

BottomLine

THE VOICE OF INDEPENDENT RETAILERS // VOL. 26, NO. 4 // APRIL 2015



We the People of
insure domestic Tranquility, provide for the common defence
and our Posterity, do ordain and establish this Constitution

Article I

Section 1. All legislative Powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.

Section 2. The House of Representatives shall be composed of Members chosen every second Year by the People of the several States, and the Electors in each State shall have Qualifications requisite for Electors of the most numerous Branch of the State Legislature.

No Person shall be a Representative who shall not have attained to the Age of twenty five Years, and been seven Years a Citizen of the United States, and who, when elected, shall not, when elected, be an Inhabitant of that State in which he shall be chosen.

Representatives and direct Taxes shall be apportioned among the several States which may be included within this Union, according to their respective Numbers, which shall be determined by adding to all free Persons, including those bound to Service for a Term of Years, and excluding Indians not taxed, three fifths of all other Persons. The actual Enumeration shall be made within three Years after the first Meeting of the Congress of the United States, and within every subsequent Term of ten Years, in such Manner as they shall by Law direct. The Number of Representatives shall not exceed one for every thirty Thousand, but each State shall have at least one Representative.

And until such Enumeration shall be made, the State of New Hampshire shall have three Representatives, Connecticut five, New York six, New Jersey four, Pennsylvania five, Delaware three, Maryland five, Virginia four, North Carolina five, and Georgia three.

When vacancies happen in the Representation from any State, the Executive Authority thereof shall issue Writs of Election to fill such Vacancies.

The House of Representatives shall choose their Speaker and other Officers; and shall have the sole Power of Impeachment.

Section 3. The Senate of the United States shall be composed of two Senators from each State, chosen by the Legislature thereof for six Years; and each Senator shall have one Vote.

Immediately after they shall be assembled in Consequence of the first Election, the Senate of the first Congress shall be vacated at the Expiration of the second Year; and at the Expiration of the sixth Year, so that one third may be chosen every second Year, so that one third may be chosen every second Year, so that one third may be chosen every second Year.

Each of the Senators shall have the Qualifications requisite for Electors of the most numerous Branch of the State Legislature.

No Person shall be a Senator who shall not have attained to the Age of thirty Years, and been seven Years a Citizen of the United States, and who, when elected, shall not, when elected, be an Inhabitant of that State in which he shall be chosen.

The Vice President of the United States shall be President of the Senate, but shall have no Vote. He shall hold Office for four Years, and may be re-elected.

The Senate shall have the sole Power to try all Impeachments, when sitting for that Purpose, and shall decide by a Majority of two thirds of the Members present.

Section 4. The House and Senate shall have the sole Power of Impeachment, and the Senate shall have the sole Power to try all Impeachments, when sitting for that Purpose, and shall decide by a Majority of two thirds of the Members present.

Section 5. Each House shall be the Judge of the Elections, Returns and Qualifications of its own Members, and may determine the Rules and Proceedings of its own House, and may punish its Members for disorderly Behaviour, and may, with the Concurrence of two thirds, expel a Member.

Section 6. Each House shall have the sole Power to adjourn or to adjourn for less than three Days, and may be adjourned to any other Place within the United States, and may, with the Concurrence of two thirds, expel a Member.

Section 7. Each House shall have the sole Power to originate Bills for raising Revenue, and Bills for appropriating Money, and may, with the Concurrence of two thirds, expel a Member.

The Process of a Bill Becoming a Law

The legislative process is often long and laborious. Anyone can introduce a bill but then there is a process.

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■ Promotional Ideas Create Excitement and Build Customer Loyalty // PAGE 12

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OHIO REPORT //

HUGE STATE TOBACCO TAX INCREASE WILL HURT FAMILY-OWNED RETAILERS

It seems counterproductive to offer someone an income tax cut while hurting their ability to earn an actual income. Sadly, that is exactly what the state budget plan currently being debated by Ohio legislators will do to many struggling small business owners.



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AFPD THROWBACK //

PROMOTIONAL IDEAS CREATE EXCITEMENT AND BUILD CUSTOMER LOYALTY

Now and then we may find ourselves in a rut, doing the same job over and over. Are your sales flat? Has a competitor moved in to your neighborhood? Are employees becoming dissatisfied? Maybe it's time to shake things up.

ORIGINALLY PRINTED IN THE MAY 1995 ISSUE OF THE AFD FOOD & BEVERAGE REPORT



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COVER STORY //

THE PROCESS OF A BILL BECOMING A LAW

The legislative process is often long and laborious. Anyone can introduce a bill but then there is a process.



chairman's message

JOHN DENHA // AFPD CHAIRMAN

Support Companies that Support You

The past few months have been a whirlwind. Even though my family has been a member of AFPD for over 30 years and even though I have served on the AFPD Board of Directors for over 10 years, I still had no idea how much work the AFPD staff does on a daily basis, including their high level of influence within government.

Since being elected Chairman of the Board, I have traveled to Cleveland, Ohio and Bay City, Michigan and I check in with the AFPD administration a few times a week. Keep in mind that all the board members, including myself, are strictly volunteers and we still work our regular jobs as well.

Some say 'what does AFPD do' or 'AFPD should market their services better', but the reality is that when we market all our programs and services in our different publications, I have heard some members say it's too much information to read! So, my push the next few years will be to host town-hall-style meetings for members and prospective members. We want to hear from you! Your concerns, your needs and what you would like us to tackle and accomplish.

This month's cover story focuses on the legislative process and how much time and money it can take to introduce a bill and turn it into a law. AFPD spends conservatively over \$200,000 a year just on the legislative processes in Michigan and Ohio. How many of our members would be able to do this on their own? Probably not too many. This is why we need to always remember there is strength in numbers and even if you compete with another retailer across the street, you both need to become and remain members of AFPD for the greater good of the industry.

Suppliers understand this well, but at times I hear liquor stores complain about gas stations and gas stations complain about grocery store and grocery stores complain about the big box retailers. It is no secret the competition is fierce and more people are fighting over a shrinking pie, so all retailers need to adapt and change or they will become part of history as they close their business. As retailers, we cannot blame the world or our competition. We need to look in the mirror and challenge ourselves to be better! Competition is what makes this country and this industry so great. Our industry will continue to change and if there is one thing I recommend you do, it's make sure to support the companies that support your business.

For instance, as AFPD Chairman, the first question I ask new vendors who want to sell me products for my supermarkets is 'are you an AFPD member'? If they answer no, I strongly recommend they join AFPD and then come back and see me. We all need to ask our vendor partners to join AFPD. AFPD spends a lot of money watching out for the little guys like me. Who else is fighting a \$1 per-pack tobacco tax increase in Ohio? Who was the major catalyst behind the CAT tax turning into the PAT tax in Ohio? Who changed the food stamp distribution system in the state of Michigan which many other states now follow? Whose bill ended the 1.85% liquor tax in Michigan? Who continues to work tirelessly for you? The answer to all these questions is AFPD! AFPD's sole purpose is to represent and serve you, the AFPD member.

If you are in the area, feel free to come by the AFPD office and take a look at all the legislative bills AFPD has been a part of, which we have framed with the pens used by Governors' Snyder, Kaisch, Granholm and others throughout the year. ■

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THE VOICE OF INDEPENDENT RETAILERS

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petroleum news & views

EDWARD WEGLARZ // AFPD DIRECTOR, PETROLEUM

Spring is Here

The last remnants of snow have disappeared! Now Spring is upon us, and it's time to shape up, and address the issues at your station that you were "putting off" until after Winter. Any and all stores took a beating during the past, cold, prolonged winter. Get a jump on the competition and spruce up for the warm weather.

Gasoline prices are about a dollar or more less than this time last year, but the motorist still doesn't want to get short-changed at the pump. As a retailer, you should take extra care to be sure your dispensers are accurately calibrated, within legal tolerances. You don't want to "short" the motorist, but you can't afford to "over-pump" either.

Outward appearance can attract customers. Consider power-washing your building, your canopy, your reader board (and the letters used on your reader-board). Check out your digital displays and see if everything is working properly. Take time to do a night-time ride and check out the exterior lighting. Working lights attract customers, and keep the bad guys away.

When it comes to pump islands: clean and wash the pump cabinets, pump toppers, attached informational signs, and decals.

Wash your windows, inside and out, and replace outdated and worn signage.

Summertime changes the customer's habits. Consider rearranging your ice cream freezer placement. Upgrade your "slushy" and frozen drink machine offerings. Have adequate packaged ice available. Some customers want chilled candy bars in the summer.

Determine the needs of the landscape and construction workers' who visit your store in the



morning. Have lunch options that are "cooler friendly" available for them when they visit in the morning for coffee and donuts.

Clean the floors, dust-off the merchandise, replace burned-out light bulbs, and use some elbow grease on the countertops and display cases. Pricing, cleanliness, and attractiveness all enter into the consumers buying decision.

From a maintenance viewpoint, it's time to address the issues you put-off all winter. Fix and repair the cracks in your driveway. Paint the pump island bases, the protective poles (bollards), and the curbing. This is also the time to repaint your fuel fill covers, after a long, hard winter.

Use a vacuum cleaner to clean-off the coils on your coolers, freezers, and A/C units. Replace filters as required. They will operate more efficiently, save money on utility expenses, and reduce the frequency of service calls.

Remember it's necessary to differentiate your business from other sites providing the same or similar offerings. Cleanliness can be the difference maker; be the store where the customer decides to spend their money. ■

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ohio report

PAUL ELHINDI // AFPD VICE CHAIR, PETROLEUM AND AUTO REPAIR

Huge State Tobacco Tax Increase Will Hurt Family-Owned Retailers

It seems counterproductive to offer someone an income tax cut while hurting their ability to earn an actual income. Sadly, that is exactly what the state budget plan currently being debated by Ohio legislators will do to many struggling small business owners.

The new state budget proposal seeks to increase taxes by \$5.2 billion. While the plan includes a small income tax cut for small business owners, its proposed tax increases, especially a massive tobacco tax increases, would be devastating to many family-owned retail and convenience stores.

That's because cigarette sales are an important source of revenue for many Ohio retailers. In some stores, cigarettes account for nearly one-third of all sales. This is helpful for building downtown stadiums and augmenting state tax coffers. And government always looks to increase tobacco taxes to fund various pet projects. However, there is a tipping point where tobacco taxes hurts small retailers and actually reduces government revenue.

This is already happening in Ohio.

Revenue collected from cigarette taxes in Ohio has declined by a nearly 6 percent a year over the last 10 years. In fact, cigarette taxes are such an unstable source of government revenue that the National Conference of State Legislatures has long advised states to not count on it when crafting state budgets.

It comes down to simple economics. When the cost of a product people want continues to increase, consumers will eventually seek out a more affordable way to get the product. In the case of cigarettes and other tobacco, this almost certainly includes crossing state borders and even buying online, completely tax free.

The proposed one-dollar cigarette tax increase



will take the average cost of a pack to \$7.33 in Ohio, the highest among the five states that border Ohio. Other tobacco products will also be significantly more expensive in Ohio, thanks to a proposed tax increase of more than 250 percent.

Retailers near our state's borders will be hurt the most by this huge tax increase. These stores will not only lose tobacco sales to neighboring states; sales of other products usually bought at the same time would fall, too, costing Ohio retailers more than \$180 million in lost sales. For retailers and wholesalers the lost sales will translate into lost gross profit in excess of \$209 million.

