

Minnesota Retailers Association

Issue Report

&

Policy Positions

2010

Table of Contents

OVERVIEW	4
FIRST PRIORITY	4
Energy & Conservation Issues	4
Call Center Prohibition	5
Credit Granting & Cost of Credit	5
Data Privacy & Data Breach	5
Product Stewardship & Recycling	6
Product Safety	7
Fraudulent Payment	8
Organized Retail Crime	8
Healthcare	9
Pharmacy	10
Placement of Products/Store Signage	11
Labor Licensure/Certification	11
Motor Sports and Marine Dealers	12
Property Taxes.....	12
Sales Taxes	13
<i>June Accelerated Sales Tax.....</i>	<i>13</i>
<i>Local Sales Tax Options</i>	<i>13</i>
<i>Alternative Minimum Corporate Tax</i>	<i>13</i>
<i>Single Sales</i>	<i>13</i>
<i>Sales Tax Holidays</i>	<i>13</i>
<i>Dedicated Sales Tax.....</i>	<i>14</i>
Wages	14
Workplace Issues.....	15
SECOND PRIORITY	15
Civil Justice Reform	15
Electronic Product Code & RFID	16
Advertising for Floral Sales	16
Fireworks	16
Price Accuracy	17
Sale of Video Games	17
Uniform Compliance Checks	17
Gift Cards & Unclaimed Property	18

Chain Restaurant Issues	18
School Start Date	18
THIRD PRIORITY	19
Education	19
Price of Government.....	19
Wine with Groceries	19
ATM Convenience Fees	20
Campaign Finance & Ethics Reform	20
Independent Contractors	20
Initiative and Referendum.....	21

OVERVIEW

The mission of the Minnesota Retailers Association (MnRA) remains to promote, preserve, and enhance an essential retail industry in the state by taking a significant leadership position in the development of public policy. MnRA has carried out that mission for more than fifty years by taking a foremost role to promote free market ideals. MnRA's Legislative Affairs Committee meets each year to discuss, establish, and vote on the association's policy positions. This committee's first responsibility is to ensure that the policy positions are consistent with MnRA's broader mission. Secondly, this provides the association's government relations team with clear policy positions to effectively convey MnRA's stances at the state capitol.

Some associations wait until issues arise before taking a position, but MnRA proactively lobbies. This allows MnRA to provide insight to public policy makers in a quick and efficient manner. The issues are tiered according to priority. The first priority issues are what the legislative committee feels are likely to be raised for discussion, or issues of significant impact to retailers, or both. If an issue is listed in a lower tier it should not be thought of as less important. Ranking issues by priority allows optimization of the association's resources.

FIRST PRIORITY

Energy and Conservation Issues

BACKGROUND:

A reliable supply of competitively priced electricity is critical to all retail businesses. An undependable supply can lead to rolling blackouts and rising prices. It is not only necessary to maintain current infrastructure but also to enhance existing electric generation, transmission and distribution systems. Retail business is aware of the fact that increasing the state's supply of competitively priced electricity while building conservation efforts will take several years. Therefore, prudent action by public policy makers will avoid electric energy shortages. In the last few years, the Legislature has adopted new requirements on electric utilities that are likely to increase the price of electric power, making Minnesota less competitive.

The state currently has a ban on the construction of new base load generation, powered by fossil fuels or nuclear energy.

POLICY POSITION:

MnRA supports:

- Passage of legislation that will encourage generation from many sources as long as the retail price is the lowest cost alternative that still ensures reliability
- Policies that encourage cost-effective conservation by retail businesses including financial incentives to convert conventional power usage to more energy efficient technologies
- The timely development of a transmission and electrical generation system that can meet the growing demands of customers
- Lifting the ban on the construction of and generation from nuclear power plants and from power plants using superior fossil fueled technology
- Policies that preserve existing generation by cost effective improvements that extend facilities' usefulness
- Initiatives such as the federal ENERGY STAR program that encourage the innovation, development and marketing of energy efficient appliances and consumer electronics

MnRA opposes:

- State mandated energy efficiency standards on appliances and consumer products

Call Center Prohibition

BACKGROUND:

Legislation has been introduced in recent legislative sessions to require retailers that use foreign call centers to identify their location when a customer asks and would allow the customer to be transferred to a domestic location.

POLICY POSITION:

MnRA opposes:

Regulation of customer call centers by the legislature since it interferes with the ability of retailers to best serve their customers.

Credit Granting/Cost of Credit

BACKGROUND:

A variety of credit related issues have surfaced in recent years that deal with credit granting and credit histories. The focus of the debate has shifted to credit insurance, credit scoring, and restrictions on the use of social security numbers.

