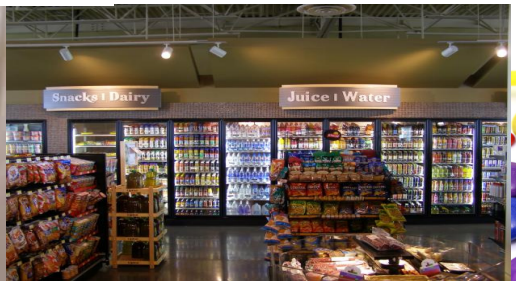
WV WA
West Virginia
wholesalers association

Quarterly Newsletter

2nd Quarter - 2016



State News

Special Session Ends with Budget, PEIA Bills and Tobacco Tax

Breaking a 93-day budget and a 17-day special session, West Virginia legislators put the final touches on a $4.187 billion 2016-17 state budget on June 14th - including amending it to include a new reserve fund to lessen the impact of pending premium increases for retirees and public employees covered by the Public Employees Insurance Agency. The budget included a $.65 cent cigarette increase, an increase to the OTP tax to 12% and a new tax for e-cigarettes of 7.5 per milliliter.

The regular session ended in March with the news that a $270 million funding gap in the 2016—1017 state budget needed to be filled to avoid a government shutdown on July 1.

House Democrats, in particular, raised concerns that the additional funding in the budget bill (SB 1013) for employers' PEIA premiums would effectively result in pay cuts for retirees and public employees with PEIA health insurance. State law requires an 80-20 match between employer and employee PEIA premiums.

Under the provision added to the budget, for the next five years, $15 million a year in non-appropriated funds in special revenue accounts would be placed into the new PEIA Stability Fund to help offset current and future premium increases.

Of that amount, $5 million would go to reduce retiree premium increases from 12 percent to 6 percent, with the remainder going to replenish the PEIA Reserve Fund, which was exhausted in 2015. Ultimately, the House amended the bill to limit sweeps from funds held by statewide elected officials to no more than 25 percent in non-appropriated funds, or a maximum of $3.75 million a year. The bill passed the House 85-4 and, shortly after, passed the Senate 28-0.

Gov. Earl Ray Tomblin promised to add the PEIA Fund to the special session agenda once the Legislature approved his proposal for a tobacco tax increase (SB 1012) to raise $98 million to help close a $270 million gap in the 2016-17 budget. That bill passed the Legislature on Monday.

Passage of the budget bill and conclusion of the special session, which began on May 16, became possible Monday, when the House broke a 92-day budget impasse with passage of a tobacco tax increase, including a 65-cent-a-pack hike on cigarettes, to raise $98 million a year in new revenue.

The budget bill - including the PEIA reserve fund clause - received final passage votes in the Senate 28-3 and the House 80-7. That, combined with approximately $120 million in spending cuts and account sweeps, and a $70 million raid on the Rainy Day Reserve Fund that Tomblin found acceptable - compared to a nearly $182 million raid in the budget bill he vetoed June 8 - allowed the Legislature to cobble together a plan to close a $270 million shortfall in the 2016-17 budget.

(Continued on Page 2)

From the Director

This has been a tough few months for our industry. On June 13th, The WV Legislature passed a tobacco tax increase to raise approximately $98 million. This increase was a key component to help close a $270 million funding gap in the 2016-17 state budget and avoid a government shutdown on July 1.

The votes came on the 16th day of the special session on the budget, and nearly three weeks after the House rejected a previous tobacco tax bill that would have included a 45-cent-per-pack increase on cigarette taxes, 20 cents a pack less than the tax hike approved.

The industry fought a gallant fight and has been fighting since the tax was last raised in 2003. There was a huge movement in recent years to go to $1.55 per pack and some talk in the last few months of going as high as $2.00 per pack. In fact, according to a poll done in February, 59% of those polled supported raising tobacco taxes to help fund PEIA, and 52 percent of those supporting the tax believe the increase should be $1 or more. Some think we might be better taking the hit now with the 65-cent-per-pack increase. We were low hanging fruit and the state needed the money. So, they decided to balance the budget on the backs of 26.7% of the smokers.

Our Mid-Atlantic Legislative Conference was held June 1st & 2nd at The Greenbrier. It truly was a great event! Thanks to MALC Chairman Rob Sincavich for putting together such a wonderful program and event! Turn to pages 16 – 19 for a recap and pictures.

Before closing, I want to express how deeply heartbroken I have been over the last week as I have watched our State suffer the aftermath of the devastating storms on June 23rd. But, it is amazing to me how at times like these, during our darkest hours, West Virginia shines. In the past few days, we have watched West Virginians take care of each other. We see those who have lost everything still helping their neighbors clean up what is left of their homes. That is what makes West Virginia great, we take care of our own. I know we are a strong people and we will recover.

(Continued from Page 1)

The Legislature also passed a bill that extended a $2 million subsidy for Workers' Compensation premiums for volunteer fire departments for one year, through June 30, 2017.

Tobacco Tax - Effective July 1, 2016

The cigarette tax will increase to $1.20 per pack, OTP to 12% of wholesale and e-cigarettes 7.5 cents per milliliter.

The tobacco tax passed in the Senate by a vote of 24 - 7 (3 absent and not voting) and in the House by a vote of 63-35 (2 absent and not voting). To see how your legislator voted you go to http://www.legis.state.wv.us/legisdocs/2016/1X/votes/senate/06-13-0029.pdf for Senate vote and http://www.legis.state.wv.us/legisdocs/2016/1X/votes/house/00715.pdf for the House.

The last tobacco tax increase was in 2003. Since that time, every year, the industry has fought off additional increases. The majority of the states have increased since that time.

Border stability is always at the forefront of our agenda when we go to the Legislature. With an estimated fifty percent of our citizens on a border, we know that our citizens will cross that border for key products like gasoline, cigarettes, soft drinks and beer. Likewise, where we have an advantage we know that our stores benefit from a lower tax.

Targeted excise taxes have proven to be unstable sources of revenue and ultimately can cause a reduction in tax receipts. In fact, only three out of the 32 state tobacco tax increases, enacted between 2009 and 2013, have met or exceeded tax revenue projections, according to the Americans for Tax Reform. This is largely due to black market smuggling, cross-border sales and the seeking out of lower cost products in cheaper markets. All of these acts result in greater burdens on low-income consumers and to the detriment of in-state small businesses like convenience stores.

The text of the bill is available at http://www.legis.state.wv.us/Bill_Status/bills_text.cfm?billdoc=SB1012 ENR.htm&yr=2016&sesstype=1X&i=1012. Our legislative bulletin dated June 14th outlines many of the specifics.

We appreciate all who made calls to their legislators regarding this issue. If you have any questions please feel free to give us a call.

Implementation

We have been in contact with the West Virginia State Tax Department and they are working on addressing our questions. They have two documents that should be helpful:

- The Cigarette and Other Tobacco Product Excise Tax Increase FAQ: http://tax.wv.gov/Business/ExciseTax/TobaccoTax/HowDoI/Pages/CigaretteAndOtherTobaccoProductsExciseTaxIncreaseFAQ.aspx

- The E-cigarette Liquids Excise Tax FAQ: http://tax.wv.gov/Business/ExciseTax/TobaccoTax/HowDoI/Pages/ElectronicCigaretteLiquidsExciseTaxFAQ.aspx

Floor stock tax forms are not available at this time, but should be available soon.

Changes in Governor's Office Staff

Chris Stadelman will replace Charlie Lorensen on July 1st as the chief of staff for the Governor. Lorensen has been the chief of staff for more than three years and was previous Tomblin's revenue secretary. Stadelman has been the administration's communications director since May 2014. Lorensen is returning to the private sector.

WVU Report Says State Economy May be Stabilizing

The state's business index has been flat for the past three months — suggesting "there may be some hope" for the state's economy, according to a report released by economists at West Virginia University.

The Mountain State Business Index for May was unchanged. The report indicates the economy is in a recession, but that there could be a turning point in the near future. John Deskins, economist at WVU's Bureau of Business and Economic Research thinks that is lends itself to some optimism.

Contributions to the overall index for May included declines in initial unemployment insurance claims and the trade-weighted dollar. In April, there was an increase in natural gas production, a decline in coal production and an increase in stock prices for the state's largest publicly-traded employers.

Deskins said the index is a representation of the overall state even though there are economic variations from county to county.

"This index is somewhat misleading because it's intended to capture the entire state economy, but we have such dramatic differences across West Virginia," he said.