Other Ohio retailers will be hurt by black market sales. It should come as no surprise that a high cost over-the-counter product like cigarettes will encourage underground markets. In fact, cross-border cigarette smuggling is on rapid increase across the country.

In 2014, cigarette smugglers cost state and federal coffers \$7 to \$10 billion in lost revenue, according to the Federal Bureau of Alcohol, Tobacco, Firearms and Explosives.

All things considered, increasing Ohio's tobacco taxes to the highest in the region does not make a lot of economic sense. Ohio's more than 12,000 retailers will suffer, smuggling will increase and the government certainly will not receive the revenue it expects.

While cutting income taxes for some small businesses may seem helpful, promoting policies that help those businesses to stay is more important. ■

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communications corner

VANESSA DENHA-GARMO // FOUNDER, DENHA MEDIA AND COMMUNICATIONS

Why Independent Retailers Should Care About Public Relations

One thing I have learned about media relations, public relations and writing is that people either don't get it or they think they are an expert in it even if they have never had experience in it.

Unlike other degrees and professions, mine is not so clear cut. You go to medical school, you become a doctor; law school and you become a lawyer and with an accounting degree well, you get it.

Even though I define myself as a career journalist, I service my clients as a communications strategist. What does that mean? My area of expertise lies in content creation, public relations and media consulting.

You – the independent retailer – may be thinking; why would I need PR?

The vehicles used in communication can be driven by all industries but where you are going may not be the same place.

Everyone can use social media, traditional media, newsletters and other outlets to promote their business, service or product, but how you use each may not be the same.

Just remember, your content is key.

Whenever you set out to tell your story, you need to first know your audience and know them well. What do your customers care about? What do they eat? Do they tend to use coupons?

Where one customer base buys mostly ethnic foods, others may be shopping only the outside parameters of the store as health conscious eaters.

Once you know your audience, you can start crafting your message.

Much of what is in the news – on TV, Radio, Internet and print – was “placed”. Basically, it was provided by a publicist or PR professional. The resources in media are becoming increasingly limited and supplying news



worthy stories that are relevant to the audience have a significant chance of being “placed”.

We have helped AFPD members like Prince Valley get placed in the news promoting ethnic products related to national holidays. Knowing how to use the media to tell your story could set you apart from your big-box or chain competitor.

So why else should you care? More and more people are engaged on social media. Having a social media strategy will enable you to promote in-store sales, products and store events to your customer base. And, photos and videos can help tell the story.

Whether you are using traditional media or social media to tell your story, the basic journalism questions still apply and you must answer them. Who is involved? What is going on? Where is it happening? Why is it happening and how is it happening?

Every year, we promote the AFPD Turkey Drive and answer the same questions in our press pitch before we reach out to the media.

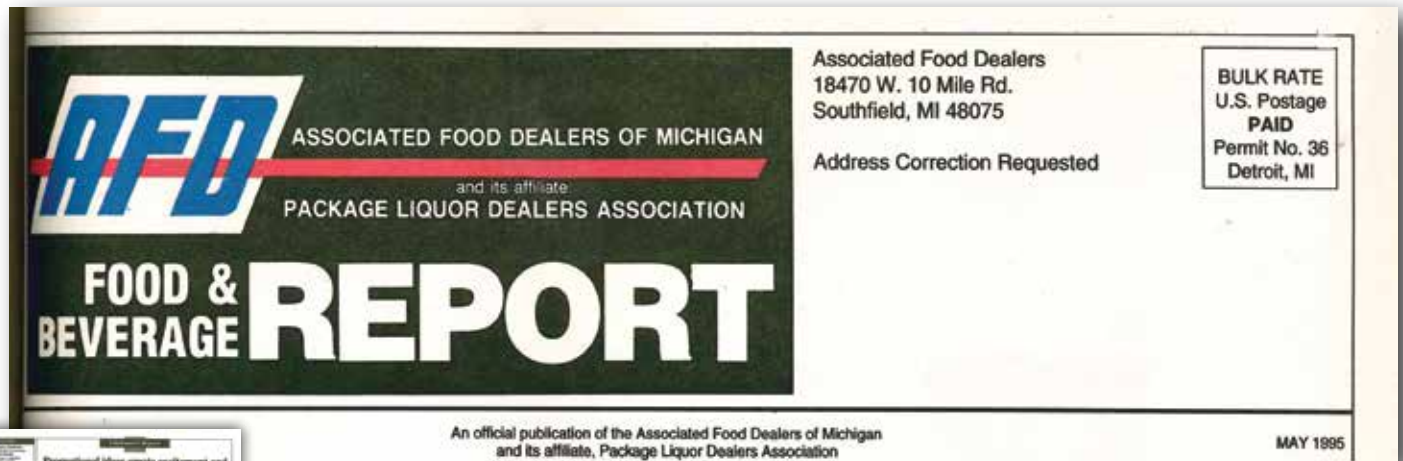
So before you promote a topic or event, answer the questions the reporters and public will ask:

- Did it happen yet or when will it happen?
- What makes this event different?
- How does this affect the community?
- Are there noteworthy people involved?
- What is the human-interest angle?
- Why is it important for the public to know about this?

If you can answer these questions, you just might have a noteworthy news story the media would love to tell. ■

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ORIGINALLY
PRINTED IN THE
MAY 1995 ISSUE
OF THE AFD FOOD &
BEVERAGE REPORT

Promotional Ideas Create Excitement and Build Customer Loyalty

■ BY NABBY YONO // AFD CHAIRMAN 1995

Now and then we may find ourselves in a rut, doing the same job over and over. Are your sales flat? Has a competitor moved in to your neighborhood? Are employees becoming dissatisfied? Maybe it's time to shake things up.

Here are a few ideas we've culled throughout the years. Maybe one or two will work for you.

MOTHERS' DAY CAKE DECORATING

Set up a stand the Saturday before Mothers' Day and sell frosted; undecorated cakes. Provide a table and cake decorating supplies. Kids decorate the cakes for Mom.

SORRY COUPONS

When your store makes a mistake, give a specially developed coupon to the customer. Coupon says sorry, and is valid for a free homemade pie (or other goodie). Management only can give out the coupon.

BIRTHDAY CARDS

Instead of giving out the same old birthday cards to your employees, add something extra; a \$1 lottery ticket.

FREE FRUIT CLUB

Provide a punch card, customer gets one punch with \$20 purchase. Four punches and the customer receives free fruit. (You determine amount or type.)

BAG REFUNDS

Promote this in your circular. Provide 5 cents (or a price you pick) for each bag the customer re-uses. Great for environment and good for store loyalty too.

CHARITY JEANS

Choose one day each month where employees can wear jeans. Each employee pays \$1 for the privilege. Store matches dollar-for-dollar and donates the money to a local charity.

MARVELOUS MEMOS

Build team chemistry and employee satisfaction by sending a "Marvelous Memo" to recognize a job well done. Also post memos on a bulletin board.

HAM IT UP

During the week before Christmas and Easter, set up a ham stand, where an employee cuts ham in half or thirds using a hand saw. He/she also provides free cloves or glaze to customers purchasing hams.

LUCKY CART

Give a prize for the person who uses the lucky shopping cart of the day.

DISCOUNT STAMPS

Before Christmas, offer customers the opportunity to buy postage stamps at a discount, with a minimum purchase in your store.

Some of these ideas are old, some new, some are adaptations of promotions you've had before. The concept here is to get you thinking about ways you can promote your store, increase goodwill, create happy employees and increase traffic. ■

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DID YOU KNOW...

- Ohio smokers and OTP users paid over \$1 BILLION in tobacco related taxes and applicable sales tax in FY2014*. (*Excludes OTP sales tax)
- A cigarette excise tax increase of any amount would be paid by less than one quarter of Ohio's adult population, and an OTP tax would be paid by just over 4% of Ohio's adults who use smokeless tobacco.
- Almost 46% of Ohio smokers and more than 30% of other tobacco product users have a median annual household income of less than \$25,000. This is particularly the case for African American and Hispanic smokers.
- The Institute of Taxation and Economic Policy suggests that those making less than \$20,000 would see an income tax savings of just \$16 under the package.
- A pack a day smoker will pay an additional \$387/year in cigarette and related sales tax, which far exceeds potential income tax savings.
- Gross profits lost to Ohio retailers and wholesalers are expected to be \$209 million due to the decline of cigarette, other tobacco products, and sundry product sales.
- It is estimated that nearly 1,650 Ohio retailer and wholesaler jobs could be lost due to the cigarette tax increases, when fully implemented (based on estimated gross profit losses).

HERE'S WHY YOU SHOULD STAND UP:

“THERE IS NO SUCH THING AS A GOOD TAX” – Winston Churchill

A tax on tobacco is a tax on Ohioans. Ohio businesses and citizens are struggling to recover from one the most difficult economic downturns in history. The majority of Ohioans, business leaders, and government officials on both sides of the aisle want our state to be economically healthy and vital. Piling on any new tax burden will crush the fragile recovery. Taxes are not the answer. Stand up for Ohio by saying no to new taxes on tobacco.

TOBACCO TAXES HURT THE POOR & MINORITIES

Any tobacco tax increase is brutally-regressive. Lower income consumers are more likely to be smokers. Any proposed cigarette tax increase would be paid by less than one quarter of Ohio's adult population, and an OTP increase would be paid by just over 4 percent of Ohio's adults who use smokeless tobacco. Forty-two (42) percent of white smokers have annual median household income less than \$25,000 compared to 63 percent of African American smokers and 64 percent of Hispanic smokers.

This regressive nature has been proven over and over at state and national levels. The National Taxpayers Union, a nonprofit, nonpartisan citizen organization, has voiced its opposition to state cigarette tax increases throughout the country. In Ohio, an economic study measuring the impact of raising the state's tobacco tax shows that an increase would adversely affect the working poor. Any proposed tax hike will be paid by those who are least able to pay.

The Institute of Taxation and Economic Policy suggests that another cut to the state income tax will not provide the intended relief for low-income Ohioans. The analysis said the average income tax cut for someone who makes less than \$20,000 per year would be only \$16.

TOBACCO TAXES HARM OHIO RETAILERS AND WHOLESALERS

An increase also puts Ohio retailers and the entire state at a competitive disadvantage. Any tobacco increase would have a devastating effect on the profitability of Ohio's wholesalers,

It is estimated that 7,500 Ohio retailer and wholesaler jobs are supported by in-state tobacco sales.

Any tax increase will negatively impact jobs at Ohio's independent grocers, who employ 44,370 Ohioans.

