



Representing the Independent Grocery Industry from Grower to Grocer

2/12/09

2009 KEY LEGISLATIVE ISSUES

GENERAL STATEMENT ON BUDGET AND TAXES – OPPOSE HB 1947 – Street Utility Tax and other tax or fee increases:

WFI does not support any increases in taxes during the 2009 session as our businesses struggle to survive the economic crisis. In particular, the grocery industry needs to ensure that it is not forced to unnecessarily increase food costs for consumers in Washington State due to increases in taxes or fees. With the economy in peril, this is not the time to add more costs on our industry.

While many state programs (such as cleaning up Puget Sound, transportation or health care) may be worthy priorities for government spending -- and we certainly understand the challenges of budgeting in this current economic climate -- we urge state lawmakers to instead look toward reprioritizing existing funds to avoid tax or fee increases. Proposals that have been suggested, such as increases in utility fees, freight container fees, property tax increases, etc... all will have a direct impact on costs for the grocery industry and our customers.

OPPOSE SB 5877 – Liquor Control Board Government Competition and Store Expansion:

WFI opposes SB 5877 which requires the Liquor Control Board to unfairly compete with the private sector in the sale of goods and services currently offered by grocery stores and other retailers across the state. Government is not required to operate under the same tax and regulatory laws as the private sector that provides a price and profit advantage. Further, the LCB has a monopoly on spirit sales drawing in segments of the public to their stores that are “off limits” to the grocery industry. The state should consider alternatives to removing the state from promoting liquor sales and consumption and focus LCB resources toward licensing and enforcement – the proper role of government.

SUPPORT SB 5963 – Unemployment Insurance Reform for Conformity:

Unemployment insurance is a huge issue for WFI as it is for all business in Washington State. Our state currently ranks as the 5th highest state in terms of unemployment insurance costs according to the WashACE report and is in the top ten for the cost of benefits paid to employees. In addition, Washington State needs to bring our UI laws back into conformity with the federal law – but this change will have a significant impact on tax rates for many employers in our state.

WFI SUPPORTS SB 5963, which adjusts the tax rates in our current 40-rate class system to mitigate the increases that will occur when we go back to charging employers, based on 2 high quarters of earnings. In addition, 5963 has further adjustments to eliminate overpayments into

the fund from the middle rate classes that have helped result in an unnecessarily high trust fund balance – we need to bring this money back into our economy! SB 5963 also makes necessary changes to our state’s voluntary quit language to address concerns in the Spain/Batey court case and ensure that our UI funds truly go to workers who are laid off through no fault of their own. We are not enthusiastic about the expansion to allowing benefits for people who quit jobs to follow their spouse, but making this change will ensure our ability to get a share of federal Reed Act money for the state.

Opponents of 5963 will argue that the tax cuts will give too much money to business. The tax changes will result in \$400 million over a six-year period being brought back to our economy to help keep and possibly create jobs. Opponents may also argue that too much money will be taken out of the fund, but all scenarios we have seen show plenty of money in the fund to pay benefits even during the worst of recessions.

SUPPORT 1189 W/AMENDMENTS -- Regulation/Taxation of Disposable Shopping Bags:

WFI seeks the passage of HB 1189 with amendments. We support the principle of local pre-emption on shopping bag bans/taxes/fees contained in the bill. Differing local government regulations of products and packaging will cause significant burdens on the retail industry and increased costs on customers. We do support government advocacy of reusable bags and plastic bag recycling but cannot support mandated compostable plastic bags at this time.

OPPOSE SB 5225 – Increasing the Felony Theft Threshold:

WFI believes that reducing penalties for retail theft by increasing the felony thresholds hurts the victims – the retailer and the honest customer who will pay higher prices. However, if the Legislature moves toward this policy we ask that they give retailers new tools to fight common thieves and that government takes a harsher stance toward repeat offenders. SB 5225 attempts to achieve this goal but falls short.

OPPOSE HB 1402/SB 5627 – Restricting Ex Parte Contact During Workers’

Compensation Appeals:

These two bills restrict the ability for an employer to communicate with injured workers’ medical providers during appeals of workers’ compensation decisions. WFI opposes these bills because the free flow of information is important to get the right information for decisions regarding returning workers to work and ensuring successful decisions. Since workers’ compensation is a non-litigious mechanism for resolving conflicts, it is important that the information flow not be obstructed.

OPPOSE HB 1528/SB 5446 – Worker Privacy:

WFI opposes these bills because they provide a very vague restriction on what information employers can convey to employees on a variety of subjects. This would significantly restrict an employer’s ability to talk with employees about benefits and other wage information during times where negotiations may be occurring. It also restricts discussions surrounding politics and religion that could affect fundraising in the business for groups like United Way and restrict an employer’s ability to let employees know how legislation would affect the business directly.



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SUPPORT HB 1821/SB 5794 – Revisions to Medicaid Audit Process for Pharmacies:

WFI supports these bills because they will bring realism back to Medicaid audits of our pharmacies, stop the practice of going back six years on audits, and phases these in to a three-year limit. This is important because when Medicaid does an audit and finds a mistake that they (Medicaid) made in paying the pharmacist for the drug, it can be devastating to the pharmacy to come up with the money and results in a loss over a Medicaid mistake. By limiting the period that the agency can “look back” on these audits, it will be more realistic for the pharmacy to be able to comply.

AMEND HB 1694 – Reducing the Medicaid Reimbursements to Pharmacies

Embedded in HB 1694 – an omnibus budget bill designed to help immediately save money for state government – is a provision that increases the percentage under the Average Wholesale Price (AWP) that Medicaid can use to determine reimbursements to retail pharmacies for Medicaid customers. This changes results in an average reimbursement decrease of 6% for retail pharmacies who are already struggling trying to provide services to low income customers in their communities. We urge the state to work with retail pharmacies to provide more flexibility in order to reduce this negative impact.

SUPPORT HB 1988/SB 5834 and HB 2040 – Reforming Beer and Wine Regulations:

These bills together implement the various provisions in reforming beer and wine regulation supported by WFI. This includes eliminating minimum mark up and post/hold requirements, modifications to financial interest and ownership, allowing some items of nominal value for moneys’ worth, allowing electronic funds transfers to be done over a period of up to five days, and allowing limited transfer of product between stores under common ownership. These changes will streamline the regulatory process and help retailers better administrate the sale of beer and wine.

GENERAL STATEMENT ON ENVIRONMENTAL BILLS:

There are many bills going through the Legislature this session dealing with reducing greenhouse gas emissions, including bills to implement cap and trade bills. These bills potentially have significant impact on the cost of energy in Washington State that will adversely impact grocery stores. We use a significant amount of energy to keep food cold and keep our doors open for our customers. If these costs go up, this will have a severe impact on food costs and will hurt many grocery businesses in the state and well as consumers. In addition, if the impact of these bills on our manufacturing sector is not completely analyzed and known, we run the risk of losing more of our manufacturing base in the state thus putting our economy and state revenues in greater peril. We urge state lawmakers to spend more time on analysis of what will work to reduce greenhouse gas emissions without significant cost to our business climate before enacting any proposal.

