



October 2015

ARKANSAS GROCERS AND RETAIL MERCHANTS ASSOCIATION

In This Issue

[ARKANSAS PRIMARY ELECTION FILING](#)

[ARKANSAS NEW ETHICS LAW](#)

[GOVERNOR'S HIGHWAY FUNDING](#)

[EXPORTS VITAL TO ARKANSAS ECONOMY](#)

Quick Links

[AGRMA Website](#)
[About Us](#)
[Polly Martin](#)
[Sandra Lara](#)

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QUICK CHECK OUT ...

WELCOME TO THE NEW FORMAT

This is a new format of the AGRMA "Quick Check Out". You should be able to open it with any method you normally read your emails in... **EVEN MOBILE DEVICES!**

AGRMA ANNUAL MEETING

Congratulations to Terry Albonetti with SuperValu, Drew Baker with Expressway Parking, Allen Jones with Associated Wholesale Grocers, Paul Rowton with GES Inc./Food Giant, Michael Lindsey with Walmart, and Christy Eddlemon with Sears for being elected to a 3 year term on the Arkansas Grocers and Retail Merchants Association Board of Directors.



If you missed the meeting, you missed a wonderful speaker, **Paul Vitale**. If you would like a little up lifting message today [Click here](#)

Kevin Bagby
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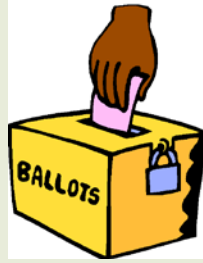
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Young's Thriftway

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AGRMA Partners

ARKANSAS PRIMARY ELECTION FILING PERIOD IS NEARING ...



With the change in the Arkansas election laws earlier this year changing the primary to March, the Party Filing Period begins at Noon on November 2nd and ends at Noon on November 9th.

Nonpartisan Filing Period begins at 3:00 PM on November 2nd and ends at 3:00 PM on November 9th.

Preferential Primary Election & Nonpartisan General Election will be March 1, 2016.

Deadline to register to vote is Monday, February 1, 2016.

ARKANSAS NEW ETHICS LAW



AGRMA Political Action Committee Law Changes Create PAC Pressure

Recent changes to Arkansas law will create additional demand for campaign contributions from political action committees (PACs) - including Arkansas Grocers and Retail Merchants PAC, AGRMA PAC.

In 2014, voters approved an initiative to ban corporate contributions to political candidates, while extending the number of terms elected officials may serve in the State House and State Senate.

The corporate contribution ban directly to candidates will effectively dry up all sources of campaign funding except for individual (personal) contributions and donations from PACs. AGRMA has already received an unprecedented number of invitations to fundraisers for candidates in the 2016 elections.

A PAC in Arkansas may not accept any



[Scott Finley](#)

[Farmers](#)



[Meredith Barnett](#)

[Paychex](#)



[Anthony Lee](#)

[TSYS Merchant Solutions](#)



[David Manely](#)

[Red Carpet Software](#)

contribution or cumulative contributions in excess of five thousand dollars (\$5,000) from any person or Corporation in any **calendar year**.

Support you industry and contribute to the AGRMA PAC TODAY ...

[CLICK HERE FOR A PAC DONATION FORM](#)

Governor's Working Group on Highway Funding - Preliminary Recommendation

Executive Order 15-08 states that "the Working Group shall provide recommendations to the Governor for the state to create a more reliable, modern, and effective system of highway funding by December 15, 2015." The Working Group has concluded that its focus should be on finding immediate funding to meet the short-term needs of the



Arkansas Highway and Transportation Department (AHTD). The Working Group determined that it needs to develop a strategy to net \$110 million to the Highway Department over the next 1-3 years. Factoring in the 70-30% split with cities and counties, the Working Group's target is approximately \$160 million.

The Working Group would like to submit the following proposals for the Governor's consideration:

Proposal #1: Increase motor fuel taxes; Transfer road-user revenue from General Revenue

A. Increase the motor fuel tax - gasoline and diesel, excluding dyed diesel - by 10¢ per gallon.

1. The increase is estimated to gross approximately \$138M and \$60M respectively, netting the AHTD roughly \$125M, with \$31M each for cities and counties on an annual basis.

B. Phase-in a transfer of road-user revenue from the sales and use tax on new and used vehicles from General Revenue to the highway fund.

1. This represents approximately \$225M, gross.

2. Five, seven, or nine year phase-in of the transfer - to be determined by DF&A and the Administration.

C. As the sales and use tax on new and used vehicles is transferred, the 10¢ increase in the motor fuel tax could be phased-out in equal amounts as net highway funding is replaced by the incoming sales tax revenue.

D. Personal and corporate income taxes could be further reduced over a similar period of time.

1. Time frame to be determined by DF&A and the Administration

E. Return the \$4M from diesel tax currently going to General Revenue to the highway fund.

F. If constitutionally feasible, the current additional funds being dedicated to the Central Services Fund from the temporary ½¢ increase in the general sales tax could be redirected to the highway fund. If not, any additional revenue achieved by this plan would not be subject to the 3.2% dedication to the CSF, and a cap on off-the-top revenue from the highway fund to the CSF could be adopted.