POLICY POSITION:

MnRA supports:

- Efforts to make Minnesota's credit laws more competitive with the advent of new technology and of laws passed in other states
- Ensuring that retailers' credit granting and collection are consistent with federal law
- The right of retailers to purchase credit information about customers from credit reporting agencies
- Fair pricing mechanisms for interchange rates in order to bring transparency and competition to the marketplace
- The ability of retailers to offer credit to enhance the customer's purchasing power and flexibility within their budget

MnRA opposes:

- Any efforts to inhibit the ability of retailers to make their customers aware of credit insurance products that may benefit them
- Restrictions on the use of social security numbers to determine credit scores
- Credit granting and collection practices that are unreasonably burdensome or costly
- Additional income tax on credit, based on the interest rate or the cost of the credit

Data Privacy/Data Breach

BACKGROUND:

- Information is the life-blood of a modern society and the new economy. Unfortunately, for political reasons, some would like to stifle the fair exchange of information and jeopardize access to many goods and services that consumers have come to expect and demand. Some legislative proposals only have the effect of alienating customers by denying them goods and services without increasing protection to their personal privacy. Many of the practices proposed legislation intends to prevent are already illegal under state and

federal law. Education of legislators and policy makers regarding the information flow of data for legitimate business purposes is a high priority for MnRA.

POLICY POSITION:

MnRA supports:

- Efforts to differentiate consumers' expectations and choices with varied types of data capture
- Industry self-regulation as a means to protect consumer privacy
- Legislation that would prohibit penalties imposed by credit card associations and companies on retailers when retailers themselves are victims of data theft
- Enforcement of existing laws regarding fraudulent activity

MnRA opposes:

- Legislation that would limit retailers' ability to share data within their own organizations and any related proposals that could limit customer access to goods and services
- Additional restrictions or fines in Minnesota's data breach law

Product Stewardship/Recycling

BACKGROUND:

The Minnesota Pollution Control Agency (MPCA) promotes the concept of "product stewardship" in the area of environmental protection. The intent of "product stewardship" is to include everyone who has a role in the production, sale, and use of a product to share in the responsibility of minimizing the product's environmental impact. The manufacturer's responsibility model is often the best solution in many situations because only by internalizing the costs of recycling does a system drive to least cost. This model provides an incentive to reduce the costs of recycling by more environmentally friendly product design. Since the concept of product stewardship was introduced, the MPCA has focused on the disposal/recycling of paint, carpeting, used oil and electronics containing Cathode Ray Tubes (CRTs). CRTs are also referred to as "e-waste" and in the 2007 session major legislation was passed to address the management of such products.

MnRA has been a big proponent of product stewardship. The association has played a key role in the development and implementation of Minnesota Waste Wise, a voluntary waste reduction program which incorporates public and private stakeholders. MnRA is supportive of Minnesota's effective and voluntary recycling programs, particularly discussions on proposed paint recycling legislation to ensure minimal costs to retailers.

States are hopeful that many product stewardship issues can be passed by Congress, so that the current patchwork system can become more uniform. State by state approaches make it difficult for retailers who do business in many parts of the country to comply with the various sets of standards.

POLICY POSITION:

MnRA supports:

- A national solution to product stewardship issues instead of state-by-state policies
- A manufacturers' responsibility model on matters such as paint recycling
- Voluntary waste reduction and recycling efforts by businesses such as those through the Minnesota Waste Wise program

MnRA opposes:

- Mandatory plastic bag recycling
- Advanced recovery fees on plastic bottles and aluminum cans

- Unnecessary restrictions on the recycling of waste pharmaceuticals
- Taking back products that have already been used
- Printing information on point of sale receipts
- Additional signage regulations
- Collecting/ remitting product recycling fees or burdensome reporting
- Unreasonable packaging requirements and packaging bans
- Any taxes, fees or deposits that interfere with interstate commerce
- Product bans that are not based on sound science

Product Safety

BACKGROUND:

Retailers are committed to selling safe products. Government standards on business environment practices continue to increase. These restrictions often come in the form of product or chemical bans implemented at the state and local levels. During the 2009 legislative session there were several attempts to ban chemicals in consumer products and these are expected to resurface in 2010. Such chemicals include: phthalates, polybrominated diphenyl ethers (PBDEs), and Bisphenol A (BPA).

Phthalates are used to make plastics soft, for example the tubing used to dispense medicines in IVs or oxygen. Some cosmetic products also contain phthalates. There was proposed legislation that would have required a label on the item and mandate that manufacturer's list all of the other product ingredients on their website.

PBDEs are commonly used as a flame retardant on furniture and mattresses. Public policy makers have attempted to ban the use of these chemicals in prior legislative sessions.

The chemical compound BPA is used to make plastics, for example in certain bottles. In the 2009 legislative session, BPA was banned in a limited number of products intended for children under the age of 3.

Polyvinyl chloride, commonly abbreviated PVC, is a thermoplastic polymer; the third most widely produced plastic, after polyethylene and polypropylene. Although considered safe, policy makers continue to explore the prohibition of PVC in products.

