New Look, New Feel, Same Attitude!

Jane Shalal, President

Your eyes aren’t playing tricks on you. The Associated Food and Petroleum Dealers has rolled out a new look. We are growing in exciting new directions with challenging new programs, services and lobbying efforts. To back this up, we have a new “look” with a strong bold logo and a fresh design for our Association. I really think that this refreshed image delivers a more modern and energized design. And, while we have a new look, our strong commitment to, and attitude toward, preserving and enhancing the business of the independent retailer remains the same.

We will continue to roll out our new logo over the next few months. Our Website, Trade Show Expos, all future communications, and even the sign on our front door will be christened with our new logo. We would like to give a big thank you to Hass MS & L who assisted us in this metamorphosis.

I know we are creatures of habit and we quickly grow accustomed to the status quo. I hope you like the updated design and logo of the Associated Food and Petroleum Dealers. I’d love to hear what you think. Please feel free to call (248) 671-9600 or email me at jshallal@afdom.org

AFPD commemorates Thanksgiving with another successful Turkey Drive

Thanksgiving turkeys were given to 2,000 needy families in Metro Detroit, thanks to the AFPD Turkey Drive and its hard-working committee. In its 26th year, the AFPD Turkey Drive has reached an important milestone. AFPD has now provided turkeys for 500,000 meals for needy Metro Detroit families. AFPD Turkey Drive co-chairmen, Dr. Jacoub Mansour and Harley Davis say THANK YOU to all the volunteers and supporters of this important annual event!

This year, we changed venue and delivered turkeys from Motown Snacks Warehouse on Lyndon in Detroit. On Thursday, November 16, forty-eight student council and honor students from Kettering High School arrived on a bus to assist with the bagging of the birds. In just over an hour, these enthusiastic volunteers unpacked 2,000 turkeys, put them in AFPD bags and repacked them into cases again. By pre-packaging the turkeys into bags, it was much easier to handle them.

On Friday, November 17, volunteers split into two groups. A group of AFPD volunteers remained at Motown Snacks and helped to deliver 1,500 turkeys to various charitable organizations, who then gave the turkeys to needy individuals. Over 60 organizations, in Berkley, Dearborn, Detroit, Ecorse, Grosse Pointe Park, Oak Park, Pontiac, Redford, Southfield and Sterling Heights received turkeys.

Another group of AFPD volunteers personally delivered turkeys to area churches and civic organizations, which had pre-identified needy families in their area. AFPD volunteers assisted with giving the turkeys directly to those recipients.

Delivery stops included: Southfield Human Services in Southfield, and New Greater Christ Baptist Church, Ravendale Community Education Center, and Sacred Heart Church Chaldean Center in Detroit.

“Many retailers and other local businesses have given generous donations for the program,” stated co-chair Harley Davis.

“We work together with the community to provide local needy families with a holiday meal,” added Dr. Jacoub Mansour, Turkey Drive co-chair.
Xtreme Energy

See Your Pepsi Representative for More Details
**AFPD plans for the future**

By Fred Daily
AFPD President

It’s hard to believe that we are already going full steam ahead into 2007. As we enter the New Year, AFPD is in the midst of many changes and improvements. We’re thinking ahead to better serve our members.

The first change is our logo. We wanted something that was contemporary and reflected the merger between the Associated Food Dealers of Michigan (AFD) and the Great Lakes Petroleum Retailers and Allied Trades Association (GLPRATA). We think the new look is right on target. You’ll see it on our letterhead, on signage, on our website and in ads.

The next change is something that you are experiencing right now. We have enhanced and upgraded this publication, the Food & Petroleum Report. In addition to its new masthead, you will also notice additional petroleum and convenience store related articles. We know that you are busy and we want every story that you read to be interesting and relevant.

On February 9, you will experience a change in our Annual Trade Dinner, which will be held for 91 years. This year we will welcome our brothers and sisters in the petroleum retail industry at the AFPD Annual Trade Dinner and Ball at Penna’s of Sterling. Our theme this year, “Driving Change,” reflects the growth and improvements we have made in 2006, when the two associations merged. Don’t miss this exciting event! Please see page 13 for details.

Moving into 2007, AFPD contributed to the campaigns of numerous successful legislators in both Michigan and Ohio. I want to personally congratulate Gov. Granholm on her re-election. We are looking forward to continuing our cooperative relationship. We are also looking forward to working on bills that are beneficial to our members.

Please note the short summary by The Success Group. AFPD’s lobbyists in Ohio, on the impact of the Ohio elections (see page 5).

Recently, we have seen more positive movement on the Michigan food stamp payment distribution issue and we will continue to aggressively push for a change to a twice-monthly payment distribution program this year. AFPD also expects to have some resolution regarding the “Penny Plan,” which would assess one cent for every retail transaction over $2 for a recycling program. This resolution would be an alternative to expansion of the Bottle Bill, which some legislators continue to advocate.

We will also be carefully monitoring any replacement plan for the Single Business Tax in Michigan, which was repealed last year. There are currently four or five plans in the works; some that are advantageous to AFPD members and some that are not. You will read more on this in coming months.

Working with The Success Group, we continue to be proactive on legislative matters in the Buckeye state. Two issues that may confront us involve the automotive repair shop registration bill and a fuel quality testing bill that is being promoted by the County Auditors Association. AFPD is opposed to the repair shop registration legislation, viewing it as another license and fee that retailers must pay. AFPD also opposes fuel quality testing on the county level, preferring for any testing to be performed by the state.

As we move into 2007, I would like to take this opportunity to wish all of you a very Merry Christmas and a happy, healthy, safe and prosperous New Year.
In-house research pays off for General Mills

When General Mills decided to try to boost sales of its cornbread and muffin mix, it eschewed a high-dollar consumer research and testing campaign in favor of a different approach: the company simply asked its African-American employees for advice. The approach: the company simply asked its employees -- putting a photo of celebrated chef B. Smith on the package -- was good enough to boost sales by 22%.

-- The Wall Street Journal

Dean Foods markets BST-less milk

The Dallas Morning News reports that Dean Foods "has expanded the marketing of milk free of the kinds of added bovine growth hormones that pushed many consumers in the organic milk market". This milk is said to be "less expensive than organic milk and doesn't have added recombinant bovine somatotropin, or BST," and appeals to shoppers concerned about hormones and pesticides in the products they consume.

Demand for eco-friendly foods should affect this year's trends

The newest trends to hit supermarket shelves this year will likely be in the areas of anti-aging products and superfoods and drinks based on indigenous resources from the Amazon, according to Mintel. The trend should emerge from consumer demand for more eco-friendly and ethical products.

-- Reuters

New potential benefits for red wine drinkers

The Wall Street Journal reports that resveratrol -- a substance in red wine that is believed to slow the aging process (if taken in sufficient high doses) as well as help prevent the development of heart disease and certain kinds of cancers -- may also help to reprogram muscles so that they improve exercise endurance.

It appears, however, that massive doses of resveratrol are required to have the impact on a person's muscles -- as much as 100 bottles of red wine per dose. This is similar to the longevity study, which said that as much as 300 glasses of wine per day would be required to extend life by a potential 20 percent.

The study reaching this conclusion was conducted by Sirtis Pharmaceuticals, a Massachusetts start-up company that is developing a resveratrol-based drug for diabetics -- so it also can be fairly pointed out that the company has an agenda.

Cell Phone Payment Technology Tested By 7-Eleven

The Dallas Morning News reports that MasterCard Worldwide and 7-Eleven are partnering on a pilot program in the Dallas area that will let about 500 consumers use their mobile phones as payment devices. Just tap the phone against a reader in the store, and off you go.

According to the story, "the Nokia phones will essentially act as debit cards, and will work at any of the 32,000 retail locations worldwide that currently accept payment by MasterCard's contactless PayPass cards."

The phones also allow consumers to turn off the payment function if they want to.

Study: High red-meat consumption could affect breast cancer risk

A long-term survey by women's health researchers found that one-and-a-half servings of red meat per day almost doubled the risk of certain breast cancers when compared to young women who ate three or fewer servings per week. The study, published in the Archives of Internal Medicine, was undertaken to examine the possible role of animal growth hormones as a causal factor for cancer. -- BBC

Pepsi's health expansion begins with chips, new drink

PepsiCo, after announcing that it would put alternatively labeled products in some Whole Foods Markets, has started the project with a line of chips and a smoothie-type drink called Fuelosophy. The new drink and Sun Snacks chips are part of Pepsi's effort to diversify its brand portfolio to include a growing number of products targeted at health-conscious consumers.

