



Elections in WV - Huge Changes for West Virginia

Capito Becomes West Virginia's First Female U.S. Senator

There were no surprises in this race, except maybe the margin of victory. Congresswoman Shelley Moore Capito easily defeated Secretary of State Natalie Tennant by over 124,000 votes or 28 percent. Not only is Capito the state's first female U.S. Senator, but she is the first republican to represent the Mountain State since 1958 when John D. Hoblitzell was appointed to fill a vacancy. The last republican in West Virginia elected to the U.S. Senate was Chapman Revercomb in 1942.

Senator-elect Capito has been assigned to the Senate Appropriations Committee, as well as the Energy and Natural Resources, and Environment and Public Works Committees. In a presentation on December 15th, Senator-Elect Capito stated that on the Environment and Public Works Committee's agenda is the passage of a six-year highway bill, which will improve West Virginia's infrastructure.

West Virginia Sends Three Republicans to the U.S. House of Representatives

The last time West Virginia's U.S. House of Representatives delegation was all-republican was 1922. Incumbent David McKinley coasted to an easy victory over State Auditor Glen Gainer. Newcomer Alex Mooney pulled out a close 3 percent victory over Democrat Nick Casey. And, in one of the biggest upsets in the country, State Senator Evan Jenkins upended 38-year House veteran Nick Rahall with a 10 point victory. Jenkins, a 20-year member of the West Virginia Legislature, won by nearly 15,000 votes and his campaign made the list of the "The Best Congressional Campaigns of 2014" by Roll Call. Congressman-Elect Jenkins has been assigned to the Senate Appropriations Committee.

West Virginia State Senate			
Party		As of November 3, 2014	After November 4, 2014
	Democratic Party	24	16
	Republican Party	10	18
Total		34	34

State Senate Now Has Republican Majority

The State Senate changing from a democratic majority to a republican majority is probably the biggest pleasant shock of the election. The actual election left a tie at 17-17, but Senator Daniel Hall switched parties early in the day on November 5th giving republicans as the majority.

From the Director

As 2014 comes to an end, we would like to take this opportunity to thank you for your continued support of WVWA. We appreciate the trust you have placed in us. If there are ways that we can improve or issues we need to address, please do not hesitate to let us know.

Please mark your calendar for two upcoming events:

Mid-Atlantic Legislative Conference - May 27 - 29 - The Greenbrier Resort

Legislative Day and Reception - February 18 - State Capitol and Governor's Mansion

We look forward to working with you in the coming year and many years to come. We wish you, your employees and families a very prosperous 2015.

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In the State Senate, there were two incumbents that did not run this year which was one from each party. There were six incumbent Democrats defeated on the 4th of November. Seventeen Senators were not up for reelection this year and will be returning. They are divided as 10 democrats and seven republicans (Daniel Hall was not up for reelection this year). New to the Senate will be eight republicans and two democrats.

Senator Bill Cole from Mercer County was elected to be President. Also, in new leadership roles:

- **Majority Leader: Mitch Carmichael** (R-Jackson)
- **Finance Committee Chair: Mike Hall** (R-Putnam)
- **Judiciary Chair: Charlie Trump** (R-Morgan)

We feel very confident that this new Senate will be great to work with and will advance an agenda that will move business forward in WV. Senator Cole is a true leader who runs a successful business and has met a payroll - two of the qualities we need in leadership of our State.

West Virginia House of Delegates			
Party		As of November 3, 2014	After November 4, 2014
	Democratic Party	53	36
	Republican Party	47	64
Total		100	100

Republicans Take Control of House of Delegates

Heading into the November 4 election, the Democratic Party held the majority in the West Virginia House of Delegates.

The Democratic Party has held control of the West Virginia House of Delegates since the 1930s. That all changed in the 2014 elections. In 2012, republicans took 11 democratic seats and later Democrat Ryan Ferns defected to the Republican Party, narrowing the party gap to six. The republicans had a candidate running for every single seat in this election. The democrats fielded candidates in 85 of the House's 100 races.

The former minority leader, Tim Armstead, is the Speaker of the House. Also, in new leadership roles:

- **Majority Leader: Daryl Cowles** (R-Morgan)
- **Assistant Majority Leader: Carol Miller** (R-Cabell)
- **Majority Whip: John O'Neal** (R-Raleigh)
- **Speaker Pro Tem: Bill Anderson** (R-Wood)
- **Finance Chair: Eric Nelson** (R-Kanawha)
- **Judiciary Chair: John Shott** (R-Mercer)

In the House there will be 33 new members, three Republicans and two Democrats.