Public policy makers also raise frequent concern about PFOA, an important chemical essential to the manufacture of materials that are used to make products that span the entire U.S. economy. The primary use is to help manufacture high-performance heat and chemical resistant materials such as the Teflon coating found on many cooking pans.

Unsafe amounts of lead in products continue to be of concern to consumers and retailers. Over the last several years, the legislature and Congress have passed legislation to prohibit the sale of products that contain certain amounts of lead. Unfortunately, regulation and laws have been misdirected to the retailer and not the manufacturer. This has placed a significant burden on retailers' ability to not only sell certain products but to also get adequate inventory from certain suppliers. Second-hand stores have experienced additional burdens because they have limited knowledge about the donated inventory, which makes meeting new lead standards difficult. As a result, many used goods need to be discarded as stores do not wish to violate new lead restrictions.

POLICY POSITION:

MnRA supports:

- The sale of safe products by retailers to consumers
- Compliance with federal safety labeling requirements on consumer products

MnRA opposes:

- Unnecessary restrictions on the sale of products using PVC, PFOA, and PBDEs
- Outright product bans for which there are no reasonable cost-effective alternatives

- Product bans that are not based on sound science
- Mandatory ingredient labeling on cosmetics beyond that required in federal law

Fraudulent Payment

BACKGROUND:

MnRA has a strong record as a leader in fighting worthless checks. MnRA’s efforts, in cooperation with law enforcement, county attorneys and financial institutions have resulted in numerous cases being developed and the prosecution of such financial crimes. MnRA achieved a major victory in the past by raising the service charge that retailers can collect for a bad check to more accurately reflect actual collection costs.

Provisions have been proposed in the past that would have negatively impacted retailers such as raising monetary thresholds and reducing penalties for financial crimes. These recommendations were made in an attempt to enhance revenue and save money for the judicial system. Among other recommendations it was suggested that the thresholds for check crimes be increased, thus making it harder for retailers to prosecute offenders and removing any criminal penalties for issuing a worthless check under \$100. MnRA continues to work with the courts to find more efficient ways to deal with worthless checks, without diminishing the severity of the penalties for check offenses.

In recent years, consumers and retailers have increased the use and acceptance of electronic payment instruments such as debit and credit cards. Retailers that accept electronic payment for goods and services should be able to verify the integrity of the payment instruments in a cost effective manner. Financial crimes are serious and penalties for fraudulent use of electronic payments should accurately reflect collection costs in order to deter such counterfeit activity.

POLICY POSITION:

MnRA supports:

- Legislation that increases protection for retailers, law enforcement, and financial institutions to disseminate information relating to stolen checking accounts, check fraud, and the fraudulent use of electronic payment instruments
- Retailer flexibility to reduce acceptance of worthless checks at point of sale
- A requirement that financial institutions and credit card associations establish more responsible policies relating to customers access to payment vehicles

MnRA opposes:

- Legislation that removes deterrents for writing bad checks, check fraud, and fraudulent uses of electronic payment instruments

Organized Retail Crime

BACKGROUND:

Retailers are losing billions of dollars each year due to organized retail crime. Beyond the financial losses, this form of crime is becoming increasingly violent and puts employees and customers at risk. In the 2010 session the legislature will be considering new laws that focus on the prosecution of the leaders of organized retail crime.

In 2007, the legislature adopted language that raised the property threshold for a felony from \$500 to \$1,000. In other states where property crime thresholds have been increased, property theft rose significantly as criminals were aware of the increased threshold.

POLICY POSITION:

MnRA supports:

- The passage of a strong organized retail crime law which will provide law enforcement with greater tools to effectively apprehend and prosecute criminals
- Efforts to reverse the recently passed law that raised the threshold for a felony for stolen property from \$500 to \$1,000

Health Care

BACKGROUND:

The MinnesotaCare tax, also known as the provider tax, is a series of gross revenue taxes on most health care products and services. This tax funds Minnesota Comprehensive Health Association (MCHA), a state program available to all eligible Minnesotans, but is paid for by a shrinking segment of the market. All health care providers including physicians, chiropractors, hospitals, and dentists, are subject to the tax. The law authorizes providers to “pass through” the tax to third party payers, such as insurance companies and HMOs. In turn this raises everyone’s premiums. Retailers, and other businesses, continue to face increases in their health care rates. Studies have shown that for every 1% increase in premium costs, more Minnesotans lose their health care coverage. Minnesota ranks second in the United States with more than thirty state-imposed health-care mandates. Each mandate inevitably drives up the cost of health care coverage. A survey of the leading twelve legislative mandates on health care indicated that these requirements increased premium costs by 30%.

Currently, Congress is debating health care legislation which could dramatically change health care delivery and significantly impact the cost of coverage. Even if national health care is passed, states may be able to selectively tailor their coverage options.