-- The Wall Street Journal

Cigarette increase likely

It's becoming an annual tradition: In the month of good cheer, Philip Morris USA has hiked manufacturing prices, typically spurring a low-line approach with the other manufacturers following suit. Expect the same for the third consecutive year, said Citigroup tobacco analyst Bonnie Herzog. "For 2006, we expect a price increase to occur around the end of the year," she told CSP Daily News.

Ad industry unveils biggest change in food guidelines in decades

Cadbury Schweppes, Campbell Soup, Coca-Cola, General Mills, Hershey, Kellogg, Kraft Foods, McDonald's, PepsiCo and Unilever, which account for more than two-thirds of all the food and beverage ads in the industry, unveiled the new Children's Food and Beverage Advertising Initiative. Under the new agreement, the marketers will devote at least half of all of their advertising for children under 12 to promoting healthy foods and lifestyles. Though considered a watershed movement for the advertising industry, some consumer groups say the initiative still doesn't do enough to limit advertising for less nutritious foods to children.

-- Advertising Age

Bakery price hikes follow increases for flour, sugar

Many of the nation's commercial bakers, including Sara Lee, Sunbeam and Flowers Foods, are being pressed by rising prices for raw materials and plan to increase their baked goods' prices by a few cents in the next month or so.

SuperValu details new concept

SuperValu's "Premium Fresh & Healthy" store concept will include expanded meat, seafood, bakery and deli departments, expanded health and beauty departments, and sections devoted to international and natural and organic foods. The company will spend $1 billion remodeling 75 stores and opening 75 new stores with this concept by February.

-- Progressive Grocer

Democrats plan to push for minimum wage increase

Upping the federal minimum wage will be a priority when Democrats take majority control of the House and Senate in January. Opponents of a federal wage bump contend companies will have less opportunity to expand their staffs, which will hammer job creation.

-- The Arizona Republic

Merchants group calls for revamped credit card payments

The Merchants Payments Coalition is calling for a fundamental change in the way the U.S. credit card system operates. The main area of contention is issuer rewards programs, which account for 44% of interchange costs yet yield no payment for the merchant.

-- Progressive Grocer
Buckeye state roundup

By Paul R. Harvey
AFPD Correspondent

After almost 16 years of Republican control of the Governor’s office and a dozen years of Republicans holding statewide offices, the November 2006 elections will bring dramatic political changes to the state, according to AFPD lobbyist McKenzie Davis of the Success Group in Columbus.

Republicans did maintain control of the office of Auditor of State with the narrow election of State Representative Mary Taylor. However, after victories by State Senator Marc Dann for Ohio Attorney General, Franklin County Auditor Richard Cordray to Treasurer of State and Jennifer Brunner to Secretary of State, Democrats will lead in the election to narrow the margin of the Republican majority of 53 members to 46 Democrats. The Democrats are hopeful to pick up an additional seat in a close recount of a race that is pending a certified winner. The Democrats have not had this many members serving in the Ohio House since 1994. Although Republicans maintained control of the Ohio House, Governor-elect Strickland will certainly be pleased to have additional Democrats in the Ohio House the next two years,” said Davis.

In the Ohio Senate, Republicans lost an open seat to the Democrats with the election of Sue Morano in the 13th District in Northeast Ohio. The current 22 Republicans to 11 Democrats majority in the Ohio Senate will now be 21 for the GOP and 12 for the Democrats. The Democrats had not won a Republican seat in the past ten years.

Roundup,
Continued on page 10.

Ohio election results watched nationwide

By McKenzie Davis
The Success Group

Ohio is often at the forefront of political news, and the 2006 election was no exception. Across the country, political observers watched Ohio’s campaign for United States Senate – a battle that pitted Senator Mike DeWine (R) against Congressman Sherrod Brown (D). Congressman Brown won a convincing victory to be Ohio’s next U.S. Senator.

Many believe that this victory was a repudiation of President Bush and his policies, both foreign and domestic. Democrats believe this victory over an incumbent Republican bodes well for the Democrats in the 2008 Presidential election in a key state like Ohio. The wave of support for Democratic candidates continued in the United States House of Representatives campaigns, with the Democrats taking control of the Congress. Ohio picked up one Democrat seat in the delegation with the election of Jack Space from Dover in the seat vacated by former six-term Republican, Bob Ney, who will be sentenced on July 7 for his role in providing favors to disgraced lobbyist Jack Abramoff.

Ohio’s Congressional delegation, regarded as one of the most influential in Congress with Majority Leader John Boehner and other prominent committee chairmen among their ranks, will now give up their positions to Democrats. It will be interesting to see where Ohio’s Democrat members fit into the new Congress’s rules. The Success Group is AFPD’s Ohio lobbyist.

Shifting gears to a positive attitude

By Ed Weglarz
AFPD Executive Vice President - Petroleum

The elections are over, and it’s time to sit back and analyze how the new political landscape will affect our business climate.

I believe that all the emphasis on the negative issues over the past four months, and the deluge of negative political radio, TV, print and mail advertising, has had a negative effect on all of us. The folks on the street were constantly reminded of all the flaws in our system, and how bad our situation had become.

Well, it’s time to shed that cloak of gloom, and define our new challenges. We are still living in the greatest society on the planet.

Both Michigan and Ohio now have Democratic governors. And while the legislature of Ohio remains in control of the Republicans, the Michigan House has changed from Republican to Democratic control. The Republicans remain in control of the Michigan Senate.

At the national level, we have seen a wholesale change of power in both houses of congress, with the Democrats now controlling both the Senate and the House. And while we have friends who have been dethroned from positions of influence, we have other representatives, sympathetic to our issues, who have risen to positions of power.

Our immediate challenge is to be proactive in promoting our issues of interest during the likely “lame-duck” sessions in both states we represent, along with the actions of the Congress. Of no less importance is the need to be “on guard” for last minute amendments to bills that are being pushed through a lame-duck legislature that could be detrimental to our small business industry.

It is important to develop relationships at the local level with your representatives so they can know your position on vital issues.

Furthermore, it is time to reposition your attitude and seek the positives of this change in representation. We have new faces to educate about the challenges of our business, and AFPD is already on track to establish favorable relationships with newly elected representatives and solidify our relationships with incumbents.

Wishing all of you a happy, healthy and prosperous New Year!
Lake Lansing Mobil serves customers for over 30 years

Rich Bratschi tells it like it is.

Lake Lansing Road, just west of I-127, is a very busy place. Five lanes of traffic take drivers to the consortium of popular stores and restaurants in the area on the northeast side of Lansing, Michigan. PF Chang’s, DSW Shoe Warehouse and Sam’s Club are just a few of the reasons that motorists take exit number 89 off Interstate 127.

Right in the midst of this popular area, on the southwest corner of I-127 and Lake Lansing Road, is Lake Lansing Mobil. “When I first came here there was just a blinking light and the road was gravel just west of our corner,” remembers Rich Bratschi, the station’s owner.

“They were supposed to build a Hudson’s mall across the street, so they tore up and closed the road for a year. We starved,” he smiled as he described his first few hard years as an independent owner.

That was 30 years ago and although the Hudson’s mall never materialized, the area became home to a large selection of retail outlets. So large, in fact, that residents from Lansing and the surrounding region make Lake Lansing Road a shopping destination.

“It was a big boom for us when Meijer opened,” Bratschi stated. After that a hotel and restaurant went in next door, creating more traffic. “That was a big shot in the arm,” he added.

“At the time we were a small, two-bay service station with a tiny front room,” Bratschi remodeled in 1987, tearing down to the ground and adding a third bay, a larger front area for convenience store items and a car wash. He would like to remodel again, but is reluctant to do so with the current economic climate. For the time he’ll keep doing business as he has for the past 19 years, selling gas, convenience items, doing repairs and providing car washes.

“We keep doing repairs,” he says, “But it’s tough to make any money at it.”

Bratschi employs a number of family members. His wife Colleen and both of his sons, Bill and Jacob, work at the station as well as his brother-in-law.

Even with a good location, Bratschi says it is difficult for an independent retailer to make a living. “It has been a struggle since 9-11,” Bratschi adds, saying that competition is cutthroat.

A Sam’s Club nearby frequently sells gas below cost to lure customers. Bratschi finds it impossible to compete with Sam’s prices.

“People have less disposable income right now.” Bratschi sees them cutting back on convenience store items like cigarettes, pop and snacks. “This is particularly hard on us because we live on disposable income sales,” he adds. “Customers don’t understand that we don’t make money when gas is $3 a gallon. They buy less because it is costing them more.”