*Ohio smokers and OTP users paid over **\$1 BILLION** in tobacco related taxes and applicable sales tax in FY2014.**

**Excludes OTP sales tax*

SOURCES

¹ Centers for Disease Control and Prevention (CDC). *Behavioral Risk Factor Surveillance System Survey Data*. Atlanta, Georgia: U.S. Department of Health and Human Services, 2012

² Institute of Taxation and Economic Policy

³ National Taxpayers Union, www.ntu.org

⁴ Keip Government Solutions, calculation, using Tax Burden and Ohio Department of Taxation tax tables

⁵ Orzechowski, W. & Walker, R.C., *The Tax Burden on Tobacco*, Vol. 48, 2013, and Vol 49, 2014 Arlington, VA

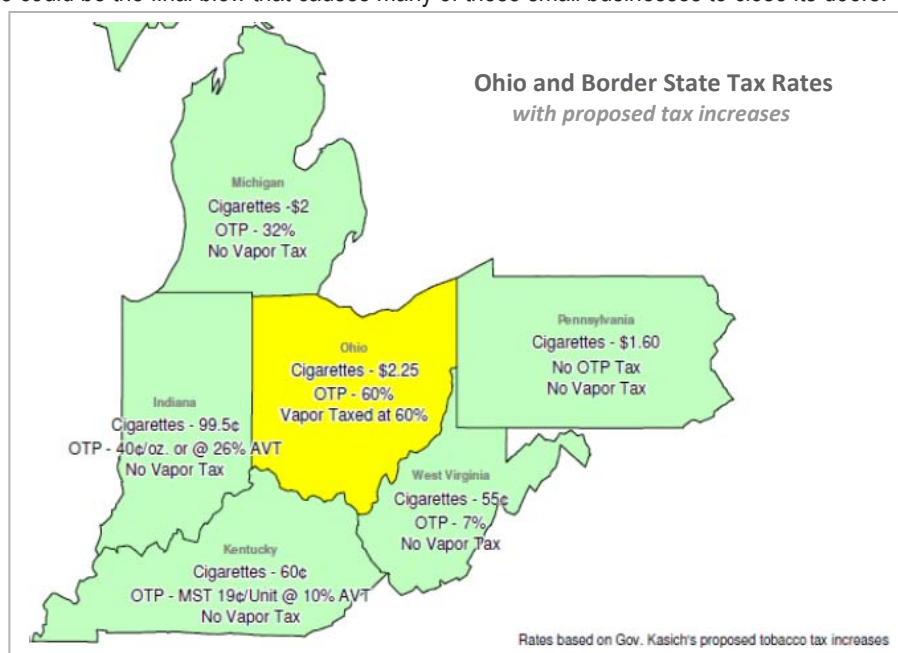
⁶ Orzechowski, W., Walker, R.C., February, 2014 Arlington, VA 2012

⁷ Ohio Grocers Association, www.ohiogrocers.org

grocers, and convenience store operators. Tobacco sales are important to Ohio retailers. Ohio stores sold 617 million packs of cigarettes in 2014 totaling more than \$3.4 billion in revenue. Customers also purchase other items while they are there, so the state loses significant tax revenue, and Ohio retailers lose sales.

As tax increases push prices higher, smokers and other tobacco product consumers will increasingly use other methods to get their tobacco without paying the higher Ohio taxes such as the Internet, military bases, and the black market. In addition, border states such as Indiana, West Virginia and Kentucky have lower excise taxes which give them a significant competitive advantage over Ohio's retailers. Moreover, Pennsylvania remains TAX-FREE on Other Tobacco Products. Any Ohio increase on OTP is only going to further black market activity and the loss of legitimate tax paid on Ohio wholesaler and retailer sales.

Retailers and wholesalers in Ohio operate with razor-thin margins. They are fighting for survival dealing with the uncertain economy, rising health care costs, and other mandates. Even a modest tobacco tax increase could be the final blow that causes many of these small businesses to close its doors.



AN INCREASED TAX ON TOBACCO WILL NOT YIELD DESIRED RESULTS

Contrary to conventional wisdom, a tax increase on cigarettes does not result inevitably in a revenue gain. Tobacco is an unreliable and declining source of revenue for the state. Statewide smoking bans, a national trend to stop smoking, product substitution, smuggling, and cross border sales are major factors making it difficult to accurately project cigarette excise tax revenues. In addition, if smoking cessation efforts continue to prove successful, there will likely be less pack sales equaling fewer dollars for the state coffers. Meanwhile, President Obama's current proposed federal budget includes a 94 cent per pack increase that will nearly double the existing federal tax on cigarettes. If this is enacted, Ohio's wholesalers and retailers will most certainly recognize a domino effect resulting in lowering pack sales, less jobs and less state tax dollars.

STAND UP FOR OHIO

Say **NO** to new **TAXES** on tobacco.

Associated Food and Petroleum Dealers
Ohio Association of Convenience Stores
Ohio Coin Machine Association
Ohio Council of Retail Merchants
Ohio Grocers Association
Ohio Licensed Beverage Association
Ohio Petroleum Marketers & Convenience Store Association

Ohio Premium Cigar and Pipe Association
Ohio Vapor Trade Association
Ohio Wholesale Marketers Association
General Cigar
Lorillard Tobacco Company
Reynolds American
Swedish Match
Swisher International



**Ohio Council
for Reasonable
Business Policy**



JUST THE FACTS

THE DAMAGING IMPACT OF A TOBACCO TAX INCREASE IN OHIO

THE GOOD

TOBACCO SALES STIMULATE OTHER RETAIL SALES & JOBS IN OHIO

- Ohio smokers and OTP users paid over \$1 BILLION in tobacco-related taxes and applicable sales tax in FY2014*. (*Excludes OTP sales tax)
- It is estimated that 7,500 Ohio retailer and wholesaler jobs are supported by in-state tobacco sales.
- Any tax increase will negatively impact jobs at Ohio's independent grocers, who employ 44,370 Ohioans.
- The average C-store sells about \$615,000 worth of cigarettes and other tobacco products each year, accounting for just over 36% of in-store sales. Nearly 66% of all tobacco sales occur in c-stores.

THE BAD

Additional taxes on tobacco would harm Ohio's already fragile economy and put state retailers and wholesalers at a competitive disadvantage.

- Tobacco tax increases would damage 12,000+ Ohio retailers that sell tobacco, including more than 3,000 mom and pop convenience store owners plus more than 70 wholesalers, who would see a loss in sales, profits and jobs.
- Sundry (tie-in) sales, or products normally bought in conjunction with tobacco products, would fall by \$185 million with the tax increases on cigarettes and other tobacco products.
- Ohio will lose both excise tax and sales tax because consumers can simply cross borders to lower taxed states or buy untaxed product that makes its way into Ohio through the black market. Pennsylvania has no excise tax on Other Tobacco Products.
- Ohio grocers could lose \$30.00 average grocery bag per smoker per week.
- Retailer and wholesaler gross profits lost are expected to be \$209 million due to the decline in cigarette, other tobacco product and sundry/tie-in product sales.
- It is estimated that nearly 1,650 Ohio retailer and wholesaler jobs could be lost due to the cigarette tax increases (based on estimated gross profit losses).

THE UGLY

A tax on tobacco unfairly targets Ohio's poor and minorities.

- State cigarette and other tobacco product excise taxes are regressive - paid by those least able to pay.
- Almost 46% of Ohio smokers and more than 30% of Ohio OTP users have annual household income less than \$25,000.
- A cigarette excise tax increase of any amount would be paid by less than one quarter of Ohio's adult population, and an OTP tax increase would be paid by just over 4% of Ohio's adults who use smokeless tobacco.
- Forty-two (42) percent of white smokers have annual median household income less than \$25,000 compared to 63% of African American smokers and 64% of Hispanic smokers.
- If a cigarette or OTP tax increases are used to help fund an income tax cut, smokers and OTP users still lose. A recent analysis says Ohioans making less than \$20,000 will see an income tax savings of only \$16.
- A pack a day smoker will pay an additional \$387/year in cigarette taxes and related sales tax, which far exceeds potential income tax savings.

THE REALITY

Tobacco taxes don't add up. They are an unstable, declining revenue source.

- Tobacco is an unreliable and declining source of revenue for the state.
- Statewide smoking bans, a national trend to stop smoking, product substitution, smuggling, and cross border sales are the major factors in making it difficult to accurately project cigarette excise tax revenues.
- New Jersey became the first state to see an actual reduction in cigarette tax revenues in the same year the tax rate increased. In fiscal year 2007, New Jersey raised the cigarette tax rate but the cigarette tax raised \$22 million less than the previous year.

SOURCES

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³ Orzechowski W, Walker RC, February 2014 Arlington, VA 2012

⁴ Keip Government Solutions, calculation, using Tax Burden and Ohio Department of Taxation tax tables

⁵ Ohio Grocers Association; www.ohiogrocers.org

⁶ Institute of Taxation and Public Policy

⁷ Heartland Institute; December 2008; www.heartland.org

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Another New Chapter for the “High-Five” Turkey Drive

Sponsored by the AFPD Foundation, an essay contest was opened to students in grades 6-12 as a follow-up to the very successful 2014 High Five Turkey Drive. The High Five Turkey Drive took place on November 20, 2014 and led to Andrews Osborne Academy (Willoughby, Ohio) students passing out turkeys and trimmings to over 200 families in Lake County who find themselves dealing with food insecurity. The turkeys and trimmings were supplied by AFPD - and the level of student engagement was so high that the AFPD Foundation offered to donate \$1,000 in support of an essay contest that would build upon the students' enthusiasm.

The essay contest challenged students to research food insecurity and think creatively about ways to make a positive impact on the problem. Their essays were

evaluated on three criteria: 1) degree of understanding of the problems of food insecurity; 2) the degree to which their idea could positively impact those problems; 3) the degree to which their idea could be fully implemented given the resources at the essayist's disposal.

Andrews Osborne Academy Junior, Bond Brewster, won the first annual High Five Essay Contest. Bond's essay - which is published below and on the AOA website - was very deserving of the top prize. And now Bond gets to decide which non-profit should receive her half of the prize (\$500)!

Congratulations to all of the participants, and a very special "thank you" to AOA parent Paul Elhindi, who is on the AFPD Foundation Board, for bringing the turkey drive AND the essay contest to AOA. ■



(L TO R) PAUL ELHINDI, BOND BREWSTER AND LARRY GOODMAN

ESSAY //

FOOD INSECURITY, OUR WORLD, AND A SOLUTION

■ BY BOND BREWSTER // GRADE 11

The High Five Turkey Drive is an event that creates an enormous, positive impact in both the states of Ohio and Michigan through the estimated donation of 6,000 turkeys annually. The turkeys are given to families who are in need and food insecure. The Turkey Drive has been happening in Michigan for 34 years and in Ohio for the past 5 years. Andrews Osborne Academy is fortunate enough to be the partner and donation sight for Northeast Ohio. The students and staff of AOA distributed around 400 turkeys in November of 2014 making our first drive a huge success. The Turkey Drive is

made possible by the AFPD Foundation. The AFPD Foundation was established in 1999 as the philanthropic arm of the AFPD, 'The Voice of Independent Retailers'. The foundation is dedicated to providing scholarships and promoting education through the food and petroleum industry. I would like to extend my gratitude to Mr. Paul Elhindi, an AOA parent and member of the AFPD foundation board, for his vision and leadership that brought the High Five Turkey Drive and essay contest to Andrews Osborne Academy. Food insecurity is a serious and immense issue that affects our community and

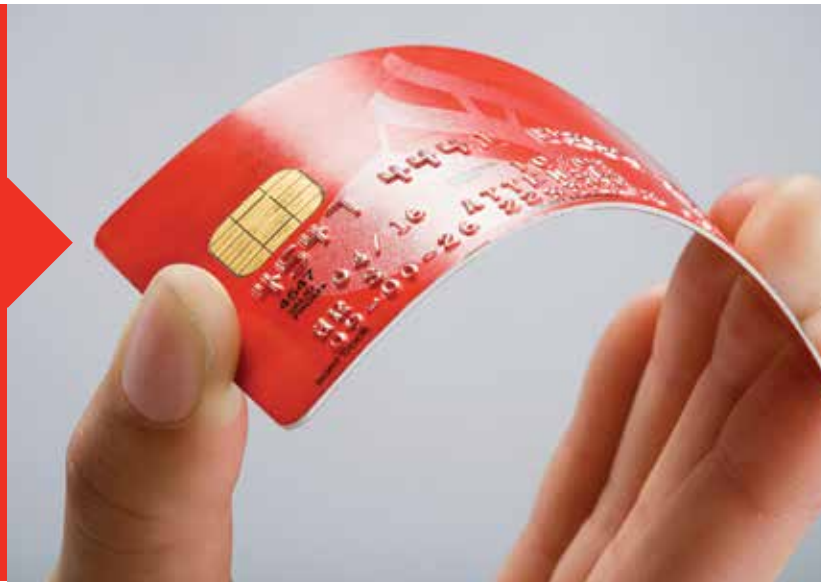
our world. The threat food insecurity poses and the great success found in this year's High Five Turkey Drive have driven me to gain a clear understanding of food insecurity as well as to develop a solution to hopefully one day bring food insecurity to an end.

