Rankin, Country Fair, introduced Louie Sheetz, who has been an active member of the PFMA board and Pennsylvania Convenience Store Council (PCSC) for 22 years. He served as PFMA chairman from 2011-2013 and PCSC chairman from 1991-1993. He also participates in the Legislative and FoodPAC committees and leads the association’s efforts on the alcohol sales privatization issue.

Sheetz said he and the Sheetz family value the work that goes on at PFMA and value the organization. He thanked David McCorkle for his 35 years of leadership and the staff for their work. He also thanked the manufacturers and suppliers for supporting PFMA.

Bill Donovan, AWI executive vice president of sales and marketing, introduced Chris Michael to the group.

Michael served as PFMA chairman from 2005-2007 and has been active on PFMA’s board of directors, Legislative and FoodPAC committees since 1993.

He talked about the impact that independent retailers have in the northeastern part of the country.

“My cooperative members understand that they cannot stand alone. With PFMA’s help, which includes all of you, we’re sure that we can maintain a level, unrestricted playing field where we have the opportunity to aggressively fulfill our consumers service requirements,” Michael said.

“Many times we look at PFMA to provide that level playing field where we can compete and just simply serve our retailers. It’s really what all of us want to do at the end of the day.”

PFMA President David McCorkle thanked Michael and Sheetz for all the work they have done for the association and mentioned the challenges they face in operating multi-billion dollar businesses and working to help lawmakers understand the issues they face daily.

“The work that you do is unbelievable,” McCorkle said. Consumers take it for granted, most elected officials have no idea how your businesses operate and fewer understand the business dynamic.”

“The fun for me at a gathering like this is when competitors, business friends, manufacturers and suppliers can get together and talk about the future. This is a chance you have to creatively solve problems and we’re here to help you do that,” he said.

Giant Eagle Bagger Wins Championship

Pittsburgh-based Giant Eagle won its second Pennsylvania’s Best Bagger Championship in a row as Becky Martin of Somerset took home the top prize on October 16 in Harrisburg.

Martin, 27, won $250, a championship trophy and a trip to compete at the National Grocers Association National Best Bagger Championship on February 11, 2014 in Las Vegas.

Matthew Nonnemacher, Boyer’s Markets, came in second; Matt Weiss of Giant Food Stores was third and Jesse Filingo of Bill’s ShopRites was fourth.

While she didn’t win the national championship, Martin had a great experience at the event in Las Vegas.
Since 1991, the Scanning Certification Program (SCP) has helped participating retailers provide price accuracy and appropriate pricing information to consumers in Pennsylvania and surrounding states.

The main goals of this voluntary price accuracy program are to clearly identify for customers the prices of all items in the store and to ensure that shoppers are charged the lowest advertised price at checkout.

Program guidelines require stores to adopt and advertise a price accuracy policy, provide employees with price accuracy training, document and correct errors promptly and ensure that shelf tags are accurate and legible.

SCP auditors conduct unannounced in-store inspections to measure compliance with program standards. Certification is awarded to stores that have implemented program requirements and achieve an accuracy rating of at least 98 percent on a random sampling of items.

Most importantly, the SCP is meeting its main goal of helping its members improve their price accuracy. Supermarket accuracy rose from 96.90 percent in 1991 to 98.74 percent in 2013. Convenience stores made strides too — improving overall average accuracy to 97.18 percent since 2000.

In 2013, the SCP launched an “inspection-only” program for retailers that want to focus on Pennsylvania regulatory compliance. The SCP serves as the Act 155 price verification vendor for participating retailers, but enrollees are not subject to other SCP requirements such as having a price accuracy policy. SCP inspection protocols were also revised last year to ensure continued compliance with Pennsylvania Department of Weights and Measures requirements.

Our top priorities for the upcoming year include transitioning to paperless inspection reporting; creating a social media presence for the program; updating the SCP website content and having SCP inspectors complete mandated training for the renewal of their Pennsylvania inspector certifications. And of course everyone on the SCP team will remain focused on helping our retail members reach and sustain the highest level of price accuracy.

To learn more about the Scanning Certification Program, contact SCP Executive Director Autumn Thomas at 888-722-6727 or athomas@pfma.net.
**Government Relations**

**GR Team Working for Alcohol Sales Reform**

Your government relations team includes, from left, Annette Knapp, manager of legislative research; Randy St. John, senior vice president of association services; Alex Baloga, director of government relations; and David McCorkle, PFMA President & CEO.

**Alcohol Sales Privatization**

At the beginning of 2013, Governor Tom Corbett decided to offer a new alcohol sales privatization plan to fully divest the Pennsylvania Liquor Control Board (PLCB) of its retail and wholesale functions in a two-step process that have would taken four years to implement. The vehicle for this plan became Rep. Mike Turzai’s (R-Allegheny) HB 790. Highlights included:

- Private entrepreneurs would own the entire liquor retail and wholesale system.
- Pennsylvanians would enjoy the convenience and selection available to virtually every other American.
- 1,200 retail licenses for wine and spirits would be auctioned by county.
- Grocery stores, convenience stores, pharmacies, large retailers, and beer distributors could apply to sell beer and wine and/or bid on one of the 1,200 licenses for wine and spirits.
- Businesses could serve as a one stop retail shop where beer, wine, and spirits are sold under one roof.
- Six packs of beer could be sold by local beer distributors.
- Pennsylvanians would be able to ship wine to their homes.
- Fines for selling to minors and visibly intoxicated persons would be significantly increased.
- State Police and PLCB law enforcement programs would receive a $5 million (a 22 percent) funding increase.
- Alcohol treatment and prevention efforts would receive a $1.5 million or 75 percent increase in funding.
- Measures for affected PLCB employees, including tax credits for businesses that would hire separated workers, educational credits, civil service credits, individual employment plans and a multi-agency committee to help displaced workers find employment.

PFMA backed this version of an alcohol sales plan for Pennsylvania:

<table>
<thead>
<tr>
<th>Retailers</th>
<th>Square Feet</th>
<th>Beer Sales Privileges</th>
<th>Wine Sales Privileges</th>
<th>Annual License Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grocery Stores</td>
<td>10,000 - 20,000 sq. ft.</td>
<td>2 six-packs</td>
<td>6 bottles of wine</td>
<td>$25,000 - $30,000</td>
</tr>
<tr>
<td>C-Stores</td>
<td>1,000 - 10,000 sq. ft.</td>
<td>1 six-pack</td>
<td>N/A</td>
<td>$10,000</td>
</tr>
<tr>
<td>Pharmacies</td>
<td>Over 8,000 sq. ft.</td>
<td>2 six-packs</td>
<td>6 bottles of wine</td>
<td>$17,500</td>
</tr>
<tr>
<td>Big Box Stores</td>
<td>Over 100,000 sq. ft.</td>
<td>Up to &amp; including 1 case</td>
<td>6 bottles of wine</td>
<td>$35,000</td>
</tr>
<tr>
<td>Restaurants (licensed liquor)</td>
<td>Up to &amp; including 30 pack</td>
<td>6 bottles of wine</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beer Distributors</td>
<td>Down to a 6-pack</td>
<td>Ability to bid on wine/sports license</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Prior to any possible bill votes, supermarket members were encouraged to share with state House members the following:

My company sees the amendment to HB 790 as a significant step forward for Pennsylvania. It begins the process of allowing consumers to buy adult beverages when, where and in whatever quantities they wish, just as they do in almost every other state. But, we would hope a final bill would go even farther toward creating convenience and choice.

Convenience store members were encouraged to send House members the following:

My company sees the amendment to HB 790 as a significant step forward for Pennsylvania. It begins the process of allowing consumers to buy adult beverages when, where and in whatever quantities they wish, just as they do in almost every other state. However, the amendment treats convenience stores differently from other sellers. Although all of us benefit from the bill, convenience stores receive fewer privileges than supermarkets. Therefore, as the bill moves forward, we will lobby for additional changes that will level the playing field between sales channels to better serve customer convenience and choice.
Alcohol Sales Privatization, cont.

On March 18, a divided House Liquor Committee scaled down Gov. Corbett’s privatization proposal. The committee voted along party lines to amend HB 790. As part of the adopted amendment, grocery stores, big-box retailers, convenience stores and pharmacies would not be able to obtain beer licenses unless they first acquired a restaurant license, a change from the governor’s proposal that would have allowed them to purchase beer licenses without requiring a restaurant license. Beer distributors remained opposed to the new language in the bill. On March 21, the bill passed the House and went on to the Senate.

Private entities would have been able to bid on 1,200 new wine and spirit licenses one year after the law’s enactment. During the first year, beer distributors would have had the first right of refusal of a wine and spirit license, and the remaining licenses would be open for private entities to purchase. An installment plan would also allow beer distributors to pay off the cost of a wine or spirit license over four years if they paid an additional 5 percent.

Wine and spirit licenses would have been allocated by county based on the number of beer distributors in the county. When the number of privately owned and operated wine and spirits licenses, plus the grocery store licenses, equaled the number of state liquor stores, the PLCB could approve the closure of those state stores. The state currently operates over 600 retail outlets, but if that number were phased out to less than 100, the remaining stores would shutter.

Beer distributors would have been able to pay $1,000 to sell 64 oz. growlers, six-packs and 12-packs in any quantity, instead of only cases and kegs. A $500 retail package reform license would be available for purchase by restaurants, hotels and eating-place licensees. That license would allow those entities to sell up to 24 bottles of beer, but only in packages as large as 12-packs. Grocery stores with restaurant licenses would also be eligible for the retail package reform licenses. The amendment also created a new license to allow grocery stores to sell unlimited amounts of wine. The prohibition on alcohol sales at gas stations would also be lifted.

Additionally, the state-run wholesale operation would be auctioned off a year after the law’s enactment, where one wine and spirit wholesale license would be approved for each applicant. The cost of those licenses would be based on the gross profit margin of each brand of wine and liquor sold in Pennsylvania.

Estimates had the new proposal generating about $800 million for the state, with about $550 million coming from selling the wholesale side and about $250 million from the retail side over a number of years. The governor predicted his proposal would generate $1 billion, and he would direct the money to an education block grant.

From April to June 2013 the Senate Law and Justice Committee held several hearings on alcohol sales privatization. Although PFMA was not invited to testify at any of these sessions, staff submitted testimony anyway.

On June 24, 2013, PFMA sent correspondence to Committee Chairman Senator Chuck McIlhinney (R-Bucks) and Senator Jim Ferlo (D-Allegheny) regarding their attempt to stop short of privatizing alcohol sales in Pennsylvania.

“PFMA and our members believe and have stated during the unveiling of both the Governor’s and House’s proposals on this issue, both of which we supported, that any final product should increase choice, convenience and provide for competitive prices for consumers. Given those facts, we respectfully request that you consider and pass HB 790 out of the committee and include the principles listed below.

These five principles would lead to better choice, convenience and competitive prices for consumers. They are the creation of additional licenses for all retail food establishments, the repeal of the gas/alcohol sales prohibition, beer and wine in grocery and convenience stores, no quantity restrictions on the sale of adult beverages and wholesale and retail divestiture from state control.”

On June 24, HB 790 was amended in the Senate Law & Justice Committee undergoing a first and second consideration the next day.