Bratschi is looking forward to spring. He believes that Michigan’s economy will see some improvement then and customers may be willing to part with a little more of their disposable income.

He is in favor of legislation that would prohibit stations from selling below certain margins. Bratschi was president of the Service Station Dealers Association of Michigan for several years while the group worked on this legislation. “A bill was introduced four different times,” he says. Unfortunately Michigan’s legislature is reluctant to act on any bill that would be perceived as raising the cost of gas. He believes that in the long run this would be better for consumers. By creating a minimum margin on gasoline sales, Bratschi says that large retail outlets like Sam’s Club would be prohibited from selling their gas below their cost. “This legislation would level the playing field, allowing us to compete with larger retailers. It protects the infrastructure of the dealers that we have in place,” he adds.

Bratschi believes that this legislation would eventually lead to more consistent gas pricing and would ultimately be better for the dealer and the consumer, adding, “the public doesn’t need empty gas stations.”
Suit Alloces CITGO-OPEC Conspiracy
Plaintiffs seek damages and to prevent future illegal conduct

A federal price-fixing lawsuit was filed in November against CITGO Petroleum Inc. on behalf of a class of plaintiffs who purchase gasoline, asphalt, lubricants, various petrochemicals, motor oil and other refined oil products directly from CITGO throughout the country.

The complaint arises out of what the plaintiff's call "CITGO's willing and conspiratorial participation in the anticompetitive conduct of the Organization of Petroleum Exporting Countries (OPEC), the world's most notorious and successful price-fixing cartel."

Plaintiffs allege, as cited in the complaint, that "Venezuela and the OPEC conspiracy, using CITGO as a tool of its unlawful scheme, have thus entered United States territory for the purpose and with the effect of bringing to fruition their unlawful scheme to sell oil-based products to American consumers at anticompetitive prices."

The complaint, brought under Section 1 of the Sherman Act and Sections 4 and 16 of the Clayton Act, alleges that CITGO actively has participated in OPEC's illegal price-fixing conspiracy, has provided unlawful assistance to OPEC, and has implemented Venezuela's and OPEC's price-fixing scheme in the United States. The complaint alleges that CITGO has agreed with OPEC to provide the cartel, directly and through member nation Venezuela, with technical services and with information that greatly assist OPEC in its effort to fix the price of oil at anticompetitive levels.

The complaint also alleges that, to further Venezuela's participation in and capability to implement OPEC's price-fixing conspiracy in the United States, CITGO has spent hundreds of millions of dollars building refinery capacity that can handle "generally low-quality" Venezuelan crude.

According to attorney for plaintiffs Robert Eisler of New York's Lieff Cabraser Heimann & Bernstein, LLP, CITGO's supply contracts are "clearly anticompetitive and designed to assist the cartel." He said, "CITGO has agreed to buy Venezuela's crude oil whenever Venezuela wants to sell it to CITGO, but Venezuela has no obligations to provide the crude if it decides to reduce its output for any reason, including an anticompetitive reason."

In addition, said Eisler, "CITGO has failed to take action against Venezuela when Venezuela has breached its supply contracts."

Attorney for the plaintiffs Geoffrey L. Harrison of Houston's Susman Godfrey LLP had this to say about the lawsuit: "CITGO and its co-conspirators have flouted our country's antitrust laws and helped themselves to billions of dollars worth of illegally inflated profits like hogs at the trough. This lawsuit demonstrates that CITGO's anticompetitive conduct is illegal."

CITGO, Continued on page 27.

We've been serving the financial service needs of the business community since 1909. How can we serve yours?
At the car wash...

by John W. Cook
Johrendt, Cook & Eberhart, LPA

A recent dispute over the interpretation of an Ohio sales tax exemption for coin-operated car washes has finally concluded and is a significant victory for operators of automatic coin-operated car washes. In dispute was the application of the sales tax exemption to unmanned "tunnel" car washes.

Jerry Billman operates Billman's Shell in Columbus, Ohio. The operations include an unmanned "tunnel" car wash. The Ohio Department of Taxation conducted a sales tax audit of his company's (J.L. Billman, Inc.) records and assessed sales tax on all car wash transactions. Mr. Billman requested a reassessment to correct the matter; however, the Department of Taxation staunchly upheld the assessment, citing as authority Zip-Zap of Ashtabula, Inc. v. Limbach (B.T.A. 1990). As legal counsel for Mr. Billman's company, the authors of this article appealed the Department's final determination to the Ohio Board of Tax Appeals. As you should know, Ohio law provides that car wash transactions are generally subject to Ohio sales tax. However, Ohio law also provides a specific statutory exemption for coin-operated car washes that do not provide any other personal services or property as part of the transaction. While these statements are relatively straightforward, the statute apparently was not clear enough.

The Ohio Board of Tax Appeals first encountered the statutory exemption in the Zip-Zap case. The Zip-Zap case was decided in 1990 and is the only previous case at any level concerning the exemption. In that case, the operator's records were reviewed by the Department of Taxation during a sales tax audit. The Department assessed sales tax on the automatic, coin-operated car wash transactions. The operator appealed the assessment to the Board of Tax Appeals claiming that its coin-operated car wash sales were exempt by statute from sales tax. The Board ultimately found that the transactions were indeed taxable. While the opinion in the Zip-Zap case does not clearly outline the basis of the Board's decision, a noteworthy fact recited in the Board's opinion was the fact that the operator stationed an employee at the car wash who hand-dried each vehicle. Unfortunately, any personal service that is provided as part of a transaction precludes application of the exemption from sales tax.

The Billman case was factually distinguishable from Zip-Zap. Billman's company did not provide any personal services as part of car wash transactions. The company's car wash is completely automated and no personal efforts are required by a customer (other than activating the machinery and driving the car to the conveyor) or an employee. In fact, Billman's car wash facility is completely unmanned! The Department of Taxation argued that the decision in Zap-Zap was based upon the car wash being automatic and that the provision of hand-drying services had nothing to do with the decision. The Department cited a specific portion of the statutory exemption as authority for assessing sales tax. In particular, the Department noted that Ohio's statute exempts coin-operated car wash transactions from sales tax where the equipment dispenses water, soap, or wax "to the consumer for the consumer's use." The Department argued that consumers did not "use" the car wash because an automatic machine was employed to wash vehicles. The Department, therefore, argued that the Zip-Zap case and the Billman case were the same and that the car wash transactions were taxable.

Billman's case was factually distinguishable from the Zip-Zap case because no personal services were provided.

At the car wash, continued on page 20.
Visa advises gasoline retailers to break its rules

Visa USA's latest online merchant handbook now addresses the issue of "Reason Code 96," also known as chargebacks, and suggests that retailers break the rule to which they were previously bound to honor. As gasoline prices climbed to $3 per gallon this summer, retailers were hit hard with chargebacks. While retailers had not seen the specific rule (no retailer had seen the complete credit card operating rules that they are told to follow), they were, in many cases, being denied payment by the banks if they authorized a pay-at-the-pump transaction above a fixed level. For Visa transactions over $50, retailers could lose the entire transaction amount, and for MasterCard transactions, retailers could be denied payments above $75, even if the transaction was not challenged by the customer.

Now, instead of changing its unfair rules, Visa has included partial - although confusing - information about Reason Code 96 chargebacks in its new merchant handbook. The handbook information says that retailers have no recourse when gasoline transactions are more than $50, but it tells retailers they may be able to avoid these chargebacks by setting a transaction limit of $50 on fuel pumps. The handbook does not explain whether there will be any repercussions for capping the amount that can be charged at the pump, given Visa's rule against setting a maximum transaction amount - nor does it explain how retailers can do this when MasterCard prohibits retailers from setting a maximum transaction amount (and has a $75 threshold for these chargebacks).

Perhaps Visa's full operating rules, which it has failed to provide despite promises to Senate Judiciary Chairman Arlen Specter (R-PA), includes answers to these questions. It is unclear when this partial information was updated online or how long it may remain in its current format. - NACS

King Soopers below-cost ruling

Two independent gasoline dealers in Montrose, Colorado, were awarded a total of $1.4 million in damages after a federal district court jury ruled that King Soopers and City Market had illegally sold gasoline below cost, a violation of Colorado's Unfair Practices Act, said The Denver Post. King Soopers and City Market can no longer give Colorado customers gasoline discounts based on grocery purchases, and while the ruling names only the two chains, it will apply to all grocery and big-box retailers that sell discounted fuel in Colorado, such as Safeway, Albertsons, Sam's Club, Walmart and Costco, said King Soopers officials and the attorney for the dealers, Parish Oil and Ray Moore Tire & Petroleum.