Boone County, for example, has particularly felt the impact of the struggling coal industry, Deskins said. He called it a "lag effect" that began with a loss of coal production, then loss of coal jobs, which resulted in more job losses countywide.

"More broadly in the state that may not be such a hard and fast rule, but definitely in those communities that are most effected — you see that pattern," Deskins said.

Federal News

New Overtime Pay Rule Unveiled

The Department of Labor (DOL) has finalized and released the pending rule on overtime pay for salaried workers. The rule addresses the "white collar" exemption for executive, professional, and outside sales workers under the Fair Labor Standards Act. The new rule raises the exempt salary threshold from the previous $23,660 ($455 per week) to $47,476 ($913 per week). The 100% increase will also be coupled by an automatic increase which will be tied to changes in the 40th percentile in full-time salaried wages in the lowest-wage region of the United States (currently the southeast). The automatic increases will take place every three years, not on an annual basis as previously expected. There were no changes made to the duties test.

The rule is set to go into effect on December 1, 2016.

The new rule will affect a greater percentage of West Virginia's workforce than any other state, according to an analysis from a national think tank.

It is estimated that it will make 4.2 million more American workers eligible for federally required overtime benefits - generally time-and-a-half pay when a person works more than 40 hours a week.

Almost all hourly workers - those who get paid a set rate for each hour worked - get paid time-and-a-half for any hours over 40 per week.

But many salaried workers - those paid an annual salary, regardless of hours worked - do not get those same protections.

As the rule stands, salaried employees who make more than $23,660 a year and whose primary duties are "executive, administrative or professional" do not have to be paid time-and-a-half for overtime hours.

The new rule essentially doubles that threshold, to $47,476, making millions more workers eligible for overtime benefits.

The Economic Policy Institute, a progressive think tank that advocated for the overtime rule change, estimates that 12.5 million workers nationwide will benefit from the rule change. That number is much higher than the Department of Labor's estimate because the think tank includes workers who they believe are being misclassified by their employers as management.

Employees who make more than the salary threshold are still supposed to be paid overtime, unless they are "executive, administrative or professional."

There is a lot of nuance in that categorization. Does it include, for instance, an assistant restaurant manager or a construction site supervisor - people who may technically be management, but who are paid a fairly low salary and whose primary duties may be closer to those they supervise than to upper-level management?

That nuance is the reason for the big spread between the Economic Policy Institute's estimates and the Labor Department's.

The Economic Policy Institute estimates that 66,000 West Virginia workers will directly benefit from the change, which goes into effect on Dec. 1. That equates to 30.7 percent of West Virginia's salaried workforce, the highest share of affected workers in the nation.

The overtime rules were last changed in 2004, but have not been expanded this much since 1975.

Sen. Joe Manchin, West Virginia's lone congressional Democrat, said the rule would "help lift thousands out of poverty through hard work."

The new rule also indexes the salary threshold to inflation and will be adjusted every three years.

Sen. Shelley Moore Capito is a co-sponsor, along with 40 other Republican senators, of a bill that would prevent the overtime changes from going into effect.

Capito said she was concerned with, among other things, the December implementation date, the possibility of salaried workers being reclassified as hourly workers and the ability of small universities and non-profits to absorb additional salary costs.

Nationally, business groups have strongly opposed the changes since the Obama administration announced last year that it intended to change the overtime rules.

There are certain instances when the overtime rule would reduce flexibility for employees to set their own schedule. If, for example, an employee asks to work a Saturday in order to take off on Friday next week.

Just because the new rule mandates that employers pay overtime rates to more salaried employees, does not necessarily mean that's what will happen.

The Labor Department anticipates a number of responses in reaction to the new rule.

If a newly covered worker makes, say, $25,000 to $30,000, and doesn't work too much overtime (maybe they average 42 hours a week), the employer may just go ahead and pay the time-and-a-half.

But for higher paid workers, it may be easier for the employer to just give the employee a raise. For a worker who makes $40,000 a year, and averages 50 hours of work a week, it will be cheaper for the employer to just give the worker a raise, to bump them above the $47,476 threshold, than it would be to pay the overtime.

Eisenbrey cited post-doctoral researchers at universities, who work notoriously long hours for middling salaries, as among the most likely group of workers to get raises because of the new rule.

An employer could choose to simply cut a worker's hours below 40 per week, a move contemplated by Rep. Evan Jenkins, R-W.Va., another opponent of the change.

"Instead of lifting up middle-class families, this rule will reduce working hours and force employers to make tough choices on hiring versus laying off workers," Jenkins said.

It is, however, important to note that because the new rule applies to salaried workers, not hourly workers, a cut in hours would mean fewer hours spent at work, but not less pay.

CDA and its coalition partners submitted comments with the DOL expressing concern over the impact of these revisions on businesses and the overall economy. As a result of our work as part of the coalition – Partnership to Protect Workplace Opportunity – the DOL's final rule includes a reduction in the salary threshold from the original $50,440 figure to $47,476. However, the new figure is still much too high.

Despite the changes to the original proposed rule, the DOL has gone too far in these final regulations. The final rule will work an undue burden on employers and ultimately result in significant, unintended consequences on employees as well.

CDA brought this issue to our lawmakers in Congress during their annual Day on the Hill lobbying event. CDA is supporting legislation in Congress – HR 4773 and S. 2707. The bills are known as the Protecting Workplace Advancement and Opportunity Act and are aimed at stopping the DOL from redefining the overtime threshold without understanding the real world consequences.

Alexander Introduces Bill to Block Overtime

On June 7th, Senator Lamar Alexander (R-TN) introduced a resolution of disapproval that would block the Department of Labor’s overtime rule. The rule, which raises the salary threshold for overtime-eligible workers by 100% and includes automatic updates to the salary threshold every three years, is currently set to go into effect in December. The Congressional Review Act has only been employed successfully once before, and will surely meet a veto should both the House and Senate pass the measure. There has been some indication that an amendment might be offered to block the Department of Labor's overtime rule when the bill makes it to the Senate floor.

House Speaker Ryan Unveils Regulatory Reform Agenda

House Speaker Paul Ryan (R-Wisc.) unveiled a regulatory reform agenda that outlines a number of policy proposals aimed at reining in federal regulations and giving Congress more power over regulators and authority to approve or reject major rules. Chief among the reforms, Speaker Ryan proposes a first-ever annual regulatory budget that would place limits on the amount of regulatory costs federal agencies can impose each year. The report also calls for reinstating the traditional joint employer standard and faults the U.S. Department of Labor (DOL) for providing "only a 60-day comment period" before finalizing its overtime rule.

Small Business Healthcare Relief Passes House

The House passed the "Small Business Healthcare Relief Act." In 2013, the Treasury Department issued a guidance prohibiting the use of Health Reimbursement Arrangements (HRAs) for purchasing health insurance on the individual market, stating these arrangements did not satisfy the Affordable Care Act's minimum benefit and annual dollar cap requirements for health insurance plans offered by employers.

Under this guidance, employers who continue to offer HRAs are subject to a $100 per day, per employee penalty totaling up to $36,500 per year. These penalties went into effect on July 1, 2015. H.R. 5477, the "Small Business Healthcare Relief Act" would ensure that small businesses and local municipalities with fewer than 50 employees are allowed to continue using pre-tax dollars to give employees a defined contribution for healthcare expense; allow employees to use HRA funds to purchase health coverage on the individual market, as well as for qualified out-of-pocket medical expenses if the employee has qualified health coverage; and protect employers from being financially penalized for providing this cost-sharing option to employees.

FDA Expands Its Regulatory Reach on Tobacco Products

The U.S. Food and Drug Administration (FDA) has issued its final "deeming" regulations, extending the agency's regulatory authority over all tobacco products, including electronic cigarettes, cigars, hookah tobacco and pipe tobacco.

During an FDA media briefing, FDA commissioner Robert Califf described the regulations, which were announced May 5, as "a critically important foundational rule [and] a milestone in consumer protection."

Mitch Zeller, director of the FDA's Center for Tobacco Products (CTP), said the FDA considered all of the more than 135,000 comments received during the public comment period.

"We believe our approach in this final rule is both reasonable and balanced," Zeller said. "This historic rule allows the FDA to use a variety of regulatory tools to improve public health and protect future generations from the dangers of tobacco use.