**Senator McIlhinney’s Alcohol Sales Plan Highlights**

- Allowed delis and eateries to get a license to sell up to four bottles of wine for off-premise consumption and sell wine for on-premise consumption.
- Allowed beer distributors to obtain licenses to sell wine and/or spirits in any quantity or size.
- Allowed restaurants and hotels to obtain permits to sell up to four bottles of wine and two bottles of spirits.
- Allowed for specialty shops to open selling one specific kind of spirits.
- Set annual license fees of $2,000 for specialty spirits permits; $4,000 for wine or spirit permits and $8,000 for wine and spirit permits. There would be no upfront fee.
- Established consistent hours for liquor sales from 8 a.m. to 11 p.m. and Sunday hours.
- Allowed restaurants, hotels and delis to sell up to four six-packs or up to two 12-packs.
- Allowed for direct shipment of wine to homes.
- Eliminated the 18 percent Johnstown Flood tax.
- Removed the requirement for grocery stores that have a restaurant license to maintain a separate checkout for beer, wine or spirit purchases.
- Gave an 18 percent discount on wholesale wine and spirit purchases to licensed establishments.
- Authorized the PLCB to close state stores not deemed profitable over the next two years when a study would be done to evaluate the financial impact of divestiture on the Commonwealth.
- No new licenses would be issued for retailers.
- The gas/alcohol ban affecting fuel retailers was not lifted. *Continued on page 12*
Senator McIlhinney’s Alcohol Sales Plan Highlights continued

On June 26, PFMA urged members to contact their Senators and ask that they support comprehensive privatization and alcohol sales reform in Pennsylvania by asking for the following:

• Elimination of the gas/alcohol sales prohibition.
• Beer and wine in grocery and convenience stores.
• Creation of additional licenses for retail food establishments.
• Wholesale and retail privatization (eliminate LCB control).
• No quantity restrictions on the sale of adult beverages.

On June 29, 2013 the Senate approved an amendment which would take a major step forward in reforming the sale of alcohol in Pennsylvania and the final passage of HB 790 was expected to soon take place during final budget discussions. The amendment did a number of significant things in helping to reform the system. Some of those include:

• The repeal of the beer/gas sales prohibition.
• The creation of a Food Market liquor sales license for stores 2,500 to 30,000 square feet.
• The closure of state stores when the number of private retailers was two to one over state stores in each county.
• Removal of the seating requirements for Food Market liquor license holders (no longer required to have a 30-chair seating area).
• Allowed for R license holders to sell up to 3 six-packs and 4 bottles of wine.
• Allows the PLCB to study wholesale privatization and when complete the state could put out an RFP for leasing of the system.
• Eliminates the Johnstown flood tax.
• Gave an 18 percent discount on the purchase of wine and spirits from the PLCB to all enhanced license holders.
• Created an expanded wine permit which would cost $2,4, or 6 thousand dollars depending on the volume of alcohol purchased by the licensee and makes beer distributors one stop shops for alcohol sales.
• Allows Restaurant “R” license holders to obtain a special spirits expanded permit for a fee of $2,000. This would let restaurants sell two bottles of one particular spirit per transaction. They could only sell a certain type of spirit with the license.

The Senate and House remained at an impasse on passing comprehensive alcohol sales reform as it was also tied to a controversial transportation funding vote. HB 790, as amended in the Senate, remains in the Senate appropriations committee awaiting further action. After the break in the action, PFMA opposed the bill as it was amended in the Senate and began working with other interested parties to find a consensus on the issue for possible movement in the fall. In the fall of 2013, PFMA continued to meet with Senators, House members, the governor’s office and their staff to try and push the best privatization plan forward.

In letters to the Senate PFMA outlined its greatest concerns in that PFMA believes that allowing the PLCB to continue to operate wholesale and retail functions along with giving them variable pricing authority would hurt businesses and consumers. Further, it would allow the PLCB to potentially and dramatically increase prices to help make up for any profit shortfall they experience from the elimination of the Johnstown Flood Tax, the increased discount to licensees and closure of an uncertain number of state stores. We believe these areas needed to be addressed and could be addressed by full privatization of those two operations and excluding the variable pricing option from the PLCB’s authority.

PFMA also referenced in HB 790 the lack of new, available licenses for interested retailers. Without increases license numbers to either existing license categories or creating a new category for food retailers, consumers would not experience the choice, convenience and competitive prices PFMA believes legislators were trying to provide with their efforts on this issue. HB 790 in its current form would have allowed more retailers to pursue licenses which are already way too expensive for most operators and are very difficult to secure due to a lack of availability. Allowing for an adequate, market-based number of additional licenses to be issued, would help satisfy business and consumer demand and not devalue current licenses if done properly. This would mean that licenses would not be cheap, but would still be available to those retailers who were interested in participating in the system.

As of June 29, 2013, HB 790 has remained in the Senate Appropriations Committee.

The bottom line: PFMA is looking to provide consumers with the ability to purchase beer, wine and spirits in any quantity in grocery and convenience stores. We support privatizing the wholesale and retail operations and creating new licenses for interested retailers.
Issues Summary

Cell Phone Fees

Beginning July 1, 2011 retailers were mandated to impose a $1 surcharge on pre-paid wireless devices or pre-paid time per each transaction. Retailers must disclose the surcharge on the register receipt and the fee is remitted to the state quarterly along with the sales tax. Pennsylvania retailers are able to keep three percent of the fee as a vendor allowance.

Regardless of collecting this fee, county officials statewide say they are struggling to fund their 911 dispatch systems, especially as demand grows for technology upgrades. They have been calling for a comprehensive rewrite of the Public Safety and Emergency Telephone Act, which was first adopted in 1990.

County managers are required to upgrade 911 systems to take text messages starting in 2014 and are advised to prepare for “next-generation technologies” like video, OnStar and devices such as iPads in coming years. New legislation is being drafted by Chairman Rep. Barrar (R-Chester, Delaware) of the House Veterans Affairs and Emergency Preparedness Committee to address these changes.

In the summer of 2013, PFMA staff met with state House and Senate members and their staff regarding E-911 fee collection at the retail point-of-sale to discuss concerns about a potential re-write of the program as it is reaching its sunset. At these meetings, staff expressed concerns about the way the program is administered and an interest in possibly changing that system.

Check Cashing Fees

Rep. Chris Ross (R-Chester) introduced House Bill 1361 on May 8, 2013. The bill instructs the state Department of Banking to not require Pennsylvania food merchants to register their check cashing operations under the complicated national mortgage licensing system. This bill passed unanimously in the House on June 3 and was referred to the Senate Banking and Insurance Committee. PFMA sent a letter of support to encourage Senate passage on June 4, 2013.

This legislation lowers check cashing fees for government issued checks (federal, state and local) to 0.5 percent, directs the Department of Banking to not require food stores to register their check cashing operations under the National Mortgage Licensing System (as they already register with the Department) and requires public posting of check cashing fees at checkout. The enactment of this legislation would help many PFMA members that are experiencing issues with the burdensome paperwork associated with registering under that system.

A Senate companion bill (SB 1118) introduced on October 9 by Sen. Michael Brubaker (R-Lancaster) was reported out of the Senate Banking and Insurance Committee on October 22, 2013.

PFMA met with Senate staff and members in support of the legislation as it did on the House side. This bill may see movement this spring.

Credit Card Surcharge

As part of last July’s $7.25 billion settlement regarding credit card processing fees between retailers, Visa, MasterCard and nine other major banks, retailers now have the ability to surcharge customers who pay for transactions using credit cards.

Rep. Adam Ravenstahl (D-Allegheny) introduced HB 750 on February 13, 2013. This legislation would prohibit Pennsylvania retailers from imposing credit card transaction fees or surcharges on consumers. Rep. Ravenstahl’s bill would add Pennsylvania to the list of 10 states that now prohibit swipe fees. However, the bill would give retailers the right to offer discounts if consumers pay with cash or check. On April 17, 2013, the House Consumer Affairs Committee heard public testimony on the Credit Card Surcharge Prohibition Act.

PFMA opposes any infringement of any Association member’s rights.

Emergency Planning

2013 was a relatively calm year compared to 2012.

Governor Corbett had a disaster emergency proclamation in place until the first part of the year to help with the aftermath of Hurricane Sandy. The provisions of that disaster emergency lifted on February 14, 2013.

There were a few winter storms and flood watches on the radar in the spring of 2013. A statewide emergency declaration was put in place on May 9, 2013 in response to an I-81 truck fire accident that cost millions of dollars in repairs. The terms of the declaration were lifted on July 17, 2013. There were heat waves and flood events in July. On November 13, 2013 the Pennsylvania Criminal Intelligence Center (PaCIC) received information that a water facility in western Pennsylvania received a threat implying contamination of a water source. A PFMA member was caught up in that event. Severe snowy weather briefings rounded out the year in December.

PFMA kept members abreast of all of these situations via our Emergency Preparedness e-mail communication list. We have 500 folks receiving these updates and add in additional contacts all the time.
**Issues Summary**

**Emergency Generator**

Rep. Chris Ross’s (R-Chester) HB 1699 would create stringent new air emissions limits on emergency diesel generators that participate in Demand Response (DR) programs and markets like those run by grid operator PJM. These limits are much more stringent than current state regulations and recently enacted federal standards put forth by the U.S. Environmental Protection Agency. Self-generating end-users have been using those generators in non-emergency situations, making it possible for them to receive payments as they sell some of the electricity they generate to the electrical utilities as part of DR programs.

HB 1699 would require these backup generators to be registered with DEP every five years and be certified as compliant with emissions limits. Those operating the generators would have to report annually on their generator operations, and meet reasonably achievable emissions limits. The bill has registration and reporting requirements along with corresponding new fees.

Proponents of these programs describe them as a win-win-win situation for regulators, utilities, and end-users by increasing grid reliability while helping to keep energy prices low. Supporters argue that since the DR participants are directly competing against power plants – they are being paid for the electricity they generate in excess of their needs — without having to adhere to the same pollution rules as other power generators.

**Food Protection Committee**

On March 15, the Food Protection Committee met at PFMA headquarters to discuss the Food Safety Modernization Act (FSMA) and its impact on buyers and suppliers and Country of Origin Labeling (COOL) oversight with Pennsylvania Department of Agriculture officials, GAP training accomplishments with Penn State Farm Food Safety Program Coordinator Peggy Fogarty-Harnish, a presentation on retail audits with Wakefern’s Quality Assurance Manager and Food Protection Committee Chairman Steve Oswald and the Food Marketing Institute’s (FMI) new listeria prevention plan.

The Food Protection Committee held its second meeting of the year on October 18, 2013 at PFMA. The group saw a follow up presentation regarding the Food Safety Modernization Act (FSMA), Country of Origin Labeling (COOL) and gluten labeling by the Pennsylvania Department of Agriculture (PDA). PDA’s Emergency Preparedness Liaison Officer, Derek Ruhl spoke about the department’s emergency Rapid Response Team project development and Josh Katz of FMI provided a federal level food protection issues update. Food Lion’s Food Safety Manager Mike Birchfield gave an update on their progress with electronic grind logs and Sheetz’ Quality Assurance and Food Safety Director Diane Dietzel spoke to the group about Sheetz’ new Product Coding System and their Vendor Food Service Day that was held at their facility on October 8, 2013.

**Food Waste Fact Sheet**

On September 13, 2013 PFMA completed a Food Waste Diversion Fact Sheet for food retailers. State agencies such as the Pennsylvania Department of Agriculture (PDA) and DEP called for the creation of the fact sheet over concerns that food waste was being diverted to unpermitted farms that turn waste into animal feed. PFMA worked closely with the PDA and DEP to put the document together. The document outlined what constitutes unsellable food, food waste basics and diversion choices such as biofuels, compost, and anaerobic digestion. It also provided state and federal consideration for turning food waste into animal feed as well as helpful contacts on the state and federal level.

**Fresh Food Financing**

PFMA applauded President Obama for signing a new Farm Bill into law on February 7, 2014. The Farm Bill was amended to include funds that will bring greater access to healthy foods, new jobs and economic development to low-income communities across the nation.

