



2007



Annual Report

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“The mission of the Pennsylvania Food Merchants Association/Pennsylvania Convenience Store Council is to improve the public image, effectiveness and profitability of companies in the retail and wholesale food distribution industry.”



PFMA/PCSC hosted its annual conference at the Harrisburg Hilton on May 16 and 17. Top photo: David McCorkle, right, PFMA president & CEO, thanks Chris Michael, left, Associated Wholesalers, Inc., for serving a two-year term as chairman and Art and Peg VanSlyke, VanSlyke's Food Mart, for his service on the PFMA board of directors. The VanSlyke's sold their store in 2007.

Above, Randy St. John, at right, PFMA senior vice president, discusses legislative issues with Mark Suprenant, Wawa, Inc., and Lorelei Mottese, Wakefern Food Corporation.

A Message from David McCorkle PFMA/PCSC President & CEO



On behalf of my wife Kathy, our children Peter and Erin, their spouses and five grandsons I thank you for 25 years of challenging and rewarding employment with the Pennsylvania Food Merchants Association (PFMA) and the Pennsylvania Convenience Store Council (PCSC). Peter and Erin were 13 and 10 respectively when I began my food industry association career in August 1982. We have matured and aged somewhat gracefully as the challenges of our personal and professional lives have provided wonderful relationships with co-workers, members, elected officials, neighbors, community leaders, association peers and our many PFMA business partners.

The organization is much different in 2007 than it was in 1982 when I departed the administration of Governor Richard Thornburgh to begin my association career. PFMA and PCSC offer a comprehensive array of services developed with the creative involvement of stakeholders to address problems specific to Pennsylvania retailers, consumers and others.

I am particularly proud of the following associates who have worked with me before or since 1988 when association offices were consolidated in the Harrisburg area.

Vivian "Lou" Brashears, Receptionist
Tanya Butler, President, Merchants Express Money Order Company, Inc.
Hans Leyer, Vice President, Sales, Marketing & Facilities
Beth Mullen, Vice President, Information Technology
Robert Ommert, Shipping and Receiving
Autumn Thomas, President, Pennsylvania Coupon Redemption Services, Inc.
William Searer, Polling Operations Coordinator
Missy Wellington, Responsible Tobacco Sale Certification Program Manager
Karen Wilbert, Vice President, Finance

Those with 10 years or more of service include the following:

Tiara Banks, Compliance Analyst
George Bartell, Regional Sales Manager

Gail Bryner, Human Resource/Accounting Manager
Mac Dixon, Regional Sales Manager
Jennifer Hamelin, Compliance Analyst
Bryan Hannan, National Sales Manager
Charles Harber II, Senior Programmer Analyst
John Jones, Regional Sales Manager
Stacey Kropp, Staff Accountant
Peggy Langenbach, Call Center Representative
Kevin Null, Machine Maintenance/Help Desk Technician
Daniel Oliva, Credit Manager
Elizabeth Peroni, Director of Communications
Roberta Pietropaolo, Scanning Inspector
John Rodgers, Warehouse Manager
Randolph St. John, Senior Vice President, Association Services
Laurie Savoy, Account Manager
Terry Smith, Manager of Money Services
Joan Stare, Receptionist
Wanda Tafun, Staff Accountant
Peggy Tyra, part-time, PCRS
Michele Weaver, Administrative Assistant

A sincere thank you to PCSC Chairman Sam Anderson, Vice Chairman Dan Pastor and Secretary/Treasurer Paul Rankin for agreeing to serve an extra year in their leadership roles. Thank you to all the PFMA board of directors and PCSC executive committee members for your input, support and time during the past year.

The 2007 Annual Report describes in detail the accomplishments of the year and highlights the service of members and my co-workers who have listened to the concerns of the members and responded with information and solutions to problems. Help us shape a better future for Pennsylvania by volunteering your time in 2008 to serve the most competitive and efficient production, distribution, marketing and sales industry in the Commonwealth —the Food Industry. All the best for the next 25 years!