King Soopers said it will appeal the ruling. King Soopers and City Market are owned by Cincinnati-based The Kroger Co. "We appreciate the jury's verdict, which protects the ability of small gas stations to compete on a fair playing field with large grocery stores and big-box retailers that also sell fuel," said Andrew Shoemaker, the dealers' attorney.

Under the King Soopers program, customers using their Sooper Cards could qualify for a three-cent-a-gallon discount. In addition, if they bought $100 in groceries over a 30-day period, they qualified for an additional seven-cent discount. The three-cent Sooper Card discount is still legal, said King Soopers spokesperson Trail Daugherty. But to comply with the ruling, the chain discontinued the additional seven-cent discount, the newspaper reported.

Customers who had bought the qualifying $100 in groceries in October or November and had not yet used the fuel discount will get a certificate for 5% off a grocery purchase, Daugherty added. "It has been a very successful and very popular program with our consumers," he told the newspaper. "We never had the intent to do anything illegal, and we disagree with the court's decision." - CSP

BEST SOURCE FOR ALL YOUR REFRIGERATION NEEDS!

WALK-INS FACTORY BUILT IN STERLING HEIGHTS, MI

QUALITY & VALUE • SHORT LEAD TIMES • GOOD OLD-FASHIONED SERVICE

VISIT SRC REFRIGERATION AND RECEIVE A VALUABLE COUPON THAT CAN BE APPLIED TOWARD YOUR NEXT PURCHASE

CONTACT SRC SALES DEPARTMENT FOR COMPLETE DETAILS. SRC WILL VALIDATE THE COUPON AT TIME OF YOUR VISIT.

SRC REFRIGERATION
6615 19 MILE ROAD STERLING HEIGHTS, MI 48314
TOLL FREE: 800-521-0398
FAX: 586-254-0465
WEBSITE: www.SRCrefrigeration.com
EMAIL: sales@SRC.us

LOCATED ON 19 MILE ROAD BETWEEN MOUND & VAN DYKE
HOURS: MONDAY - FRIDAY 7:30 AM - 5:00 PM

January 2007 | 9

Petroleum NEWS

King Soopers below-cost ruling

Colorado court bars gas discounts linked to purchases at supermarket

Two independent gasoline dealers in Montrose, Colorado, were awarded a total of $1.4 million in damages after a federal district court jury ruled that King Soopers and City Market had illegally sold gasoline below cost, a violation of Colorado's Unfair Practices Act, said The Denver Post.

King Soopers and City Market can no longer give Colorado customers gasoline discounts based on grocery purchases, and while the ruling names only the two chains, it will apply to all grocery and big-box retailers that sell discounted fuel in Colorado, such as Safeway, Albertsons, Sam's Club, Walmart and Costco, said King Soopers officials and the attorney for the dealers, Parish Oil and Ray Moore Tire & Petroleum.

King Soopers said it will appeal the ruling. King Soopers and City Market are owned by Cincinnati-based The Kroger Co.

"We appreciate the jury's verdict, which protects the ability of small gas stations to compete on a fair playing field with large grocery stores and big-box retailers that also sell fuel," said Andrew Shoemaker, the dealers' attorney.

Under the King Soopers program, customers using their Sooper Cards could qualify for a three-cent-a-gallon discount. In addition, if they bought $100 in groceries over a 30-day period, they qualified for an additional seven-cent discount. The three-cent Sooper Card discount is still legal, said King Soopers spokesperson Trail Daugherty. But to comply with the ruling, the chain discontinued the additional seven-cent discount, the newspaper reported.

Customers who had bought the qualifying $100 in groceries in October or November and had not yet used the fuel discount will get a certificate for 5% off a grocery purchase, Daugherty added. "It has been a very successful and very popular program with our consumers," he told the newspaper. "We never had the intent to do anything illegal, and we disagree with the court's decision." - CSP
Cuyahoga County cigarette tax increase

While the elections introduced massive upheaval in Ohio's political climate, some results are causing upheaval in the petroleum retail and convenience store industries.

Voters in the Cleveland area approved Issue 18, an arts and culture measure that increased the county's cigarette tax. Any retailer selling cigarettes in Cuyahoga County must now collect taxes totaling $15.95 per carton, an increase of 1.5 cents per cigarette.

The Associated Food and Petroleum Dealers (AFPD), along with Philip Morris and a political action group called The Citizens Against New Taxes, campaigned against the issue.

"AFPD vigorously opposed Issue 18. We believe the new tax will cost jobs, increase crime and will not reach the income that supporters projected," said Pat LaVecchia, AFPD's Vice Chair of Legislative and Government Affairs. LaVecchia also reminded dealers that the new tax law includes a floor tax of 30 cents per pack on current inventory, effective immediately. Retailers with questions regarding the new tax should contact the AFPD office.

Workers' Compensation news

The Frank Gates Service Company, AFPD's Ohio group rating plan administrator, reminds all participants of some approaching deadlines. Have you requested your free workers' compensation group rating savings estimate? If not, there is still time to do so.

Frank Gates staff members are currently analyzing employers for placement in their 2007 group rating program.

Frank Gates sent marketing materials, including AC-3s or Temporary Authorization forms, to our Ohio AFPD members over the summer. If you did not receive these items, contact your Frank Gates representative as soon as possible.

Participating employers who submitted AC-3s should soon receive their Group rating savings estimates and enrollment invitations.

Group rating enrollment materials for the rating year beginning July 1, 2007 (reflected in payroll reports issued in January and July 2008) must be returned to Frank Gates by the last day of February 2007. This deadline is set by the Ohio Bureau of Workers' Compensation. Additional February 2007 mailings include payroll reports reflecting group rating discounts for those who enrolled in the group programs back in February 2006.

To request your free, no-obligation savings estimate, call (800) 395-4119 or visit www.frankgategroups.com and submit an online AC-3.

In related news, AFPD reminds all Ohio members to take advantage of the safety services provided by Howard Cherry, AFPD's Safety Director. Cherry will work with your company to identify and resolve safety issues that could hurt employees or customers. Cherry reminded members that safety and health claims could lead to higher workers' compensation rates, or the revocation of your group rating status. Cherry's company, Environmental Services of Ohio, can be reached at (800) 798-2594.

Legislative update

County auditors are still pushing for statewide motor fuel quality testing. Pat LaVecchia, AFPD's Vice Chair of Legislative and Government Affairs, reported that AFPD opposes Ohio's proposed octane testing program in its current form. While the measure remains in committee, AFPD will lobby for changes in the proposal, including language that would make the Ohio Department of Agriculture responsible for the program. "We want to move octane testing away from the political arena to guarantee unbiased results," said LaVecchia. Meanwhile, Summit County retailers continue to fight a county-run octane-testing program that has overburdened already miniscule gasoline margins with additional costs.

AFPD continues to push the State Assembly for a permanent gasoline exemption from Ohio's CAT tax. "This is a case where big oil has our back," said LaVecchia.

"Oil companies, jobbers and Ohio petroleum trade groups are in our corner, fighting to keep the gasoline exemption in place," LaVecchia noted that current state law mandates that only the Ohio Department of Transportation can receive gasoline tax revenues.

News and notes

Motorsports looking for Citgo banners after March 2007 will instead find brands like Sunoco and Marathon, or unbranded jobber supplied outlets. AFPD's Pat LaVecchia, a Citgo dealer, noted that many experienced jobbers are ready to assist the former Citgo owners with supply contracts. Meanwhile, a group of plaintiffs who bought Citgo products are suing the company, alleging a price fixing conspiracy with the Organization of Petroleum Exporting Countries (OPEC). See full story on page 7.

The Ohio Environmental Protection Agency has approved an air permit, paving the way for The Andersons Inc. and Marathon Oil Corp. to build a joint-venture ethanol plant in western Ohio. The proposed site, located in Greenville, should be completed in 2008. The plant will produce about 110 million gallons of ethanol each year, and employ up to 40 people.

Division of Circle K signals new phase of growth

Brian Hannasch, senior vice president of West North America for Circle K, announced the splitting of its Midwest business unit into two divisions, a move designed to support a continuing pattern of growth in the region.

In a letter to team members that was obtained by CSP Daily News, Hannasch said the move would position the region for growth and help "maintain the integrity of our business model, which calls for us to remain close to our stores and our customers."

One unit will be called Great Lakes and will include Ohio, Michigan and Pennsylvania with support offices in Akron, Ohio. Circle K veteran Paul Rodriguez will head up this unit. Kentucky, Indiana, Illinois and Iowa will make up the new Midwest business unit.