The bill, sponsored by Rep. Allyson Schwartz (D-PA), established the Healthy Food Financing Initiative (HFFI) within the U.S. Department of Agriculture (USDA) and provided $125 million for loans and grants to fresh food retailers to help overcome the higher costs and other entry barriers in underserved areas.

The HFFI started in Pennsylvania when it was discovered that many Philadelphia communities did not have access to healthy foods. Thanks to the support of the supermarket industry, enlightened elected officials, The Reinvestment Fund, The Food Trust and PFMA, new supermarkets have opened and are stocking fresh produce, low-fat dairy and whole grain products, while providing new jobs and economic development to communities.
Fuel
Seasonal Gas Blend
On November 22, 2013 Rep. Mark Mustio (R-Allegheny) and Senator Matt Smith (D-Allegheny, Washington) announced their support for Senator Elder Vogel’s (R-Beaver) SB 1037, legislation that would eliminate a “hidden” tax that drives up the cost of gasoline for southwestern Pennsylvanians. Passage of SB 1037 eliminates what amounts to a spike on gas prices for southwestern Pennsylvania motorists from May through October.

SB 1037 eliminates statutory requirements for low Reid Vapor Pressure (RVP) gasoline in Allegheny, Armstrong, Beaver, Butler, Fayette, Washington and Westmoreland counties during those six months. This summer gasoline blend is routinely more expensive than gas sold in the rest of Pennsylvania and in neighboring Ohio and West Virginia.

Since 1999, the DEP and EPA have required that gasoline sold in the seven-county Greater Pittsburgh Area have a RVP of 7.8 psi. Regular gasoline has an RVP of 9.

Both Rep. Smith and Sen. Mustio have called on the governor to direct the Pennsylvania Department of Environmental Protection (DEP) to negotiate with the U.S. Environmental Protection Agency (EPA) before January 1, 2014 when the refineries start to ramp up production for their May through October 2014 deliveries. The bill was referred to the Senate Appropriations Committee on December 4 and saw no further movement.

PFMA supports the elimination of summer gas blends which tend to be in short supply during times of emergency.

Fuels Committee
The Fuels Committee met on September 19, 2013 at PFMA headquarters. Biofuel Development Program Director Laura Phillips of the Pennsylvania Department of Weights and Measures provided the group with an update on the Pennsylvania Department of Environmental Protection’s (DEP) free workshops offered state wide on alternative fuel sales for private and municipal fleet owners and operators, trucking companies and fuel station developers.

DEP Alternative Fuel Workshops
Throughout 2013, PFMA publicized the Department of Environmental Protection’s (DEP) free workshops offered state wide on alternative fuel sales for private and municipal fleet owners and operators, trucking companies and fuel station developers.

Get Healthy Philadelphia
In an effort to create a more health conscious consumer, the Philadelphia Department of Public Health asked for PFMA’s assistance in expanding the Get Healthy Philly Program. Retailers interested in the program, assisted by providing a one-page description of their current nutrition education, employee wellness, health care and other programs offered to their customers and staff during the first quarter of 2013.

A brochure of current supermarket practices was developed to review with the Health Department Staff and a copy of the program’s 2011-12 Annual Report was made available to PFMA members.

Several PFMA members met on August 8, 2013 with representatives of the Philadelphia Department of Public Health to hear about the latest draft of the “Healthy Supermarket Pledge.” The Department has been conducting consumer research on purchasing practices and health related issues. The work is not expected to be completed until the fall of 2014.

Industry attendees noted concerns about anti-trust laws and that joint discussion among competitors relating to vendor programs, marketing plans, sales objectives, etc. make it impossible for any major supermarket group to consider signing a pledge as proposed. However, the formation of a food industry advisory group to hold regular meetings with the Department on a variety of health related topics might be possible.

Get Healthy Philly has offered to recognize the work that Philadelphia stores are already doing to help Philadelphians make healthy shopping choices. In 2014, the Get Healthy Philly program invited Philadelphia supermarkets to complete a questionnaire for an opportunity to be recognized in an Award Ceremony during the summer of 2014 and to have their successes shared with the community, public health partners and the media.

Stores were asked to highlight strategies specific to tobacco product sales, the placement and promotion of healthier food and beverages, and consumer education around nutrition and wellness. Of particular interest are efforts around water and low calorie beverages, produce, healthy snacks, and low-sodium foods; and programs working with dietitians and nutritionists.
Get Healthy Philadelphia, cont.

Product Advertising under Attack
According to a 2013 Get Healthy Philly program newsletter, a new report shows that ads for tobacco and sugary drinks are widespread in Philadelphia. The report found that city residents are routinely exposed to tobacco and sugary drink ads when they visit retailers and as they go to and from work or school. To gain a better understanding of the marketing landscape in Philadelphia, Get Healthy Philly partnered with the University of Pennsylvania’s School of Design to study indoor and outdoor advertising for tobacco and sugary drinks.

The University of Pennsylvania study team used structured visual assessments and photographic documentation to collect data from 2,800 tobacco retailers between October 2011 and July 2012.

GMO Labeling
On March 11, 2013, state Senator Daylin Leach introduced SB 653 which would require the labeling of Genetically Engineered Organisms (GMO) and ingredients in food. HB 1770 was introduced by Rep. Pete Daley (D-Washington) in the state House on October 15. The legislation also requires that genetically engineered food be labeled along with a requirement to label seeds intended to produce food. PFMA has reached out to the general assembly to oppose these bills.

While public support is growing for GMO labeling with nearly half of all U.S. states having introduced bills requiring labeling, these bills have seen no movement in Pennsylvania. Connecticut and Maine have adopted GMO labeling laws, with their implementation contingent on nearby states adopting a similar requirement.

On Feb. 6, 2014, the Grocery Manufacturers Association (GMA) announced the formation of a coalition — The Coalition for Safe Affordable Food — with about 30 farm and food industry groups, including the National Corn Growers Association, National Restaurant Association and National Beverage Association, to urge Congress to support voluntary labeling of genetically modified organisms/ingredients to avoid possible mandatory requirements.

The groups are shopping legislation that directs the U.S. Food and Drug Administration (FDA) to create a voluntary labeling system, which would also take precedence over state regulations.

PFMA has been working with groups like the American Beverage Association, PA Farm Bureau and other interested parties to fight against these proposals which address a federal, not a state issue.

Lottery Privatization
On December 31, 2013, Gov. Corbett announced that he was dropping his controversial plan to transfer management of the state lottery to the British firm Camelot Global Services, previously one of his legislative priorities.

Camelot, which operates the National Lottery in England, committed to raise $34.6 billion for lottery-funded programs over the next two decades. That was $3 to $4.5 billion more than the administration estimates the lottery would produce by over the next two decades. That was $3 to $4.5 billion more than the state-run lottery generated nearly $3.7 billion in sales in the last fiscal year, and sent more than $1 billion in profits to state programs that help the elderly, such as tax rebates, transit services, and senior centers.

PFMA testified in support of lottery privatization while maintaining retailer sales involvement at a hearing of the Senate Finance Committee on January 14, 2013. The association continues efforts to improve opportunities for retailers to increase sales and their compensation from the program.
Menu Labeling

PFMA requested that association members contact their Congress person in support of H.R. 1249 (the Common Sense Nutrition Disclosure Act of 2013) which would help lift a huge burden off food retailers in trying to comply with menu labeling requirements. The bill has thus far not seen any movement.

H.R. 1249, introduced on March 19, 2013, would amend the Federal Food, Drug, and Cosmetic Act to revise the nutritional information that restaurants and retail food establishments must disclose.

The bill would have required the nutrient content disclosure statement on the menu or menu board to include:
(1) the number of calories contained in the whole product;
(2) the number of servings and number of calories per serving; or
(3) the number of calories per the common unit division of the product, such as for a multi-serving item that is typically divided before presentation to the consumer.

The bill would permit such information to be provided by a remote-access menu, such as through the internet, for food establishments where the majority of orders are placed by customers who are off-premises at the time the order is placed.

The bill defines “reasonable basis” for a restaurant or similar food establishment’s nutrient content disclosures to mean that the nutrient disclosure is within acceptable allowances for variation in nutrient content, which includes variations in serving size or ingredients, and inadvertent human error in formulation of menu items.

H.R. 1249 sets forth the methods a restaurant or similar food establishment may use to determine nutritional content for disclosure, including ranges, averages, individual labeling of flavors or components, or labeling of one preset standard build. It would also apply the nutritional disclosure requirements to retail food establishments that derive more than 50 percent of their total revenue from the sale of food.

Minimum Wage

PFMA has been periodically meeting with members of a minimum wage coalition to address bills which seek to raise the minimum wage in Pennsylvania. PFMA has requested that association members provide real world examples of the impact an increase would have on their businesses and customers. Bills introduced on the state level include Rep. Mark Cohen’s (D-Philadelphia) HB 1039, HB 1740, HB 1941, HB 1942 and HB 2034. Senator Christine Tartaglione (D-Philadelphia) has introduced SB 326, SB 858 and SB 1099. Press conferences have been held for some of these bills. While some would increase the minimum wage to $9 per hour over two years and then be linked to the rate of inflation, others would increase the tipped wage to 70 percent of the state minimum wage. Many proposals index future increases to the Consumer Price Index (CPI). All pieces of legislation are awaiting legislative action in the House or Senate Labor and Industry committees.

In recent budget hearings, Pennsylvania’s Labor and Industry Secretary Julie Hearthway said that Pennsylvania’s employment situation is improving, new efforts are underway to reduce unemployment fraud and she feels that now is not the right time to raise the state’s minimum wage. Gov. Corbett has stated that he’s not sure what kind of impact such an increase would make on the still rebounding state economy. PFMA opposes these increases and agrees with Gov. Corbett that they could do more harm than good — especially in a fragile economic recovery.

PA Preferred

On October 26, the Pennsylvania Department of Agriculture issued a proposed rulemaking to add Chapter 107 (relating to the Pennsylvania Preferred Trademark Licensure Program) to establish the standards under which the Department would license qualified entities to make use of the Pennsylvania Preferred® trademark to promote or market Pennsylvania-produced fluid milk (fluid milk that is entirely produced within Pennsylvania).
Issues Summary

Paid Leave

On October 22, legislation Sponsored by Rep. Seth Grove (R-York) calling for the pre-emption of a patchwork of local-level employee paid leave policies was filed in the state House as HB 1807. PFMA sent out letters of support on this issue to state Representatives on October 23. It passed out of the House Labor and Industry Committee on November 18, 2013.

This bill would allow the state to pre-empt any mandated leave laws or ordinances that have passed on the local level. It would also help with pre-empting the Philadelphia sick leave issue we have been dealing with for a number of years and ensures that any future proposals have to be handled at the state level on the basis of uniformity.

PFMA, along with many other business groups, is working on passage of this legislation. We support the measure because every business is different, and an employers’ size, industry, existing policies, ability to afford additional costs or any other pertinent circumstance should be factored in by individual businesses when implementing leave policies.

At the committee meeting Rep. Grove said, “Locally mandated leave ordinances create myriad undesirable consequences which indirectly harm workers, suppress job growth, and create administrative burdens for businesses struggling to compete and remain viable in today’s competitive economic market.”

In early 2014, HB 1807 was reworked and reintroduced as HB 1960 which passed out of the state House Labor and Industry Committee without any amendments on January 27, 2014. The bill contains the same language as HB 1807. We expect quick action on the bill this spring in an effort to limit any damaging amendments that might be offered. The bill is in front of the full House for a vote.

In related news Senator Daylin Leach (D-Montgomery, Delaware) introduced SB 962, legislation that would allow parents of newborn children who meet certain criteria to receive up to 12 weeks of paid leave — something that is not currently offered to families in Pennsylvania under the provisions of the Federal Family and Medical Leave Act (FMLA). The bill was introduced on March 29, 2013 and has so far seen no further activity.