Moving forward...

The focus in the coming two years will be:

Job Development – Address tax fairness, regulatory consistency, the economic impact and effectiveness of all legislation.

Education - accessible education opportunities to produce graduates who are ready for the 21st Century Workforce.

Legal Fairness – Modernize West Virginia’s legal system to make us as competitive, or more so, than surrounding states.

Infrastructure Improvement – Ensure safety, security and stability of our roads, bridges and other components by investing in short-and long-term infrastructure improvements.

Fiscal Responsibility – continue a positive trajectory evidenced by WV’s emergence from the recession with a budget surplus and our upgraded state bond rating.

In meeting with Governor Tomblin soon after the election, he assured the OMEGA and WVWA leadership he is eager to work with the republican majorities in both the Senate and the House to continue to move West Virginia Forward. We pledged our support as well.

Tim Armstead (R-Kanawha) said recently on MetroNews Talkline the their agenda starts with what he called the “cap and trade bill” passed a few years ago when U.S. Senator Joe Manchin was governor. Armstead said he believes there will be wide support to repeal the law.

“We think it not only has devastating impact on our energy sector, our coal jobs in our state, but also it will result in increased utility rates for our citizens and we need to stop that,” Armstead said. “One of the first things we’re going to do is repeal that bill.”

Armstead and Cole also talked about legislation focusing on tort reform. This is in concert with President-Elect Cole who has said West Virginia must escape its Judicial Hellhole label.

“We have to make sure that businesses that are both operating here now and that would want to come and relocate in our state would have a stable judicial system,” Cole said. Del. Armstead said there would likely be push back from trial lawyers on the legislation but he said it’s about fairness.

“What we have in mind it’s more of a fairness issue. It’s not trying to push the balance in one way or another but we believe there are things within our judicial system that just aren’t fair and they aren’t very well-balanced and they are unpredictable,” Armstead said.

2015 Policy Positions

We are already preparing for the 2015 Legislative Session, which will begin on January 14th. Below are some priorities we feel should be addressed in the upcoming session:

- **Fair Competition & Border Stability.** We believe that advantages should not be given to large out-of-state companies or that our surrounding states should have advantages over us. We continue to seek an even playing field to conduct business. Differences in excise tax rates across jurisdictions create incentives for consumers to cross the border and purchase in lower tax jurisdictions. There are certain commodities that consumers shop price for and among these are gasoline, cigarettes, soft drinks and beer. It is estimated that fifty percent of West Virginia residents live near a border, therefore being competitive on those borders is important to West Virginia retailers. We know that when consumers go across the border for these items that they make other purchases.
- ♦ **Economic and Jobs Development.** We need to build and sustain a business competitive environment. We need to provide accessible education, either in a college, business or trade format, so that we may produce graduates who are prepared for today’s workforce.
- ♦ **Responsible Government.** Our State government needs to maintain prudent budgeting, integrity and transparency.
- ♦ **Legal Reform.** We must make important changes to our legal system to attract jobs. There are many topics that require attention, including limits on punitive damages, reform of joint and several liability, non-partisan election of judges and collateral source rules.

Governor Tomblin Receives High Marks for Fiscal Responsibility

Gov. Earl Ray Tomblin has received high marks for responsibly managing West Virginia's finances in the Cato Institute's "Fiscal Policy Report Card on America's Governors 2014."

The report computes a fiscal policy grade for each governor based on his or her success at restraining taxes and spending since 2012. Gov. Tomblin ranked seventh nationally.

"Throughout my career in public service I have made fiscal responsibility a top priority," Gov. Tomblin said. "From paying off our unfunded liabilities and reforming our workers' compensation system to controlling the growth of our state budget, we have taken steps to improve West Virginia today and into the future. By responsibly managing our finances, we will continue to make West Virginia an attractive place for businesses to locate and expand, creating good-paying jobs for our residents."

In the report, the Cato Institute gave Gov. Tomblin a "B," with just four governors in the country receiving an "A." The report noted that Gov. Tomblin "has overseen the elimination of sales taxes on food and has continued to phase in reductions in business taxes enacted under his predecessor."