Among other things, the regulations—which go into effect in 90 days (Aug. 8, 2016)—will restrict the sale of these newly deemed products to anyone under 18. Specific provisions aimed at restricting youth access include:

- Not allowing products to be sold to persons under the age of 18 years (both in person and online).
- Requiring age verification by photo ID.
- Not allowing the selling of covered tobacco products in vending machines (unless in an adult-only facility).
- Not allowing the distribution of free samples.

Beyond restricting sales to minors, the final deeming rule did not differ greatly from the proposed deeming regulations the FDA issued in April 2014. Once the rule goes into effect, manufacturers of newly regulated products will be required to submit a premarket tobacco application (PMTA) to the FDA unless the product (or a substantially equivalent product) was on the market as of Feb. 15, 2007.

In the initial proposed deeming rule, the FDA estimated the PMTA process would take approximately 500 hours per application. The figure has now tripled, to 1,700 hours per application.

The February 2007 date (known as the predicate, or "grandfather," date) was something many electronic-cigarette and vaping advocates had hoped would be pushed back to the date deeming goes into effect, which would allow electronic cigarettes and other newer products to qualify for the less costly substantial equivalence (SE) pathway. Many have called for the FDA to adjust that grandfather date for newly deemed products, pointing out that the e-vapor industry was relatively nonexistent in 2007, meaning vaping products could remain on the market only through the very expensive PMTA pathway.

Instead, the FDA addressed concerns by establishing a "staggered timeline" that would give nongrandfathered products more time to submit a PMTA than products that qualify for the SE pathway. Under the final rule, such manufacturers would be allowed to keep products on the market during the two years they have to submit a PMTA, as well as up to one additional year as the FDA reviews said applications.

"The product review process gives the agency the ability to evaluate important factors such as ingredients, product design and health risks, as well as appeal to youth and non-users," Zeller said.

Lawsuits Filed Against FDA Deeming Regulations

Since the U.S. Food and Drug Administration (FDA) released the final tobacco deeming regulations to regulate all cigars, pipe tobacco, e-cigarettes, vapor products and hookah tobacco, five lawsuits have been filed seeking to either enjoin and overturn the entire set of deeming regulations or prevent the application of a specific provision to particular tobacco products.

The first lawsuit, filed by Nicopure Labs LLC, is seeking to have the court vacate and set aside the FDA deeming regulations and to issue a preliminary injunction preventing the FDA from enforcing the deeming regulations. Nicopure Labs is a manufacturer of closed- and open-system vaping devices and e-liquids with and without nicotine.

In the lawsuit, Nicopure Labs brings four claims against the FDA. They are:

- The FDA has exceeded its statutory authority because the definition of "tobacco product" and the extension of the agency's regulatory authority through the deeming regulations is an unreasonable interpretation of the Family Smoking Prevention and Tobacco Control Act;
- The deeming regulations are arbitrary and capricious (i.e., a clear error in judgment and not based on relevant facts) because of the extraordinary burden on manufacturers to file Pre-Market Tobacco Applications (PMTA), the unreasonable regulation of less harmful vaping devices and e-liquids in comparison with traditional cigarettes, and the frustration of innovation and advancements in public health through vaping devices and e-liquids;
- The deeming regulations overstate the benefits of the new regulations, fail to quantify the benefits of the new regulations, underestimate the tremendous costs to the industry and erroneously conclude that the regulations outweigh the costs; and
- The deeming regulations violate the First Amendment (which protects free speech, including commercial speech by companies) by prohibiting manufacturers from making truthful and nonmisleading statements about vaping devices and e-liquids and engaging in the distribution of free samples.

The second lawsuit was filed by John Middleton Co. LLC seeking to set aside and enjoin the enforcement of that provision in the tobacco deeming regulations that prohibits the company from using the word "mild" in its Black & Mild trademark. In the complaint filed in United States District Court for the District of Columbia, John Middleton Co. advances a number of claims, including:

- That the FDA's expansion and misapplication of the ban on the use of the descriptor "mild" in labeling and advertising for cigars and pipe tobacco is arbitrary and capricious and in excess of the FDA's authority because the agency did not take into account whether the use of the word "mild" on John Middleton products conveyed a modified-risk claim;

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- That the deeming regulations impermissibly restricts protected commercial speech (i.e., labeling and advertising) under the First Amendment of the U.S. Constitution by categorically prohibiting the word "mild" in labeling and advertising for cigars and pipe tobacco without regard to whether the word conveys a modified risk claim; and
- That the deeming regulations constitute a taking of John Middleton Co.'s property without just compensation by prohibiting the use of the company's Black & Mild trademark.

The third lawsuit was filed by another vapor manufacturer, Lost Art Liquids LLC, which is suing to overturn the entire set of deeming regulations. In its suit filed in the United States District Court for the District of Central California, Lost Art Liquids has several claims, including:

- That the FDA failed to consider the effect of the deeming regulations on small-business entities;
- The FDA's fiscal analysis on the effect of the deeming regulations does not quantify the costs on small-business entities nor investigate or explain alternatives or exemptions for small businesses subject to the new regulations;
- The FDA overstates the benefits of the deeming regulations and grossly underestimates the costs of compliance, leading to an erroneous conclusion that the benefits of the deeming regulations outweigh the costs; and
- That the deeming regulations violate the protection of free commercial speech afforded by the First Amendment.

The fourth lawsuit was filed by Global Premium Cigars, LLC and its owner, Enrique Fernando Sanchez Icaza, and is seeking to set aside the entire set of deeming regulations. In the suit the plaintiffs raise several claims including:

- The deeming regulations violate the First Amendment of the U.S. Constitution by requiring warning labels on cigar boxes hindering the manufacturer's ability to communicate to the public about the product and by limiting commercial speech (i.e., advertising) since new products to be introduced after August 8, 2016 would first need FDA approval;
- The deeming regulations violate the Fifth Amendment of the U.S. Constitution because the federal government would be taking property (space on cigar boxes for warning labels) without justly compensating the plaintiffs; and
- The deeming regulations violate the Federal Administrative Procedures Act by substantially underestimating the cost for pre-market tobacco applications leading to an erroneous conclusion that the benefits of the deeming regulations outweigh the costs.

In the fifth lawsuit, eleven vaping organizations/trade associations filed a lawsuit, which has numerous claims including the following:

- The FDA violated the Federal Administrative Procedures Act by not establishing a new grandfather or predicate date for e-vapor products and not exercising the agency's flexible enforcement authority for vapor products;
- The FDA should have exercised its enforcement authority to treat vapor products differently than combustible cigarettes but by not doing so prevents newer and safer products from entering the marketplace;
- The ban on free samples of vapor products violates the First Amendment of the U.S. Constitution which protects commercial free speech;
- The FDA does not provide any rationale in the deeming regulations to subject the vaping apparatus including the device, batteries, software, and tanks to the deeming regulations as a component or part of a tobacco product;
- The FDA failed to comply with the Federal Regulatory Flexibility Act which requires agencies to consider significant alternatives to the proposed regulations in order to minimize the economic impact on small business and therefore cannot claim that the benefits of the deeming regulations out weigh the costs.

FDA Holds Off on Menu Labeling Until 2017

The U.S. Food and Drug Administration (FDA) has pushed off enforcement of its menu-labeling regulations until 2017, according to US News & World Report and the Associated Press. As part of the Affordable Care Act passed in 2010, the rules mandate that restaurants and retailers selling prepared foods in 20 or more U.S. locations must place calorie counts next to menu items or on menu boards.

Enforcement of the rules has been hamstrung by grocery stores, convenience stores and other non-traditional restaurant establishments that have protested the regulations. In 2014, the agency released the final menu-labeling rules, touting them as a balanced approach to retailer concerns. At first, the FDA gave restaurants until the end of 2015 to comply, then that deadline was moved to the end of this year. Now it has been pushed back again to 2017.

Last month, the U.S. House of Representatives passed the Common Sense Menu Disclosure Act. The passage represents "another giant step forward in ensuring consumer choice and making it possible for convenience stores and others to comply," said Henry Armour, NACS president and CEO. NACS advocacy efforts on menu-labeling will now shift to the Senate to encourage passage of S. 2217, companion legislation to H.R. 2017 that was introduced by Senators Roy Blunt (R-MO) and Angus King (I-ME).

FDA Tobacco Enforcement Data Analysis

Following is FDA Enforcement Data from the We Card Coalition. The analysis is summarized by Federal Fiscal Year (FFY) (Oct.-Sept) for FFY 2011-2016. The 50 states and D.C. are included in this analysis; the U.S. territories are not included.