Philadelphia Paid Sick Leave

On January 24, 2013 Council members Greenlee, Quiñones Sánchez, Goode, Bass, Jones, Tasco, Johnson and Council President Clarke, introduced proposed ordinance 130004, a bill that would require employers to grant paid sick leave to their workers. The bill would allow the use of paid sick leave to care for family members or to receive domestic violence victim services. If enacted, the bill would take effect 90 days after the bill’s passage into law.

On March 14, 2013, Philadelphia City Council once again passed a controversial bill (130004) that would require most Philadelphia businesses to provide paid sick leave. It was the second go-round for a measure that Mayor Nutter vetoed in 2011. Under the bill, businesses with six to 20 workers would have been required to provide four paid sick days a year, and larger businesses would have to provide seven days. Mom-and-pop stores would be exempt. Interns, non-regular employees, and state and federal employees would be excluded.

On April 4, 2013, Mayor Michael Nutter vetoed the proposed ordinance. City Council was unable to secure the votes to override the veto the following week.

Pharmacy

PA Pharmacy Council

The Pennsylvania Pharmacy Council (PPC) met on September 5, 2013 via conference call. The group discussed Medicaid expansion, injectable immunizations legislation (HB 776 and SB 819), HB 317 – the Pharmaceutical Accountability Monitoring System bill (PAMS), and Pharmacy Benefit Manager (PBM) transparency.

Injectables/Immunizations

HB 776 and SB 819, bills that would allow pharmacists and pharmacy interns to administer immunizations to minors, are a high priority for the PFMA Pharmacy Council. HB 776 was reported out of the House Rules Committee on September 23, 2013 and SB 819 remains in the Senate Consumer Protection & Professional Licensure Committee. We are working with other pharmacy groups to garner additional support to move the bills this spring.

Pharmaceutical Accountability Monitoring System

Pharmaceutical Accountability Monitoring System (PAMS) legislation (HB 317) was voted out of the House Human Services Committee on February 12, 2013 with a small amendment.
On July 9, Governor Corbett signed into law Rep. Marguerite Quinn’s (R-Bucks) HB 602, legislation that would implement real-time tracking of ephedrine and pseudo-ephedrine (PSE) purchases in Pennsylvania.

The passage of House Bill 602 as Act 53 of 2013 enters Pennsylvania into the National Precursor Log Exchange (NPLEx) program, giving law enforcement and retailers real-time access to track potentially illegal purchases and ingredients.

The real-time tracking will be administered through the NPLEx program, a multi-state electronic sales tracking and blocking system funded by the manufacturers of medicines containing PSE. Consumers would still need to present valid government-issued photo identification for such a transaction. This system allows law enforcement to track purchases made in Pennsylvania and in all participating states so that meth cooks can’t cross state lines to make their purchases.

State and federal laws had previously limited the amount of over-the-counter PSE consumers could purchase, but unfortunately, the system used was antiquated and did not allow for the most accurate tracking.

On October 15, Senator David Argall (R-Schuylkill) introduced SB 1131, legislation that would allow the sale of potato packages without any weight restrictions. Previously state law had required that potatoes be packaged in containers for sale weighing 3, 5, 10, 15, 20, 25, 50, 100 and multiples of 100 pounds. Sales of eight-pound packages are popular in other states and produce sellers and store chains operating in multiple states had to make special concessions for potato sales in Pennsylvania. Governor Corbett signed the bill into law on December 18, 2013.

Every year lawmakers introduce proposals to eliminate property taxes and replace them with higher sales and income taxes. The main concerns we have with these types of bills which seek to eliminate property taxes is the increase in the sales tax, the broadening of the base of taxable goods and the increase in the personal income tax which all disproportionately impact individuals at lower income levels as well as our members. PFMA continues to work with a property tax reform coalition to make sure the issue is addressed in a way that does not harm our members, their employees and their customers.

HB 1189 and HB 76 are the two major property tax reform bills being discussed that allow for tax shifting. Both bills would increase sales taxes and other business taxes to make up for losses on the property tax side.

HB 1189, sponsored by Rep. Seth Grove (R-York), would allow school districts to use a combination of an additional earned income tax, a business privilege tax or a mercantile tax to drive down school property tax millage rates. HB 1189 passed the House on October 2 and it was referred to the Senate Finance Committee on October 10.

The legislation only applies to retail establishments that grossed in excess of $1,000,000 during the previous tax year.

On September 16, 2013, state Senator Daylin Leach (D-Montgomery) introduced SB 1080, legislation that would impose a two-cent fee for each plastic carry-out bag provided by a retail store at point of sale. It currently awaits action in the Senate Finance Committee.

Reusable bags made of canvas or durable plastic specifically designed for multiple use, plastic bags used to bundle produce and compostable carry-out bags meeting an ASTM D6400 standard for compostable plastic would be exempt.

The two-cent fee would be collected by the state Department of Revenue in the same manner as the state sales tax. Fifty percent of all funds collected from the two-cent fee would be kept by retail establishments to “improve their internal recycling practices,” while the other half would be returned to the state to fund recycling programs.

On November 1, 2013 Rep. Rob Kauffman (R-Franklin) introduced HB 1822, legislation that would require pharmacies located outside of Pennsylvania to register with the State Board of Pharmacy provided they fill prescription orders for residents of the Commonwealth. Currently, the Pharmacy Act (Act 699 of 1961) does not specifically address out-of-state, or nonresident, pharmacies.

Among other provisions in the bill, in order to register, nonresident pharmacies will be required to have a valid license in their home state and provide a copy of their most recent inspection report. The provisions are similar to existing requirements in many other states.

PFMA’s Pharmacy Council members overwhelmingly supported this bill. Letters of support were submitted to House members and the bill received a hearing on March 12, 2014.
Issues Summary

Real Estate

HB 1576, introduced by Rep. Jeff Pyle (R-Armstrong) would help businesses and other interested parties identify where threatened and endangered species habitats are located before development is scheduled to take place or after it has begun. On December 20, 2013, PFMA, as part of a coalition supporting HB 1576 (the Endangered Species Coordination Act), sent a letter urging the state House of Representatives to take quick action in passing the bill.

This legislation would help to streamline the process for the listing of a wild trout stream, endangered and threatened species designations along with creating a database which would be accessible to interested parties applying for permits or engaging in economic development projects which could be impacted by such designations. This bill would not impact any current species listed on those lists. Also, it would allow for solely the Fish and Boat and the Game Commissions to consider the impact of species listed as endangered or threatened.

HB 1576 received a first consideration on November 13, 2013 and was set on the House Calendar for March 10, 2014.

Retail Theft

Retailers in Pennsylvania and surrounding states have been plagued by teams of criminals that steal valuable products from supermarkets and convenience stores for resale through organized retail crime networks. In 2012, PFMA worked with the Pennsylvania Retailers Association (PRA) to push for the passage of HB 1000 which would lower the felony threshold for retail theft cases from $2,000 to $1,000. This same bill was reintroduced for the next legislative session on March 14, 2013. PFMA sent a letter to all House members in support of this bill and on April 22, the state House passed it unanimously.

A related bill introduced by Senator Rafferty (R-Berks, Chester & Montgomery) on March 26, SB 731, clarified the definition of what is considered a first time retail theft. It treats repeat offenders of the state’s retail theft statute the same regardless of whether the offender participated in an Accelerated Rehabilitation Program (ARD) the first time they violated the statute. They would still have the ability to get the first offense expunged from their record if they completed ARD, but they would be held accountable for any repeat offense as a repeat offense. SB 731 was amended to include language from HB 1000 as it made its way out of the House Judiciary Committee on October 22. PFMA sent a letter in support of this bill to the Senate as well and worked with legislators and staff to move it out of both chambers and on to Governor Corbett’s desk. He signed SB 731 into law on December 23, 2013.

This was a huge victory for PFMA and our Loss Prevention Committee in removing Pennsylvania from the list of states considered soft on crime and an easy retail theft target.

Property Tax Reform, continued

Rep. Jim Cox (R-Berks) introduced HB 76 on March 12 and saw a Senate Finance Committee hearing on October 15. At its most basic level, the proposed bill eliminates school property taxes, except to pay existing debt, and replaces that revenue with a one percent sales tax increase (higher in Philadelphia and Pittsburgh) to seven percent and expanded to more items, including newspapers, legal services, engineering and architectural services; an increase in the personal income tax to 4.34 percent and re-directing revenue from Pennsylvania slot machines. The law would remove all other taxing authority from school districts, except to allow the imposition of an earned income tax or personal income tax, approved by voters, to pay for major construction projects. HB 76 would exempt food approved for purchase through the Women, Infants and Children’s (WIC) nutrition program. Clothing and shoes under $50 would remain exempt.

In a September 24 letter to members of the House of Representatives, twelve business organizations, including PFMA, expressed their concerns about both HB 76 and HB 1189.

PFMA and the property tax coalition have met with Senator Brubaker, Chairman of the Senate Finance Committee to discuss these proposals as well as sending a letter to members of Senate leadership and the Senate Finance Committee regarding our opposition. We will continue to monitor any progress on these bills.

SNAP

Transparency Act

U.S. Rep. Tom Marino (R-PA10) introduced H.R. 1752 on April 26, 2013 which would require retailers to report any items purchased with SNAP benefits to the USDA upon enactment of the resolution. The legislation would establish a system to track items purchased with benefits and require the U.S. Secretary of the Department Agriculture to publish the information online in a searchable format. The plan was for food items to be determined permissible for SNAP sales and other items banned to better mirror that of meals offered through the National School lunch program.

In order to be a licensed SNAP retailer, a merchant must stock a variety of the four basic food groups, ensuring the customer has options when redeeming their benefits. Restricting the customer’s purchasing options to reflect those of the National School lunch program would be incredibly problematic. Currently, SNAP is a thoroughly integrated system offering transactions that a retailer can accept at extremely low cost. SNAP benefits may only be redeemed for food. Retailer’s systems are programed to exclude ineligible items in the store by department. Item groups such as tobacco, alcohol, non-food items, hot foods, or foods to be consumed on the premises are excluded from the system. Even if Congress were to restrict what a recipient buys, once a food leaves a grocery store; there is no way to ensure it would be prepared in a healthy way. So while these restrictions would increase costs for USDA to administer the program and for the grocer to accept SNAP transactions, there is no real guarantee that it will actually improve the health of the consumer as intended. A law such as this would also call for grocery clerks to serve as the front line — with them having to explain to customers in the check-out lane why certain products are not eligible — making for an uncomfortable work environment. In a one percent profit margin business, reducing time spent in the check-out lane is critical.

(Continued on pg. 21)
SNAP, continued

PFMA sent a letter to Rep. Marino and we had association members reach out to their Congressional representatives expressing opposition to the bill. That work paid off and it failed to make it out of committee.

Asset Test
On October 23, Gov. Tom Corbett stated in an interview that he would take into consideration Department of Public Welfare (DPW) Secretary Beverly Mackereth’s stance that she was in favor of reconsidering the food-stamp asset test, a protocol that links federal Supplemental Nutrition Assistance Program (SNAP) benefits that state citizens receive to their bank accounts and car ownership. The governor made the statement during a press conference promoting his Healthy Pennsylvania program. At that time, he had not taken a position on the matter, but said he would take Mackereth’s remarks under advisement.

In early 2012, the DPW announced a plan to implement an asset test for those state citizens qualifying for SNAP benefits beginning May 1, 2012. At that time, there was only an income test in place. The DPW sought to give benefits to no one under age 60 holding more than $2,000 in savings or other assets, and to no one over 60 with more than $3,250 in assets.