For industry observers, the move boosts the chain's intent to grow within the Midwest. From a mergers and acquisition perspective, dividing the business unit means they will have people focusing on smaller areas," Tom Kelso, managing director for Baltimore-based Matrix Capital Markets Group Inc., told CSP Daily News.

The current Midwest unit operates 620 corporate sites, 102 dealer sites and 60 franchise locations with annual merchandise sales of more than $650 million.

Citgo campaign dispels boycott claims

Citgo Petroleum launched a new campaign in October to thwart efforts by the public, legislators and other parties that are calling for a boycott of Citgo fuel, reports the Miami Herald.

"Citgo Petroleum, a subsidiary of Venezuela's state-owned oil company," notes the newspaper, launched a media campaign "against calls for a boycott, making the point that its stations are owned by private businesses" by running full-page ads in a number of U.S. newspapers, writes the Herald.

The ad says that inaccuracies surrounding the decision by 7-Eleven to discontinue selling Citgo-branded fuel "have led to numerous calls for a boycott of our products."

Citgo spokesman David McCollum told the newspaper that the ad campaign "was not a sign that the boycott was affecting the company," but rather a sign that the company is "supporting our marketers and retail owners... We are trying to set the record straight." -NACS
Is proud to introduce
LAND O LAKES® Original Milk

Milk from cows NOT treated with rBST/rBGH

For more information about Country Fresh products:
Livonia  1-800-968-7980
Back in 1984 the insurance industry was quite different than it is now. At that time Gadaleto, Ramsby & Associates was a small firm comprised of two insurance agents and one part-time secretary.

Joe Gadaleto and Steve Ramsby were both independent insurance agents with a couple of good accounts. They agreed to join forces and form an agency that could handle the unique needs of the small business owner.

Joe Gadaleto had the Michigan Auto Dealers as a client in 1983 and was appointed to help the Associated Food Dealers of Michigan (now AFPD). Along with Steve Ramsby's other clients, they formed Gadaleto, Ramsby & Associates.

Back then, their part-time secretary could handle all business matters. Today they have a staff of 40.

Gadaleto, Ramsby & Associates specializes in assisting groups of one to 99 employees for Blue Cross coverage. Before 1986, insurance agents couldn't sell Blue Cross. Actually, Steve Ramsby explained that Blue Cross is pre-paid health coverage, which is different than an insured health insurance under Michigan insurance law.

Once the law changed, Gadaleto, Ramsby & Associates began offering Blue Cross as a viable health care option.

In 1988, the company was appointed as a Managing Agent for Blue Cross, which allows agents to sell Blue Cross through them. Back then there were 700 independent agents selling Blue Cross insurance in Michigan. Today Gadaleto, Ramsby & Associates works with 1,800 agents.

A change in 1994 greatly improved Blue Cross' service to AFPD members, when Gadaleto, Ramsby & Associates took over the billing aspect of our Blue Cross premiums. Now, if members have a question about their bill, they don't have to go through a mess of bureaucratic red tape, they simply call Gadaleto Ramsby.

"Amy Snider is AFPD's dedicated contact person for all questions," says Steve Ramsby. "We have a toll-free number for members to call. She handles billing questions, issues about claims and can also assist with benefit explanations. We understand the specific issues of AFPD members and can help you through the process," Ramsby explains.

AFPD members have more access to Blue Cross programs and Gadaleto, Ramsby & Associates can expedite the process. "We can get in the system 24-hours-a-day. We also wire your payments to Blue Cross, so it is processed immediately, meaning benefits can be used faster and claims processed without holdups if payments are late."

By being an AFPD member Ramsby says that Blue Cross customers have better access to a variety of Blue Cross programs. "A two-person group here has the same benefits as larger companies."

Ramsby says that Blue Cross offers very cost effective health benefits for full-time and now individual policies for part-time employees. These individual programs, he attests, are also popular for family members and relatives of an employer.

Gadaleto, Ramsby & Associates offers all the Blue Cross products, including Health Maintenance Organizations (HMO), Preferred Provider Organizations (PPO), Health Reimbursement Associations (HRA), Point of Service (POS), Community Blue and Health Service Accounts (HSA).

By choosing Blue Cross insurance through AFPD, members receive all the benefits of Blue Cross and all of the extra services of Gadaleto, Ramsby & Associates at no additional cost.

With over 20 years experience, the folks at Gadaleto Ramsby & Associates have a thorough knowledge of the insurance industry and the Blue Cross products. To find out more about AFPD's Blue Cross programs, contact Dan Reeves at AFPD, (248) 671-9600.

AFD Foundation awards scholarships to WMU students

Dan Reeves, AFPD Executive Vice President - Food & Beverage, recently visited Western Michigan University (WMU) to award scholarships to two deserving students. Richard W. Davenport is a senior from Milford, Michigan and Jeffrey Marchese is a senior from Clinton Township, Michigan. Both received $1,500 scholarships from the AFD Foundation.
As we cover new ground, we’re driving change in the Industry!

PLATINUM SPONSOR—$10,000
(Limited sponsorships available)
- Three tables of 10 for dinner (VIP seating)
- 10 company images for media presentation
- Title sponsorship signage for music, photo booth or centerpieces
- Half-price on the ad of your choice in the Food and Petroleum Report
- Use of 4 company products at dinner (or 4 additional images in media presentation)
$600 for each additional table

GOLD SPONSOR—$7,000
- Two tables of 10 for dinner (Prime seating)
- 7 company images for media presentation
- Corporate signage at the dinner
- Half-price on the ad of your choice in the Food and Petroleum Report
- Use of 2 company products at dinner (or 2 additional images in media presentation)
$700 for each additional table

SILVER SPONSOR—$4,000
- One table of 10 for dinner (Preferential seating)
- 4 company images for media presentation
- Corporate signage at the dinner
- Half-price on the ad of your choice in the Food and Petroleum Report
- Use of 1 company products at dinner (or 1 additional images in media presentation)
$800 for each additional table

BRONZE SPONSOR—$2,500
- One table of 10 for dinner
- 2 company images for media presentation
- Corporate signage at the dinner
- Half-price on the ad of your choice in the Food and Petroleum Report
$900 for each additional table

Tables of 10—$1,250 • Couple—$275 • Individual—$150

Motor In
Friday, February 9
By popular demand, returning to
Penna’s of Sterling
(Van Dyke at 16-1/2 Mile Road)
6:30 p.m.

Please call
Michele MacWilliams at AFPD —
248.671.9600 for sponsorship opportunities.
Senator Martha G. Scott supports twice monthly food stamp payment distributions

State Senator Martha G. Scott
D-Highland Park

Committees
• Senate Appropriations

Subcommittees
• Minority Vice Chair, Family Independence Agency
• Majority Vice Chair, Retirement
• Member, Commerce, Labor & Economic Development
• Member, K-12/School Aid/Education

By Kathy Blake

State Senator Martha G. Scott, (D-Highland Park) is the primary sponsor of Senate Bill 1334, that would distribute food assistance benefits into two monthly payments rather than once a month. The bill is supported by both Democrats and Republicans said Scott.

When asked whether she thinks the legislation would be implemented, Senator Scott responded, “It looks pretty good. There was a work group which included Senator Bill Hardiman’s staff going over it.” State Senator Hardiman, (R-Kentwood), is the chairman of the Senate Department of Human Services subcommittee, where the bill is being worked on.

More than one million Michigan residents receive some form of food assistance. Currently, they all receive their funds in a monthly lump sum payment and go to the grocery store during the same week, which impacts the grocers’ ability to supply food, particularly perishables. “There have been concerns with food distribution taking place at the first of the month, especially because fresh produce, fruit and meat supplies run out,” said Senator Hardiman.

The twice monthly distribution of food stamps has gained support as part of a healthy lifestyle initiative. The Governor’s Food Policy Council has adopted this view.

Senator Scott said, “I went around the stores and asked people about monthly food stamps. This one woman was freezing her milk.” Twice monthly distribution would help keep fresh perishables in the home, it would also help recipients from running out of food altogether. Senator Scott explained that some stores give groceries to their regular customers who run out of food stamp funds. “But some people are too proud to ask for help. Twice a month would be more humane,” said Scott.

As grocers know, changing food stamps distribution would also help them with staffing, since it is hard to employ people for one week out of the month.

District
Senator Scott was elected by Special Election in 2001 for her first term in the 2nd District, which includes portions of Detroit, Hamtramck, Highland Park, Harper Woods, and the Grosse Points. She was re-elected in 2006 with a whopping 73 percent of her district’s votes. Scott said she has a very diverse district economically and ethnically. “Hamtramck is a small New York.” She said there are 40 different languages and dialects spoken at homes there.