Some highlights of the publicly available FDA enforcement data as of 4/30/16:

- Cumulatively, FDA has conducted more than 600,000 compliance checks, issued 43,579 Warning Letters and pursued 7,197 Civil Money Penalties since the fall of 2010. Eight (8) No-Tobacco-Sale Orders have been issued by FDA.
    - All States plus Washington, D.C. have enforcement contracts. Total contract awards total $176,330,695.
    - Two Native American tribes have enforcement contracts (Seminole Tribe of Florida and Shoshone-Bannock Tribes).
- For FFY 2016 (7 months of data), the data shows:
    - More than 93,000 compliance checks were completed.
    - 81% of retail store inspections involved minors (76,112) and the average violation rate is calculated to be 12.54%.
    - 19% of retail store inspections involved adult-only inspectors where NO minors are involved (17,333) and the average violation rate is calculated to be 1.54%.
    - The overall FFY 2016 average violation rate for both types of inspections (involving minors or adult-only inspections with no minors) is 10.50%.

FDA Aims to Reduce American Sodium Consumption

The Food and Drug Administration (FDA) issued a draft guidance for public comment that provides practical, voluntary sodium reduction goals for the food industry. Americans consume almost 50% more sodium than what most experts recommend.

To read a blog discussing the issue written by Susan Mayne, Ph. D., director of FDA's Center for Food Safety and Applied Nutrition, visit http://blogs.fda.gov/fdavoice/index.php/2016/06/reducing-sodium-in-the-food-supply/?source=govdelivery&utm_medium=email&utm_source=govdelivery.

FDA Finalizes Food Transportation Safety Rule

The U.S. Food and Drug Administration (FDA) on Apr. 5 released the final rule on promoting food safety during the transportation of food products. CDA submitted comments on this FDA proposed rule expressing concerns over certain provisions and the impact on distribution industry.

From our initial read it would seem the FDA considered industry concerns related to temperature controls and moved to include more flexibility. The FDA indicated on a conference call - which CDA's Anne Holloway participated in - that the temperature controls would not include record keeping of exact temperature recordings but would be the agreement that was established between the shipper and carrier on what type of temperature control system would be best for the products being shipped.

This final rule impacts virtually every aspect of the food supply chain and includes "shippers, loaders, carriers and receivers engaged in transportation operations of food imported by motor or rail and consumed or distributed in the U.S." The rule becomes effective Apr. 5, 2018 for small businesses and all other businesses will need to comply by Apr. 5, 2017.

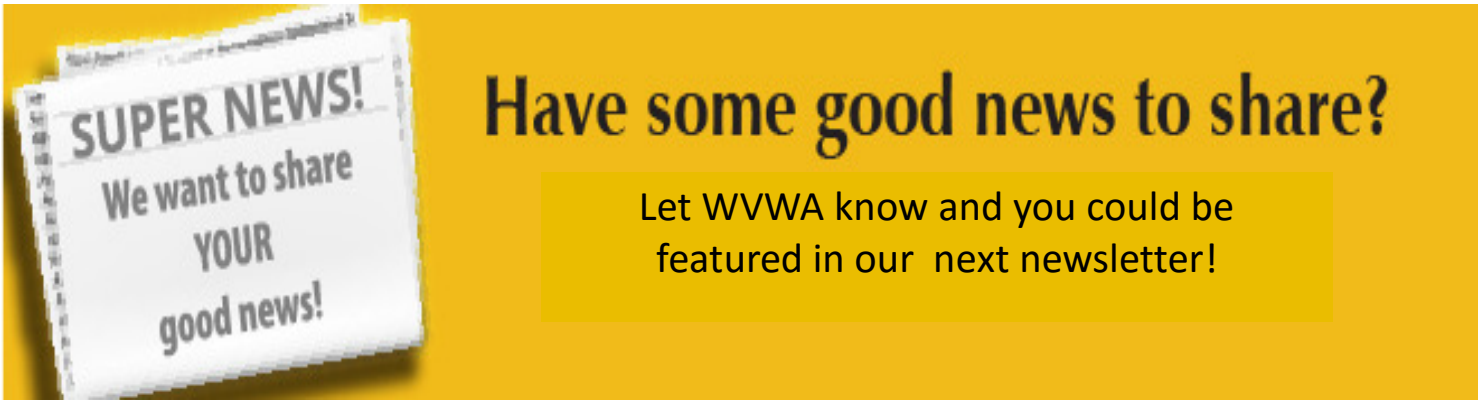
To ensure CDA members are up to speed on important food safety issues and regulations, CDA is hosting a complimentary three-part Food Safety for Distributors webinar series. Current Good Manufacturing Practices and Preventive Control for Human Foods Rule: Regulations 101, the first webinar in this series, will occur on May 3, from 1:00 – 2:00 PM EDT, and will be led by noted food safety compliance consultant Anne Barker-Smith. CDA members are urged to sign up for this important webinar which will include a question and answer period with Barker-Smith.

CDC Releases 2011-2015 High School Tobacco Use Data

Each year, the U.S. Centers for Disease Control conducts the National Youth Tobacco Survey (NYTS) to determine an estimated level of tobacco use among middle school and high school students. The CDC has released the results of the 2015 NYTS and included the data from the 2011, 2012, 2013 and 2014 annual surveys in order to detect trends in tobacco use.

Comparing NYTS survey figures from 2011 through 2015, high school students reported that e-cigarette use has increased from 1.5% in 2011 to 16% in 2015, cigarette use significantly declined from 15.8% in 2011 to 9.3% in 2015, smokeless tobacco use has declined from 7.9% in 2011 to 6% in 2015, cigar use has declined significantly from 11.6% in 2011 to 8.6% in 2015, and pipe tobacco use has decline substantially from 4% in 2011 to 1% in 2015.

These findings by the CDC show that the use of traditional combustible and smokeless tobacco products by high school students has declined from 2011 to 2015, with statistically significant reductions in the use of many of these products.



Highlights of FDA Director Mitch Zeller's Presentation at the NATO Show

At the recent NATO Show, FDA Director Mitch Zeller gave the most in-depth presentation to date on the FDA's tobacco regulations. Below are key highlights of Director Zeller's presentation and his answers to questions.

1. **Strategic Priorities:** Director Zeller outlined the strategic priorities of the FDA tobacco regulations, which include (1) proposing and implementing "product standards" (the power to ban, restrict or limit the allowable levels of ingredients in tobacco products or tobacco smoke), (2) pursuing a comprehensive FDA nicotine regulatory policy on all products containing nicotine including tobacco products, e-cigarettes and vapor products, and nicotine replacement therapies (such as nicotine gum or patches), (3) focusing on pre-market and post-market controls and regulations on tobacco products, (4) continuing with compliance and enforcement of federal tobacco regulations, and (5) educating the public about tobacco products.
2. **Nicotine Debate:** In his presentation, Director Zeller spoke about the current debate over e-cigarettes and vapor products that has become emotional, divisive, and filled with misrepresentations about nicotine safety. He stated that there is a continuum of risk in nicotine products from combustible tobacco on one end of the risk spectrum to non-prescription nicotine gums and patches on the other end of the risk spectrum. Given this broad range of risk, Director Zeller believes that the debate over nicotine should focus on the delivery mechanism used to obtain nicotine and how to reduce the harm of tobacco products that contain nicotine.
3. **Educating Teens on Tobacco Use:** This month, the FDA is releasing a media campaign that focuses on male youth that live in rural areas that may be at risk for using smokeless tobacco products. The campaign will include advertisements on television, radio, billboards and social media.
4. **Pending Retail-Related Studies:** The FDA has funded numerous long-term studies about tobacco products the findings from which may be used to draft future federal tobacco regulations. In terms of studies focusing on retail issues, Director Zeller highlighted three such studies with the following topics: (1) the extent to which the location of retail store tobacco display walls and anti-tobacco posters at the point-of-sale influence tobacco use risk among middle school and high school students, (2) the effect of point-of-sale advertisements for tobacco products on the ability to quit smoking or stop using tobacco products, and (3) the impact of the exposure to retail tobacco advertising on starting to smoke or use tobacco products. As Director Zeller indicated, there are First Amendment free speech protections which limit the ability of the government to restrict the advertising of legal products.
5. **PATH Study and Social Sources:** An initial finding of the FDA's Population Assessment on Tobacco and Health (PATH) study confirms that the vast majority of underage youth obtain tobacco products from sources other than retail stores. The preliminary findings of the PATH study show that 15 to 17 year old youth obtain tobacco products from social sources (giving someone else money to buy tobacco products, buying tobacco products from another person, taking tobacco products from a person or a store, asking another person for tobacco products, or being offered tobacco products by another person). These 15 to 17 year olds participating in the PATH study relied on social sources to obtain cigarettes 86.2% of the time, e-cigarettes 89.5% of the time, cigarillos 79% of the time, hookah tobacco 88% of the time, and smokeless tobacco 76.8% of the time. Director Zeller also stated that while the FDA cannot partner with the tobacco industry or NATO on a campaign to respond to the social sources problem, the FDA will be exploring new messaging to the public on the social sources issue.
6. **Civil Money Penalties on Retailers:** Director Zeller reported that in Fiscal Year 2015, the FDA issued 3,290 civil money penalties (i.e., fines) to retailers for not passing FDA sponsored compliance checks. He indicated that this was a substantial increase in the number of fines assessed compared to Fiscal Year 2014. However, in response to a question, Director Zeller clarified that the number of retail compliance checks has also risen substantially in the past year or two. This means that the overall retail FDA compliance check success rate still remains very high and is usually in the mid-90% range.