Included in many of these discussions at the state level is a provision to allow employees to sue their employer for lack of health care coverage or HMOs directly. These “patient protection” bills may sound good but in reality they increase costs and limit coverage.

Since health care costs continue to rise, the legislature adopted a special health care package that can be offered to employers with fifteen or fewer employers. The cost of the premiums can be lower because mandates are reduced under the legislation. However, no insurance companies have decided to underwrite coverage for these small business policies. MnRA has joined other associations asking health care insurers in the State of Minnesota to offer the coverage to small business owners.

Legislation has been introduced by unions to force businesses that employ more than ten thousand people to pay either 8% of their wage in health care benefit premiums or the difference of that percentage in what they currently offer.

POLICY POSITION:

MnRA supports:

- Reducing health care taxes that contribute to the rising health care premiums paid for by retailers
- Legislation that allows for competition and transparency in the health insurance market that will provide greater access for health care purchasers
- Efforts to maintain and increase true cost containment measures in the health care system
- The concept of in-store clinics

MnRA opposes:

- Government run, single-payer programs that would increase the cost of health care delivery and reduce competition
- Adoption of a constitutional amendment to provide universal health care

- Erosion of the Employee Retirement Income Security Act (ERISA)
- Mandates on any business to pay a minimum health care benefit or any percentage of payrolls to a state health care fund
- Federal efforts to allow states to tailor health care benefits that would hinder uniformity
- Drug re-importation efforts which may be unsafe for patients and any venue which encourages it

Pharmacy

BACKGROUND:

Since health care providers were not being compensated for the MinnesotaCare tax, the legislature mandated payment for the tax to providers that serve Medicaid patients. At the same time, the legislature failed to reimburse pharmacies for the wholesale distributor tax making such businesses absorb these costs.

Great care is taken by pharmacies to guarantee that patients are supplied with a safe and adequate supply of pharmaceuticals. Pharmacy remains concerned about private and public sector drug re-importation efforts which pave the way for the use of unsafe, outdated, or counterfeit drugs.

Pharmacies in Minnesota that offer Medicaid services have been forced to take an additional 4% cut in reimbursement for single source drugs as a result of the First Data Bank/Medi-Span lawsuit. Although the Department of Human Services could have eliminated the reduction without legislation or any additional cost to the state, it chose not to make up the decrease in the payment. Due to the reduction in reimbursements, along with a 1 % drop in the reimbursement rate by the legislature and the refusal to make up for the wholesale provider tax, pharmacies have experienced significant losses.

Government continues to examine additional regulation for over-the-counter (OTCs) products. Several years ago, products containing pseudoephedrine were placed behind the counter with strict age limits for purchase and restrictions on frequency of purchase. These laws are often expensive to implement and cause great inconvenience to customers.

Products containing Dextromethorphan, a drug used in cough suppressants is also being considered for additional restrictions such as behind the counter sales.

POLICY POSITION:

MnRA supports:

- An increase in the state dispensing fee as recommended by the DHS Payment Advisory Commission
- Pharmacy members allowed to have a corporate policy on pharmacists' right to refuse dispensing of drugs
- Acceptable uniform standard for any proposed pedigree legislation
- Reasonable standards for voluntary take back of pharmaceuticals and pharmaceutical waste including sharps
- Full reimbursement to pharmacy of the 2% wholesale drug distribution tax

MnRA opposes:

- Cuts to pharmacy reimbursement for Medicaid patients
- Unreasonable reductions to pharmacy for workers compensation reimbursement
- Regulations to restrict access to over-the-counter drugs approved by the FDA
- Proposals that deny reimbursement to pharmacy on co-pays under Medicaid
- Changes to the average wholesale prices (AWP) in the Medicaid program that cause pharmacy to provide service below the cost of drugs and the dispensation of those drugs

Placement of Products/Store Signage

BACKGROUND:

Retailers continue to see more restrictions being imposed on their establishments regarding the placement of products and signage. Retailers understand the limits and needs of consumers and such restrictions are unnecessary.

MnRA is also concerned about numerous laws that restrict the ability of retailers to use outdoor signage including dynamic signage, or digital boards.

POLICY POSITION:

MnRA supports:

- The ability of retailers to use a number of alternatives to provide store information to customers

MnRA opposes:

- Unreasonable restrictions on the placement of signs, or any commodity, that is commonly used and sought by the public, both inside and outside the store premises.

Labor Licensure/Certification

BACKGROUND

Some retailers provide installation and repair services for the products they sell. MnRA is concerned with efforts to mandate or expand state licensure of certain services (e.g. low-voltage installments like door-bell installation). Certain licensing standards or certification courses may not meet the specific needs of businesses and therefore create bureaucratic burdens such as unnecessary/redundant training. While the licensing of industry professionals has generally been conducted at the state or municipal level, certification has historically been set by professional industry groups.