Hunger is one of the darkest aspects of humanity. Hunger is a tragedy that affects and devastates the lives of millions in every country around the world. Those who suffer from hunger are considered to be food insecure.

ESSAY

continued on page 20

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ESSAY

continued from page 18

To be insecure means that a person is not confident or assured and that aspects of their lives are unclear, resulting in anxiety. Imagine feeling this way everyday of your life. 805 million people, or one in nine, in the world are considered food insecure.

Households with children suffer significantly more from food insecurities. Over 16 million children are forced to live each day with the fear of hunger. 45 percent of children under the age of five who are food insecure die each year which numbers 1.3 million children globally. Those who survive still live without proper nutrition which is devastating to a child's abilities to perform academically and physically. With immeasurable obstacles blocking their paths, not only will their own futures suffer, so will the future of America. It seems almost impossible to believe that something most Americans never worry about and dispose of freely could end up crippling the America we know today (www.Feedingamerica.org).

4.8 million people over 60 (or 8 percent) are food insecure. Many also suffer from severe mental and physical health risks. 60 percent suffer from depression; 53 percent report heart attacks; 52 percent are likely to develop asthma; and 40 percent develop congestive heart failure. 1.1 million people face these challenges alone. Unfortunately the number of food insecure elderly is expected to increase 50 percent by 2025 (www.feedingamerica.org).

Food insecurity does not stop with children or the elderly. Nearly forty nine million people live with food insecurity in America with 1 in 6 people in Ohio suffering from food insecurity. Ohio is ranked thirty second on the Nation's food insecurity scale. 320,940 people and 97,000 children in Northeast Ohio are food insecure with Cuyahoga county ranking number one on the food insecure

scale in 2012. The Greater Cleveland Food Bank contributes significantly to assisting residents of Northeast Ohio who are food insecure. With the 40.7 million pounds of food, the Cleveland Foodbank produced and distributed 45 million meals. The Cleveland Foodbank contributes significantly to reducing hunger in our community, however those 45 million meals are not enough to sustain all who are suffering from food insecurity. Help is needed to keep efforts going to produce enough meals to feed the hungry men, women, and children of America everyday (www.greaterclevelandfoodbank.org).

We, as humans, must stop associating the concept of sacrifice with negativity. Instead we must consider sacrifices as rewarding and put an end to our materialistic views. The thought is what counts and in the end the thought of one less starving man, woman, child, or family should be enough to satisfy any giver. In order to facilitate this humanitarian change we need to access the aid of the education system. Education systems impact today's youth in immeasurable ways. They teach children throughout their lives and leave them with global views. Therefore, the education system is the key to teaching this new vision of America, one where sacrifices such as volunteer work and giving are considered to be gains instead of losses. Teachers, the men and women who spend an average of 1,204 hours a year with America's youth, are crucial to this development.

The future should be one free from hunger and food insecurity. People need to be educated and immersed in a society that shines a light on hunger and we, the students of Andrews Osborne Academy, can do our part toward obtaining that goal. All who assisted in the High Five Turkey Drive felt the great and non-materialistic reward of giving aid to our community, but we cannot stop here. We must continue to collaborate with the Greater Cleveland Food Bank and open our doors to other organizations

to continue this growth of awareness. By educating our students and faculty about food insecurity and being open to making a deeper commitment to our own community we will become the model school for this movement. Ending the threat of food insecurity may seem unimaginable, however if we make others more aware of this problem, Northeast Ohio will be on its way to improvement along with America. Through education our own students will be able to use their resources and assets to make a difference and to set an example in our community. They will know how great the need of establishments such as the Greater Cleveland Food Bank are for resources and how a few hours of their time can mean the difference between life and death for others. With AOA's continued collaboration with the Greater Cleveland Food Bank, other schools will begin to catch on to the ideas behind this movement and more aid will follow. Another way we can drive this movement is by incorporating a day, each month, where we as a school collect food items to donate. We can even access the help of our community by reaching out to our local groceries. We can propose the idea of establishing a relationship where shoppers at the grocery can donate food items at a designated spot. By including information about those in need more awareness of food insecurity will be generated. A large movement is necessary to end hunger not only in Northeast Ohio, but America and these actions by our students, staff, and families can become the cornerstone of this process.

America prides itself on its foundations of freedom. Throughout history America has given support, no matter what the costs, to assist others in finding their freedom and making the world a better place. One enemy to humanity today is hunger and it must be stopped. People need to be freed from the fear, pain, and devastation of hunger. In order to make this possible America needs to start at home. ■

SAY NO TO HOUSE BILL 64

Protect your business from higher tobacco taxes

The Ohio State Legislature wants to pass House Bill 64, which will:

- Hike the state cigarette excise tax by \$10.00, making the tax \$22.50 per carton
- Hike the tax on other tobacco products (like dip and cigars) by 250% to 60% of the wholesale price
- Impose sales restrictions on cigarettes that include coupon bans
- Impose a NEW tax on E-Cigarettes and related supplies that would nearly double the price

WHAT YOU NEED TO KNOW

The Ohio legislature wants to increase the state cigarette excise tax by 80% to \$22.50 per carton!

This \$10.00 per carton increase would mean a carton of cigarettes would cost more in Ohio than surrounding states:

- \$17.00 per carton MORE than West Virginia
- \$16.50 per carton MORE than Kentucky
- \$12.55 per carton MORE than Indiana
- \$6.50 per carton MORE than Pennsylvania
- INCREASING state tobacco excite taxes would hurt your business and it is time to act!

SPEAK OUT AND SAY NO!

Higher tobacco taxes hurt local retailers by encouraging adult tobacco consumers to purchase tobacco products from other sources, such as on Native American territories or across state lines.

This could hurt your business and cost local jobs.

We need responsible, long-term solutions for tax reform – NOT higher taxes!

Call your State legislator in Columbus at (614) 295-2083 or visit www.tobaccoissues.com/Ohio to send an email.

Tell your legislators that increasing Ohio's tobacco taxes is a bad idea and they should OPPOSE any additional tax increases and restrictions on tobacco.

Thank you for your participation. Contacting your elected officials will make a difference. ■



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American Express to Help Retailers Fight Fraud

New nationwide campaign includes \$100 reimbursement for upgrading to EMV terminals

■ BY NACS ONLINE

American Express has officially launched its Small Merchant EMV Assistance Program. The nationwide campaign will help U.S. small merchants fight fraud through a \$10 million reimbursement program designed to accelerate adoption of EMV payment terminals. It will also arm small merchants with knowledge about EMV's security benefits.

As part of the program, announced last October by President Obama, eligible merchants that have upgraded to an EMV terminal can request a one-time \$100 reimbursement from American Express. AmEx will deliver educational resources about EMV to small merchants through email, a telephone hotline and a website. A team of ambassadors – the American Express Fraud Squad – will also visit New York City, Atlanta,

Miami and Houston to meet with small merchants and “spread the word about EMV and its benefits,” according to a press release.

Payment card fraud is a top concern among small merchants. According to the American Express EMV Preparedness Survey, conducted in October 2014, more than two-thirds (67%) of small merchants indicated that protection against and prevention of payment-card fraud was very important to running their businesses. Furthermore, 52% said that they feel they are at higher risk for payment card fraud than larger businesses, with nearly half of those small merchants citing a lack of money to invest in fraud prevention or a lack of access to experts who can assist them as the biggest reasons why.

In addition, more than a third of the surveyed small merchants

said they either have not decided whether they will upgrade their payment terminals or they do not plan to upgrade their payment terminals. Of those small merchants, 57% cited the cost of terminals as the main reason.

“The Achilles heel for EMV merchant adoption will be small and micro merchants that are not only unprepared for EMV, but even unaware of the fraud-liability shift in the U.S. this year,” said Nick Holland, head of payments, Javelin Strategy & Research. “The majority of small merchants lack the financial resources and expertise to make the transition to EMV.”

Beginning in October, U.S. merchants that do not have EMV-enabled payment terminals and experience certain POS fraud may be held liable for the costs stemming from such incidents. ■

Card Issuers and Retailers Falling Behind on EMV Adoption

Survey shows only about one-third of Americans have received chip-enabled credit cards

In a recent report on its Marketplace program, NPR addressed the reasons why neither credit card issuers nor retailers are likely to meet the October 2015 deadline for widespread U.S. adoption of new, more secure EMV credit cards.

Card issuers have made a commitment to replace as many magnetic stripe cards as possible with the new chip cards. However, according to a survey released last

week by CreditCards.com, as of February 2015, only three in ten American credit-card-holders had a chip card. Marketplace spoke with an industry analyst who is skeptical that card issuers will meet their own self-imposed deadline of October 2015. The new cards cost credit card issuers about four times as much as the traditional mag stripe card – approximately \$1 per card, compared to 25 cents.

Retailers are not much better

off in their preparations, with estimates that approximately 25% of U.S. retailers, at most, have already deployed chip-card readers. Deployment is higher at major retailers such as Target and Walmart. Marketplace interviewed the National Retail Federation's Mallory Duncan, who estimates that the cost of updating point-of-sale terminals for retailers may be as high as \$25 to \$30 billion. ■

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Building the Business Case for Selling More Produce

NACS resource identifies best practices to help convenience store operators increase produce sales in their stores

NACS has published a primer to help convenience store operators sell more produce in their stores. Created in partnership with the United Fresh Produce Association, "Building the Business Case for Produce Sales at Convenience Stores" combines analysis of industry and consumer trends with practical ideas to develop an enhanced produce offering in stores.

The new publication is the first deliverable from the partnership that NACS and United Fresh formed in June 2014 to identify best practices to grow produce sales in convenience stores. More than two dozen retailers, distributors and produce companies helped develop and review the document.

"We have seen a dramatic increase in customer demand for fresh produce at convenience stores, and this resource was developed to communicate the huge opportunities for everyone in the distribution chain, from farm to store," said NACS Chairman Steve Loehr, vice president of operations with La

Crosse, Wisconsin-based Kwik Trip. "A recent NACS member survey reaffirms the importance of produce; 62% of members say that produce is important to their business plans in 2015."

"Through contributions from NACS and United Fresh member companies participating in this effort, we have identified solutions in the distribution and merchandising of fresh produce, which ultimately will lead to new opportunities for produce suppliers, distributors and convenience store retailers to grow sales," said United Fresh Chairman Ron Carkoski, president and CEO with Ephrata, Pennsylvania-based Four Seasons Family of Companies.