Governor Earl Ray Tomblin Announces New Appointments

Governor Earl Ray Tomblin has appointed Fairmont native **Jason Pizatella** as Acting Secretary of Administration. Pizatella has been Tomblin's deputy chief of staff. Former acting secretary Ross Taylor is returning to his role as comptroller in the state Division of Finance.

Gov. Earl Ray Tomblin has announced **Joseph D. Garcia will serve as Director of Legislative Affairs** for the Governor's Office, effective Nov. 1. Prior to this appointment, Garcia served as Deputy General Counsel to Gov. Tomblin. The Fairmont native has also advised Gov. Tomblin on policy issues relating to criminal justice reform, represented Gov. Tomblin as his designee on the Consolidated Public Retirement Board and, most recently, was appointed by Gov. Tomblin to serve as Chair of the West Virginia Intergovernmental Task Force on Juvenile Justice. Before serving in state government, Garcia practiced law at Spilman, Thomas and Battle, PLLC in Charleston.

Governor Tomblin also announced the appointment of **Brooks McCabe to the West Virginia Public Service Commission (PSC)**, effective November 15, 2014. McCabe will fill the vacancy created by the September resignation of Commissioner Ryan Palmer. A graduate of the University of Vermont and West Virginia University, McCabe began his career in the commercial and investment real estate industry. He has remained an active member of this community for more than thirty years and currently serves as Managing Member and Broker of West Virginia Commercial LLC and General Partner of McCabe Land Company LP. During his time as a member of the West Virginia State Senate, McCabe focused on economic growth and development opportunities. He has served on the Senate Committees on Finance, Economic Development, Pensions, Banking and Insurance and Government Organization. McCabe, who did not run for re-election this year, will resign his Senate seat prior to joining the PSC.

He has also announced **Lawrence J. Malone to serve as Director of Policy for the Governor's Office**, effective Oct. 27. Malone joins the administration after having operated his own communications and marketing consulting firm, Malone Consulting Services. He also has served as communications director for the West Virginia Chamber of Commerce, executive director of the West Virginia Oil & Natural Gas Association, and has done extensive policy development work in a number of key areas, including health care and technology innovation, energy, transportation and economic development.

WV Retains State Business Tax Climate TOP 25 Ranking

According to the Tax Foundation's 2015 State Business Tax Climate Index, West Virginia is once again ranked 21st of the 50 states. The Index measures over 100 tax variations in the categories of corporate, individual income, sales, property and unemployment taxes. West Virginia's recent Corporate Net Income Tax reductions and phase out the Business Franchise Tax certainly has helped has been credited with improving WV's business tax structure. In comparison, our neighboring states ranked as follows: Ohio - 44, Maryland - 40, Pennsylvania - 34, Virginia - 27 and Kentucky - 26.

Mountain State Business Index – November 2014

The Mountain State Business Index (MSBI) goal is to provide an in depth look into West Virginia's economic status.

Each index is comprised of several individual indicators that are used to characterize a particular aspect of the state's economy. The variables comprising the MSBI are: building permits authorized for single-family homes; average initial unemployment insurance claims; a stock index of West Virginia's largest publicly-traded employers; the spread between long-term and short-term interest rates (also known as the yield curve); the state real trade-weighted dollar exchange rate; statewide coal production; and statewide natural gas production.

The Mountain State Business Index is calculated every month. It is produced by West Virginia University College of Business and Economics with John Deskins as Director.

Deskins: "For the first time since early 2014, a majority of components made negative contributions to the MSBI this month. Natural gas output provided the largest positive contribution to the topline index, while stock prices for the state's largest employers and building permits for new single-family homes also boosted the MSBI in November. By contrast, coal production, initial claims for unemployment insurance and the state trade-weighted dollar weighed on the index by similar magnitudes. The yield curve also made a negative contribution to the index this month."

"Although a majority of MSBI components failed to improve this month, the index has notched strong gains over much of 2014 thanks to a few key indicators," said Brian Lego, BBER research assistant professor. "The composite of stock prices for the state's largest publicly-traded employers surged 3 percent and remains 12 percent ahead of its year-ago level," Lego said.

Although Better, State's Overall Health Still Needs Work

The latest ranking from the United Health Foundation of healthiest states is out for 2014 and for the first time in 25 years, West Virginia has come up off the bottom. West Virginia ranked 44th in overall health for the year.