POLICY POSITION

MnRA supports:

- Voluntary options for retailers to provide increased career education, industry training and certification as an alternative to strict, and broad, licensure requirements

Motor Sports and Marine Dealers

BACKGROUND

Motor sports and marine dealers in Minnesota have virtually no protection from manufacturers that arbitrarily choose to terminate a relationship without good cause. Dealers also lack protection from manufacturer coercion for purchase of inventory and accessories. Further, marine and motor sport dealers have no guarantee of being reimbursed for parts and labor when they serve as an authorized repair retailer for the manufacturers. These groups should be afforded the same protection as farm implement and automobile dealers in Minnesota. These types of protections are offered in all the states surrounding Minnesota.

POLICY POSITION

MnRA supports:

- Legislation that provides protection to motor sports and marine dealers from arbitrary termination of their dealerships without good cause
- A guarantee of dealers to be reimbursed for inventory, parts, diagnostic equipment, and signage if terminated without good cause
- The ability of motor sports and marine dealer to name a successor in the event of the dealers' death or disability

Property Taxes

BACKGROUND:

In recent years, the legislature passed what is probably the most significant property tax reform bill in the last 30 years since the so-called “Minnesota Miracle”. Real rate compression was achieved because commercial property rates were set at a level closer to homestead rates, instead of methods used in the past that only shifted the tax burden from homes to businesses. Business represents about 15% of the tax base, but has been paying about 30% of total taxes. Under the new system, as the tax levy grows in the future, businesses will be responsible for paying about 24.5 percent of the tax burden. Real rate compression should make Minnesota’s complex property tax system more accountable and lead to slower property tax growth in the future.

Advocates of transportation utility fees propose authorizing municipalities to impose additional taxes on certain land within city boundaries. These taxes are commonly referred to as a “curb taxes”. This concept would tax businesses for the volume of traffic surrounding their business to fund city projects. This legislation is discriminatory to high volume businesses and only results in a new property tax. Some legislators feel compelled to take this action since local government aid has been reduced over the years. There were a few attempts to authorize this tax authority during the 2009 legislative session.

POLICY POSITION:

MnRA supports:

- Property tax reform that provides real rate compression and tax relief

MnRA opposes:

- Any increase to the new statewide business tax greater than the rate of inflation
- The use of pseudo taxes that are placed on businesses in the form of higher fees and special assessments; such as the transportation utility fee

Sales Taxes

BACKGROUND:

There is increasing pressure to raise or broaden the sales tax as Minnesota public policy makers continue to face recurring budget shortfalls. Since Minnesota is facing a long-term structural deficit, public officials continue to struggle with reforming current tax structures. Each legislative session, MnRA reminds legislators of the cost to retailers in collecting and remitting the sales tax. Nationally, the average administrative cost to retailers is 3.09% of the total amount of the sales tax collected. Merchants in approximately 28 states are allowed to retain some portion of the sales taxes collected for their state, also known as a vendor collection allowance (VCA). This serves to offset some of the administrative cost of collecting and remitting the tax for retailers.

MnRA has a long standing position of opposition to increasing the sales tax rate, or expanding the sales tax base to include clothing and services, unless the expansion is necessary to comply with the Streamlined Sales Tax Project. Such expansions would be harmful to retailers and break the covenant originally made by the state when the sales tax was initiated. The Streamlined Sales Tax project helps level the playing field and increase collections from remote sellers who currently have an unfair advantage over the “brick and mortar” retailers. The project is a cooperative effort by a number of states to encourage Congress to establish the authority for the states to collect the

tax on internet sales. Doing so is currently prohibited as a result of a Supreme Court case known as the “Quill decision”. Congress must change the law before states are given the authority to impose the tax.

June Accelerated Sales Taxes

MnRA has worked tirelessly to eliminate the June accelerated sales tax payment (JAST). This tax gimmick is left over from the fiscal crisis the state faced in the 1980s. JAST is an accounting nightmare for retailers and it does not provide a structural fix to budget problems while encouraging the state to deficit spend. MnRA successfully passed legislation in 2001 to reduce the percentage retailers must remit early and set a sunset date for its complete elimination. Unfortunately because of the size of past and present deficits, the legislature has only changed the minimum percentage payment for the tax. This sales tax payment was short-sighted when it was instituted, and to push the date back or recall the repeal is just as short-sighted.