Scott Hartman
PFMA Chairman
Rutter's Farm Stores, York, PA

After a year spent focusing on the national issues as chairman of the National Association of Convenience Stores (NACS), it's satisfying to get back to work on issues in Pennsylvania as your chairman. I must say that traveling the world with NACS was enlightening and I am happy to bring those experiences back home. There's always work to be done here in Pennsylvania and I believe my knowledge on the national issues will benefit the association.

I'm pleased to report that other PFMA board members have also garnered national association experience. Carole Bitter, Friedman's Markets, Inc., recently completed her two-year term as chairwoman of the National Grocers Association (NGA), while Pennsylvania Convenience Store Council (PCSC) Executive Committee member Tom Dempsey, Utz Quality Foods, served as chairman of the Snack Food Association. Congratulations to them on their leadership. We are pleased to have their input and experience.

Among the issues the Pennsylvania Food Merchants Association (PFMA) worked on last year, the highlights were beer sales, bottle bills, debit card holds, stiffer drive off penalties, electricity rate increases, ethanol and alternative fuels, plastic bag bills, milk labeling and property tax shifting.

I speak from experience when I say that PFMA regularly works with members on issues that could seriously impact their businesses. Late last year, the association assisted Rutter's and other dairies on milk labeling. The Pennsylvania Department of Agriculture (PDA) announced that milk could no longer be labeled to indicate to consumers that it contained "no artificial growth hormones." This was a big surprise to Rutter's since we had spent a year working to obtain certifications from the nearly 80 farms supplying milk to us that they do not inject their cows with artificial growth hormones or rBST. The PDA had approved our labeling in August 2007. Under a new ruling, Rutter's would have been required to change our labeling by January 1. PFMA staff worked with us to make sure the PDA understood our position and attended many negotiation meetings. On January 17, Governor Ed Rendell announced that Pennsylvania dairies can label their milk that it is produced without the use of artificial growth hormones or rBST.

PFMA also assisted members with issues in their local municipalities. In Philadelphia, the association worked closely with retailers to prevent bans on plastic bags and styrofoam containers. PFMA met with Philadelphia city council members to assure them that area retailers were working diligently to encourage plastic bag recycling. PFMA members Rich McMenemy, ShopRite, and Rich Savner, Pathmark, testified before a council committee explaining their companies' efforts to recycle and reduce plastic bag usage. They also educated the city council about compostable bags and how they can pollute the recycling stream, since they require a specific sorting plan to

prevent co-mingling with other recyclable materials. These bags need a specialized composting facility to be processed and Philadelphia currently has no such facility in place. PFMA has encouraged the city to expand its recycling program and begin consumer education efforts on recycling and reuse initiatives. The association staff regularly represents its members at food defense and pandemic training exercises, food safety meetings, Pennsylvania Milk Marketing Board (PMMB), Weights and Measures, and the Women Infants and Children (WIC) program hearings. Association staff also monitor the governor's budget proposals and meet with legislators to prevent burdensome taxes such as proposals for health care and tobacco tax increases.

This year, PFMA successfully persuaded the PDA to conduct risk-based assessments to determine the number of certified food handlers required and the hours they must be present at a retail location. HB 1422, which changes food safety laws and calls for a certified food handler to be on staff during all hours of operation, has passed the state House and is in the Senate awaiting action. As it is currently written, it allows the PDA to determine the number of certified food inspectors needed at a facility based on risk. At PFMA's suggestion, PDA now understands the diversity of retail food establishments. By using risk factors, convenience stores with limited food handling and shifts selling properly labeled prepackaged foods will be classified as lower risk than a grocery store or restaurant carrying out full-scale and round-the-clock food preparation. Facilities selling only properly labeled, commercially pre-packaged food would be exempt from the requirement.