Senator Scott currently serves on the Senate Appropriations Committee. Her subcommittee assignments include: Vice Chairperson of Retirement and Family Independence Agency subcommittees; and a member of the Commerce, Labor & Economic Development and K-12/School Aid/Education subcommittees. These may change with the upcoming new session.

Political background
Senator Scott began her public service career in 1972 as a Precinct Delegate. In 1977, she was appointed to the Wayne County Board of Commissioners. In 1979, she served as Vice-Chair of the Wayne County Civil Service Commission. From 1984 to 1987, she was President of the Highland Park City Council. In 1988, she was elected the first woman Mayor of Highland Park, making her the first African American woman elected Mayor of a Michigan city.

In 1994, Senator Scott was elected State Representative of the 6th House District, representing Highland Park, Hamtramck and portions of Detroit. She was re-elected to her second and third House terms in November 1996 and 1998, respectively. She led the charge and fought for many issues that were beneficial to her district, including the restoration of the Davison Freeway (project repair and reconstruction). “I worked hard with the community and businesses to repair this great connector in Southeast Michigan,” said Scott. It paid off. “It ended up more beautiful than I expected,” she said adding, “It lets me know that you need to keep working on it if you feel strongly about something.”

She is the author of House Bill 5175 of 1995 (Public Act 241), which required the Friend of the Court to initiate enforcement of an order requiring a parent to provide dependent health coverage if the parent failed to obtain or maintain that coverage. In addition, as State Representative, Senator Scott also sponsored House Bill 4620 of 2000 (Public Act 35), which provides for foreign state reciprocity for insurance adjusters doing business in Michigan.

As a Michigan Senator, Senator Scott authored Senate Bill 384 of 2005 (Public Act 48), which established the third Saturday of every June as Juneteenth National Freedom Day in Michigan, celebrating the end of slavery in the United States, and which designated November 26 of every year as Sojourner Truth Day, in honor of the Underground Railroad and emancipation leader of the 1800s. She also authored Senate Bill 736 of 2001, which provides for domestic violence training for Friend of the Court employees, and Senate Bill 753 of 2003 (Public Act 431), which established the Childhood Lead Poisoning Prevention and Control Commission.

Insurance reform
Senator Scott presently is the sponsor of bills that would reform Michigan’s insurance laws, particularly in our urban areas. “Detroit pays the highest insurance rates in our country,” said Scott. “Credit scores should not determine the rate. Rates shouldn’t be based on where you live. The median auto insurance and home owner’s insurance is $5,000 in Detroit,” she said. Scott says she plans to push for the bills to be brought up again in 2007.

Scott has established a website, www.insurancecredlling.com, that provides a source of information sharing on Michigan insurance rates, and contains information on proposed legislation, as well as a petition for Michigan residents to share their insurance story.

Civic activities
Senator Scott is the Founder

Continued on page 21
Shake up your holiday sales

And that's exactly what these new holiday instants from the Michigan Lottery will do. In fact, this is the biggest instant sales period of the year! Make sure you're stocked and ready for the flurry of customers. Festive holiday themes and the chance to win up to $500,000 make them great to give and get—and the perfect gift for almost everyone! Instant games are now holiday fun in a bottle!
Volunteers at Christ Cornerstone Baptist Church on Charlevoix in Detroit

(I to r) Peggy Black, Harley Davis, Ryan MacWilliams, Jennifer Pouttu, Stacey Vargas and Sean Gouda take a break. They were busy distributing turkeys to charitable organizations at the Motown Snacks warehouse.

Volunteers at the Sacred Heart Church Chaldean Center

Jonathan Garmo unloads the truck.

Toni McIlwain of Ravendale Community Education

A Big Thanks to the Student Council and National Honor Roll students at Kettering High School in Detroit. Forty-eight students arrived on a school bus to help us bag the birds. We couldn’t have done it without them!
A special thanks to:

**Spartan Stores** for their aid and assistance with the turkeys, **Motown Snack Foods** for their hospitality and the use of their warehouse and delivery truck, **Value Center Market** for ordering the turkeys, **Interstate Brands** for the stuffing and Wonder Bread, **Central Foods Wholesale** for donating 2,000 liters of pop to go with our turkeys and the **Chaldean News** for being our media sponsor!

**Many thanks to our Turkey Drive committee members and volunteers!**

Harley Davis – Turkey Drive Co-Chair
Dr. Jacoub Mansour – Turkey Drive Co-Chair

- Wendy Acho
- Stephanie Beau
- Terry Farida
- Jim Garmo
- Chip Geriach
- Rocky Husaynu
- Mark Karbo
- Sonya Kony-Haio
- Alaa Naimi
- Nick O'Shea
- Bill Viviano
- Brian Yaldoo
- Chris Zebari
- Toby Zear

- Sean Gouda
- Stacey Vargas
- Jennifer Pouttu
- Dina Chapman
- Peggy Black
- David Underwood
- Regina Lloyd
- Zak Issak
- Rosemary Bannon
- Augeen Kalsbo
- Amped Alaime
- Alexander Yaldoo
- Jonathan Garmo
- Ryan MacWilliams
U.S. Court rules to allow ‘light’ cigarette sales

A U.S. federal appeals court handed down a decision in November that allows tobacco companies to continue selling cigarettes labeled “light” and “low tar” while the court reviews the companies’ appeals.

The U.S. Circuit Court of Appeals for the District of Columbia’s decision puts a hold on a ruling handed down by Judge Gladys Kessler on August 17 that found cigarette manufacturers had misled the public regarding the health benefits of light, ultra light and low tar cigarettes. Part of the order contains provisions that unfairly penalize retailers.

The ruling issued by the U.S. Circuit Court temporarily blocks those provisions, which require cigarette manufacturers to include in their merchandising agreements with retailers that the retailers will have counter top and header displays in their stores informing the public of the manufacturers’ misleading statements. If retailers refuse to have the displays, the manufacturers will be unable to have merchandising agreements with those retailers.

On August 31, the National Association of Convenience Stores (NACS) provided two affidavits from Senior Vice President of Government Relations Lyle Beckwith and 2005-2006 Chairman Scott Hartman, president and CEO of Rutter’s Farm Stores (York, Pa.), attesting to the problems with the order and described the difficulties the order creates for retailers, as well as the injustice of taking revenue from retailers who have done nothing wrong.

OSU officials asks convenience stores to ban beer bottles

Ohio State University (OSU) officials have requested three campus-area United Dairy Farmers stores to stop selling glass beer bottles until the end of the school year, reports the Associated Press.

Phasing out the sale of beer bottles is not about cracking down on underage drinking, as university officials cite safety concerns over students throwing glass bottles at police, notes the news source.

“Beer bottles are lethal weapons when thrown empty, and cans don’t hurt you empty,” Willie J. Young, director of off-campus student services, told the AP. Banning glass beer bottles by November 18 – the day OSU plays Michigan – could be one less concern for campus officials.

Douglas G. Borror, OSU chairman of the trustees’ academic and student affairs committee, told the news source: “Young commented to the AP that the university’s request to ban glass bottles only applies to beer. “Our students drink cheap beer, so the foreign beers are not a problem,” he said, adding, “You never see those bottles in the neighborhood.” - NACS

Jones Soda pairs peas and turkey with ‘Tots’

As part of its 2006 Holiday Pack to benefit the Marine Corps Toys for Tots program, Seattle-based Jones Soda is offering consumers unique flavors such as Green Pea Soda, Sweet Potato Soda, Dinner Roll Soda, Turkey and Gravy Soda, and Antacid Soda.

“The Jones Holiday Pack takes the stress out of the holidays. No mess, fuss, or worries, from box to the dinner table, the Jones Holiday Pack is today’s answer for the busy life style we live,” said Jones Soda President and CEO Peter van Stolk in a press release. “Our holiday sodas have zero calories and zero carbs, but have all the full rich flavor you have come to expect from the nation’s number one selling poultry flavored soda.”

For the fourth consecutive year, Jones Soda is partnering with Toys for Tots and will donate a portion of the sales to the organization.
Giving small businesses the power...
to make smart decisions.