Prior to the asset test’s re-institution, PFMA staff strongly voiced opposition to its implementation. Testimony at a House Health Services Committee hearing made clear that a test would keep some people who would have been approved for SNAP benefits from actually qualifying. Implementing the asset test at the state level was thought to increase the cost of running the program and keep those tax dollars sent to Washington from being returned to Pennsylvania via the USDA’s Food and Nutrition Service (FNS).

Federal Stimulus Fund Loss
In response to the economic downturn, the American Recovery and Reinvestment Act of 2009 (ARRA) increased Supplemental Nutrition Assistance Program (SNAP) benefits across the board as a way of delivering an economic stimulus and easing hardship. ARRA increased SNAP maximum monthly benefits by 13.6 percent beginning in April 2009. Benefits increased for all participating households and at the same amount by household size in 2009. In August 2010, Congress passed and the President signed the Healthy Hunger-Free Kids Act, which accelerated the sunset of the ARRA benefit increase to April 2014 and used the estimated savings to provide additional federal funding for education jobs and maintaining a higher federal match for Medicaid costs. Four months later, the Healthy Hunger-Free Kids Act, which reauthorized Child Nutrition programs, further accelerated the sunset date of ARRA to October 31, 2013, to offset the cost of the legislation. As a result, beginning November 1, 2013, SNAP benefit levels were based on the cost of the June 2013 Thrifty Food Plan (TFP), which was lower than the ARRA levels.

On November 1, 2013 PFMA joined hunger advocates and U.S. Senator Bob Casey (D-PA) for a press conference at Brown’s ShopRite on Fox Street in Philadelphia, as he unveiled legislation to retroactively maintain the cut SNAP benefits. SNAP benefits expired for 1.7 million (including 740,000 children) Pennsylvanians.

Joined by hunger advocates, Mariana Chilton, PhD, MPH, Drexel University, and Tianna Gaines, SNAP reform advocate, and PFMA President David McCorkle, Sen. Casey made the case for continuing this initiative for one year. For every dollar invested in this program, it is estimated that the economy gets $1.75 in return.

PFMA staff had an Op-Ed published on the issue, sent letters, had members call their Senators and speak to the congressional delegation to try and reverse the cuts. Had it passed, Sen. Casey’s bill would have maintained the increased benefits retroactively for one year. Without ARRA’s boost, SNAP benefits average less than $1.40 per person, per meal in 2014.

Farm Bill
President Obama signed a new Farm Bill into law on February 7, 2014. It became effective 30 days after enactment with a state option to delay implementation for up to five months for current Low Income Home Energy Assistance Program (LIHEAP) participants. The bill included a provision to reduce SNAP benefits by $8 billion over 10 years only for those recipients receiving a LIHEAP benefit from their state of residence. Pennsylvania was among 16 states that participate in the program. Prior to the Farm Bill’s passage recipients receiving LIHEAP benefits for as little as $1 per year qualified for up to an additional $90 a month in SNAP benefits for a family of four. The farm bill set a new minimum, requiring LIHEAP benefits of at least $20 per year in order for the family to qualify. According to the Department of Public Welfare (DPW), 400,000 Pennsylvania households were slated to lose a monthly average of $60 to $65 each in benefits, amounting to $300 billion a year.

On March 5, Governor Tom Corbett prevented an estimated $3 billion in cuts to SNAP over the next 10 years by committing to increase federal energy aid from $1 to $20 in Pennsylvania. Pennsylvania had a surplus in funding that could be tapped to breach that gap. The governor earmarked an additional $8 million this year to cover the $19 increase in LIHEAP now required.

PFMA staff worked closely with staff in the Governor’s office on this issue and we were pleased that Governor Corbett ultimately took in consideration Pennsylvania’s hunger advocate points as well as business interests so that state residents would not be severely impacted by these federal cuts.

PFMA expects SNAP funding to be a reoccurring hot button topic in the future and we will continue to fight against any further spending cuts.
Governor Corbett pledged that he would pass no tax increases, but in 2013 he faced significant budget shortfalls caused by the underfunding of the Pennsylvania State Employees’ Retirement Fund and the Pennsylvania State Teachers’ Retirement Fund. The fiscal year 2013-2014 state budget was passed and signed into law on time for the third straight year. The official spend number was $28.37 billion. This was a 2.3 percent increase over the previous year’s budget. The House and Senate finished the trailer bills (fiscal code, tax code, education code, welfare code) separately.

The Capitol Stock and Franchise Tax (CSFT) saw a rate adjustment and phase-out extension for two years as follows:

- Tax year 2014 rate is 0.67 mills versus zero mills under current law.
- Tax year 2015 rate is 0.45 mills.
- CSFT expires for tax years 2016 and thereafter.

Some favorable news, the one percent Vendor Sales Tax Allowance remains in place. PFMA worked with a coalition helmed by the Pennsylvania Retailers Association that acted swiftly to head off the prospect of capping or eliminating the vendor sales tax allowance which could have been included in HB 76, property tax legislation. The previous year PFMA was successful in maintaining the current Vendor Sales Tax Collection Allowance so that Pennsylvania’s employers would continue to be reimbursed for the administrative costs they incur for collecting the tax for the state. The business coalition has, thus far, saved members literally millions of dollars.

Governor Corbett is banking on an estimated $300 million coming in from tavern gaming, changes to escheat collection laws and $75 million in royalties from the extraction of natural gas from beneath state forests and other publicly held land. The budget reduces the amount of time unclaimed property is held — from three years to five years — before being claimed by the state, which is expected to bring in about $150 million in one-time revenue. Other one-time revenue sources include a transfer of $225 million in private equity investments and cash reserves from the tobacco settlement fund and health venture investment account to the Public School Employees’ Retirement System, to make a partial pension payment. Another $20 million revenue source includes expanding the Pennsylvania Lottery to include keno.

During his speech, the governor renewed his charge to the legislature to enact two key pieces of pending legislation: pension reform and alcohol sales privatization. He expressed his desire to finalize alcohol sales privatization efforts with the legislature during the spring 2014 session. Since last year, the governor and legislative leaders have been working together to bring consumer choice and convenience to the sale of wine and spirits in Pennsylvania. The governor said, “Pennsylvania loses about $80 million a year that would otherwise be spent here.”

State legislators indicated they were wary of Gov. Corbett’s revenue projections for the 2014-15 fiscal year. Many were concerned about this budget being crafted from a lot of the revenue predictions based on Keno possibilities, pension savings or a Personal Income Tax (PIT) or sales tax increase. None of these initiatives are guaranteed to be enacted.

During hearings before the state House of Representatives’ Appropriations Committee and the Senate Appropriations Committee, Independent Fiscal Office (IFO) Executive Director Matt Knittel told lawmakers there is a gap between the Corbett administration’s revenue assumptions and those of the Independent Fiscal Office (IFO).

PFMA opposes changes or the elimination of the vendor sales allowance, increases to all tobacco product taxes, escheat/unclaimed property reforms and liquor sales modernization. All of these would substantially hurt our members and their businesses along with their customers.

PFMA supports pension reform initiatives and would be willing to be helpful in their passage.
Tobacco

E-Cigarettes
PFMA would like to see SB 1055, introduced by Sen. Tim Solobay (D-Washington) on July 19, 2013, passed into law. This bill brings Pennsylvania’s laws regarding alternative nicotine products including e-cigarettes in line with laws restricting sales to minors for traditional tobacco products. PFMA has already met with Sen. Solobay to express our support on this issue and are working with the Distributor’s Association to help get it passed this spring. The bill received a second consideration on January 14, 2014.

In September, Attorneys General from 41 states, including Kathleen Kane, sent a letter to the U.S. Food and Drug Administration (FDA) urging federal oversight of the advertisement and sale of e-cigarettes to minors.

Smoking Ban
In 2010, Pennsylvania passed a statewide ban on indoor smoking in most public places and businesses. Now, state Sen. Stewart Greenleaf (R-Montgomery) and Rep. Mario Scavello (R-Monroe) are pushing SB 80 and HB 1485 to extend the 2008 Clean Air Act ban to the dozen or so types of places where smoking is still permitted, including tobacco shops, casinos, private clubs, truck stops with shower facilities, bars where food makes up 20 percent or less of gross sales and cigar shops. Greenleaf’s bill would also amend the law to give local governments the right to enact more restrictive smoking bans — something current law doesn’t allow any municipality to do outside of Philadelphia.

Among the opponents of both proposals is Cigar Rights of America, a group that says expanding the ban would infringe upon the property rights of private owners now granted exemptions. PFMA opposes both pieces of legislation. We are working with elected officials and all other interested parties to make sure the legislation doesn’t advance or pass.

Philadelphia Cigarette Taxes
On June 13, 2013, Philadelphia City Council unanimously passed a $2-per-pack cigarette tax (ordinance 130446-A) intended to shore up school funding shortfalls, but the tax could not take effect there without state permission. As a result, state Sen. Anthony Williams introduced SB 944 which would level a 10-cent-per-cigarette tax in Philadelphia. The funds generated would go directly to schools.

PFMA asked that Philadelphia area members contact both members of city council and members of the General Assembly to voice their opinions on the proposal. PFMA also worked with state House and Senate members to ensure this legislation would not be enacted which would have enabled Philadelphia to raise cigarette taxes. Finally, we worked with other business interests on this issue to stop it from gaining traction and passing. Progress on the bill took a backseat to budget discussions last year and SB 944 has seen no further movement.

In related news, the additional one percent sales tax hike sunset date in Philadelphia has now been removed. The one percent sales tax hike currently in place, stays for the long haul.

Philadelphia E-Cigarettes & Smoking Ban
City Councilman Bill Greenlee has been concerned about the possible health risks posed by e-cigarettes and like SB 1055 on the state level, he is looking to ban their sale to minors in Philadelphia. The state does regulate the sale of tobacco products in the city, but has no regulations regarding e-cigarettes that would pre-empt Greenlee’s effort.

Another bill authored by Bill Green, who has since resigned from City Council, would add e-cigarettes to the city’s existing smoking ban. E-cigarettes only release a water-based vapor, but Green feels they should be considered the same as smoking cigarettes.

Councilman Greenlee says he supports Green’s plan and wants to see both measures become law. Both proposed ordinances will be discussed in a public hearing scheduled for March 13. PFMA opposes the inclusion of e-cigarettes under any adult sales bans since the current science on this issue is unclear and undecided as to whether there is any adverse public health impact. We are working with all interested parties to make sure this legislation does not pass.
Transportation Funding, cont.

Please note that this is an estimate from sources in the General Assembly and the amount passed onto retailers and the consumer may be less.

The phasing out of the OCFT would be as follows:
Dec. 31, 2013 - Jan. 1, 2015 - $1.87
After Dec. 31, 2016 - floor set at $2.99 and no cap.

The new law will also raise millions of dollars with higher fees on licenses, permits, and tickets by:
- Increasing registration fees in 2015 for passenger vehicles, light trucks, and motorcycles by the amount of inflation.
- Increasing driver’s license fees (except photo ID, probationary, occupational and commercial driver’s licenses which will remain at the current levels) until all fees are indexed to inflation beginning in 2015.
- Increasing the fine for “failure to obey traffic control devices” from the current $25 to $150. However, surcharges now added to the existing $25 cannot be added to the new amount.
- Motorists will be given the option of paying $500 in lieu of a three-month suspension for allowing their insurance to lapse.

PFMA wanted a funding vehicle to pass, but expressed reservations about where and how the funding would be procured. We expressed our position in a July 22, 2013 letter to legislators outlining the potential negative impact on consumers and businesses competing with bordering states. We suggested uncapping the OCFT over a longer time frame over five years and to include the transfer of $1.2 billion in sales tax generated by car sales and improved management of public transit authorities.