Through the efforts of PFMA's Pennsylvania Pharmacy Council, PFMA's members continue to have legislative and regulatory representation dedicated solely to protecting and advancing the interests of pharmacies located within grocery stores. Without a doubt, pharmacy and healthcare opportunities continue to grow for the food industry. The face of retail pharmacy is changing: traditional chain drug stores are increasingly looking more and more like smaller grocery and convenience stores – offering more food products to increase foot traffic while pharmacies have become an integral part to the floor design of any new grocery store or supermarket. With Pennsylvania's pharmacists being recognized as healthcare providers and as more and more PFMA members become interested in their potential role to increase affordability and accessibility to healthcare, the 21st century promises to present a new frontier for pharmacy.

Thank you to the PFMA board members and staff for all your hard work last year. To our members: if you're not utilizing all the services PFMA offers, I encourage you to contact the staff for assistance. Become more involved in the association. Your input does make a difference.

Sam Anderson
PCSC Chairman
Pump n Pantry, Montrose, PA



I've enjoyed another interesting year as Pennsylvania Convenience Store Council (PCSC) chairman thanks to the powerful persuasion of David McCorkle and my fellow executive committee members.

Developing energy alternatives was a priority again in 2007 as the price of gasoline continued to rise. Last year, Governor Ed Rendell called a special session on energy to reduce our dependence on foreign oil. The governor wants to produce corn-based ethanol in Pennsylvania. Unfortunately, ethanol is not the perfect fuel alternative. When blended with gasoline (E-85), it reduces mileage. It has to cost 2/3 the price of gasoline in order for consumers to get the same mileage. Pennsylvania does not produce enough corn for ethanol production and it would have to be shipped from the mid-west. There are also transportation issues due to the fuels' corrosive impact on pipelines.

We are also feeling the impact of ethanol production through rising food costs. In September, Tim Reardon, Pennsylvania Food Merchants Association vice chairman, Giant Food Stores, testified before a Senate Environmental Resources and Energy Committee. He told committee members that increases in wholesale prices for beef, poultry, eggs, pork and consumer products made from corn and other grains will have to be passed on to consumers.

The federal government is already mandating an increase in ethanol use to 36 billion gallons-per-year by 2022. On the federal level, a \$1-per-gallon incentive is being offered to companies who purchase biodiesel fuel. State legislators have proposed bills offering incentives from 75 cents to \$1 per gallon to subsidize biodiesel fuel purchased for commercial use. It is PCSC's position that Pennsylvania should not impose further regulations and subsidies on top of the federal mandate.

In 2007, Sheetz, Inc. began a battle to sell beer and malt beverages in its Altoona convenience restaurant. The Pennsylvania Malt Beverage Distributors Association (MBDA) voiced its opposition to convenience stores selling beer by taking Sheetz to court. The distributors association contends Sheetz' eating place (E) malt beverage license requires the corporation to allow on-site beer consumption, which Sheetz does not allow. Liquor Control Board officials approved Sheetz' license, and continue to back the c-store chain's position. Several Pennsylvania grocery stores already have permission to sell beer, so the PLCB does not classify this as a groundbreaking matter. As long as the PLCB regulations are followed, there is no rule that states a grocery or convenience store with a qualifying restaurant may not sell beer. The company is currently allowed to sell beer and malt beverages while it awaits a decision from the state Supreme Court.

Last year, we stepped up our efforts to provide consumers

with convenience and choice by forming an Adult Beverage Task Force. The group worked with a communications firm to place messages in supporting supermarkets and convenience stores' efforts to sell beer. The firm also created a stand-up display to give to members of the House and Senate Liquor Control Committee and the Law and Justice Committee. In March, PFMA members from Sheetz, Wegmans and Weis Markets, testified before the Senate Law and Justice Committee on the sale of beer in supermarkets and convenience stores. All three companies have experience selling the products in other states and were able to explain how they responsibly sell adult beverages.

This is an uphill fight and we will continue to make sure our legislators understand our view.

Other battles continue as PCSC members urge legislators to keep the Underground Storage Tank Fund (USTF) solvent by repaying a \$100 million loan from 2002 without increasing the gas tax. In addition, legislators continually turn to tobacco tax increases as the solution to find needed funds.