House Committee Votes to Save E-Cigarettes

On April 19th, the House Appropriations Committee passed an amendment to its Fiscal Year 2017 Agriculture Appropriations Bill that would change the predicate date of the Food & Drug Administration's (FDA) proposed tobacco regulations. Representative Tom Cole (R-OK) introduced the amendment, which passed by a vote of 31-19.

In April 2014, the FDA issued proposed tobacco regulations bringing newly "deemed" products under its regulatory authority, including electronic cigarettes, cigars and pipe tobacco. Under the 2009 Tobacco Control Act, any newly "deemed" products must either be "substantially equivalent" to a tobacco product on the market as of February 15, 2007—the predicate date—or otherwise must undergo a costly and lengthy Premarket Tobacco Application (PMTA).

E-cigarettes were not on the market as of February 15, 2007, and therefore, a manufacturer would not be able to use the substantially equivalent pathway since there was no predicate product on the market at that time. While e-cigarettes could remain on the market while undergoing the PMTA process, the process is extremely expensive and the outcome is uncertain. The FDA has indicated that it does not have the authority to change the predicate date, and that it could only be done by congressional action.

Last year, Representative Cole introduced a similar amendment that would change the predicate date for newly deemed products to the date of the FDA's final deeming rule. This year the Cole amendment included additional consumer protections such as requiring safety product standards for e-cigarette batteries, requiring face-to-face sales, requiring "keep out of reach of children" and "underage sale prohibited" displays on vapor products, restricting advertising of the products to children, and labeling of nicotine content. The amendment also requires retailers to register with the FDA if they engage in the retail sale of vapor products, unless a retailer is already subject to an active registration under any state law relating to tobacco products.

Speaking in favor of his amendment, Representative Cole noted that without changes contained in his amendment, FDA is making it "substantially more difficult to bring a vapor product to the market"—even though vapor products are less harmful than cigarettes. Representative Henry Cuellar (D-TX) shared that he supported the Cole amendment this year, because of the additional protections. He opposed the amendment last year.

The House Agriculture Appropriations bill now awaits consideration by the House of Representatives.

White House Pulls FDA Restrictions on E-Cigarette Flavors

Reuters reports that the White House Office of Management and Budget (OMB) has deleted language in the Food and Drug Administration's tobacco regulation that would have removed flavored e-cigarettes from the market until they had been authorized by the Food & Drug Administration (FDA).

On May 5, the FDA issued its deeming tobacco rules to bring electronic cigarettes, cigars, pipe tobacco and other products under its regulatory authority. Since the rules were first proposed in 2014, the tobacco and e-cigarette industries had been awaiting the final rules, and more specifically, what those rules could mean for the profusion of e-vapor products on c-store and other retailer's shelves. The final regulations require any nicotine delivery devices that hit stores after Feb. 15, 2007 (the predicate date), to apply retroactively for approval, a costly and lengthy Premarket Tobacco Application (PMTA) process. E-cigarettes were not on the market prior to Feb. 15, 2007.

According to Reuters, the FDA provided pages of data and scientific studies in support of its plan to ban flavored tobacco products, noting "a dramatic rise in youth and young adult use of typically flavored tobacco products, like e-cigarettes and waterpipe tobacco, and continued youth and young adult use of cigars." The news source says that the OMB deleted both the FDA's planned policy and the rationale.

In its original rule submitted to the OMB, the FDA said it recognized that numerous flavored products would come off the market within 180 days of the rule's publication "and that this will significantly impact the availability of flavored tobacco products at least in the short term," reports Reuters.

Miscellaneous

U.S. Adult Smoking Rate Drops to 15%

Last year registered the fewest number of U.S. adult smokers, with the national smoking rate plummeting to 15%, a 2% drop over 2014 and the largest single-year decline since 1993, according to a new Centers for Disease Control and Prevention report, CBS News reports.

While the smoking rate among U.S. adults has been on the decline in recent years, it typically only decreased 1 point or less annually. The last time the smoking rate registered more than 1% was between 1992 and 1993 when it fell 1.5%, according to Brian King of the CDC.

The statistic is based on a national study the government uses to measure for health-related trends. The agency doesn't have any clear idea as of yet to explain the 2% drop, nor does the CDC know whether the smoking rate will continue to fall this year. "We'd expect continued declines in smoking, as we've seen in the past 50 years. But it's hard to say what [the] future holds," King said.

Experts have posited that the downturn in smoking can be attributed to anti-smoking campaigns, smoking bans and higher cigarette taxes. It's likely that the growing popularity of electronic cigarettes may be playing a part as well.

California State Senate Passes Measure to Ban Tobacco Sales in Convenience Stores: Bill Moves to State Assembly for Review

After months of deliberation and review, the California state Senate passed SB 1400, a bill to limit the definition of a "retail location" for tobacco sales to stores which, among other requirements, collects 60% of their revenue from tobacco and related paraphernalia. If passed into law, this measure would effectively make it illegal for the over 11,000 convenience stores in California to sell tobacco products or tobacco-related paraphernalia.

Philadelphia to Enact a Tax on Sugar-Sweetened Beverages

The Philadelphia City Council has approved a 1.5-cent-per-ounce tax on sugar-sweetened and diet beverages by a 13-4 vote, making the city of brotherly love the first major U.S. city to enact such a tax.

The city plans to start collecting the tax on January 1, 2017. According to the Pennsylvania Food Merchants Association:

- The tax is not on retailers, but is on distributors. Retailers are required to purchase from distributors specifically licensed to sell sugar-sweetened beverages.
- The definition of beverage includes any sweetened beverage, including those with sweeteners typically found in diet beverages.
- The tax rate is 1.5 cents per ounce for bottled beverages. The rate for syrup is 1.5 cents per ounce for the resulting beverage.
- Beverages containing milk are excluded, but only if they contain 50% or more of milk-based ingredients.
- Beverages containing 50% or more of fruits or vegetables are excluded.

Update on Industry Lawsuit Against Chicago OTP Tax

As previously reported in the NATO News, NATO, Iwan Ries & Co. (a Chicago retail store), the Cigar Association of America, the Illinois Association of Wholesale Distributors, the Illinois Retail Merchants Association, the International Premium Cigar and Pipe Retailers Association, and Arangold Corporation d/b/a Arango Cigar Co., filed a lawsuit against the City of Chicago seeking a preliminary and permanent injunction against the enforcement and imposition of the city's new tax on other tobacco products which includes cigars, pipe tobacco, smoking tobacco, and smokeless tobacco products.

Royal College of Physicians Recommends E-Cigs to Curb Tobacco Use

In the recent report, Nicotine Without Smoke: Tobacco Harm Reduction, the UK's Royal College of Physicians recommends e-cigarettes or "vaping" devices as a means to quit traditional cigarette smoking. The report was met with equal parts acclaim and controversy as the public opinion is divided on the issue.

Among other findings, the report claims that:

- Providing the nicotine without the harmful components of tobacco smoke can prevent most of the negative health effects of smoking.
- To date, e-cigarettes have proven to be an effective means to help smokers quit.
- The hazard to health arising from long-term vapor inhalation from the e-cigarettes available today is unlikely to exceed 5% of the harm from smoking tobacco.
- Concerns that e-cigarettes will increase tobacco smoking by normalizing cigarette smoking and acting as a gateway to smoking in young people have not born fruit in the UK.