Local Sales Tax Options

MnRA has a long-standing position against local option sales taxes because of the patchwork tax system they create. Numerous bills calling for local option sales taxes were introduced in the 2009 session. With continuing transportation needs growing in the Twin Cities area, legislators have given metropolitan counties the authority to impose county-wide transportation tax which was added to the sales tax. This metropolitan area transportation tax authority continues to exasperate the patchwork of non-uniform taxing jurisdictions. Under current law certain conditions must be met before local option sales taxes can be approved. If local sales tax authority is granted, MnRA agrees that it must be approved in a general election. The tax levy must also be dedicated for a specific capital improvement project and have a mandatory sunset date. Furthermore, the community should be prohibited from seeking additional authority for at least one year after the tax has expired

Alternative Minimum Corporate Tax

The Alternative Minimum Corporate Tax (AMT) was initially created to reduce the use of tax preferences for certain high income levels. The Minnesota AMT nearly conforms to the federal tax system. One of the biggest differences is that the federal AMT allows the deduction of home mortgage interest and the Minnesota AMT does not. Also, the state AMT has one flat rate, whereas the federal AMT offers two rates. It is not uncommon for a Minnesota business to pay a small federal AMT but be taxed a larger amount by the state.

Single Sales Apportionment

Single sales tax apportionment remains an active public policy issue. The apportionment formula was accelerated in previous legislative sessions and will be based on 87% of sales in 2010. It will be phased in completely by 2014.

Sales Tax Holidays

Some states provide tax holidays for the sale of energy efficient products which conserve energy. MnRA supports the use of such measures.

Dedicated Sales Tax

On November 4th 2008, Minnesotans voted to increase the sales tax and dedicate the funds for arts, culture, and outdoor heritage. The Minnesota Retailers Association opposed this constitutional amendment and any future efforts to dedicate the sales tax to anything other than the general fund.

POLICY POSITION:

MnRA supports:

- Permanent reduction of the sales tax
- A vendors’ collection allowance that compensates retailers for costs associated with sales tax collection
- Continued participation in the Streamlined Sales Tax Project
- Total repeal of the June Accelerated Sales Tax (JAST)
- Federal legislation which would allow states to collect sales taxes from remote sellers who currently have no nexus in Minnesota
- State conformity with the federal alternative minimum corporate tax (AMT)
- Sales tax holidays for the sale of energy efficient products by retailers
- Registration fees on certain products should be dedicated to the purposes for which they were intended

MnRA opposes:

- The base-broadening of the sales tax system to clothing, services, or services purchased by businesses
- The expansion of local option sales tax authority or extension of any existing local authority such as the metropolitan-area sales tax
- Sales tax dedication for anything besides the general fund

Wages

BACKGROUND:

MnRA has historically held a strong position in opposition to minimum wage standards. The federal minimum wage was last raised to \$7.25 an hour in July of 2009. MnRA believes that minimum wage levels will not only result in a reduction of entry level jobs, but these mandated wage levels will also raise the costs associated with employment of individuals. Three cities in Minnesota—Minneapolis, St. Paul, and Duluth—have all passed “living wage” ordinances in some form. The wages are tied to businesses that receive certain types of financial assistance from the government or work on government projects. Minnesota state law requires economic development agencies to establish wage and employment goals with businesses that receive assistance of \$25,000 or more. The business must repay the assistance if it fails to meet the goals. Also, businesses that receive grants or loans from the Minnesota Investment Fund must pay a wage rate equal to 110% of the federal poverty guideline for a family of four.

POLICY POSITION:

MnRA supports:

- The belief that market forces should determine wage levels
- State preemption of local minimum wage laws

MnRA opposes:

- Efforts to increase the minimum wage above the federal level and living wage standards
- Indexing mandated wage levels to some outside indices, such as determining wages based on the consumer price index (CPI)

Workplace Issues

BACKGROUND:

Workplace issues tend to appear during the legislative session without warning. These include mandatory time-and-a-half on Sundays/holidays, paid time off for employees donating blood, paid parental leave, unrealistic ergonomic standards, mandatory sick leave for full or part-time employees, and terminated employee rights to company information.

Worker’s compensation reform will also be a top agenda item during the 2010 legislative session. Unfortunately, worker compensation rates are once again becoming non-competitive. Pharmacies are quickly being blamed as major cost drivers for workers compensation, but the real cost increases are due to other factors such as legal costs, lack of lawsuit reform in such suits, and out of control health care costs.

POLICY POSITION:

MnRA supports:

- Safe and healthy work environments for employees
- Significant changes to the workers compensation program as proposed by the Worker’s Compensation Council
- Changes to the workers compensation system that would bring insurance premium increases under control

MnRA opposes:

- Regulations that unfairly restrict workplace flexibility and the employer/employee relationship
- Mandatory paid or unpaid sick leave
- State legislation that is inconsistent or stricter than federal laws and regulations

SECOND PRIORITY

Civil Justice Reform

BACKGROUND:

Class action lawsuits over the years have grown to be another segment of the civil justice system that has fallen prey to gross abuses. Many times these class action lawsuits harm both businesses and consumers, resulting in inadequate remedies. Bills have been introduced granting an immediate appeal of class certification and a stay of proceedings while an appeal is pending, minimum damage requirements of at least \$1.00 to be a member of the class, and attorney fees and settlement reform.