If you're considering your business' electric supply options for 2007, we can help you make an educated decision on your Detroit Edison electric costs. If you are not currently a full-service customer and intend to return to Detroit Edison as a full-service customer, you need to notify us of your intention by January 5, 2007 to avoid additional charges. Please note: this year's deadline is earlier than last year's. If you have a Detroit Edison Account Manager, contact them. If not, call 800-477-4747 or simply go to mydteenergy.com/irs.
At the car wash, continued from page 8.

were provided by Billman and therefore Zip-Zap was not controlling authority. The Board of Tax Appeals agreed, stating that the transactions in Zip-Zap were taxable due to the provision of hand-drying services as part of each transaction. Conversely, Billman’s car wash transactions are exempt from sales tax because no personal services are provided as part of the transactions.

Citing a simple dictionary definition, the Board also rejected the Tax Department’s argument that Billman’s customers did not "use" the equipment. Implicitly, the Board held that a customer “uses” a car wash when employing a machine to automatically wash the vehicle. Having rejected the Department’s arguments, the Board ruled in Billman’s favor. The Department could have appealed the Board’s decision to a Court of Appeals or the Ohio Supreme Court. The Department chose not to do so. Accordingly, the case is over and the Board of Tax Appeals decision is final.

One of the most interesting aspects of the Billman case is the Department’s decision to attack automatic, coin-operated car washes. For years, many car wash operators have relied on oral representations by the Department that unmanned automatic, coin-operated car washes are exempt from sales tax in Ohio. The Department was only now attempting to limit Ohio’s sales tax exemption to wand style car washes, where the customer exits and physically washes a vehicle. Why the sudden change of position? Clearly, this case illustrates the danger of relying solely on oral representations of the Department. Obtaining advice from the Department is a good first step. However, do not be lulled into a false sense of security. There are a large number of cases in Ohio that preclude a taxpayer from asserting a claim against the state based upon representations by the state. Unfortunately, you cannot point the finger at the Department of Taxation and claim they orally told you that an activity was not taxable. In fact, such oral representations were made in the Zip-Zap case to no avail.

The only procedure available in Ohio upon which a taxpayer may rely is the cumbersome procedure of obtaining a written opinion from the Tax Commissioner regarding the relevant activity. Once a written opinion is obtained, a taxpayer may rely upon that opinion and plan accordingly. Oral representations by the Department are non-binding. The Department can orally represent its position and act adversely to that position without incurring any harm.

What did we learn and what can we take away from the Billman and Zip-Zap cases? We simply learned that coin-operated, unmanned automatic car wash transactions are indeed exempt from sales tax in Ohio as long as no personal property and no personal services are provided as part of the transaction. As shown in Zip-Zap, if any personal services, such as hand drying, are provided to customers as part of car wash transactions, those sales will be subject to sales tax in Ohio.

The second thing to take away from this case is to be cautious when tax planning. As shown in this case, the Department is willing to contradict itself. Exercise extreme caution when obtaining oral advice from the Department.

At the end of the day, this is a large victory for operators of automatic, coin-operated car washes. Relish the moment.

Individual Care Blue™

Having no health care coverage is like walking a tightrope. Let Blue Cross Blue Shield of Michigan be your safety net. Individual Care Blue PPO offers you the peace of mind that comes with knowing you’re protected from the unexpected with:

- Comprehensive coverage with no deductible and affordable copayments
- Prescription drug coverage up to $2,500 per member annually
- Choice of providers from our statewide networks — 100% of hospitals, 95% of physicians and 98% of pharmacies participate in Individual Care Blue

To sign up today or for more information regarding benefits and rates on Individual Care Blue contact the Associated Food & Petroleum Dealers at 248-671-9600.

Michigan’s most trusted name in health care.
bcbsm.com/icblue

Affordable coverage that’s there when you need it.

For years, many car wash operators have relied on oral representations by the Department that unmanned automatic, coin-operated car washes are exempt from sales tax in Ohio. The Department was only now attempting to limit Ohio’s sales tax exemption to wand style car washes, where the customer exits and physically washes a vehicle. Why the sudden change of position? Clearly, this case illustrates the danger of relying solely on oral representations of the Department.

Obtaining advice from the Department is a good first step. However, do not be lulled into a false sense of security. There are a large number of cases in Ohio that preclude a taxpayer from asserting a claim against the state based upon representations by the state. Unfortunately, you cannot point the finger at the Department of Taxation and claim they orally told you that an activity was not taxable. In fact, such oral representations were made in the Zip-Zap case to no avail.

The only procedure available in Ohio upon which a taxpayer may rely is the cumbersome procedure of obtaining a written opinion from the Tax Commissioner regarding the relevant activity. Once a written opinion is obtained, a taxpayer may rely upon that opinion and plan accordingly. Oral representations by the Department are non-binding. The Department can orally represent its position and act adversely to that position without incurring any harm.

What did we learn and what can we take away from the Billman and Zip-Zap cases? We simply learned that coin-operated, unmanned automatic car wash transactions are indeed exempt from sales tax in Ohio as long as no personal property and no personal services are provided as part of the transaction. As shown in Zip-Zap, if any personal services, such as hand drying, are provided to customers as part of car wash transactions, those sales will be subject to sales tax in Ohio.

The second thing to take away from this case is to be cautious when tax planning. As shown in this case, the Department is willing to contradict itself. Exercise extreme caution when obtaining oral advice from the Department.

At the end of the day, this is a large victory for operators of automatic, coin-operated car washes. Relish the moment.
Continued from page 14.

Martha G. Scott, citizens of the 2nd Senate district, hosts an annual health fair for the Senate office, the Foundation. In conjunction with President of the M.G. Scott Foundation also has provided scholarships to high school students to participate in the Youth in Government program and is working toward the renovation and re-opening of the Highland Park Public Library.

Senator Scott is Past President of the National Council on Alcoholism and Drug Dependence-Greater Detroit, and Past Present Secretary of the National Foundation for Women Legislators. She is the Vice-Chair of the Committee on Insurance for the National Black Caucus of State Legislators, and Michigan State Director for Women in Government. Senator Scott is a member of the Citizens for Better Care Board of Directors; the Citizens for Better Government Executive Board; the Detroit Public Schools Transition Team; Gamma Phi Delta Sorority, Beta Alpha Chapter; Horizon Health System Osteopathic Founder's Council; the Michigan Children's Trust Fund Advisory Committee; the Michigan Academy Team on Homeless Families and Children; the Youth in Government Board of Directors; and many other organizations. Senator Scott is also a 1998 Fellow at the Bowhay Institute for Legislative Leadership Development.

Awards

Senator Scott is the recipient of Michigan NOW’s Legislator of the Year Award-Senate (2005); the Women’s Institute for Spiritual Enrichment, St. John Christian Methodist Episcopal Church’s Woman of Excellence Award (2005); Fight Crime: Invest in Kids’ Crime Fighters Award (2004); the Michigan Democratic Women’s Caucus Eleanor Roosevelt Award (2004); Michigan’s Children’s Do Something Wonderful for Children Award (2002); and the National Association of Negro Business & Professional Women’s Club-Detroit’s Sojourner Truth Award (2002). While she was a member of the Michigan House of Representatives, constituents in Hamtramck presented her with an Outstanding Leadership Award for her continued work on Bilingual Education at Eastern Michigan University.

Biography

She is a South Carolina native and graduate of Highland Park Public Schools and Highland Park Junior College. In 1990, she received an honorary Doctorate of Law degree from the Urban Bible Institute of Detroit, and an honorary Doctorate of Humanities from the Tennessee School of Religion. Senator Scott retired in 1986 from Michigan Bell after 26 years of service. She has two children, a son and a daughter and two granddaughters. She is an active member of the Russell Street Missionary Baptist Church in Detroit.

Contact the senator

To reach State Senator Scott, please call 517-373-7748, email SenMScott@senate.michigan.gov or write State Senator Martha G. Scott, PO Box 30036, Lansing, Michigan, 48909-7536.

Consumers with plastic spend more on vending machine purchases

A new USA Technologies survey reveals that consumers spend more on vending machine purchases when they use their plastic instead of cash. According to USA Technologies, a provider of wireless, cashless, micro-transactions and networking services, the survey shows "a continuing strong shift towards cashless vending, and that consumers buy more expensive items when they use their credit cards," notes a press release.

On average, the survey found that consumers spend 32 percent more per transaction when using a credit card. Specifically, consumers using plastic spend 35.1 percent more on beverages and 34.2 percent more on snacks.