We were successful in getting the Pennsylvania Department of Agriculture (PDA) to look at individual establishments when determining the number of certified food handlers required to be on duty. HB 1422, which changes food safety laws and calls for a certified food handler to be on staff during all hours of operation, has passed the state House and is in the Senate awaiting action. In its current form, the bill will allow the PDA to look at the operation and utilize a risk-based analysis to determine the need for certified food handlers on duty.

Our loss prevention committee remains very active. During the past year, the group met regularly to share information on crimes and learn from speakers in the loss prevention trade. Topics included electronic fraud investigations, gang awareness and identification, Homeland Security vulnerability assessments and organized retail theft. The group also continues to nurture strong relationships with local law enforcement officials. Last May, the committee honored two officers who were extremely dedicated to solving crimes in their stores.

In these volatile times, it's more important than ever to join PCSC. Thanks to an active executive committee and a hard working staff, we've been able to minimize the impact of new legislation and regulations on our businesses.

In the government relations report, you will find a summary of the many issues members and staff worked on during the past year. It is great to know that we have our own lobbying group to unite our message and inform legislators.

Thank you for your membership. As a group we can get our message to legislators and make a difference.



Randy St. John
Senior Vice President, Association Services

Serving the Food Industry in Many Ways

The Association Services Division performs a number of services for the food industry, not only for the Pennsylvania Food Merchants Association and the Pennsylvania Convenience Store Council, but also for several other important food industry groups.

The Association Services Division's work for the Pennsylvania Food Merchants Association includes membership record keeping and dues billing, planning and executing all aspects of the annual conference each year, administering the Ridge Trust investments and the judging and awarding of scholarships, and managing the relationships with PFMA's endorsed vendors including the Gleason Agency, Millenium Insurance, Mowery Insurance and HR411. The Association Services Division personnel also serve the needs of the Pennsylvania Convenience Store Council by planning and staffing all of their meetings and events.

PFMA has developed a number of committees which serve specific segments of the food industry, and each of these committees is staffed and managed by members of the Association Services Division. The committees include the Loss Prevention Committee, the Electronic Benefits Transfer Committee, the WIC Retailers Advisory Group and the Food Protection Committee. These groups meet either on a regular basis or on an as needed basis to discuss specific activities of the food and convenience store industries.

PFMA also supports the efforts of other sister organizations in Pennsylvania and in Delaware. PFMA provides

management expertise and administrative work for the Delaware Food Industry Council and the Association of Manufacturers' Representatives in addition to providing space and administrative support for Keep Pennsylvania Beautiful.

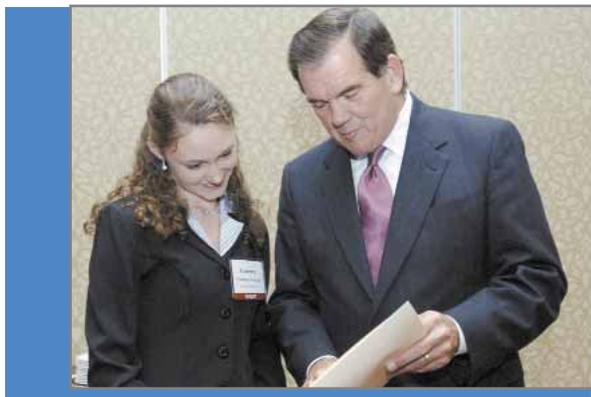
PFMA communicates with its membership through three primary vehicles, the first being our website, www.PFMA.org, and through the monthly paper and electronic newsletter, the *Hotline*. Both of those vehicles are created by members of the Association Services Division. In addition, PFMA contributes five pages of editorial to the *Food Industry Advisor*, a monthly newspaper produced by GC Communications.

Communication and marketing materials are designed and created in the PFMA office and support not only PFMA's retail membership and associate membership drives, but also marketing efforts for Merchants Express Money Order Company, Inc. (MEMO), a PFMA wholly owned subsidiary, and Pennsylvania Coupon Redemption Services (PCRS), another wholly owned subsidiary of PFMA.