POLICY POSITION:

MnRA supports:

- Tort reform legislation that will enhance fairness, timeliness, and cost effectiveness of the civil justice system
- Reducing Minnesota’s statute of limitations for claims based on negligence from six years to 3 or 4 years
- Prohibition of product liability lawsuits against the seller of the product unless the seller had control over or knowledge of the harm causing aspect of the product
- Prohibition of actions brought against manufacturers or retailers of food for alleged injuries resulting from the consumption of food, including subsequent weight gain
- Proposed limitations on non-economic damages in medical malpractice cases and limits on attorney fees if such suits cause increases in premiums or a decrease in accessibility to health care
- Reforms to increase protection for retailers and other employers from liability when giving or receiving employee references
- Class action lawsuit reform

MnRA opposes:

- Discriminatory taxes based on food composition such as fat content.

Electronic Product Code/RFID

BACKGROUND:

The ability of retail to use technology in order to manage inventory and to efficiently serve customers is key to merchant profitability. Technologies like radio frequency identification (RFID) and electronic product code (EPC) streamline the inventory process. Inhibiting retailers from using up to date information management tools, will lead to inefficiency and non-competitive circumstances.

POLICY POSITION:

MnRA opposes:

- Any legislation that would unreasonably restrict the use and implementation of EPC technology

Advertising for Floral Sales

BACKGROUND:

Many floral brokers located outside of the state of Minnesota use local phone numbers to give the impression that flowers are being ordered through a local business. In these cases, customers are not aware that the local number they call rolls over to a number located outside of the State of Minnesota. The result is that consumers pay a large service fee and get fewer flowers. Similar legislation has been passed in many states to specifically address the sale of flowers to consumers.

POLICY POSITION:

MnRA supports:

- Legislation that would prohibit the use of a local numbers in advertising mediums for ordering floral products unless their name and local address is published.

Fireworks

BACKGROUND:

After 61 years, Minnesota's ban on fireworks was partially lifted in 2002. Even with the general public's positive response many local units of government were convinced by local fire chiefs to create restrictive ordinances regarding the sale and use of fireworks. Some of these ordinances were so restrictive and the license fees so high, that it virtually eliminated retailer's ability to sell fireworks and undermined the legislative intent to legalize these products. MnRA and others were successful in passing legislation that prohibits local units of government from imposing license fees of more than \$350 annually on retailers that sell fireworks.

POLICY POSITION:

MnRA supports:

- The expansion of the definition of fireworks that could be sold in Minnesota.

MnRA opposes:

- Efforts that give local governments authority to impose special fees

Price Accuracy

BACKGROUND:

In past sessions, legislation was introduced that would require retailers to pay the customer if the product was scanned incorrectly. Since retailers' value their customers this inadvertent pricing accuracy error can be easily resolved between a merchant and the customer.

POLICY POSITION:

MnRA supports:

- Consistency with federal guidelines on price accuracy

MnRA opposes:

- Unreasonable state mandates that can interfere with the retailer/customer relationship.

Sale of Video Games

BACKGROUND:

In past sessions, legislation was introduced and debated that would have prevented the sale, rental, and display of certain video games to anyone under the age of 17. Since 1994, industry ratings have been established which retailers have been promoting in conjunction with parental education on the issue. In the 2006 session in Minnesota, legislation was passed to prohibit the sale of certain video games to minors under the age of 17 and to require retailers to post signs. The law was determined to be unconstitutional by the U.S. Federal District Court.

POLICY POSITION:

MnRA supports:

- The current rating system for video games, which can be used by retailers to inform parents of which videos/video games are appropriate for underage individuals.

MnRA opposes:

- Any additional retailer requirements to police the sale, rental, or use of certain video games.

Uniform Compliance Checks

BACKGROUND:

The sale of tobacco products is legal in Minnesota but it is also highly regulated. Local municipalities are required to do compliance checks on certain businesses. While the enforcement of the law is uniform, the penalties for selling tobacco to minors are inconsistent. As a result many municipalities invoked excessive financial penalties, and in some cases even license revocation, which is inequitable among certain retailers.

POLICY POSITION:

MnRA supports:

- The enforcement of the law prohibiting the sale of tobacco to minors through reasonable means that do not interfere with retail business operations
- Reasonable penalties for underage possession of tobacco and the presentation of false identification
- Modifications of the Minnesota drivers' license to discourage false presentation
- Preemption of local fines and penalties

MnRA opposes:

- Any unreasonable mandates or restrictions on retailers selling a legal product.

Gift Cards/Unclaimed Property

BACKGROUND:

MnRA has been actively involved in revising Minnesota’s unclaimed property laws. The Department of Commerce had argued that gift certificates were covered under the “miscellaneous” section of escheat law that would have required retailers to submit the value of all unused gift certificates after three years to the State. In 2000, MnRA was successful in passing legislation that would specifically exempt gift certificates, gift cards and layaways from this requirement. This exemption became effective in 2001 on July 1st.