Vendor Sales Tax Allowance

Last year PFMA continued to work with a coalition spear-headed by the Pennsylvania Retailers Association which acted swiftly to head off the prospect of capping or eliminating the vendor sales tax allowance. Last year we were successful in maintaining the current Vendor Sales Tax Collection Allowance so that Pennsylvania’s employers would continue to be reimbursed for the administrative costs they incur for collecting the tax for the state. The business coalition has, thus far, saved members literally millions of dollars.

WIC Vendor Advisory Group

On April 3, the Pennsylvania Women, Infants and Children (WIC) Program Vendor Advisory Workgroup hosted a meeting here at PFMA to discuss the WIC Food List, eWIC development timeline, on-line retailer applications, licensed sellers of infant formula and more.

Senior Vice President of Association Services Randy St. John attended a WIC Vendor Advisory Work Group meeting in Grantville, PA on November 15, 2013. Presentations were provided on the collection and management of UPCs (Universal Product Codes) to create an APL (Authorized Product List) and a PowerPoint on a mobile app that can be used to collect UPCs on any mobile device.
DFIC Celebrates Strong Partnerships and Accomplishments

The Delaware Food Industry Council capped a great year with its annual strategic planning session and the Winterfest event in December.

DFIC board members planned legislative priorities for 2014 and later, awarded industry leaders during Winterfest at the Christiana Hilton.

Awards were presented to: Advocate of the Year: The Honorable Rita Langraf, secretary of Health and Social Services for the state of Delaware. With the down turn in the economy and more of our fellow Delawareans receiving SNAP benefits, our stores were feeling overburdened between the 5th and 11th of the month when SNAP benefits were issued while experiencing low volume by the end of the month. In order to help address staffing issues, have better variety of produce and more in stock items, we began a dialog with the Department of Health and Social Services. With a strong partnership and incredible employees in the department, Rita Landgraf assembled a team to help solve the problem.

Last March, a change to Delaware’s Food Supplement Program spread out the monthly distribution of food benefits that help to feed more than 157,000 Delawareans over 15 days instead of what had been the norm of seven days. The change allowed grocery stores more time to restock their shelves with fresh and nutritious foods. It also helped customers and grocery stores avoid long checkout lines. Until March food benefits were uploaded to clients’ electronic benefits transfer (EBT) cards between the fifth and the 11th of each month. The benefits tend to be spent quickly once they are received. As of March 2, 2013, the distribution of food benefits will be spread out between the second and the 16th of each month. This was a huge win for both SNAP clients and supermarkets.

Pharmacist of the Year was awarded to Howard Simon, a licensed pharmacist for Giant since 1993. Simon just finished his term as President of the DE Board of Pharmacy. In addition, he held a seat on the Controlled Substance Committee. He has been instrumental as a bridge between the Board of Pharmacy and DE Association of Chain Drug Stores and has been very active on issues such as collaborative care and biosimilars.

As Board of Pharmacy President he helped pass many regulations, including Regulation 3.1.2.7, which created a self inspection report to be used by a pharmacist in charge annually, and Regulation 1.4.1.1, requiring all pharmacists to complete two hours of continuing education on medication safety and errors. He also helped with Senate Bill 73, which allows pharmacists to dispense syringes or needles to patients without prescriptions.

Partnership of the Year was awarded to Secretary Ed Kee, Delaware Department of Agriculture and his staff for their help in bringing local farm produce to Delaware retailers. In recent years, there has been a greater push to buy local, but being able to do so is not as easy as it sounds. The logistics of making connections between farmers and retailers is not simple. Kee and the Department of Agriculture are helping DFIC members through their connections in the local farm community, so they know who has new product to bring to market, and can overcome the logistical hurdles to bring it to their stores.
The Retailer of the Year award went to Janssen’s Market, which opened in 1952 with Joe Janssen’s Sr.’s vision to build a gourmet supermarket where butchers would cut shoppers the most select cut of meat and customers could pick up specialty food items from all over the world. Today, his vision has grown into a full-service grocer with a chef’s kitchen, florist, and a produce department specializing in local items, an international cheese counter, a bakery, a café and more. The Janssen family prides themselves on service and delivering a great shopping experience.

Department of Agriculture Helps DFIC Members Connect with Local Growers

Last July more than 160 Delawareans received an up-close and personal look at life on Delaware farms. The Delaware Department of Agriculture and Kenny Family ShopRite stores sponsored a bus tour to show customers where their food comes from.

The tour took New Castle County residents to visit three farms in Kent and Sussex counties: Fifer Orchards of Camden; T.S. Smith & Sons of Bridgeville; and Evans Farm of Bridgeville. All three grow produce for ShopRite. These events give more people an opportunity to see how our farmers grow fresh, local produce.

Our retailers have a long history of supporting local farmers by providing customers with fresh, peak of the season, affordable fruits and vegetables. Many of our retailers highlight local produce with signs and displays showing exactly which farms their produce grew on. What we hope to be able to do in the coming years is add retail establishments to the Delaware Fresh app and directory so customers can find fresh produce or locally grown products in Delaware retail stores.

DFIC Key Successes

SNAP Distribution — DFIC worked with DHSS to change the distribution of SNAP benefits from the first 5 days of the month to the first half of the month. The program change took place in March and it seemed to be a very positive and easy transition.

Taxes — HB 53, a reduction of the gross receipts tax, passed and was signed by the Governor.

Minimum Wage (SB 6) — DFIC was instrumental in writing the amendment to take out the Cost of Living Adjustment (COLA) component of the Minimum Wage bill. The Minimum Wage bill passed the Senate but did not garner traction in the House.

This Act would have increased the minimum wage to not less than $8 per hour effective July 1, 2013, and not less than $8.75 per hour effective July 1, 2014. If the federal minimum wage had become higher than the Delaware minimum wage, the Delaware minimum wage would have increased by $1 above the federal minimum wage. In addition, effective July 1, 2014, the minimum wage would increase by a percentage equal to the percentage of the COLA as determined periodically under the federal Social Security Act, with the increase in the hourly rate being effective 90 days after the effective date of the corresponding increase in federal Social Security benefits.

Plastic Bags — HB 198 would keep the at store recycling program in place beyond the current December 2014 sunset. This bill, with the amendment, keeps the preemption in place which outlines that cities, counties and municipalities can not tax or ban plastic bags. HB 198 Passed in the House and we will work to pass the bill in the Senate in January. This bill came up in the last 7 days of session and Rich Kenny and Ellen Valentino played a huge role in helping to get this bill passed in the House.

Franchise — HB 55, which clarifies that parties to a franchise agreement are within the definition of “employee” under the Wage and Collection Act of the State, passed and was signed by the Governor.

Data Breach — SB 101 and 102 are data breach related bills that extend the statute of limitations for victims of “Digital Data Breaches” to seven years from the date the personal information is posted to bring civil action for damages. DFIC worked to ensure that SB 101 and 102 would not be heard in the Senate.

Minimum Wage — HB 109 builds on previous legislation aimed at protecting children and others from potential danger of exposure to the chemical bisphenol-A. The current version of 6 Del. C. §2509 addresses only bisphenol-A (BPA) use in bottles and children’s cups. This new version of the statute would prohibit the use of bisphenol-A in all reusable food and beverage containers, as well as the packaging of any food intended for or marketed to children (defined as those under age 12). DFIC worked on two BPA bills sponsored by Rep Kowalko. Both were scheduled for a House hearing, but were tabled.

Tobacco — HB 138 would have increased the tax on snuff products by 15%. In addition, it would have raised the tax rate from 15% to 30% of the wholesale price, and designated tax revenue over $3.5 million to the Delaware Health Fund. DFIC attended the hearing and outlined questions for committee members to help prevent this bill from being released. The bill was tabled.

Alcohol — HB 156 expanded hours for package stores. These changes reflect consumer demand for more convenient shopping hours. HB 132 would modernize the process and requirements for issuance of liquor licenses, up from the current two that was established as of April 1992.

Pharmacy — SB 118, a biosimilar bill, would have made it extremely onerous to substitute a biosimilar with a generic drug. DFIC was successful in keeping SB 118 from the floor. It will likely reappear in 2014.

HB 130, a pseudoephedrine bill introduced to help combat smurfing, passed the House and the Senate.

SB 59 is a clean up bill that corrected key components of the prescription monitoring program. SB 59 passed with an amendment thanks to DFIC’s efforts.
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MEMO Transforms to Elevate Business to the Next Level of Service

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After 27 years of Success, MEMO abides by its business philosophy and corporate mission:

To provide high quality, low cost money services products to retailers, to improve the public image, effectiveness and profitability of companies in the retail and wholesale food distribution industry and related businesses.

MEMO contributes its' longevity and success to four core business strategies: Continuous Growth, Market Development, Business Alliances/Joint Marketing and New Product Development. These core strategies have positioned the business for elevation and a path toward ongoing profitability.

MEMO takes pride in a track record of exceeding merchant/agent expectations. Several keys to MEMO’s success are:

• Unsurpassed customer satisfaction featuring dedicated account representatives, on-shore, bi-lingual call center representatives, help desk technical support center, 24/7 customer service support via MEMO’s automated IVR system, a variety of merchant/agent sales reporting delivery tools, customized user-friendly website and personal interaction with merchants/agents and customers.

• Customized and flexible bill payments and money order services to suit any situation, from one-on-one with the merchant/agent, providing turn-key front and/or back-end software hardware and processing services, to full management of third-party programs.

• A money order platform that utilizes a Verifone Vx570 terminal and interfaces with MEMO’s proprietary PI23 secured printer.

• A web-based walk-in bill payments platform works with any PC with broadband internet connectivity. Hundreds of billers, both authorized and non-contracted are in the MEMO network. Payments post real-time from the same day up to 2-3 business days, depending on the biller.

• Provides a seamless business continuity program that ensures agents have uninterrupted access to service.

• Provides an automated daily transaction monitoring process that quickly uncovers suspicious trends that assist with minimizing risk.

• Provides a comprehensive anti-money laundering program to train and audit merchants/agents, ensuring the highest level of compliance. MEMO also offers AML audits and program development to industry counterparts.

• An experienced management team that manages more than $1.5 billion in transactions annually, enabling logical evaluation and assessment of the required resources and tools necessary to maintain a viable business.

• A high priority and focus on the employees who are MEMO’s most valuable asset. The business is committed to promoting a positive work environment that encourages a high level of morale, productivity, advancement and dedication.

Effective April 1, 2014 - MEMO Changed its name to: MEMO Financial Services, Inc.
MEMO is in the midst of a transformation to elevate the business to the next level with a corporate name change to MEMO Financial Services, Inc., and the launch of the MEMO aXcess platform in 2014.

MEMO aXcess is our new integrated POS system, which will provide a bundled suite of products and services that are instantly available to merchants/agents. The web-based ‘real-time’ application will initially provide access to MEMO Money Orders, MEMO Bill Payments, Prepaid Debit and Credit Cards, Anti-Money Laundering Monitoring and Reporting, Administrative and Cash Management Reconciliation. Additional products will be launched throughout the year.

MEMO aXcess offers the products on a MEMO standard equipment package that includes a PC, 17” monitor, keypad, mouse, console and a Certex 1600 secured model money order printer.

MEMO aXcess is scheduled for a live launch to 750 agents/merchants.

MEMO is excited about the 2014 enhancements and looks forward to elevating the business to the next level of service. We are committed to providing our business stakeholders with products and services that meet their financial needs. We appreciate your support, patronage and continued dedication. Thank you for contributing to our 27 years of Success!