A first step in this process is to build the business case for selling produce in convenience stores to all three critical groups: suppliers, distributors and retailers. The 26-page primer includes:

- Demand, products and consumer trends that can affect sales success
- An overview of produce customer demographics and sales

trends in convenience stores

- Key elements to consider in developing and executing a successful produce program
- Suggestions for how to start a program (based on one retailer's experience)
- An example of a fresh build-to-book including background methodology

The new document represents the first of several how-to deliverables to be released by the NACS-United Fresh partnership this year, including resources to help interested retailers determine the level of fresh produce that they can efficiently offer at stores and a checklist of critical areas to examine. The groups are also planning a number of educational sessions at upcoming industry events.

Additionally, they are examining how to manage costs associated with more frequent delivery of fresh produce to stores, merchandising techniques and handling procedures to minimize spoilage and marketing strategies to communicate this offer to consumers. ■

OHIO //

State Workers'-Comp Board OKs 10.8% Rate Reduction

The state fund for injured workers is going ahead with plans to implement an average 10.8% reduction in workers' compensation rates for Ohio's private employers effective July 1, 2015.

This week, the Ohio Bureau

of Workers' Compensation board approved the plan, initially announced last month.

The cut is expected to save employers \$153 million a year. It is the latest in a string of cuts since 2011 that has lowered rates by 21.4 percent. ■





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Counterfeit E-Cigarettes on the Rise

In Europe and the United States, fake electronic cigarettes are hitting the market

■ BY NACS ONLINE

For electronic cigarette makers such as England-based Liberty Flights Ltd., counterfeiting is becoming a problem.

The Wall Street Journal reports that copycat versions of the company's products have started appearing in several markets around the world, made with cheaper materials and sold at a much lower price. "We've got a brand, we're well-known," Matthew Moden, founder of Liberty Flights, told the newspaper. "The same problem is faced by Louis Vuitton."

Counterfeiting and illicit trade of electronic cigarettes is on the rise across the developed world, according to law enforcement agencies and makers of the products, which also include bogus batteries that fail to recharge and liquids containing dangerously high levels of nicotine, notes the news source.

Experts say that illicit trade in

e-cigarettes will increase as demand for the products grows. Global sales of the genuine products were worth \$7 billion at the end of 2014, according to Euromonitor International.

Nikhil Nathwani, managing director at Philip Morris-owned Nicocigs Ltd., told the Journal that the "potential to attract illicit trade is a real concern," even though the current market is "relatively small scale."

In the United States and Western Europe, a black market for the components used in vaporizers is starting to develop, according to executives at e-cigarette companies. "We've seen an influx of cheap, generically branded liquids from China," said Michael Clapper, international president at the Electronic Cigarettes International Group.

Stricter regulations have been suggested as a solution to the

growing threat of illicit trade. European Union directives come into force in 2016 that would standardize many features of e-cigarettes sold across the region, including a lowering of the maximum nicotine content of the liquid and a reduction in the size of the cartridges. EU officials say the new regulation will improve the safety of e-cigarettes and reduce the number of low-quality or dangerous products in EU countries.

However, many e-cigarette manufacturers say that to carry out "onerous safety checks" would increase prices on their products and allow a black market to continue to flourish.

"The minute you make the real product more expensive, that's when the illicit trade really takes hold," Ray Story, CEO of the Tobacco Vapor Electronic Cigarette Association, told the news source. "It's just the tip of the iceberg." ■

Cash Not Carried

Survey shows that majority of consumers carry less than \$20 in cash

A new survey shows that fewer people are carrying cash, even as Americans think it's still the safest way to pay.

According to the newly released "Future of Retail Study" from Walker Sands, a Chicago-based PR agency, 56% of those surveyed say cash is the most secure way to pay for things. Yet despite the confidence in cash, only 11% of those surveyed had

paid for something in cash in the past day — down from 27% who had done so in the same survey a year ago. Just fewer than 60% of those surveyed had \$20 or less in their wallets.

Additional findings from the survey of 1,400 U.S. online consumers include a slight increase in online shopping, with 28% saying they do so at least once a week (1% more than last year).

And 68% of those surveyed shop online monthly, a 6% increase over last year's survey.

Increased online shopping also may be influencing how accepting respondents are toward new technology: 66% of those surveyed expect to have a package delivered by drones in the next five years and 80% said they'd pay more for drone delivery within the hour. ■



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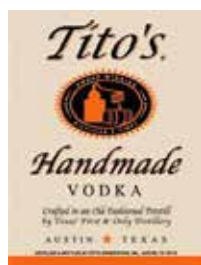
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How Federal Policy on Swipe Fees Quashes Market Forces

In a column for American Banker, NACS lobbyist explains how excessive swipe fees hurt the entire economy – not just retailers and consumers

In a column published in March for American Banker, NACS Senior Vice President of Government Relations Lyle Beckwith explained how price-fixing in the business of processing credit- and debit-card transactions harms not just merchants, but consumers and the entire economy as well.

Beckwith cites a new study by the Merchant Advisory Group showing that there's something wrong in the debit-card business that keeps it from working as a free-market system should. He writes that the retailer advocacy group examined data on the costs of processing debit card transactions for almost 1,400 financial institutions and payment networks between 2009 and 2013, as reported to the Federal Reserve. It found the issuers' mean cost of handling debit-card purchases has plummeted more than 40% in the last five years, from 7.6 cents to

4.4 cents, thanks to increases in the volume of transactions and improvements in technology.

"Yet issuers continue to charge merchants a quarter each time a customer swipes a debit card, for what the survey calculated was an average markup of 500%," Beckwith writes.

Matters have been moving in the right direction since Congress reformed the debit market in 2010. Under the Dodd-Frank financial reform law, Congress told the Fed that debit-card fees should be "reasonable and proportional." But the Fed then set the fee at the obviously too-generous rate of approximately 25 cents.

This study proves that, contrary to industry claims, a quarter is still too high. A 500% markup is neither reasonable nor proportional. Nor does reform hurt consumers or banks. In fact, it incentivizes the banks to be more

efficient and keep costs low, just as businesses in more competitive markets must.

The problem, of course, is that while debit reform encouraged transparency and competition and lowered the average amount of the fee from around 48 cents to 25 cents per transaction, banks still continue to charge merchants exorbitant fees every time a customer swipes a debit or credit card to pay for something.

Retail, unlike banking, is a highly competitive business with profit margins as low as a percentage point or two. Therefore merchants have no choice but to pass along at least some of these inflated, uncompetitive costs to their customers, whether those customers use cards or cash to pay for purchases. That means everything from gas to groceries costs more thanks to these swipe fees. And that keeps the broader economy from expanding faster. ■

Diageo Adding Nutritional Information to Alcohol Labels

World's largest distiller says voluntary move helps consumers make informed choices about their drinks

Diageo, worldwide alcohol beverage producer of Guinness, Red Stripe, Bailey's, Smirnoff and Johnnie Walker, to name a few, announced last week its commitment to provide consumers with alcohol content and nutrition information per serving – a first for any alcohol company.

Diageo said in a statement that it has already gained

approval for a nutritional label on its products in the United States, from the Alcohol and Tobacco Tax and Trade Bureau. In the United Kingdom, the company said it will work with the European Union to establish a standard alcohol unit across the 28 Member States to provide an effective way of communicating alcohol content to consumers.

"Currently, there is no obligation to provide such information in markets worldwide, but we know that consumers are increasingly discerning about what's in their glass. We want to provide alcohol and nutrition information that consumers can quickly understand, instead of expecting them to do the math," said Ivan Menezes, Diageo CEO, in a statement. ■



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The Process of a Bill Becoming a Law

The legislative process is often long and laborious. Anyone can introduce a bill but then there is a process.

■ BY KRIS HARRIS

“

Changing and amending laws has been made more difficult due to term limits,” said Joe Garcia, partner at the Honigman law firm in Lansing. “It is now almost imperative that any proposed change in

the law requires the approval and support of the leadership in the House, the Senate, and the Governor’s office prior to initiating the change,” Garcia explained.

Persistence, though, is key when changing a law. Changes in the law, even with the best of intentions, take time and, yes, money. “Persistence is everything. Passing legislation requires commitment, compromise, patience and discipline and can cost anywhere between \$50,000 to \$250, 000 per year depending on the complexity and the controversy of the issue,” said Garcia.

AFPD has been through the process several times over the years. The State of Michigan outlines the steps in detail. Bills can be introduced in the House or the Senate. Senate bills are filed with the Secretary of the Senate and House bills with the Clerk of the House. Once introduced bills are assigned a number.

There are State Constitution requirements which are protocol, such as, a bill must be read three times before it is passed. Courts have held that the reading of a bill’s title is considered sufficient.

Upon introduction, a bill is also referred to a standing committee in the Senate by the Majority Leader and in the House of Representatives by the Speaker of the House. All bills involving appropriations must be referred to the appropriations committee or appropriate standing committee.

The process continues with the committee members considering a bill by discussing and debating the bill. They could also hold public hearings on the bill.

There are various ways a committee can act on the bill. This could include reporting a bill, which requires a majority vote of the members serving on the committee. Then it goes to the committee reports. This can be sent to Committee of the Whole for a Second Reading and could include amendments.

No bill can become law at any regular session of the Legislature until it has been printed and reproduced and in the possession of each house for at least five days. No act can take effect until the expiration of 90 days from the end of the legislative session at which the measure was enacted. The legislature may give immediate effect to an act by an affirmative two-thirds vote of the members elected and serving in each house.

If the bill passes, it is sent to the other house of the legislature where the bill follows the procedure outlined above resulting in a defeat or passage.

After passage by both houses there are a number of scenarios that could occur. Upon receipt of an enrolled bill, the Governor has fourteen days to consider the bill. The governor could sign it which then becomes a law at the expiration of 90 days. He can veto the bill and it returns to the house of origin. If he chooses to do neither, it will become a law 14 days after it reaches his desk.

Various scenarios take place depending on when the Governor vetoes the law and the process could start all over again.

This process requires a great deal of patience and AFPD members in Ohio can attest to that fact. Just ask any of them about the Commercial Activity Tax (CAT), which has proven to be a notable victory for both AFPD and for the petroleum retailers in the state of Ohio.

The process started about four years ago for AFPD, which decided to look into the tax, which had prior failed attempts at its revision by other groups. The Director of Operations in Ohio, Ron Milburn, clearly saw the

need for change and was the catalyst behind AFPD's efforts. "I could see what it was doing to the gasoline retailers. It was literally draining them of every penny they had," said Milburn.

When the Commercial Activity Tax was first passed into law, there was much concern as to how this was going to affect the independent gasoline retailers. At the time, the tax was calculated based on the total gross sales of the business. This calculation included both gasoline, which was approximately \$1.65 per gallon, as well as all other retail sales. However, as the price of gasoline started to increase, retailers began to worry about how they would be able to survive, financially, as a result of the impact the CAT Tax.

Initial attempts by AFPD at change, appeared futile, as they were told by lobbyists to wait and see how things would work themselves out. "We had a lobbyist working for us who continually told us to be patient," Milburn said. "However, we eventually got to the point where we were as patient as we could be, so we made a change, got rid of our lobbyist and took the task on ourselves," Milburn explained.