"It's certainly something to celebrate," said Dr. Rhonda Randall, chief medical officer for United Retiree Solutions and adviser to the United Health Foundation, "Last year you were ranked 46th and 25 years ago when we began this report, you were ranked 48th. It's a slow, but steady increase."

Despite the improved ranking, Randall said the state still has a lot of ground to cover. The overall ranking was improved by three main factors.

"You're ranked #1 in infectious disease and #2 in low prevalence of binge drinking and a high per capita of public health funding," Randall said. "It really wasn't a silver bullet that led West Virginia to move up in ranking."

However, the most notorious health problems in West Virginia continue to be major contributing factors to the state's problems. West Virginia ranked #50 for smoking with 27 percent of the state's adult population. Obesity continues to be a problem with 35 percent of the state's adults reporting they are obese which ranked 49th. The state's inactivity continues to be a problem as well. West Virginia was 46th in that category with 31 percent of the state's adults surveyed indicating they have no physical activity outside of their everyday lives.

"We need to focus on prevention. Where we've done a good job with public health and clinical job now we need to do a better job of preventing chronic disease," Randall said. "That really is in the hands of individuals and the communities where they live to create that healthier environment."

Federal Update

Congress Passes \$1.1 Trillion Spending Package

On December 16th, the Senate approved a one-year tax extenders package (applies to calendar year

2014 only) that would revive over 50 expired tax incentives by a vote of 76 – 16. The House passed an identical bill earlier this month by an overwhelming vote of 378 – 46. The extender's package includes the one-dollar-per gallon biodiesel blender's tax credit, a 30 percent investment tax credit for alternative fuel pumps, 50 percent bonus depreciation, and Section 179 expensing.

The omnibus spending bill provides \$8.14 billion for the EPA. The Commodity Futures Trading Commission (CFTC) received a funding boost of \$35 million bringing its budget to \$250 million and the Department of Energy (DOE) received \$10.2 billion. The Leaking Underground Storage Tank Trust Fund received approximately \$92 million, the Northeast Home Heating Oil Reserve received \$7.6 million and the Low Income Home Energy Assistance Program (LIHEAP), \$3.39 billion.

Several policy riders were added to the 2015 Omnibus package including an amendment by Senator Susan Collins (R-ME) to suspend for one year the hours-of-service (HOS) restart changes that became effective last year. The proposal would require the Federal Motor Carrier Safety Administration (FMCSA) to justify in a report to Congress how the changes enhance public safety. Originally, the HOS regulations allowed drivers to use the 34-hour restart without restrictions. However, the FMCSA adopted regulatory changes limiting use of the 34-hour restart to just once per week and requiring the restart to include two overnight rest periods between 1:00 AM and 5:00 AM. As a result of the FMCSA changes, depending on the time of day their final shift ends, drivers are now required to take more than 34 hours off duty before they can return to work.

Another policy rider included in the omnibus package was language preventing EPA and the U.S. Army Corps of Engineers (COE) from expanding its jurisdiction over "Waters of the United States." Many petroleum marketers with bulk storage will be adversely affected by the revised definition. At the most fundamental level, the proposal as written represents an unjustified expansion of Clean Water Act jurisdiction far beyond the limits of federal regulation explicitly established by Congress and affirmed by the courts. The proposal would, for the first time, give federal agencies direct authority over land use decisions that Congress has intentionally preserved to the States. It would intrude so far into traditional State and local land use authority that it is difficult to imagine that Congress intended this outcome. PMAA supports the language in the omnibus spending package.

Finally, one policy rider was included that would gut a critical Dodd-Frank reform provision to prevent the big Wall Street banks from being allowed to use insured deposits to gamble in the commodity futures markets. Under the Dodd-Frank reform law, the big banks must segregate their swaps desks so that taxpayers won't be left on the hook if their bets go south. PMAA opposed its inclusion; however, House and Senate negotiators cut a deal to increase funding for the CFTC in return for the policy rider's inclusion.

From NACS ... What the Election Means for Our Industry

Obviously, the major shift here will be in the Senate, where Harry Reid (D-NV) will lose his position as Majority Leader and with it, the ability to set the Senate agenda. Democrats will also lose their hold on the chairmanships of major committees. In January, Mitch McConnell will be installed as Majority Leader and various republican senators will seize the gavels of all Senate committees. In many committees, exactly which republican will be named chair remains an open question. In the House, you can often assume that when a party swings the majority, most of the current ranking members of committees will take over in the new Congress. That isn't quite as true in the Senate, where further machinations often take place to determine who will be named chair of key committees. As those assignments come into focus over the coming weeks, we'll be sure to keep you informed.