Time will tell how the UK and other countries will use this information to help shape tobacco regulation.

In early 2016, the country's Medicines and Healthcare Products Regulatory Agency (MHRA) awarded a license to British American Tobacco for its "e-Voke" device, which will allow it to be marketed as a smoking cessation aid. In addition to marketing allowances, this license allows doctors to prescribe this specified e-cigarette to help smokers quit, allowing the products to be subsidized by the British taxpayer under the country's National Health Service.

CDA Hosts Developing "Your Own" Candy and Snacks MVE Program Webinar

Recently, CDA hosted a webinar, Developing "Your Own" Candy and Snacks MVE Program, featuring representatives from CDA's Warehouse-Delivered Snacks Committee (WDSC), who provided an overview of the multi-vendor endcap (MVE) program. CDA distributor members learned tips and tools for how to successfully deploy, execute and manage an MVE program. Panelists also provided insights and analysis on the shopping and snacking habits of c-store consumers, the importance of core SKUs and the margin advantage of warehouse-delivered snacks.

The presentations by Kit Dietz (InfoRhythm), Kenneth Batterton (Grocery Supply Company), Mike Gilroy (Mars Chocolate North America), Steve Harris (General Mills Convenience), Abby Panfil (Kellogg Company), and Alan Tobin (The Hershey Company) were on target and very well-received. A tremendous thank you to Kit Dietz for facilitating and developing the content, the panelists for their exceptional delivery and insights, and all WDSC members for their joint efforts to make the webinar a success.

You may view and access the full webinar at www.cdaweb.net.

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Kimberly Bolin Named Convenience Distribution Association President & CEO

The Convenience Distribution Association's Executive Committee is pleased and excited to announce Kimberly Bolin as the new President and CEO. Bolin has been acting as the interim President and CEO since February 19, 2016.

Bolin is in her seventh year with CDA and was its Executive Vice President until accepting her new position as President. In that role, she was instrumental in the transformation of the association enacting the aggressive agenda put forth by the Board of Directors in early 2015, beginning with a name change from American Wholesale Marketers Association to the Convenience Distribution Association, which appropriately states who we are and what we do.

Bolin is taking over the President's role during a time of change in the industry and the Association. CDA Chairman Chad Owen, Chambers & Owen, Janesville, WI, stated, " There is no doubt that Kimberly Bolin is the right person to be President of CDA. She has the strong leadership and management skills we know are necessary to allow CDA to continue to be a leading voice in the convenience distribution industry. She has the passion and vision to carry the association into the future." While working for CDA (formerly AWMA), Bolin has been involved in everything from membership, dues restructure, upgrade and integration of technology, development of virtual policy and environment with cloud based systems, to management of staff, development of state government affairs program, reinvention of the association's annual trade show and rebranding of the association.

CDA Members Take Message to Congress as Trump Meets with GOP Leaders

On a historic day in Washington when presumptive Republican Presidential nominee Donald Trump met with top GOP Congressional leaders seeking their support, CDA member distributors held more than 50 face-to-face Capitol Hill meetings today with lawmakers and key staff members and expressed their concern about several issues facing the convenience distribution industry.

The day began with a breakfast meeting at the Capitol Hill Club next door to Republican National Committee headquarters where the Trump meeting took place. “You’re here on a pretty significant day,” commented breakfast speaker Reid Wilson, chief political correspondent for Morning Consult, who provided insight into the upcoming Presidential and Congressional elections.

His bottom line was that Trump will have a significant challenge in overcoming an expected electoral college lead by expected Democratic nominee Hillary Clinton. However, he pointed out that 2016 has proven to be an unpredictable political year and is likely to remain so.

CDA President and CEO Kimberly Bolin expressed appreciation to the R.J. Reynolds Tobacco Co. for sponsoring the kickoff breakfast, thanking Dave Riser, vice president of external relations, for his long support of CDA and the annual Day on the Hill event. This was the first time in 13 years of the event that Riser was unable to attend, but he sent his appreciation to all who participated.

During the Capitol Hill meetings, distributors urged lawmakers to ease Food and Drug Administration (FDA) regulations that threaten to destroy the electronic cigarette industry, stop the U.S. Labor Department from imposing a costly new overtime rule, block the U.S. Agriculture Department (USDA) from preventing c-stores from serving SNAP anti-hunger program recipients, repeal the death tax and oppose proposed federal tobacco tax increases.

Meeting with Rep. David McKinley (R-WV), Rob Sincavich, Team Sledd, Wheeling, WV, and his business partner, Randy Emanuelson, urged support of efforts in Congress to move the “predicate date” under the Tobacco Control Act from February 15, 2007 to August 8, 2016. New FDA regulations require all products covered by the law that entered the market after the 2007 date, including electronic cigarettes, to apply for premarket approval. The net impact, Sincavich explained, would be to force many e-cigarette products from the market. “It’s a matter of making sure you don’t disrupt the marketplace,” said Sincavich.

Mid-Atlantic Legislative Conference Report

By Mid-Atlantic Legislative Chairman Rob Sincavich

I am pleased to report our 2016 Mid Atlantic Legislative Conference was as successful and informative as it has ever been. I would like to thank all attendees, panelists, sponsors, and state executive directors for taking part in our event. Our panelists were amongst the best in the industry and the collective viewpoints and outlook for an increased regulatory environment under the FDA helped us to better understand how our channel will be evolving moving into the latter part of 2016 and beyond.

In addition to understanding excise tax trends across the Mid Atlantic region, we were also treated to an informative look at the upcoming November state and federal elections by Mark Blankenship who provided a peak under the tent about what will shape the outcomes of key contested races all the up to the Presidency.

The Greenbrier Resort in White Sulphur Springs is a wonderful venue for this annual event. From the facilities, to the food, to the golf (thank you Swisher International), to the social networking events, I cannot think of a more appropriate place to meet with industry peers and friends. Please see below for a listing of all of our sponsors. Thank you to Jan Vineyard and Traci Nelson for all of your behind the scenes work. I look forward to seeing you at next years Mid Atlantic Legislative Conference in White Sulphur Springs taking place on May 31st – June 2nd.

Thank You

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R. J. Reynolds Tobacco Company

Gold Level

Altria Group Distribution Company/Altria Client Services
JT International

Silver Level Sponsor

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S & M Brands, Inc.
Masterfood USA/Mars
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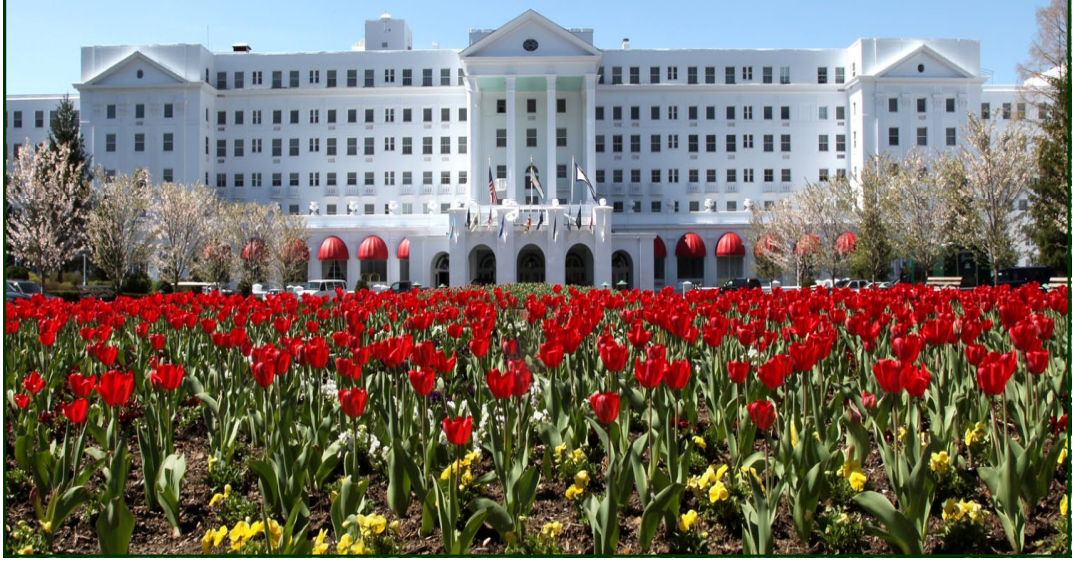
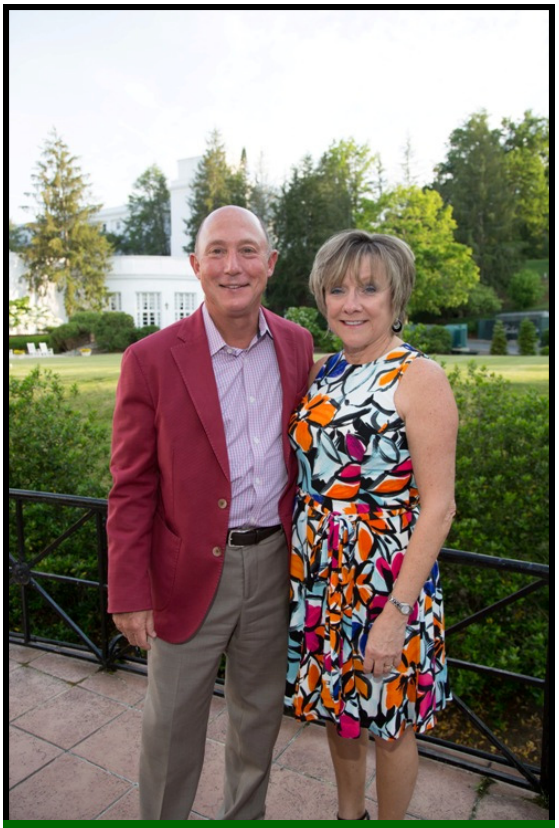
Mid-Atlantic Legislative Conference