Along with the help of AFPD board members, a strong case was put together to present to the legislature in Ohio. However, key information came from AFPD members who provided critical documentation highlighting the impact the current law was having on their business. AFPD members Gary Robson and Jerry Shriner of Marcoin/EK Williams Accounting Firm supplied AFPD with the financial documentation it needed to complete the case. Once the information was gathered, AFPD started knocking on doors. "I remember, so many times, legislatures would say 'I just cannot believe these numbers, there's no way possible we would've ever done something like this,'" Milburn explained.

Over the course of several meetings it was discovered that the process would require raising a lot of money for the Ohio PAC Fund in order to attend legislative functions. "It takes a lot of money to make these changes and we are not permitted to use membership dues money to get this done," said Milburn.

However, the resolve was strengthened by AFPD President & CEO Auday Arabo, who let it be known to his CAT Tax team that "we are not going to lose this battle, AFPD will continue to fight for our membership," said Milburn.

During the process, AFPD discovered that Terry Fleming, the Executive Director of the Ohio Petroleum Council had retired after being in that position for more than 20 years. AFPD asked for Terry's help as a lobbyist and he joined the team in early 2013. His work setting up meetings with key legislators, that included AFPD members, was crucial to the entire process. During the course of these meetings, AFPD started to raise additional PAC Money and there was a real sense that victory was near for the members.

The victory to abolish the CAT on retail petroleum sales, finally achieved in 2014, is really just the beginning of the story. The victory was important for AFPD's membership. According to Fleming, "Without AFPD insisting on the change, it would have never happened and the members would still be paying the CAT on fuel. These changes leveled the playing field so that all retailers are paying taxes at the same rate, one time, at the loading rack. The biggest benefit is the money saved by members."

AFPD has determined, as a result of testimony given by several members, that the money saved as a result of the CAT Tax change will enable them to hire additional help, perform maintenance on equipment, upgrade their computer system, provide maintenance on their blacktop, and definitely increase their cash flow.

"For several years we were at a disadvantage. The change was needed to stay viable," said James Frisch, owner of Delaware Marathon Mart & Car Wash. For some members, like Clarence Caldwell, Jr. owner of Bubba's Corner Store in Orient, Ohio the savings will allow for critical upgrades at their store, "We have a new cash register system on order that the savings will help with. My current registers won't accept the pin pads that read the new EMV chips cards that are coming out. The savings provided the resources to bring us up to the newest credit card standards in the State of Ohio," said Caldwell.

It's been estimated that in most cases the savings amounts to approximately 88 percent of what AFPD members were paying. These savings could not have come at a better time for some members. "I know some guys, that run excellent businesses, that were losing money every month and this (CAT tax) change will put them in the black," said Pat LaVecchia, owner of Pat's Auto Service in Rocky River, OH. "It will also

allow them to hire new employees, provide training and make upgrades to their facility," LaVecchia explained.

Garcia reminds us that, although patience is important to making legislative changes, understanding the process of the changes is key. "Sometimes in order to be successful, it is necessary to change the dynamic of an issue," Garcia said. Garcia lists key questions that must be answered along the way. These questions include:

- Do you have the right sponsor and someone who is effective, articulate, and passionate about your concern?
- Have you done your homework and checked the pulse and position of the Governor, the Senate Majority Leader, the Speaker, and the Minority Leaders?
- Do you have the right team assembled to sell your idea, which includes lobbyists, lawyers, PR professionals and leaders in your industry?
- Is the timing appropriate to pursue your issue and is it an election year?
- What is the legislative schedule and can it pass during a lame-duck session?
- What are you willing to do to accomplish your goal, and are you willing to sacrifice and compromise to get something done rather than nothing at all?

These questions list just a few of the issues that AFPD has had to address in order to be successful in helping make significant changes to laws over the years. Changes to Food Stamp distribution, eliminating the Liquor Tax and the Underground Storage Bill to name just a few that have had a substantial effect on the industry. However, the one common thread, among them all, is the benefit they provide AFPD members. This common thread is driving force behind AFPD's political action. "AFPD knows the business. We work 24-7 for the members and we have no problem sitting down with the legislatures and talking with them about changes we feel need to be made," said Milburn.

Rest assured, AFPD has and will continue to fight for its member and will do everything in its power to ensure the playing field is level and fair. And when you see the benefits of these changes on your bottom-line, you can think of the words of Ron Milburn, who reminds us, "Aren't you glad you're a member of AFPD." ■

Kris Harris is a writer for Denha Media & Communications.



What was your favorite compliance or legislative issue that AFPD was instrumental in getting implemented?

"The U.S.T. [underground storage tank] bill was a huge win. However, I believe in a free market so the change to the way liquor is marked up is just as important to me."

JOHN ABBO

HARTLAND MOBIL // FENTON, MI

"The CAT tax is my favorite. It's helped the bottom line. Our cash flow has increased because now it doesn't tie up as much money."

MIKE BILLMAN

BILLMAN'S AT HENDERSON // COLUMBUS, OH

"The change made to Food Stamp distribution. It streamlined the process to be on a weekly basis and helped out with our overtime hours. It also provides consistent sales which increases the freshness of products."

JOE GAPPY

PRINCE VALLEY // DETROIT, MI

"The CAT tax, for sure. Everyone is paying it a fair way now and it's allowed for improvements to be made at my location."

JASON HOLZAPFEL

HANDI MART // JACKSON, OH

"AFPD has been able to revolutionize the Food Stamp distribution process by streamlining the retailer's overhead, which has allowed for planning product freshness. Eight other states have followed AFPD's SNAP Benefits Distribution model."

BOBBY HESANO

D & B GROCERS WHOLESALE AND DISTRIBUTORS // LIVONIA, MI

"The CAT tax was a huge victory. It's helped with cash flow and also helped with the general upgrades we'll be doing at the store."

VICKIE HOBBS

WHITEHALL SHELL // COLUMBUS, OH ■



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Parked at the Same Place for 100 Plus

Brothers, Jake, Sonny and Neil Mio are the third owners of Park Place – a 100-year-old business nestled in the quaint community of Grosse Pointe Park.

They also run the business with a nephew and three part-time employees.

They purchased the store in 1991 from the second owner who had the business for more than 30 years, operating it as a liquor and candy store. “With the building being so old – from the 1920s – it really adds character you don’t see in other businesses,” said Jake Mio.

It was a timely transition when they made the purchase. Grosse Pointe Park had a law requiring businesses to close on Wednesdays and Sundays. The previous owners also only operated for about 6 to 7 hours a day. Within months of the ownership change, the law changed and the Mio’s not only opened 7 days a week but also expanded the hours, per customer requests.

They immediately renovated the 1,500 square-foot store, which also has a basement. They replaced windows, repainted and updated the floors. With the renovations, they won back old customers.

They also branded themselves as a beverage specialty business.

“I had a customer who suggested we carry products being served at a local popular bar,” said Mio. “It increased my business and accounts for 70 percent of our sales today.”

Since then, Mio has been catering to his customer requests, always looking for the newest products on the market. The Mio’s began to specialize in seasonal



beer, bourbons, wines and Michigan craft beers. “The Microbrewers are growing,” said Mio noting he created a niche market long before it became notable.

His customers are families of several generations. Every day is pretty typical. The morning starts with drivers going to work or mom and pop in the area as well as grandparents making daily purchases. During lunchtime, they have a crowd of school kids - in walking distance - who also stop in during the 3:30 after school rush. As 5 p.m. approaches, the after work folks stop in on their way home along with Wayne State University commuter students.

The Mio’s also own Hills Fine Wine and Spirits with Brian Yaldoo. They opened the 2,000 square-foot store in 2008. The Bloomfield location was a liquor store a few years earlier before it became a spa. The Mio’s turned it into a high-end wine and specialty beverage shop. They cater to local customers, as well corporate clients.

Jake Mio has been in the independent retail business for more than 30 years and enjoys his work, however he notes the challenges have increased over the years.

“I love running a business where you are part of the community,” said Mio. “We have repeat customers and know them all so well. However it is getting tougher with the competition. Profit margins are shrinking but I still love the business.” ■

RETAILER: PARK PLACE

Locations: Park Place // Grosse Pointe, Michigan
Hills Fine wine & Spirits // Bloomfield Hills, Michigan

Founded: store has been around since 1915 but the Mio brothers have owned it since 1991

Employees: 6

AFPD member since: 2009

Slogan: “I believe in supporting AFPD. I love to read the *Bottom Line* and find out what is going on in the industry and what new products are available. The rebate programs are also beneficial.”





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A Trusted Hand in Automotive Repair

Don Moyer, owner of Automotive Technicians in Reynoldsburg, Ohio, began working at gas stations as a young adult. When his employer was selling his station, Moyer bought it at the age of 21. Moyer began operating a Gulf gasoline station, along with an automotive repair shop, as an independent owner in Reynoldsburg in 1977. Don Moyer has been a member of AFPD since the group's merger with the Central Ohio Gasoline Dealers Association, which he joined within a year of becoming a proprietor in the seventies.

In 1992, Moyer lost the Gulf station to an electrical fire. At the time, he held a contract for a new building on the corner and considered rebuilding at this location. As the area became popular for other gasoline vendors, Moyer shifted his focus to his automotive repair shop. A former dairy mart on Main Street was refurbished to hold bays and equipment. The shop was originally hidden from the view of passerby in a back alley, but the new location saw an uptick in business.

Moyer enjoys the business he's in, and one of the biggest aspects Moyer has come to appreciate over nearly forty years is the quality of the relationships he has with his customers. "This many years in business, I've got a really good following," he said.

For many people, finding a skilled and honest

mechanic is almost as critical a task as choosing the car itself. Moyer has regular customers who he has worked with over the years, and some over generations. It's no surprise that many have introduced their children to Moyer, who have become patrons of the business as well. "It's one of those things that you have to earn their trust over the years," Moyer said. "It goes both ways."

AFPD supports many aspects of providing a capable experience for customers and a safe one for employees. The benefits Moyer has experienced from belonging to the AFPD have included credit card processing, deals from suppliers and other programs for the convenience store business. Today, Moyer's membership in AFPD allows him to participate in workman's compensation benefits through CareWorks, an Ohio Managed Care Organization and the largest in the state.

Moyer is involved in every aspect of his repair business. "[Dealerships] are all about numbers and I'm all about whether the problem gets solved," Moyer said.

He employs two or three mechanics, but describes himself as a "do-it-yourself" owner who has a hand in everything from talking to customers to diagnosing their vehicles. He personally ensures that each car gets fixed correctly and test drives them, too. "I'm the one that has to explain things to the customer and who is responsible if [we] didn't fix it," Moyer said. "That's my reputation on the line and I want to make darn sure that it's fixed correctly."

For Moyer, the biggest challenge to date has been building relationships with his customers. "We get to the point that [my customers] trust me, I trust them, too. It works out well that way." ■

RETAILER: AUTOMOTIVE TECHNICIANS

Location: Reynoldsburg, Ohio

Employees: 3

AFPD Member Since: 1977

Slogan: "Work You Can Trust,
Gets the Job Done and Trusted
Automotive Repair Since 1977."





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To sign up for this program, call AFPD at (800) 666-6233 or complete this form and fax back to (866) 601-9610 or email to: info@AFPDonline.org

AFPD MEMBER ID#: _____

CONTACT NAME: _____ PHONE: _____

NAME OF STORE: _____

STORE LOCATION: *(If Multiple Locations attach Store List)*

ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____



Still in a Leadership Position

Bank of Michigan (BOM) is celebrating 10 years this year and Mike Sarafa has been the President and CEO for the last nine years of them at the Farmington Hills-based bank.