G. Highway-related materials purchased by the AHTD and contractors doing AHTD-awarded maintenance and construction projects could be refunded to the AHTD.

H. Increase registration fees for hybrid, electric, CNG, and other alternately fueled vehicles.

I. Review the road-user revenue from vehicle registration fees for Class 1, 2 and 3 passenger cars and Class 1 trucks, increasing those user fees to the average amounts of similar fees in the six surrounding states.

1. An initial estimate of that funding strategy would gross roughly \$24M annually, with a net of \$15M to the AHTD.

J. If the decision were made to reduce the 10¢ increase in the motor fuel tax as the sales and use tax on new and used vehicles was phased into the highway fund, index motor fuel taxes from the base of current per-gallon tax levels, or a new floor of either 2.5¢ or 5¢ above the current level. The index could be based on the Arkansas Highway Construction Cost Index or a weighted combination of the Arkansas Highway construction Cost Index and the Consumer Price Index, and become a new user-fee adjustment automatically levied as an annual administrative function of DF&A, with any annual increase capped at 2¢ per gallon.

K. Consider that all additional highway-related revenue dedicated to cities and counties be deposited into the respective City and County Aid funds, rather than a direct transfer to these respective local governments.

L. Designate a study group to work with AHTD and representatives of cities and counties to determine

the criteria for returning to the cities and counties appropriate local roadways now currently in the state highway system.

Proposal #2: "Revenue-Neutral" Package

A. Redirect the existing \$4M in diesel tax back to the highway fund from General Revenue.

B. Refund the portion of the ½¢ sales tax revenue approved by the people that is currently directed to State Central Services, back to the highway fund.

1. This refund is estimated to be \$5-6M annually for the next 8 years.

C. DF&A, in conjunction with AHTD should promulgate rules which allow AHTD to request a rebate of sales and use taxes collected on materials used in state highways and roadways.

This rebate has a currently estimated value of \$17M based on the state sales tax of 6.5%.

These are highway user fees that are currently transferred to General Revenue through sales and use taxes, which should be refunded for use in highways. If the local sales taxes paid on these materials were also rebated back to the highway fund, an additional \$8M would be made available for roadway infrastructure.

D. Currently there is a sales tax reduction planned to occur in 2017 when triggered by resolution of the central Arkansas schools desegregation case and elimination of those payments by the state. While this statute is complicated, the general idea is that when that tax cut takes effect an offsetting user fee increase could be put into place to benefit highways. This tax cut is estimated to be between \$60M and \$70M. This cut be offset by a 10¢ increase in the diesel fuel tax alone, which would generate \$60M.

1. Reduce income taxes slightly and create an offsetting highway user fee, e.g., a \$20M income tax reduction to be offset by a ¼% sales tax increase on road-related items such as cars, service, batteries and tires.

Proposal #3: Three-Pronged Approach Incorporating Phased-In Motor Fuel & Diesel Tax Increase.

A. Index the existing gasoline and diesel taxes to inflation,

1. This represents an approximate \$160M in new funds to AHTD, cities and counties.

B. Increase gasoline and diesel taxes by 15¢, phased-in over three years (5¢ a year)

1. This represents an approximate \$300M in new funds to AHTD, cities, and counties

C. To begin in 2017, the state should consider transitioning to a Reportable Miles Traveled funding

strategy where drivers will report their annual mileage at their annual car tags renewal date and pay a fee to AHTD, cities and counties.

Proposal #4: Eliminate the Sales Tax Exemption for Motor Fuel and Diesel

A. The current general revenue cost of this exemption is \$207M per year (\$140M from gasoline and \$67M from diesel)

Proposal #5: Increase the diesel tax 5¢ per gallon.

A. This would generate \$30M annually - \$21M to AHTD, \$4.5M to cities, and \$4.5M to counties

In addition to the above proposals the Working Group recommends some of the remaining Blue Ribbon Committee funding recommendations and often-cited suggestions. This includes:

A. Initiate a \$300 registration fee for hybrid and electric vehicles. This is expected to gross \$200-300K in the immediate future but will grow as consumers' choices shift toward these types of vehicles.

B. Implement fuel taxes on fuels other than diesel and gasoline, such as Compressed Natural Gas. This could possibly include enacting legislation that redefines "fuel."

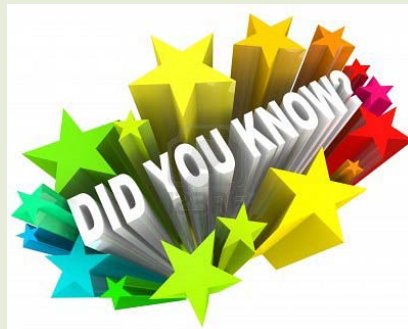
C. Implement fuel tax indexing, either by Consumer Price Index, Construction Cost Index, or inflation.