POLICY POSITION:

MnRA supports:

- Current law that exempts gift cards from the escheat law.

Chain Restaurant Issues

BACKGROUND:

MnRA’s Chain Restaurant members face many potentially detrimental issues, including:

- Minimum wage increases.
- Taxes on food products based on nutrition.
- Restrictions or bans on trans-fats or other food ingredients.
- Nutritional labeling proposals, in a variety of forms.
- Mandated allergen action plans.
- Restrictions on business hours of operation.
- Restrictions on drive-thru businesses.
- Requirements for restaurant employee places of domicile.

POLICY POSITION:

POLICY POSITION

MnRA Supports:

- The ability of chain restaurants to operate their businesses without undue interference from agencies of government, targeted taxation, and/or other requirements that impact on restaurant operations or their financial stability.

MnRA Opposes:

- Minimum wage increases, particularly “indexed” increases.
- Taxes on food products based on calories/fat/sodium/sugar or other nutritional measurements.
- Restrictions or bans on the use of previously approved food ingredients.
- Menu nutritional labeling imposed by small jurisdictions.
- Required, mandated, allergen action plans.
- Restrictions on business hours of operation.
- Restrictions on drive-thru businesses or facilities.
- Requirements for restaurant employee places of domicile.

School Start Date

BACKGROUND:

Many school districts wish to start school before Labor Day but are unable to do so because of state law. MnRA has supported upholding this law because the extension of school vacation increases revenue to merchants of all types. Retailers also rely on the extended vacation labor pool of students to fill certain labor needs.

POLICY POSITION:

MnRA supports:

- The prohibition of local school districts from beginning the school year before Labor Day.

THIRD PRIORITY

Education

BACKGROUND:

A quality education system is something Minnesotans have boasted about for many years. K-12 education is one of the biggest expenditures in Minnesota's budget. MnRA supports a strong, accountable school system that facilitates the creation of a strong workforce.

POLICY POSITION:

MnRA supports:

- Reform in Minnesota's K-12 education system which improves academic results and increases student achievement and skills
- Classroom-centric funding tied with measurable results for achievement
- Accountability in higher education so that institutions seek input from business to make certain that students are adequately trained for the workplace
- Retailers voluntarily supporting their local school districts

MnRA opposes:

- Additional expenditures on education without appropriate reforms as described above.

Price of Government

BACKGROUND:

The price of government is the measure of total state and local government revenues expressed as a percent of personal income. It is a measure of the cost of all general government services statewide. In theory, it should help determine how much Minnesota citizens are able to pay to the state and local governments. It includes nearly all revenues generated by state and local units of government as well as public school districts. All state taxes, property taxes, special assessments, fees, and charges are included. It does not factor in federal revenues.

POLICY POSITION:

MnRA supports:

- The reestablishment of the law requiring that policy-makers to adopt a "price of government"
- Legislative efforts to show fiscal restraint in spending and a decrease in the price of government which will create value and best serve taxpayers.

Wine with Groceries

BACKGROUND:

Currently, Minnesota law restricts the sale of wine in grocery stores.

POLICY POSITION:

MnRA supports:

- Legislation that would allow licensed retailers the ability to sell wine, as long as licensed retailer has appropriate measures in place to verify age and identification
- Uniform standards for wine sales across the entire state, both in metropolitan and rural areas
- Allowing liquor retailers to sell some grocery items such as snack food items

ATM Convenience Fees

BACKGROUND:

In the past, legislation has been considered to ban ATM convenience fees. MnRA has argued that many retailers have purchased ATM's in order to provide convenience to their customers. In many cases, the retailers have invested in the machine, have maintenance agreements, and must service the machine by keeping cash in it.

POLICY POSITION:

MnRA opposes:

- Any ban on the use of fees on ATM machines.

Campaign Finance/Ethics Reform

BACKGROUND:

MnRA has monitored both campaign finance and ethics law changes for many years. Severe restrictions on campaign finance and overly burdensome ethics laws can inhibit the ability of associations to have equal access to public policy makers.

POLICY POSITION:

MnRA supports:

- Campaign finance laws that is more reasonable and equitable.

Independent Contractors

BACKGROUND:

Legislation requiring coverage of workers' compensation for all independent contractors was introduced in previous years. As proposed, it would include direct sellers and other MnRA members such as furniture stores who utilize independent contractors in their business.

POLICY POSITION:

MnRA opposes:

- Any efforts to equate independent contractor status with employee status or to require employee benefits or coverage for all independent contractors.

Initiative and Referendum

BACKGROUND:

Businesses across the country have reported spending millions of dollars to defeat initiative measures particularly because the initiative process can easily benefit special interest groups. Initiative and referendum is an issue that the business community, League of Women Voters, and unions are adamantly opposed to in Minnesota.

POLICY POSITION:

MnRA opposes:

- Measures that allow for initiative and referendum.