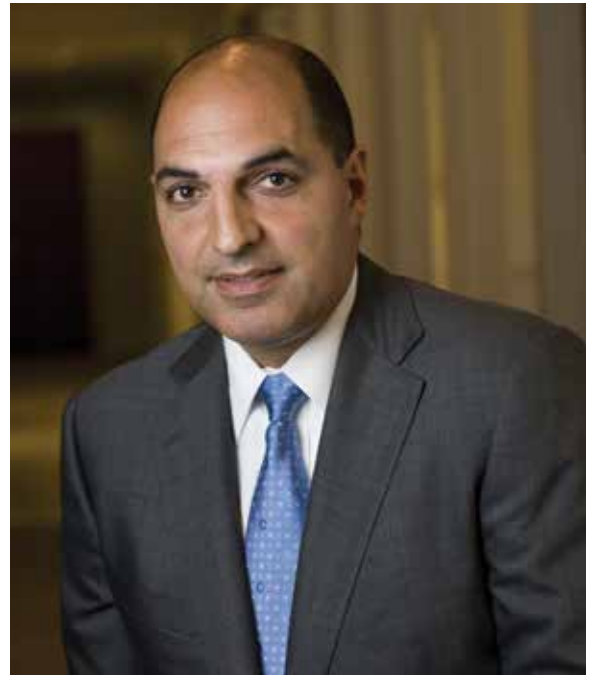
He took the position after spending three years as the Executive Director of the AFD, however it was known as AFD for most of his tenure. One of the most significant changes that occurred during his tenure was the merger between the AFD and the Great Lakes Petroleum Retailers and Allied Trades Association. Also during his time, they lifted the maximum pricing on liquor.

Sarafa noted that there are significant similarities as well as differences between the two positions and in some ways his years at AFD prepared him for the BOM job. “Both positions entail leading a team of qualified professionals that are very good at what they do,” said Sarafa. “Customer service is important to both. And working for a Board of Directors, managing that process and being a collaborative leader.”

Like many professionals, Sarafa balances his personal and work life by being focused and organized. After he drops his oldest daughter off at high school, he heads to the bank – this is around 8 a.m. Each day’s schedule is different depending on meetings with staff, clients and vendors. “Thanks to technology, the job follows you around these days, which is okay because connectivity and communication is important,” he said. “But on an average day I’m out of the office by 6 at night.”

Many evenings are consumed with driving his three kids to sports and other activities including work events, meetings and also community involvement projects. He serves on a number of Boards and volunteer projects.

Mike became the Executive Director following his brother Joe Sarafa’s 17 years with AFD.



He has many fond memories of his years with the trade association. “We had a couple of great Board retreats that were memorable; I got to work with my brother, Joe, directly for a couple of years which I enjoyed. And I always enjoyed the advocacy part of my job with my background as a lawyer and lobbyist.”

The Association is more than 100 years old and Sarafa’s time was that of a transitional period. “I wasn’t there that long but in the beginning there was a change from the old guard to the new, which meant challenges but also opportunities. So I hoped I serve as a bridge between two very long serving predecessors that ran the organization collectively for more than 40 years to a modern and more dynamic organization,” he said.

Sarafa looks at AFD as a collaborator in business. “We have a very strong working relationship and an alliance. We serve many of the same customers/members,” he noted. “And we’re working very closely together to make sure Money Service Businesses have fair access to financial services.”

AFPD sponsored a compliance and MSB event with BOM at Shenandoah Country Club last month. It included speakers from the IRS, the U.S. Secret Service, Western Union and the U.S. Attorney’s office. Nearly 150 people attended the compliance event. ■

One Loosie Can Cost You \$500!

A single cigarette sold separate from the original package, commonly referred to as a “loosie” is a growing threat for public health and business owners. Despite that fact, retailers have been illegally selling loose cigarettes for years and old habits are difficult to change. In April of 2009, Ryan Stanton interviewed store owners and customers in Saginaw for an article on loose cigarettes that appeared in the Bay City Times. At that time, two out of five retailers said they sold loosies. One interviewee said he believed “retailers did not think they were breaking the law if they had the surgeon general’s warning on the jug”. Recently, the state legislature proposed an increased penalty for both the seller and the purchaser of single cigarettes. This has not yet been approved.



A 50 cents loosie sale puts you at risk for a fine of up to \$500!

WHY ARE SINGLE SALES SO POPULAR?

- The cigarette tax increase in Michigan and economic downturn made cigarettes unaffordable to many. With the price per pack of cigarettes close to \$8, retailers suggest loosies are an affordable option.
- Perceived as a greater profit for retailers: at a minimum of two for \$1, the equivalent of a pack costs \$10.
- Some current smokers say it helps them quit if they don't buy an entire pack.

WHAT IS WRONG WITH MAKING A BUCK SELLING LOOSIES?

- Illegal and punishable by both Michigan's Youth Tobacco Act (YTA) and federal law.
- Entices non-smokers to experiment or current smokers to continue smoking cigarettes.
- The longer an individual continues to smoke, the greater the risk for addiction, lung disease and cancers.
- Hurts honest retailers by creating a demand for products that are *illegal to sell in reduced quantity*.

KNOWLEDGE IS POWER . . . AVOID PENALTIES

Know the law and make sure your employees comply - No tobacco sales to minors and no single cigarette sales.

- Go to the free online certification exam to empower you and your employees at: <http://improvingmipractices.org/>
- Report violators by using the State Tobacco Complaint Violator Form at: www.michigan.gov/tobaccocomplaint or by e-mail to Carolyn Foxall, Synar Program Coordinator at foxallc@michigan.gov.
- Federal violations may be reported at: www.accessdata.fda.gov/scripts/ptvr/index.cfm.
- Retailers are also violating the state sales tax law by not recording all tobacco sales. This could lead to further penalties.

The message is clear . . .

Do your part, obey the law and don't sell tobacco to minors!

RESOURCES:

Michigan Legislature. (2015, January 27). Youth Tobacco Act - Act of 1915. Retrieved January 27, 2015, from Michigan Legislature: <http://legislature.mi.gov/doc.aspx?mcl-Act-31-of-1915>

Oosting, J. (2014, September 9). 'Loosie' lockdown? Michigan lawmaker seeks new penalties for selling, buying single cigarettes. Retrieved January 27, 2015, from M Live.com: http://www.mlive.com/lansing-news/index.ssf/2014/09/loosie_lockdown_michigan_lawma.html

Stanton, R. (2009, April 16). Some Bay City stores selling single cigarettes to help customers, but it's still illegal, police say. Retrieved January 27, 2015, from M Live.Com: http://www.mlive.com/news/bay-city/index.ssf/2009/04/some_bay_city_stores_selling_s.html



michigan lottery

M. SCOTT BOWEN // MICHIGAN LOTTERY COMMISSIONER

New 'Cash For Life' Games Expected to Generate Traffic, Sales for Retailers

The phrase “for life” resonates strongly with Michigan Lottery players. Hearing that a game offers a prize “for life” quickly gets Lottery players daydreaming about winning the big prize and how it would change their lives.

That’s why the Cash For Life instant games have been some the most popular and successful games offered by the Lottery. The next round of Cash For Life games is designed to generate even more excitement by offering the biggest top prizes ever in the Cash For Life family of games.

On April 7th, the Lottery debuts a redesigned “for life” instant game with larger top prizes than last year’s counterparts. The new Cash For Life instant game family will include: \$500 A Week For Life (\$1

per ticket, with a top prize \$100 larger than the 2014 game), \$1,000 A Week For Life (\$2 per ticket, with a top prize \$200 larger than the 2014 game), \$2,500 A Week For Life (\$5 per ticket, with a top prize \$500 larger than the 2014 game), and \$5,000 A Week For Life (\$10 per ticket, with a top prize \$1,000 larger than the 2014 game).

We’re excited about the sales opportunities that the new “for life” games will bring retailers across the state. We expect the bigger top prizes offered in each game to attract more players and to continue to make “for life” instant games a player favorite. The refreshed ticket design will also make the new games easy for players to recognize on retailers’ shelves and that is expected to promote sales.

About 97 cents of every dollar spent on Lottery tickets is returned to the state in the form of contributions to the state School Aid Fund, prizes to players and commissions to retailers. In the 2014 fiscal year, the Lottery’s contribution to Michigan’s public schools was \$742.8 million. Since it began in 1972, the Lottery has contributed nearly \$19 billion to education in Michigan. For additional information, follow the Michigan Lottery on Facebook, Twitter and online at www.michiganlottery.com. ■

INSTANT TICKETS & PULL TAB TICKETS ON SALE OR SET TO EXPIRE

NEW INSTANT TICKETS:

On sale April 7th

- \$500 A Week For Life \$1 (IG # 725)
- \$1,000 A Week For Life \$2 (IG # 726)
- \$2,500 A Week For Life \$5 (IG # 727)
- \$5,000 A Week For Life \$10 (IG # 728)

INSTANT GAMES SET TO EXPIRE:

Expiring April 6th

- Black & Gold \$10 (IG # 640)
- 50X The Cash \$2 (IG # 649)
- \$50,000,000 Celebration \$5 (IG # 658)
- 20th Anniversary Wild Time \$20 (IG # 661)
- Frogger 2 (IG # 669)
- Lucky Number Bingo \$2 (IG # 671)

NEW PULL TAB TICKETS:

On sale April 6th

- Detroit Tigers \$1 (MI # 557)
- \$1,000,000 Riches \$5 (MI # 540)

On sale May 4th

- \$100,000 Bingo \$3 (IG # 621)
- Life In The Cash Lane \$10 (IG # 648)
- Oh Deer! \$2 (IG # 662)
- Golden Gift \$2 (IG # 663)
- Silver Bell Bucks \$2 (IG # 664)
- \$500,000 Riches \$2 (IG # 665)

PULL TAB GAMES SET TO EXPIRE:

Expiring April 13th

- Casino Craze \$1 (MI #504)
- Win Big \$1 (MI #506)
- Deer Camp \$1 (MI # 517)

Expiring April 27th

- Detroit Lions \$1 (MI #513)

TICKET ACTIVATION: Retailers are reminded to activate all game tickets before putting them on sale to ensure winning tickets may be redeemed by players.

“The Michigan Lottery. All across the state good things happen.”

IMAGINE THE POSSIBILITIES!



ON SALE APRIL 7

Win up to \$5,000 a week for life!

Players will love the chance to win from \$500 up to \$5,000 a week for life (plus millions in other cash prizes) playing the all new Cash For Life® series. You'll love the more than \$15.8 million to be earned in retailer commissions. In fact, last year, Cash For Life® games accounted for 14% of ALL Michigan Lottery Instant game sales. With four different tickets and so many chances to win, imagine the profits you can turn selling these popular games!

Top prize winners will receive their prize payments in annual installments over their lifetime or 20 years, whichever is greater, unless within 60 days from the date they claim their prize, they request the Cash Option method of payment. Overall odds of winning \$500 a Week for Life: 1 in 5.63. Overall odds of winning \$1,000 a Week for Life: 1 in 5.35. Overall odds of winning \$2,500 a Week for Life: 1 in 5.32. Overall odds of winning \$5,000 a Week for Life: 1 in 4.34. If you bet more than you can afford to lose, you've got a problem. Call 1-800-270-7117 for confidential help.