Ultimately, we don't expect to see a seismic shift in the accomplishments of the United States Congress in the 114th Congress. The fact remains that the Senate still requires 60 votes to pass any legislation and President Obama continues to wield his veto power, which requires a two-thirds majority vote in both Chambers to override.

The bright spot is the possibility that the increased size of the House majority may give Speaker John Boehner (R-OH) a “working” majority that would not be as tightly controlled by the far right of the party that has held such sway over the House for the past four years. By expanding the majority, he has opened up his “margin for error” and will hopefully be able to pass meaningful legislation.

In the end, the 114th Congress could portend good things for some of the issues we care about the most. Reforming the pending Menu Labeling rule, if necessary, is an issue that has seen some bipartisan support and while legislation may not move during the upcoming lame duck session, dual republican majorities may be more likely to pass it during the next Congress. Energy issues will likely receive new scrutiny and we may be able to gain some traction on Renewable Fuel Standard reform. With “Restore America’s Wire Act” lead Senate co-sponsor Lindsey Graham (R-SC) moving to the majority, and lead House Co-Sponsor Jason Chaffetz (R-UT) eyeing the government reform gavel in that chamber, we may see some movement on Internet Lottery legislation as well.

FDA Final Menu Labeling Rule to Include Convenience Stores

The U.S. Food and Drug Administration (FDA) finalized two rules requiring that calorie information be listed on menus and menu boards in chain restaurants, similar retail food establishments (including convenience stores) and vending machines with 20 or more locations to provide consumers with more nutritional information about the foods they eat outside of the home. Covered food establishments will be required to clearly and conspicuously display calorie information for standard items on menus and menu boards, next to the name or price of the item. Seasonal menu items offered for sale as temporary menu items, daily specials and condiments for general use typically available on a counter or table are exempt from the labeling requirements. The rules are required by the 2010 Patient Protection and Affordable Care Act.

FDA’s Strategic Priorities

At the recent Food, Drug and Law Institute conference on FDA Tobacco Regulations, Mitch Zeller, the Director of the FDA’s Center for Tobacco Products, gave a presentation on the agency’s strategic priorities for tobacco regulations. During his presentation, Director Zeller listed five strategic priorities including: (1) product standards, (2) comprehensive FDA nicotine regulatory policy, (3) pre- and post market controls including regulations and product reviews, (4) retail compliance and enforcement, and (5) public education. Each of these strategic priorities is important for not only retailers, but also tobacco wholesalers and manufacturers. A summary of Director Zeller’s presentation on product standards, a comprehensive nicotine policy, retail compliance, and public education is provided below and a copy of the slide presentation used in his presentation accompanies this bulletin.

Product Standards: Director Zeller considers product standards the single most powerful tool that Congress provided to the FDA to regulate tobacco products. Under the Family Smoking Prevention and Tobacco Control Act (the law that Congress passed to authorize the FDA to regulate tobacco products), a product standard is the power to ban, restrict or limit the allowable levels of ingredients in tobacco or tobacco smoke. The FDA intends to develop strong product standards to improve public health and that can withstand a legal challenge from the tobacco industry.

To date, the FDA has not finalized or issued any new product standards. However, Director Zeller indicated that the FDA is exploring product standards in three specific areas including addictiveness of tobacco products, the toxicity of tobacco products, and the appeal of tobacco products. Currently, scientific studies funded by the FDA are being conducted to develop and support product standards in these three areas. When new product standards are developed, the FDA will use the rulemaking process to publish the proposed standards and allow for public comments to be submitted in response to the standards.

What do product standards mean for the industry? Based on the definition of a product standard, the FDA could propose, for example, standards that require lower nicotine levels or the removal of certain constituents in tobacco products or tobacco smoke. These kinds of product standards could change the ingredients in tobacco products so that the products on the market today would not be the same kind of products on the market under a product standard.