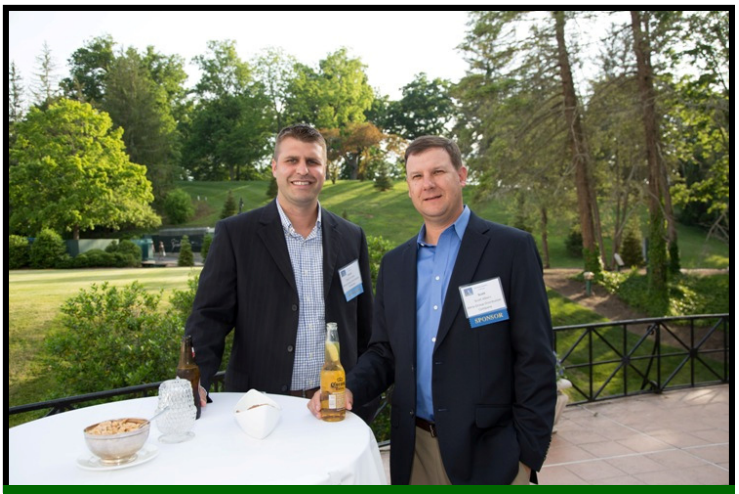
Where Wholesalers and Manufacturers Come Together



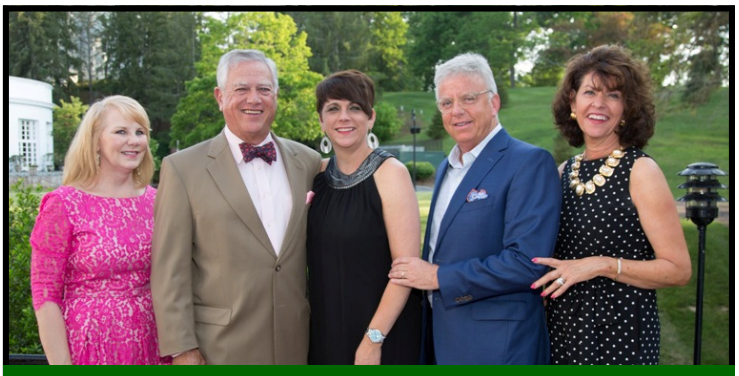
The 2016 Mid-Atlantic Legislative Conference was recently held at The Greenbrier. Below are some pictures from the event. Enjoy!



Mid-Atlantic Legislative Conference Chairman Rob Sincavich and wife, Dianne Sincavich of Team Sledd

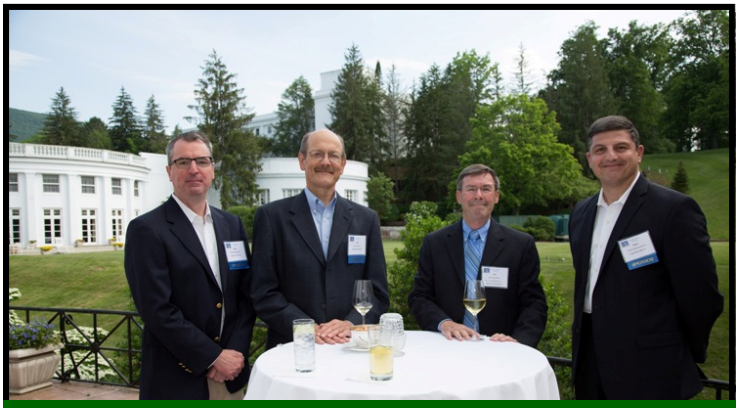


Brent Snyder and Scott Albers of Altria Group Distribution

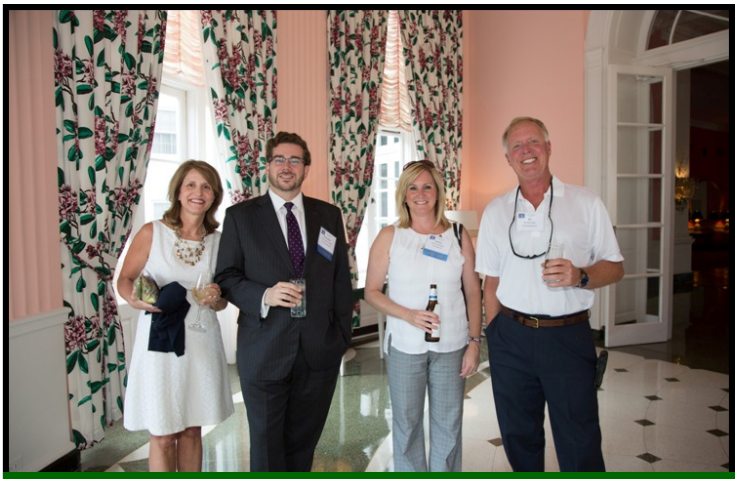


Vicki Howell and Charlie Casper of Hardec's, Traci Nelson of WVWA, Dave Riser of R. J. Reynolds and Jan Vineyard of WVWA

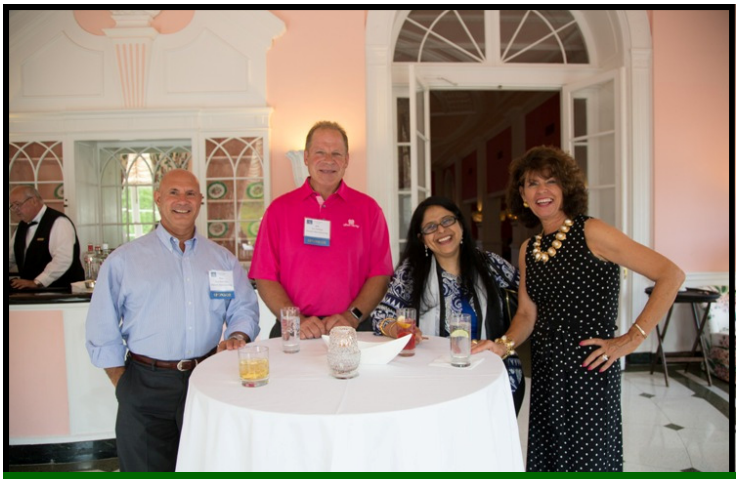
Kit and Nancy B. Francis and Louise and Murray Jones of R. J. Reynolds Tobacco Co.