MEMO’s Research and Development Committee has been busy developing the MEMO aXcess platform for agents. From left, Tanya Butler, president; Autumn Thomas, vice president, sales and marketing; Pete Stuart, director of Information Technology; Missy Wellington, seated, product implementation manager; Bryan Hannan, national sales director; and Brian Posey, business and product development manager.

Special Projects Department Manages New Products

According to the FDIC, the un- and underbanked adult population in the United State have increased to 68 million people. Un- and underbanked consumers have no or very limited relationships with traditional financial institutions. These consumers regularly seek alternative means to pay for goods and services and prefer to do so with the convenience of one-stop shopping. One of MEMO’s primary goals is to provide retailers with a profitable, convenient, and secure means to provide these critical alternative financial services to their consumers.

MEMO’s research and business development focus has been on consolidation of services onto one software platform, adding new financial services to the platform, and capitalizing on synergies with other industry partners. Highlights of MEMO’s accomplishments in 2013 include:

• Successfully completed the rollout of a hosted money order program for a state food industry trade association in the Midwest as part of our money order processing service that is offered as a collaborative partnership with industry competitors.

This initiative increased annual money order fee revenue consistent with budget objectives.
In 2013, MEMO’s Compliance Department welcomed two new staff members. The Compliance Department welcomed Yazmin Kuball as its Compliance Examiner and Lesa Althoff as Compliance Analyst. With additional staff the Compliance Department provided training to 664 agents across 20 states, including the personal training of agents in Connecticut, Delaware, Maryland, Texas, New York, New Jersey, Rhode Island, and Pennsylvania. The daily monitoring of transactions enabled the Compliance staff to identify 171 incidents of agent misuse totaling more than $331,000.00 in 2013, while also investigating 264 incidents of suspicious activity. The department maintains MEMO’s licenses in 20 states, files numerous corporate and unclaimed property reports and transitioned 8 states to the new NMLS online licensing system. MEMO received positive reports from all state examiners who performed examinations of the business. Additionally, an AML audit service and consultation was provided to a money order industry counterpart in the Midwest. This service assisted the business with a full implementation of their AML compliance program. The MEMO Compliance Officer is ACAMS certified and is available to assist industry counterparts with their anti-money laundering compliance programs that include the development of a program, training management and employees and examining the success of the anti-money laundering program.

The Compliance staff monitors and reviews proposed legislation in all of MEMO’s operating states and ensure they stay abreast of any changes to existing legislation and regulatory guidelines that have both a favorable and unfavorable impact on the business and industry. The staff participates at regular industry conferences and educational workshops to ensure the continued enhancement of knowledge and expertise that is critical to the success of the business.

and Single Software Platform Ready for Roll Out

- Executed an agreement with a point-of-sale software development company to create a MEMO branded multi-vendor PC-based software platform for MEMO’s suite of products and services. MEMOaXcess is the brand name for the new software platform.
- Developed, implemented and executed an authorized bill payment processing agreement with a major lending corporation in Ohio, offering bill payment processing to ten of the largest national licensed lending retailers in the U.S. This new service allowed MEMO to effectively double its annual bill payment volume in only four months following the rollout.

The Special Projects Department is responsible for the research and business development initiatives. Key projects in 2014 include:

• Introduce the MEMOaXcess PC-based software platform and roll it out to several hundred existing and new MEMO agents.
• Execute an agreement with a prepaid debit provider to offer prepaid debit card services on MEMOaXcess.
• Explore the feasibility of adding several other value-added services to the MEMOaXcess platform.
• Expand MEMO’s traditional and new authorized walk-in bill payment programs.
• Leverage synergistic partnerships in the financial services industry.
2013 was a very busy and exciting year for the Money Services Operations department.

During the year, two new employees were welcomed to the team to replace two former team members who moved on to accept well-deserved promotions with other departments within MEMO. The implementation of employee cross-training within the department was successfully completed. This training provides the opportunity to allow all employees to gain a better overall knowledge of all areas of the operation, as well as increase processing efficiency.

The department continues to provide the best customer service in the industry to our agents and the consumers who utilize our money order and bill payment services. All members of the Operations team are well trained to answer most questions they may encounter, with several long-tenured staff available to handle more specialized situations. All customer service staff is provided with the resources they need to aid in almost any situation and continuous training is offered in the way of department newsletters and monthly staff meetings.

In response to agent feedback, and in an effort to help to reduce agent banking fees, the daily ACH drafts for both money order sales and bill payment transactions have been combined, so only one transaction will post to a bank account each day. Of course, if this is not convenient for agents, separate transactions can be posted for each product. As additional products are offered, they also will be eligible to be combined into one ACH transaction per day.

In July of 2013, the supplies and money order shipping procedures were streamlined. The new procedures allow for a savings in shipping costs and greater security for the money order inventory. These added efficiencies allow fees to compete at a reasonable level and the reduced shipping costs have been passed along to our valued agents.

Also in July, an expanded bill payment service was introduced that allows consumers to make installment loan payments at authorized payment locations. The Operations department worked closely with the Special Projects, IT and Marketing departments to develop efficient policies, procedures and customized report delivery options to the agents offering this service.

As we move into 2014, we anxiously await the roll-out of our new software platform, branded as MEMO aXcess. The new software platform will allow agents to process all money services products on a single piece of equipment. Additional products will also be available to offer to consumers. Additionally, the transition to a new phone system and automated phone attendant will be implemented in 2014. This upgrade will provide an opportunity for improved assistance to callers. Looking forward to the opportunities that 2014 has to offer, we are excited to continue to provide the outstanding customer service and processing services that our agents and customers are accustomed to receiving.

MEMO’s Well-Trained Staff Provides the ‘Best Customer Service’

We continue to strive to provide the best customer service in the industry to our agents and the consumers who utilize our money order and bill payment services.

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Terry Smith
Manager of Money Services
/tsmith@memoco.com

Angela Beck
Operations Coordinator

Chanel Harris
Call Center Rep.

Shelly Harris
Operations Analyst

Sue Ballhorst
Call Center Rep.

Tonia Milliken
Agent Service Rep.

Wendy Shunk
Bilingual Operations Coordinator

Jeanette Tagliaferro
Bilingual Imaging Clerk

Travis Wrobbel
File Processing Coordinator

Money Services Operations Team
The purpose of the MEMO Sales and Marketing department is to expand retail usage of MEMO’s money order and bill payment services and to provide personalized and prompt support to our current clients.

We focus on listening to our customers so that we can identify and respond to their alternative financial services needs. All of our sales professionals, led by National Sales Director Bryan Hannan, have extensive food industry experience and outstanding business service product knowledge. We are committed to providing our retail partners with easy-to-use, fast and secure alternative financial services that increase foot traffic, customer loyalty and store revenue.

MEMO recently welcomed a new member to our sales staff with the hiring of Jeff King as our sales representative based in Raleigh, NC. Jeff is responsible for all sales activities in North Carolina, South Carolina, Virginia and St. Mary’s, Charles and Calvert counties in Maryland. He brings extensive retail operations, client support and food and beverage sector Direct Store Delivery (DSD) experience to the MEMO team. He previously spent five years as a territory manager with Johnson Brothers Carolina Distributing, where he handled DSD for supermarkets, convenience stores, big box retailers and drug stores. Jeff also worked as a sales representative for Celebration Foods Carvel and owned convenience stores in North Carolina for 15 years. Jeff and his wife Sharon have three sons and one grandchild and reside in Haw River, NC.

MEMO selling outlets include supermarkets, convenience stores, pharmacies, check cashers and many other types of retail formats. Our high-quality, low-cost products are available at over 3,200 retail locations in 20 states and are used by 8 million consumers annually.

Our product line includes money orders and walk-in bill payments, with prepaid debit being introduced in 2014. The Sales and Marketing team is actively involved in the deployment of MEMO’s numerous enhancements — the launch of the MEMO aXcess consolidated platform, the new Certex 1600 money order printer and additional value-added services such as prepaid debit. We’ll also be updating marketing materials and point-of-sale signage to reflect our new corporate name, MEMO Financial Services, Inc.

We place great emphasis on building relationships with our agents; after all, MEMO was founded in 1986 by retailers who were looking for an alternative financial service provider that better met their needs.
MEMO Offers High Quality Financial Products

MEMO Money Orders
Every day, tens of thousands of unbanked or cash-prefering shoppers purchase money orders at retail outlets and make additional purchases at the stores they get this service from. MEMO’s full-service money order program can help you satisfy this large consumer demand; increasing your store traffic, repeat business and sales.

MEMO’s fees, which are based on the number of money orders sold, are extremely competitive, and as sales increase, your fee decreases. We’ll get you up and running quickly with our easy-to-use, fast and secure money order delivery system; simple procedures; complete training and free money order forms and in-store promotional materials. MEMO’s vendor payment option provides the added convenience of enabling you to issue money order payments for up to ten approved POD vendors.

Help and support are always just a phone call or click away via MEMO’s website and our Pennsylvania-based bilingual customer service and help desk teams. MEMO’s in-house experienced compliance professionals will help you comply with all state and federal regulatory requirements. Unlike some other money order companies, we don’t outsource our relationship with you. Join the 3,200+ retailers who have chosen MEMO as their money order provider – your sales representative is happy to explain all of what MEMO has to offer.

MEMO Bill Payments
Walk-in bill payments is a highly in-demand service that will boost customer satisfaction and help grow your business. MEMO Bill Payments offers your customers a fast and simple way to pay multiple bills with one trip to your store. You can collect payments from hundreds of utilities and other billers, both authorized and non-contract. Consumers simply present their bills at a MEMO Bill Payments location along with their payment and a small processing fee. They leave your store with a payment receipt and the peace of mind that the payment will post in as little as 30 minutes depending on the payment option chosen. All payments are processed electronically, virtually eliminating customer service issues, and our sophisticated disaster recovery and business continuity program ensures you uninterrupted access to MEMO services.

We offer the flexibility of both web-based and stand-alone PC applications, with all equipment and training provided to you at no upfront cost. You may also elect to use your own pre-existing equipment with our real-time web-based system, freeing up valuable counter top space. Our web-based application includes customizable biller lists and MEMO’s “Pay a Card” option to streamline credit card bill processing. As a MEMO Bill Payments agent, you’ll receive immediate access to generous commissions, generally 50 percent of the retail fee, depending on the biller.

MEMO Bill Payments will satisfy your customers’ desire for one-stop shopping and fast, reliable paperless payment solutions. We invite you to contact one of our sales professionals to learn more about the benefits of being a MEMO Bill Payments agent or call the sales and marketing department at 800-922-8079.

Credit Protecting Accounts Receivable

The Credit and Collections department is part of the MEMO Finance Division.

During fiscal 2013 the Credit and Collections department processed more than 600 new applications for money service products, which include both bill payments and money orders. Additionally the department performs an ongoing review of MEMO’s existing agent base to insure that they remain in compliance with the established credit criteria.

The department is responsible for the fiscal management and monitoring of accounts receivables over $30 million, which is the largest corporate asset.

The Risk Management Committee is a component of the credit and collections oversight process, that consist of key management staff responsible for establishing, monitoring and analyzing critical credit and collections policies and procedures to insure risk and exposure are identified and minimized.
Accounting Converts to Daily Reconciliation and Cross-Trains Staff for Efficiency

The Accounting department’s overall goal is to continue to manage investments and cash on a daily basis as well as reign in costs to maintain fiscal control.

The Accounting Staff worked closely with the Information Technology department to modify the weekly money order reconciliation process in order to convert it to a daily reconciliation.

The Staff Accountant worked diligently with IT staff to create the additional accounting reports necessary to facilitate the daily reconciliation of money orders. In addition, Accounting staff successfully collaborated with IT and Money Services Operations to complete the conversion of the weekly bill payment reconciliation process into a more efficient daily process. By converting the money order and bill payment processes to a daily reconciliation system, the Accounting department is able to achieve maximum financial control by identifying, responding to and resolving potential issues in a shorter time.