"Consumers are using their credit cards in increasing numbers when purchasing from vending machines," said USA Technologies Vice President of Marketing Wendy Jenkins in the release. "More innovative vending operators are discovering the multiple benefits of adopting cashless vending to improve their business performance." - NACS
Want to know how your Michigan senators and representatives voted on bills that effect the food and petroleum industries? Here are three bills from 2006 and the voting record:

**Senate Bill No. 50**
**Catering Bill**
(Allowing Class C Retailers to Sell Liquor Off Premise)
Senate Passed - Voting Record

Yes, for the Bill—35
Allen, Clark-Coleman, Jelinek, Scott, Barcia, Cropyee, Johnson, Sikkema, Basham, Emerson, Stamas, Birkholz, Garcia, Leland, Switalski, Bishop, George, McManus, Thomas, Brater, Gibert, Oshove, Toy, Brown, Gschka, Patterson, Van Woerkom, Cassis, Hammerstrom, Prusi, Whitmer, Cherry, Hardiman, Sanborn

No, Against the Bill—1
Jacobs

Excused—2
Clarke, Schauer

Not Voting—0

**House Passed - Voting Record**

Yes, for the Bill—57

No, Against the Bill—1
Hood

**Senate Bill No. 456**
**Liquor Reduction Bill**
(Allows MLCC to lower price of certain slow moving liquor inventory)
Senate Passed - Voting Record

Yes, for the Bill—48

No, Against the Bill—14

**House Passed**

Yes, For the Bill—92

No, Against the Bill—1
Acciavatti, Gaffney, Williams, Anderson, Gleason, Miller, Wojno, Bennett, Lepse, Smith, Alma, Zelenko, Bieda, McConico.
Our brands lead to some **beautiful relationships**.

Here’s to beautiful relationships.

**DIAGEO**


Relationships are often built while people are enjoying one of our brands. And relationships with our wholesale and retail customers are of utmost importance to Diageo. We want you to enjoy the benefits of our brands as much as consumers do.
Lottery breaks its own record for third consecutive year

Although we are still awaiting the final audited figures, our preliminary totals at the end of September showed a School Aid deposit of $686 million, $2.2 billion in sales, $1.3 billion in prizes paid and $165 million in commissions paid. These increases are significant over last year’s totals: the net to education is up 2.8 percent; sales are up 6.9 percent; prizes awarded are up 9.1 percent, and of great importance to you, commissions are up 9.3 percent. It is clear that with all out retailers, none of these milestones would have been reached. On behalf of the state of Michigan, I thank you for all your hard work in making the Michigan Lottery a success.

Raffle Reminder
The Millionaire Raffle is now in full swing and with only 500,000 tickets available, we expect this game to sell out very quickly. The Millionaire Raffle represents the best chance ever offered by the Michigan Lottery to win $1 million of the Millionaire Raffle ticket. Retailers will earn $1.20 commission on each $20 ticket sold and each retailer who sells one of the five $1 million winning tickets will receive a $5,000 bonus commission.

Lottery Conferences
The Lottery’s Web site (www.michigan.gov/lottery) is updated daily to report the sales progress of the Millionaire Raffle ticket. Retailers will earn $1.20 commission on each $20 ticket sold and each retailer who sells one of the five $1 million winning tickets will receive a $5,000 bonus commission.

For the third consecutive year, the Michigan Lottery has set a record in contributions to the state School Aid Fund, sales, and prizes and commissions paid.
Energy drinks find niche among young adult, teen consumers

Energy drinks are soaring among young adults and teens looking for a quick jumpstart to their day or boost before hitting the books, reports the Pittsburgh Post-Gazette. For sleep-deprived Point Park University student Terrel Williams, downing a Red Bull makes him feel like the "Million Dollar Man." Williams, who also works 30 hours a week, drinks an energy drink to "jumpstart him during his groggiest moments" and accelerate his energy level from "practically comatose to totally hyper in a matter of minutes," said Williams, adding that he tries to limit his energy drink consumption to three a week. "It's a desperation measure," he said. "It is a last attempt to stay awake.

Just last month, the newspaper reported, attendees of the NACS Show 2006 saw nearly 100 brands of energy drinks on the expo floor. Teen trendspotters also commented during a panel session that the most common product they purchase in a convenience store is an energy drink or some type of packaged beverage. "For people in their 20s and 30s, energy drinks are like coffee," said NACS spokesman Jeff Lenard. According to Beverage Digest editor and publisher John Sicher, energy drink sales totaled $3.5 billion in 2005 and are up by 75 percent this year. "Americans are getting more and more interested in beverages that do more than refresh and taste good," Sicher told the newspaper, adding, "They are looking for beverages they believe have some kind of function."-NACS

Company pays employees to quit smoking

Oklahoma-based food distributing company Sysco Inc. became a smoke-free workplace on November 17. In order to help employees quit smoking, company officials have come up with a plan—pay them to stop.

"We wanted to use a positive way to help our employees quit using tobacco," Sysco Director of Human Resources Dave Martin told the Norman Transcript, adding, "And one way to do that is our pay initiative." Martin told the newspaper Sysco employees who signed up for the program before the November 16 deadline and stay "smoke (or tobacco) free for six months will receive $25 in incentive pay" for each year they have been employed by the company.

"So far the response has been positive," commented Martin, noting that about 16 employees have signed up for the program.

Paul Poole, a supervisor in the company's warehouse and smoker for 17 years, told the newspaper he is pleased by the company's offer. "I think it's a fantastic opportunity. It's a chance for me to change," he said.

Martin noted the even though Sysco is going smoke-free, the company's new tobacco policy won't affect hiring decisions. "If we hire a new person who smokes, then we will inform that person of our new policy and support their efforts to quit," he told the newspaper. "The bottom line is a better working environment for our employees," added Martin, noting that message comes from "the CEO down" to create "a better environment for our employees."

In January 2005, NACS Daily reported another controversial attempt by Michigan-based Weyco Inc. to deter smoking by its workers. The company announced that it would fire any of its employees who smoked either on or off site, and fired four employees who refused to take a test to determine whether they smoke cigarettes.

A balancing act for the serious investor.

The most important investment decision you may ever make won't be the choice of a stock, bond or mutual fund. It will be how you decide to allocate your assets. Most industry experts believe that up to 90% of long-term returns are directly attributable to this one decision. Asset allocation helps reduce risk and volatility. Lincoln Financial Advisors can help you and your advisors develop and maintain a personalized, long-term asset allocation plan—one that balances things just the way you want. Find out more. Call us today.

Michael J. LoGrasso CLU, ChFC and John M. Bussa
Lincoln Financial Advisors
1000 Town Center, 26th Floor, Southfield, MI 48075
800-382-8122
Thousands of NACS Show 2006 attendees used hand-held scanners in the Cool New Products Preview Room to scan their top product choices and receive a comprehensive print-out of where to locate those selected products on the Show floor. Over the course of four days, a cumulative 17,701 new products were scanned: the overall top 10 scans from the NACS Show 2006 were:

- Norwegian Jakes Lunch Boxes (Norwegian Jakes)
- Ready to Go Snacks (Ready Pac)
- ItzaGasCan (Delta Marketing Inc.)
- Produce Foam Basket (JSI Store Fixtures Inc.)
- Wrigley’s Altoids Dark Chocolate Dipped Mints (Wm. Wrigley Jr. Co.)
- Gas Station TV (Gas Station TV dba GSTV)
- E6-MU Espresso/Cappuccino Machine (Schaerer USA Corp.)
- Chiquita To Go (Chiquita Fresh North America LLP)
- Sour Wave Juice Drink (joint venture between American Beverage Corp. and Innovative Candy Concepts)

The hand-held scanners also developed reports listing each day’s top 10 scans. The overall top scanned item, Norwegian Jakes Lunch Boxes (Norwegian Jakes), was the top item scanned on October 9, 10 and 11. On October 8, the top scanned item was Produce Foam Basket (JSI Store Fixtures Inc.).

The Cool New Products Preview Room included products for resale, floor and counter-top displays, shelving, technology and other types of services and equipment. For the first day and a half of the NACS Show 2006, retailers, wholesalers and distributors had exclusive access to the area where they were able to see new products even before the expo floor officially opened. The scanning devices allowed them to capture product information and develop a roadmap to the expo floor to find and make the right connections with exhibitors,” says Kevin Schmuckal, vice president of retail operations with Schmuckal Oil Company (Traverse City, MI). “Over the past few years, the Cool New Products Preview Room has become the ultimate destination to discover all that is new for the industry. Retailers once again used the room to get a jump start on which suppliers they planned to see and connect with on the expo floor – as well as after the Show,” notes NACS Director of Event Marketing and Communications Stephanie Robertson.

The NACS Show 2007 will take place November 6 to 9 in Atlanta, Georgia.
Does Your Distribution Company Offer Over 200 Services?

Hardly Small Potatoes.

For information on how Spartan Stores can help your business succeed call 616-878-2248 or visit our web site at www.spartanstores.com