Ohio's Spring Legislative Roundup

As expected Governor Kasich's budget proposal, which includes a number of tax increases, did not get a warm welcome from fellow Republicans in the General

Assembly. The Governor continues to push for reduction in Income Tax with the ultimate goal of eliminating it all together, but it's how he gets there that legislators disagree with. The Governor would raise the Sales Tax, the Commercial Activity Tax (CAT), increase the Severance Tax, expand the Sales Tax base, and do away with many current tax credits to pay for eliminating the Income Tax. For convenience store owners the most onerous of the Governor's proposal would be a \$1.00 per pack increase in cigarette tax with a comparable increase in other tobacco products (OTP). AFPD has been very active in opposing this tax, which would put Ohio's cigarette tax at \$2.25 a pack in addition to sales tax and CAT tax. Your association has done Op-Eds, scheduled and visited with numerous legislators and is a part of a large coalition that includes grocers, retailers, tobacco interests, wholesalers and many others. There seems to be very little interest by members of the General Assembly on a \$1.00 per pack increase but there is a possibility of a smaller increase which would fall heavily on OTP. The Ohio Chamber of Commerce, joined by Cleveland, Columbus, Cincinnati, Dayton, Toledo, Youngstown, Akron and Canton chambers testified in opposition to the Governor's plan saying it would be detrimental to business growth in Ohio. House and Senate leadership have indicated there will be a decrease in income tax but not by raising other taxes. The Governor responded to all this by saying special



interest are like barnacles attaching themselves to legislators to oppose anything new.

By contrast to the General Revenue Budget the Transportation Budget passed the House with little debate and no increase in gas tax. The \$7 billion dollar budget was non-controversial. The Bureau of Workers Compensation and Unemployment Compensation budgets also passed House easily with no dissent. An attempt to address tow truck issues in the Transportation Budget was rejected by House Leaders who said they preferred these be addressed in a standalone bill.

A bill that passed in record time would not penalize schools that reject Common Core tests and curriculum. A number of other bills have been introduced which is common at beginning of new legislative session. AFPD continues to work with Representatives on a lottery bill but due to severe weather, meetings with lottery officials has been delayed. The Lottery Commission is located in Cleveland.

While all this activity was taking place Governor Kasich continues to tour the country pushing a balanced budget constitutional amendment, while he says it has nothing to do with a possible run for President he has targeted states with early primaries, i.e. Iowa, South Carolina and New Hampshire.

Finally we would urge all members to contribute generously to AFPD PAC and to reach out to nonmembers to tell them of the many advantages to belonging to AFPD. There is strength in numbers. ■

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21 Means 21: Preventing Alcohol Sales to Underage Individuals

Spring is the time of year for prom, graduation and other events involving young people. Unfortunately, these precious moments can turn to tragedy when underage individuals combine those celebrations with alcoholic beverages. The Division of Liquor Control wants to remind all liquor permit holders and Contract Liquor Agents of their responsibility for keeping alcohol out of the hands of underage individuals.

Help keep your community safe and also protect your business by being vigilant and thoroughly checking the identification of all young people attempting to purchase alcoholic beverages. It's also important to pay close attention to the products you are selling. There are several products on the market, such as energy drinks, that contain alcohol. Those products look similar to other non-alcoholic energy drinks, but cannot be sold to anyone under 21 years of age. It is the permit holder or Contract Agent's responsibility to make sure that alcoholic beverages, including alcohol energy drinks, are sold only to persons who are at least 21 years of age.

Checking for valid forms of identification is critical in preventing illegal sales. We strongly encourage the use of automatic identification reader/scanner devices. We believe that the use of those devices is an important step in further reducing underage alcohol sales. Whether or not an automatic reader/scanner is used, it is critical that your employees compare the photo ID presented with the person seeking to make a purchase, and refuse a sale when the person and the photo do not appear to match.

Ohio law provides an affirmative defense that protects permit holders who use automatic

identification reader/scanners and make a bona fide effort to ascertain the true age of the person buying the alcohol by checking an Ohio driver's license, an official state of Ohio identification card, or a military identification card issued by the U.S. Department of Defense. Remember, a young person's life and a permit holder's business can be damaged forever if you allow sales of alcoholic beverages to an underage person.

In addition, please remember that it is also illegal for any person to permit the engagement of accommodations at any hotel, inn, cabin, or campground by an underage person or for an underage person, if it is known or suspected that the underage person is intoxicated or possesses any beer or intoxicating liquor. Violation of this law is a first degree misdemeanor, punishable with up to six months in jail and/or up to a \$1,000 fine.

Permit holders and Contract Agents must also be observant to ensure that no alcohol is sold to anyone who is intoxicated. Selling alcohol to an intoxicated individual is a violation of Ohio law and can also have serious consequences for a permit holder's business.

In a continuing effort to help ensure compliance with Ohio's liquor laws and to help prevent the sale of alcoholic beverages to persons who are under 21 or intoxicated, the Division continues to operate a comprehensive server training program for the employees of the 467 Contract Liquor Agencies. The goal of this program is to effectively train the employees of new contract agency locations and to retrain employees of all existing locations on their responsibility to comply with Ohio law when selling alcohol and dealing with these two main concerns.

We greatly appreciate the efforts made in past years by all permit holders and Contract Agents in working with their local communities to help prevent underage alcohol sales and the tragedies that can result. Thank you in advance for continuing these efforts and helping to make this season safe. More information on this issue can be obtained by downloading the Division's booklet, "Safe Alcohol Sales Training" and other resources from our website at www.com.ohio.gov/liqr. ■



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Locations

May 19 - Columbus
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May 20 - Cincinnati
Crowne Plaza
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May 21 - Dayton
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May 26 - Canton
Courtyard by Marriott
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Canton, OH 44720

May 27 - Cleveland
Holiday Inn Strongsville
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May 28 - Toledo
Holiday Inn French Quarter
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Be Careful About How You Leave That Inheritance

■ BY RANDALL A. DENHA, J.D., LL.M.*

No one knows family better than family. As such, unless inheritance planning is properly structured and all aspects of the inheritance to be left are carefully considered, including how it is left, how much is left and to whom, the family dynamic can change for the worse. If family friction has begun due to friction of learning about a future inheritance, steps can be made in the estate planning process to minimize conflict. Additionally, steps can also be taken after the Grantor dies to help deal with family problems.

INCLUDE A NO-CONTEST CLAUSE

If the Grantor is still alive, he or she can include a provision in the trust that says that if any of the beneficiaries contest the trust, that beneficiary trust lose his or her portion of the inheritance provided in the trust. Such a provision may prevent an otherwise disgruntled family member from contesting the trust and using up a significant portion of the estate on the legal battle.

DISCUSS THE REASONING

If you have left certain assets to specific individuals for sentimental or logical reasons, spell out your reasoning to your family members. You can do this either in person or in a writing that accompanies the trust. For example, if your daughter has three children, you may prefer to leave her the family home while giving your other children cash gifts. If a cousin loved a certain family heirloom, explain this is the reason why you left it to that particular cousin. It is important to avoid surprise during this process, so the Grantor being

alive and explaining the decisions included in the estate plan may help alleviate hard feelings.

MAKE LIFETIME GIFTS

Rather than waiting for death, a Grantor may begin reducing his or her estate by making lifetime gifts. This may also give family members an incentive to be on better behavior in order to avoid losing their own gift.

TREAT CHILDREN EQUALLY

Many situations that cause hard feelings center on leaving children a different proportion of the estate. This can make children feel that they are not loved as much as a sibling. In addition to causing a rift between the parent and child, this can also create friction in the sibling relationship and possible estrangement. If you really want to disinherit a child, it is important that the Grantor specifically spell this out in the trust otherwise this may not occur.

UPDATE YOUR PLAN

Even celebrities make the mistake of not updating their estate plan often enough. This can cause unintended results, such as leaving an ex an inheritance or leaving out a younger child completely. While some states have laws that prevent these situations from occurring, it is best to update your estate plan after any major change occurs. Even though some states prevent an ex-spouse from inheriting, this may not change whether the spouse is still authorized under a power of attorney or health care proxy.

DEFEND THE TRUST

If you are a beneficiary and you agree with the terms of the trust

and its construction, you can opt to defend the trust if another beneficiary or interested party contests the trust. If you have a self-proving affidavit and affidavits from the witnesses who were present at the signing, it would be harder for a person to contest the trust. Additionally, if the Grantor is still alive, some states allow for a living probate process in which the Grantor can declare that the trust reflects his or her wishes. Going through this process does not make it impossible to later revoke or amend the trust.

CONTEST THE TRUST

If you believe that the trust does not properly reflect the wishes of the Grantor, you may choose to contest the trust if you have valid grounds to do so. For example, you may believe that the trust was a product of fraud or undue influence if another party forged the document or took advantage of a position of trust in order to personally benefit from it. If you believe that the Grantor was not competent at the time that the trust was executed, you may also contest it on these grounds.

Conversely, you may also contest the trust if the proper steps were not taken in executing it. For example, state law may require that the document expressly declare that it is the person's last trust and testament, have a certain number of witnesses and be signed in certain locations of the document and in front of witnesses. Witnesses may also have to be disinterested in order to keep their portion of the inheritance. ■



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MAY 19, 2015**AFPD'S 7TH ANNUAL OHIO FOOD &
PETROLEUM BUYING SHOW**

Back by popular demand! AFPD's Ohio Buying Show is gaining popularity as an excellent venue for Ohio-area members and customers to network, engage, buy and sell as they head into summer.

Executive Caterers at Landerhaven // Cleveland, OH

CHAIRMAN'S ROAST & SCHOLARSHIP DINNER

AFPD is rolling out the red carpet for a classic comedy roast of our 2014 chairman of the board, Pat LaVecchia. A night filled with fun, laughs, wine and cocktails. Tickets and sponsorship opportunities available. Sponsorships to our Chairman's Roast allows AFPD to provide \$1,000 scholarships to deserving students in Ohio. Scholars will be presented their awards at this event.

Taza Lebanese Grill // Cleveland, OH

MAY 20, 2015**AFPD'S 11TH ANNUAL OHIO GOLF OUTING**

This outing is a social event where retailers, wholesalers, manufacturers and service providers all come together to have a little competitive fun. A day on the course includes breakfast, dinner and 18 holes of golf!

Manakiki Golf Course // Willoughby Hills, OH

JUNE 25, 2015**7TH ANNUAL AFPD FOUNDATION/
JOSEPH D. SARAFI SCHOLARSHIP LUNCHEON**

Every year the AFPD Foundation awards academic scholarships in the amount of \$1,500 each to extraordinary and deserving students in Michigan. Help the AFPD Foundation invest in the leaders of tomorrow. Tickets and sponsorship opportunities available.

Detroit Athletic Club // Detroit, MI

publishers statement

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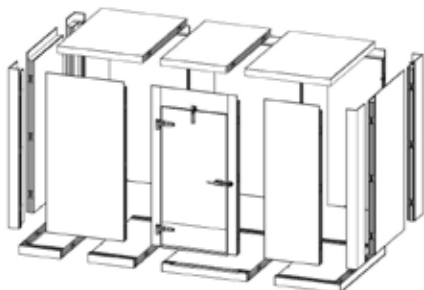
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