Nicotine Policy: The FDA is looking at nicotine differently, not as a drug, but how nicotine is being delivered to the individual. In other words, is nicotine being delivered as a nicotine replacement therapy such as nicotine gum or patches, or in combustible tobacco products, or in electronic cigarettes. Director Zeller stressed that there is a continuum of nicotine risk with combustible tobacco products containing the highest health risk and nicotine replacement therapy products on the other end of the spectrum. He also emphasized that it is important to understand that people smoke for the nicotine, but have health consequences from the smoke constituents and tar. This continuum of risk gives the FDA the opportunity to study a regulatory process for nicotine that may have less or more stringent regulations depending on the relative health risk posed by different nicotine-containing products.

As a part of the FDA's exploring nicotine regulations, Director Zeller highlighted related actions that included finalizing the proposed deeming regulations (the FDA is currently reviewing 135,000 comments received from the public), working to determine how the regulation of nicotine therapy products will evolve, and considering options for an expedited premarket review of new tobacco products based on the principles of toxicity and risk.

Retail Compliance: The FDA has entered into contracts with either state agencies or private companies to conduct compliance checks on retailers in all 50 states to ensure that the federal tobacco regulations are being followed. Over the past four years, more than 335,000 retail inspections have been conducted. Retailers have successfully passed approximately 314,600 inspections for an overall compliance rate of 95%. The Family Smoking Prevention and Tobacco Control Act requires the FDA to conduct these inspections in the states each year. To date, the FDA has paid out \$118 million to state agencies and private companies for conducting these retail inspections.

Public Education: The main public education effort undertaken by the FDA is known as "The Real Cost" campaign. This campaign is a multimedia approach using television commercials, social media, and print advertisements to educate youth about the health consequences of tobacco use. The campaign will be conducted over several years with research conducted to determine if the campaign messages resulted in a decrease in smoking among youth ages 12 to 17.

The first television commercials produced were taped on a convenience store set and depicted a young male and a young female using body parts as part payment for a pack of cigarettes. NATO filed a formal complaint with the FDA requesting that the television commercials be removed from television and YouTube because of the false and negative depiction of retailers selling cigarettes in exchange for body parts. The FDA is currently in the process of producing new television commercials that focus on youth use of smokeless tobacco products.

House Leaders Rush to Defend E-Cigarettes from Possible FDA Bans

Senate Democrats harried electronic cigarette companies throughout 2014, pushing hard for new rules and restrictions on the booming multibillion-dollar industry. Now, congressional Republicans are standing up for e-cigarettes and pushing back on pending regulations critics fear may allow administrative product bans. House Speaker John Boehner (R-OH), House Majority Leader Kevin McCarthy (R-CA), and House Energy and Commerce Committee Chairman Fred Upton (R-MI), wrote to Health and Human Services Secretary Sylvia Burwell last week requesting a change to proposed Food and Drug Administration regulations that may be enacted soon. The new tobacco product approval process would apply to e-cigarette products released after February 2007, the proposed rules say, meaning nearly all e-cigarettes currently on the market would undergo rigorous review.

DOL Overtime Rule Delayed; Expected in Early 2015

Recently, the Department of Labor's Solicitor General Patricia Smith indicated that DOL's overtime initiative will miss its November target date and is expected to be released in early 2015. The overtime initiative will have significant implications for supermarkets, warehouses and corporate headquarters in terms of its potential impact on associates who are currently classified as exempt under the Fair Labor Standards Act (FLSA). The proposed rulemaking will likely put forth two major changes in determining if employees are eligible for overtime pay protections.

Wholesalers Face Serious Challenges, Report Says

Serious financial challenges are likely to continue for U.S. grocery wholesalers for at least the next five years, and companies that fail to improve efficiency and deliver increased value to customers will be in danger of shutting down, according to a report by IBISWorld.

IBISWorld is a market research firm based in Melbourne, Australia, with offices around the world.

According to the report, large grocery wholesalers have been able to expand market share over the last few years, while smaller, often underperforming companies have scaled back or exited the market altogether, causing the industry to contract, and the number of wholesalers is likely to continue to decline over the next five years.

Consumer demand at supermarkets is expected to increase slowly in 2015, "and this slow growth represents a potential threat to the [wholesale] industry," the report indicated.

Posing a further threat is the trend among supermarkets and other food distributors to bypass wholesalers and buy directly from manufacturers and growers — a trend IBIS said has escalated quickly over the past three years because of rising food prices.

As an improving economy encourages more consumers to dine out, "savvy wholesalers will re-position themselves in a bid to capture new restaurant and fast-food chain customers, and these outlets will form a growing portion of the industry's customer base," the report said.