The work necessary for the daily money order and bill payment reconciliation process created a challenge in conjunction with the tasks the department currently handles. As a result, we restructured staff duties to provide additional resources to perform the extra work required. In addition, the restructuring of duties enabled the department to meet monthly deadlines and provide financial statements in a timely manner. The transition resulted in efficient management of cash while maintaining maximum oversight of all financial aspects of the business.

In 2014, the key priority of the Accounting department is to further increase efficiency. The department will begin the process of further cross-training its employees to allow for more flexibility.

An essential project will be the development and implementation of a daily reconciliation process for the new MEMO Prepaid Card services product.

In addition to the restructuring process, the cross-training and the completion of new projects, the department will continue to document and review new policies and procedures. Our goal is to revamp and maintain a comprehensive policies and procedures manual for all essential tasks in the department that will be used as a training tool. This review of procedures will identify opportunities to further streamline the overall accounting processes for PFMA and its subsidiaries.

and Keeps Agents in Compliance with Credit Criteria

In 2014 the Credit and Collections Department welcomed a new Credit Analyst to the team. This position is responsible for the credit review, analysis and approval process, as well as collections of past due balances for all business accounts.

The department also collaborates with third party legal services to assist in the collections process and maintains sufficient allowances for accounts receivables, which are consistent with budget goals and objectives.
2013 was a very exciting and productive year for the Information Technology department. During the year, IT undertook several large projects with the goal of strengthening our infrastructure, modernizing our communications systems and streamlining IT customer support and delivery.

These efforts will continue in 2014 as we pursue the goal of delivering world class IT services to our supported customers through strategic IT projects and process refinement.

Through the latter half of 2013 and into 2014 the Information Technology department has been fully involved in the development and customization of the MEMOaXcess point of sale software platform. IT has worked on the development and integration of our money order software into the new platform, developed the backend processes to support the MEMOaXcess Bill Pay functionality and IT continues to support the integration of other products and services as we make them available. Additionally, IT has researched, tested and ultimately chosen the point-of-sale workstation to be rolled out to our agents in the field. These point-of-sale systems are robust, have a small footprint and are easy for agents to assemble and use. In addition, IT is handling the purchasing, remote installation, training and application support for the MEMOaXcess platform. We are very excited to move forward with the delivery of the MEMOaXcess platform to our agents.

In an effort to improve and further bolster our infrastructure, IT has researched, selected and is in the process of moving our production servers to a Tier 3 co-location data center. This data center has fully redundant power, environmental systems and internet connectivity. All of these production systems will be replicated to and backed up by our Tier 1 data center at our headquarters. This configuration gives MEMO a highly robust and fault tolerant IT landscape.

In order to streamline our customer support delivery, the IT department has consolidated the Help Desk operations from a separate location into our headquarters building. This strategic move has allowed us to improve communication between the Help Desk and other groups, make more efficient and cost effective use of space and improve services and support to our agents.

2014 will also be an exciting year as we rollout the MEMOaXcess platform, upgrade our communications infrastructure with the implementation of a state of the art digital phone system and continue to rollout and refine our Mobile Device Management strategy. Through 2014 the goal of the Information technology department will be to continue in its efforts to deliver world class service to our customers and agents.
Help Desk Moves Operations to MEMO Headquarters

In July of 2013, the MEMO Help Desk operations moved to the PFMA/MEMO headquarters in Wormleysburg, PA.

The Help Desk Technicians were given a grand welcome and are excited about the consolidation in the same building with all the MEMO and PFMA staff. The transition was a success due to the collaborated efforts of various departments and the technical support lines remained open during the entire move.

Fiscal 2013 was both busy and exciting as the department anxiously awaits the implementation of the MEMO aXcess platform. Staff is preparing for this release, having created a fully automated record keeping database for every outgoing shipment. The software in the Verifone terminals was successfully upgraded, providing a solid cyber connection to our business partners. Several improvements were made to the procedures for all types of money order equipment in the field and the development of an online instructional video is underway. The training video will be available to access on MEMO’s website in 2014.

PFMA Office Convenient to Downtown Harrisburg

The Pennsylvania Food Merchants Association operates from a 43,647 square foot office building, which is conveniently located two miles from downtown Harrisburg and the state capitol building.

The two-story office building features more than 16,000 square feet of gross building area, plus more than 4,700 square feet of below grade area with 1,583 square feet of finished office space. The building houses three conference rooms, which are comfortable for meetings, and three kitchen areas for employees to enjoy their lunch. PFMA headquarters is situated on just over an acre of land, providing ample parking for staff members, visitors and tenants.

CFO Dwight Cromer is the association’s facilities manager. He ensures the office on Mumma Road is well maintained and at full occupancy. As PFMA’s space needs have decreased through the years, the association leases office space to other companies. Currently, one tenant leases space in the building.

Rich Beaston
Senior Equipment Maintenance/Tech Support
rbeaton@memoco.com

Matt Sholley
Machine Maintenance Help Desk Technician
msholley@memoco.com

David Ulsh
Machine Maintenance Help Desk Technician
dulsh@memoco.com

John Rodgers
Help Desk Manager
jrodgers@memoco.com

Dave Gramm
Building Maintenance
davegm@memoco.com

Lenny Semick
Building Maintenance
lensemick@memoco.com
PCRS Provides Superior Quality Coupon Service

Pennsylvania Coupon Redemption Services, Inc. (PCRS), serving PFMA members since 1956, is the association’s longest operating business service. It is also the largest retail coupon clearinghouse owned and operated by a retail association. Six hundred retailers in Pennsylvania and adjoining states entrust their coupon processing needs to PCRS.

PCRS provides a competitively priced, superior quality redemption service that is geared toward meeting the needs of the independent food retailer. Features of the program include:

- Fast and accurate processing utilizing barcode scanning technology;
- Prompt payment for the full face value and 8-cent manufacturer handling allowance for all coupons redeemed;
- Three payment plan options (two, 10 and 20 working days) for maximum convenience and flexibility;
- No service charges or volume minimums;
- Experienced and professional customer service support and;
- A commitment to obtaining fair treatment for independent grocers in the often complicated redemption process.

PCRS has access to a digital coupon clearing process that delivers the same accuracy, effectiveness and oversight that PCRS provides for paper coupon clearing. Retailers implementing digital coupon programs are assured of maximum reimbursements, high accuracy, low processing cost and a single integrated clearing solution for the processing and reporting for both digital and paper coupons.

PCRS’ Autumn Thomas serves on the ProLogic Board of Advisors, which works to advance and protect retailer interests on key industry issues. Current topics before the group include coupon handling costs, chargeback reason codes, extreme couponing and GS1 DataBar migration.

The profits earned from PCRS operations are returned to the association to help offset the costs of other PFMA programs, providing members with added value for each coupon submitted for processing.

PCRS can also help its clients process the electronic coupons that shoppers select from retailer or digital coupon publisher websites and download to their frequent shopper cards.

Autumn Thomas
President, PCRS, Inc.
athomaspfma.net

Laurie Savoy
Account Manager
lsavoy@pfma.net
Chairman
Richard McMenamin
McMenamin Family ShopRites
Philadelphia, PA

Vice Chairman
Paul Rankin
Country Fair, Inc.
Erie, PA

Treasurer
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Brown’s Super Stores, Inc.
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Bello’s Shurfine, Erie, PA

Carole Bitter
Friedman’s Freshmarkets, Butler, PA

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Bill’s ShopRites, Covington Twp., PA

Ed Burda
Utz Quality Foods, Inc., Hanover, PA

Brad Chivington
Turkey Hill Minit Markets, Lancaster, PA

Michael Cotherman
McLane Company, Inc., Shippenville, PA

Tom Cormier
Ahold USA, Inc., Carlisle, PA

Dave Daniel
GetGo, Giant Eagle Express, Pittsburgh, PA

Joseph Della Noce
SUPERVALU, Inc., Mechanicsville, VA

Bill Donovan
Associated Wholesalers, Inc., Robesonia, PA

Ron Fish
Reading Consumer Products, Inc., Valley Forge, PA

Scott Hartman
Rutter’s Farm Stores, York, PA

Dave Heisler
CoGo’s, Inc., Pittsburgh, PA

Richard Herrmann
Bozzuto’s, Inc., Allentown, PA

Craig Hoffman
Wegmans, Inc., Allentown, PA

Bret Hoffmaster
Shipley Stores, LLC, York, PA

Tom Jamieson
Shop N Save & Save A Lot Stores, Uniontown, PA

Gabe Olives
Rutter’s Farm Stores, York, PA

Jim Perkins
Acme Markets, Inc., Malvern, PA

Richard Russell
Giant Eagle, Inc., Pittsburgh, PA

Paul Sauder
R.W. Sauder, Inc., Lititz, PA

Gordon Seiber
Kellogg’s Convenience, Middletown, PA

Louie Sheetz
Sheetz, Inc., Altoona, PA

Joseph Tripi
TriFoods, Inc., Buffalo, NY

Dean Walker
Boyer’s Food Markets, Orwigsburg, PA

Teross Young
Food Lion, LLC, Salisbury, NC
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Wakefern Food Corp.
Elizabeth, NJ

Co-Chairman
Legislative Committee
Craig Hoffman
Wegmans Inc.
Allentown, PA

Co-Chairman
Legislative Committee
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Rutter’s Farm Stores
York, PA

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Brett Garber
Turkey Hill Minit Markets
Lancaster, PA

Chairman
Fuels Committee
Gabe Olives
Rutter’s Farm Stores
York, PA

Chairman
Pa. Pharmacy Council
Paul Granger
Associated Wholesalers Inc.
Robesonia, PA

For information on PFMA’s committees or to participate, contact Annette Knapp at aknapp@pfma.net or 717-760-5922.

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Annette Knapp

Association Services
Senior Vice President, Association Services
Randy St. John

Administrative Assistant
Jennifer Hamelin

Director of Communications & Media Relations
Elizabeth Peroni

Programs
Scanning Certification Program Manager
Autumn Thomas

Finance
Vice President of Finance
Dwight Cromer

Accounting/Human Resource Manager
Gail Bryner

Credit Manager
Dan Oliva

MEMO Financial Services, Inc.
(Formerly Merchants Express Money Order Company, Inc.)

President
Tanya Butler

Corporate Counsel/Compliance Officer
Kevin Lutkins

Manager of Money Services
Terry Smith

Business and Product Development Manager
Brian Posey

Director of IT
Pete Stuart

Help Desk Manager
John Rodgers

Sales & Marketing
Vice President of Sales & Marketing
Autumn Thomas

National Sales Director
Bryan Hannan

Sales Support Specialist
Michele Weaver

Pennsylvania Coupon Redemption Services (PCRS)
President
Autumn Thomas

Account Manager
Laurie Savoy
Advocating the views of convenience stores, supermarkets, independent grocers, wholesalers and consumer product vendors.

A United VOICE for Pennsylvania’s food industry

PENNSYLVANIA FOOD MERCHANTS ASSOCIATION

PENNSYLVANIA COUPON REDEMPTION SERVICES, INC.
1029 Mumma Road • P.O. Box 870
CAMP HILL, PA 17001-0870

P: 717.731.0600; 800.543.8207
F: 717.731.5472; E: pfma@pfma.net
www.pfma.org

MEMO FINANCIAL SERVICES, INC.
1029 Mumma Road • P.O. Box 8863
CAMP HILL, PA 17001

P: 800-922-8079
F: 717.731.5472; E: cc@memoco.com
www.memoco.com