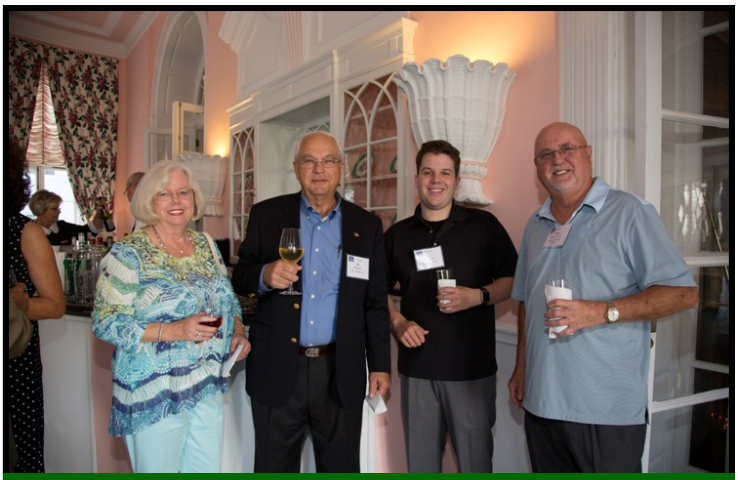
Dan Mulvaney and Joe Comyn of Swedish Match, Ed Glockner of H. T. Hackney and Paul Sammartino of Swedish Match



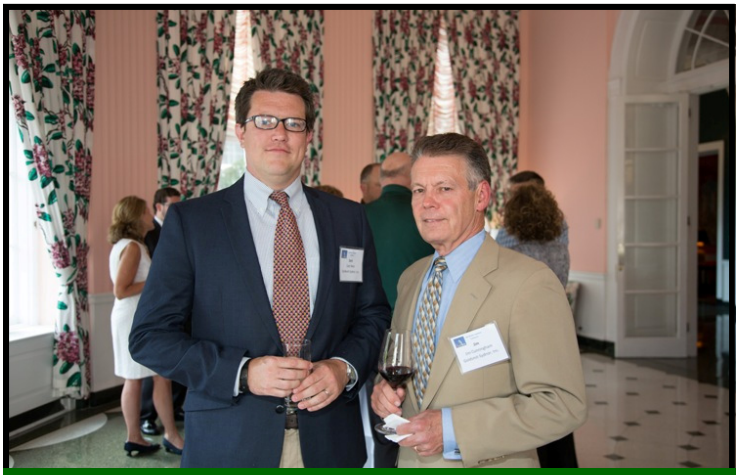
Renee Duszynski and Chris Greer of JT International, Melissa Bleigh of ITG Brands and Bill Munday of VP Distributors



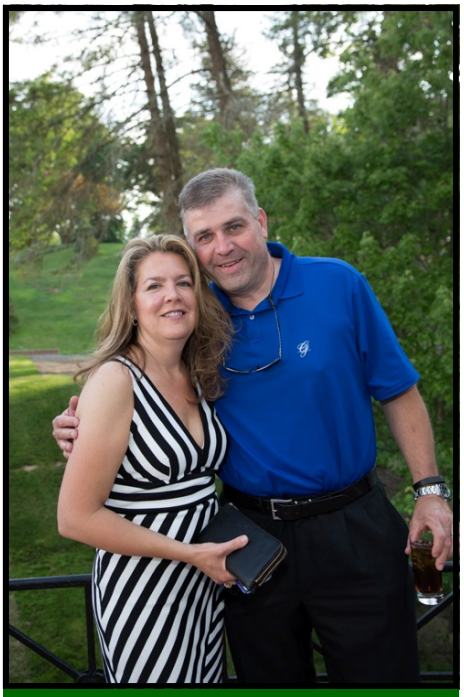
Russ Mancuso and Eric Heiberg of Premier Manufacturing, Bhavani Parameswar of King Maker Marketing and Jan Vineyard of WVWA



B. G. and Bill Beitler of W. J. Beitler and Cory Neese and Roger Buckner of Sterling Grocery Company



Zach Weir and WVWA President Jim Cunningham of Goldsmyt-Sydnor, Inc.

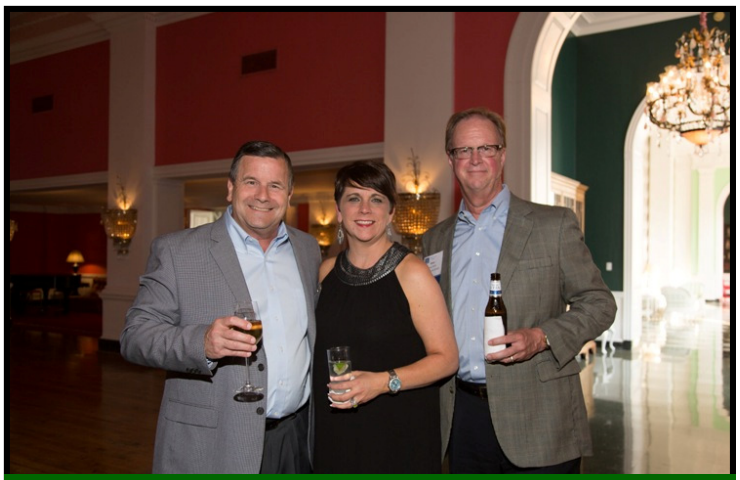


Sheri and Mike Doman of
R. J. Reynolds Tobacco Co.

Randy and Cathy Emanuelson of
Team Sledd

Eric and Sharon Fitzer of
Intra-State Insurance

Chris Casey of
Swisher International



Lee Mooney of Liggett Vector Brands, Traci Nelson of WVWA and
Bryan Voris of Liggett Vector Brands

Member News

WVWA Announces Scholarship Recipients

2016 Barry Sydnor Memorial Fund Scholarship

Danielle McCallister received the 2016 Barry Sydnor Memorial Fund Scholarship for $1000. Danielle's father, Dan, is an employee of Goldsmit-Sydnor, Inc. Danielle, who is a three-time WVWA Scholarship Winner, is pursuing a Doctor of Veterinary Medicine degree at Virginia-Maryland Regional College of Veterinary Medicine.

2016 Swisher International Scholarship

Ryan Michael Beveridge received the 2016 Swisher International $1000 Scholarship. Ryan's father, Randy Beveridge, is employed at Liberty USA - A Division of Eby-Brown. Ryan, who is a two-time WVWA Scholarship. He attends Penn State Greater Allegheny College where he is pursuing a degree in Mechanical Engineering.

2016 James F. Duncan Memorial Scholarship

Cody Allen Bowers is the recipient of the 2016 James F. Duncan Memorial Scholarship for $1000. Cody's father, Lee Bowers, is employed by Merchants Distributors LLC. Cody attends the University of North Carolina, where he is pursuing an accounting degree.

2016 Swedish Match N. A. Scholarship

Michael Thomas Williams is the recipient of the 2016 Swedish Match N.A. $1000 Scholarship. Michael's father, Michael, is an employee of Merchant Grocery Co. Michael is pursuing a nursing degree at the Chamberlain College of Nursing.

WVWA Elects New Board Members

At their June 1st Board Meeting, held in conjunction with the Mid-Atlantic Legislative Conference, the WVWA Board of Directors approved a new slate of directors for 2019. Below is a list of officers and directors:

Jim Cunningham	Goldsmit-Sydnor, Inc.	President
Bill Munday	VP Distributors	First Vice President
Zach Weir	Goldsmit-Sydnor, Inc.	Second Vice President
Jan Vineyard	WV Wholesalers Association	Secretary/Treasurer
Randy Emanuelson	Team Sledd	Chairman of the Board

Wholesalers:

Rob Sincavich	Team Sledd
Zach Weir	Goldsmit-Sydnor, Inc.
Jim Glockner	H. T. Hackney
Andy Krutko	Bell's Wholesale
Lee Bowers	Merchants Distributors, Inc.
Jim Cunningham	Goldsmit-Sydnor, Inc.
David Ramella	McDowell Supply Company
Gary McGuirk, Jr.	Liberty USA
Steve Barnisky	Team Sledd
Garrett Cunningham	Goldsmit-Sydnor, Inc.
Bill Munday	**VP Distributors**
Reno Ramella	**McDowell Supply Company**
Randy Emanuelson	**Team Sledd**
Dean Bryant	**Anchor Tobacco Company**
Cory Neese	**Sterling Grocery Company**

Associate:

Mike Doman	R. J. Reynolds Tobacco Co.
Lee Mooney	Liggett Vector Brands LLC
Danny Calhoun	National Tobacco
Eric Heiberg	Premier Manufacturing Inc.
Jeff Linskie	The Hershey Company
Mike Konopka	JT International
Kit Francis	Bowles Rice
Joe Comyn	Swedish Match
Bill Beitler	W. J. Beitler Co.
Adam Stopka	ITG Brands, LLC
Eric Fitzer	**Intra-State Insurance**
Michael Morrow	**Swisher International**
John Rainey	**Altria Client Services**

*The slate of officers had been approved in 2015 as well as directors whose terms expire in 2017 & 2018. Directors approved at the meeting were for terms expiring in 2019. They are in bold.