Like the Supermarket News page for updates throughout the day.

It also suggested wholesalers may opt to move more into niche markets to serve formats that cater to ethnic communities such as Hispanics and Asians. "With traditional grocery stores underserving ethnic markets and demand for ethnic foods increasing, wholesalers will have an opportunity to serve these niche markets and cultivate relationships with manufacturers of ethnic foods," the report noted.

"However, larger wholesalers are expected to start distributing more specialized goods in the next five years as they compete with manufacturers who self-distribute," the report warned.

NATO to Launch Web-Based Grassroots Alert System in 2015

In January of 2015, NATO will begin using a customized web-based grassroots advocacy system that allows each NATO member with just a couple of clicks of a computer mouse to send an e-mail message to the state or federal lawmakers that represent the legislative districts where each of the member's stores are located. That is, regardless of the number of stores that a member owns and operates, the member will be able to send an e-mail message to each state senator and state representative, or U.S. Senator or U.S. Representative, for all of the member's stores simultaneously.

Since the e-mail letter to lawmakers will already be drafted by the NATO staff, the member would only need to select whether the letter should go to state lawmakers or federal lawmakers, and then click submit. The custom alert system will recognize the member and automatically send a letter to each elected official on behalf of the each respective store.

Other State News

Virginia Seeks Tobacco Retailer Licenses

The Virginia state legislature is considering a request by the Virginia State Crime Commission to require tobacco retailers to obtain a license to sell cigarettes. The initiative is an effort to reduce illegal cigarette trafficking in the state. Virginia has the second-lowest tobacco tax rate in the country, which facilitates some from buying cigarettes in bulk and transporting them to other states with considerably higher tax rates. The Virginia Petroleum, Convenience and Grocery Association (VPCGA) is against imposing this burden on retailers since 99% of them follow the rules.

Nation's First Tobacco Sales Ban DOA

Defeating a proposal that would have made the town the first in the nation to ban the sale of all tobacco products, the Westminister, Mass., Board of Health voted two to one not to move forward with the proposal, according to an Associated Press report.

The vote comes about a week after rowdy opposition led board members to end a public hearing early. Westminister convenience store and other business owners strongly opposed the ban.

As reported in a 21st Century Smoke/CSP Daily News Flash, board members Ed Simoncini and Peter Munro voted to kill the proposal. Board chairperson Andrea Crete voted to keep it under consideration.

"The town is not in favor of the proposal, and therefore I am not in favor of the proposal," Simoncini said, according to a Sentinel & Enterprise report.

After the motion passed, Simoncini thanked the town's residents for their participation in the process, the newspaper said. "You made the difference," he said. "It didn't go as smoothly as we would have liked, but thank you."

Crete told The Boston Globe that she was disappointed. "We could have made Westminister tobacco-free in the sense children would have no exposure to tobacco at the stores," she said.

Crete said she regrets not doing a better job of communicating the proposal to citizens. "We didn't want to stop people from smoking in private," she said, "but unfortunately that's the way it came off."

Emotions flared at the hearing on November 12, when about 500 people crowded into a Westminister elementary school gymnasium. After shouting and clapping opponents of the ban repeatedly refused Crete's requests to come to order, she gaveled the hearing to a close just 25 minutes into it instead of taking comments. Only a handful of people were able to speak on the proposal. The police escorted the board members out, and the crowd dispersed. Crete said the board would accept written testimony until December 1 without specifying when the board would vote on the proposal.

Chicago Bans Flavored Tobacco Sales Near Schools

A new law bans the sale of flavored tobacco within 500 feet of a school. Proponents say flavored products are a means of hooking kids on tobacco. A lawyer for a group of Chicago gas station owners told a federal judge recently that a new city ordinance banning the sale of "flavored tobacco" products near schools could put his clients out of business.

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May 27 - 29, 2015

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INVITED

Legislative Reception at the Governor's Mansion
5:00 to 6:30 p.m.

Member News

Membership Dues and Directory

2015 Membership dues were mailed this month. We would like to thank every company who is a member of OMEGA. We appreciate the trust you have placed in us and we look forward to serving you in 2015.

The new **2015 Membership Directory** will be ready at the end of the month. Members will be receiving this publication at the beginning of January. If you need to correct any of your information, please contact the Association Office.

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