D. Ask the Legislature to allow the citizens to vote on a fuel tax increase on gasoline and/or diesel dedicated to the highway fund.

E. Modify funding to cities and counties - new funds to cities and counties would need to be injected into the State and County Aid programs.

F. Require annual reporting on the use of City and County turnback funds.

G. Transfer of revenue from the sales and use tax on car-related items (e.g., batteries, windshield wipers) from General Revenue to the highway fund.



Amazon to charge \$299 a year for Prime Fresh grocery delivery

Amazon's Prime Fresh grocery delivery service will now cost \$299 for a yearly membership in the New York City, Philadelphia and Seattle markets, offering all of the benefits of a Prime Membership as well as free shipping on grocery orders over \$50. The membership fee is considerably higher than competitor Instacart, which offers a \$35 free shipping threshold and a \$99 membership.

REMEMBER to ask our Congressional Delegation Members to SUPPORT the Internet Sales Tax on Purchases made on the Internet!

NGA's Greg Ferrara Named a Leading Lobbyist, Recognized for industry Advocacy

The National Grocery Association's VP of Public Affairs, Greg Ferrara was named one of Association Trends 2015 Leading Association Lobbyists. The honor recognizes Ferrara's successful advocacy efforts to protect the independent supermarket industry from onerous and costly federal regulations. "Drawing on his experience from running his family's supermarket, Greg has been a strong advocate, working tirelessly to educate lawmakers on policies that are important to the independent supermarket industry," said Peter Larkin, NGA president and CEO. As NGA's chief lobbyist, Ferrara's responsibilities include managing the NGA Grocers PAC and the NGA Campaign, as well as overseeing the Communications department.

Association Trends is a national newspaper for association executives and suppliers.

Exports Vital to Arkansas Economy

The value of produces exported by Arkansas companies went down by 4.1 percent last year, but the long-term trend for exports remains positive.

In 2014 Arkansas sent \$6.9 billion worth of goods to overseas markets. That is a drop from the previous year, when Arkansas exports totaled \$7.2 billion. However, it was 30.2 percent above 2009. More than 50,000 jobs in Arkansas are in industries that export products to foreign markets.

Of all the states, Arkansas ranks 38th in the value of exports, according to information compiled by the Arkansas Economic Development Commission, the federal Commerce Department and the U.S. Census Bureau.

Canada is our most important trading partner, buying more than a fifth of the state's total exports. Canadian firms import seven of the top 10 commodities produced in Arkansas - machinery, iron and steel items, electrical machinery, plastics, vehicles, paper and cereals.

Mexico is our second biggest trading partner, buying about 11 percent of the state's total exports. In addition to the products purchased by Canadian firms, Mexico buys dairy products, meat and pulp from Arkansas companies.

France, China, Japan, Brazil, Singapore, South Korea, the Virgin Islands and Germany round out the top 10 list of destinations for Arkansas exports.

The most valuable export product made in Arkansas is aircraft, representing almost 24 percent of the total value of our exports. Of the \$6.9 billion in total exports originating in Arkansas in 2014, \$1.6 billion worth were aircraft products. France, China and the British Virgin Islands were the top three destinations for aircraft manufactured in Arkansas.

Machinery represented 11 percent of our exports and electrical machinery 9 percent. Plastics and organic chemicals accounted for six percent and five percent, respectively. Meat and paper products each accounted for four percent.

The value of poultry products shipped overseas declined by 4.1 percent in 2014, reflecting the overall drop in Arkansas exports. Hong Kong was the top destination for Arkansas poultry.

Exports represent an important part of the state's economic foundation, particularly for small businesses. In all, 2,264 Arkansas companies exported some type of product, and the vast majority of those firms have fewer than 500 employees.

Developing international trade partners benefits Arkansas in that it helps attract foreign investments in companies that locate in the state. The AEDC lists 236 Arkansas companies that are owned by foreign companies. They employ about 31,600 people, about 3.4 percent of the state's private sector employment.

German corporations own 24 businesses in Arkansas; Japanese corporations own 16. French companies own 14 and Canadian companies own 12, according to data compiled by the AEDC.

Arkansas has trade offices in Shanghai, China, and Tokyo, Japan, to work with businesses in those

countries that are considering an investment or a location in the state.

Recently, the governor led a delegation of Arkansas officials that visited Cuba, to prepare the way for increased trade with that country if Congress eases commercial restrictions and if Cuba loosens centralized governmental control of its economy. Cuba imports rice and poultry, so Arkansas agricultural interests would benefit if restrictions ever open that country to trade with the United States.

"Every man owes a part of his time and money to the business or industry in which he is engaged. No man has a moral right to withhold his support from an organization that is striving to improve conditions within his sphere."

THEODORE ROOSEVELT
26th President of the United States

Feel free to contact the office for any questions or comments you have or need help with for your business.

501-664-8680

Polly Martin

**ARKANSAS GROCERS AND RETAIL MERCHANTS
ASSOC.**