2007 Annual Conference

Tom Ridge, former Pennsylvania Governor and former Director of Homeland Security, joined the Pennsylvania Food Merchants Association at its annual conference event in May in Harrisburg. This year was the 11th anniversary of the Thomas R. and Laura Ridge Scholarship program, which is named to honor the governor's mother and father. A number of the Ridge Scholarship winners were on hand and were personally greeted by the governor.

This marked the 20th anniversary of the Pennsylvania's Best Bagger Contest and Steven Drummond from Henning's Market in Harleysville, PA took home the top prize in the contest that measures professional appearance, bag building technique and speed. Drummond went on to represent the association in the national competition held during the National Grocers Association Convention in Las Vegas.



Left, Tom Ridge, former Pennsylvania Governor and former Director of Homeland Security, congratulates Courtney Shelestack, a senior at Duquesne University, on her Thomas R. and Laura Ridge Scholarship during the annual conference dinner.



The Association Services staff includes, from left, Elizabeth Peroni, director of communications; Jamie Overmiller, executive assistant; and Ellen Markle, administrative assistant.

Government Relations

The Association Services Division also houses the government relations work that is done on behalf of the supermarket, c-store, and the pharmacy industries. A summary of the government relations report appears on pages 8-15 and the pharmacy report appears on pages 18-19.

In Governor Rendell's 2008 annual budget address, he reiterated his commitment to a number of legislative initiatives which had been proposed in 2007 but had not obtained legislative approval. Once again, the Rendell administration will be pushing for the following political changes: raising the cigarette tax per pack from \$1.35 to \$1.45; creating a new tax on smokeless tobacco at the rate of 36-cents per-ounce; create a new tax on cigars of 36 cents-per 10 cigars; raising electricity rates through a "systems benefit charge"; and providing health care for the uninsured through a new tax on employers that do not provide health care. Having failed to pass the budget on time in 2007, legislators have already been alerted to the possibility that this year's budget negotiations may run into July once again.

PFMA will be vigilant in opposing these new spending initiatives by Pennsylvania Governor Ed Rendell.

Below, the 20th Annual Pennsylvania's Best Bagger Contest finalists include, from left, Erica Bradley, Genuardi's, 4th place; Jill Hafer, Giant Food Stores, 3rd place; Steven Drummond, Henning's Market, champion; and Brianna Mizas, Genuardi's, 2nd place.



Pictured below, Tom Ridge congratulates Kathleen Oshman and her mother Sheilagh Wagner on her Ridge Scholarship. Oshman works part-time for Genuardi's in Maple Glen, Pa.

Center photo, PFMA's Annette Knapp, left, and Mike Cortez, right, Sheetz, Inc., thank Chris Lee, Dickey and McCamey & Chilcote, PC, on his conference presentation "Protecting Your Business, Your Brands and Your Rights During an Outbreak."

Brad Weller, Giant Food Stores, presents the first PFMA Loss Prevention Award to Sergeant Michael Hope, Camp Hill Police Department. Detective Dirk Boughter, Douglass Township Police Department, Gilbertsville, Pa. also received the award but was unable to attend the conference.





PFMA's Government Relations Team Builds Contacts with Legislators and Regulatory Groups

PFMA's Government Relations team includes, from left, Randy St. John, senior vice president, association services; Melanie Horvath, vice president, government relations; David McCorkle, president and chief executive officer; and Annette Knapp, manager of legislative research.

The following text summarizes the issues from 2007.

2007-08 Pennsylvania State Budget

Background: On February 6, 2007 Governor Ed Rendell unveiled his \$27.3 billion budget proposal, which included a number of controversial business tax proposals, including:

- An electricity consumption tax, which would have amounted to \$0.0005 per kWh of electricity used. For large industrial customers, the fee could have been levied at a rate of up to \$10,000 per-year;
- A 1 percent sales tax increase, which would have placed Allegheny County and Philadelphia at a sales tax rate of 8 percent;
- A 3 percent health-care payroll tax to pay for the uninsured;
- Imposing an oil company gross profits tax at 6.17 percent;
- A \$2.75-per-ton landfill tipping fee increase;
- A 10-cent cigarette tax hike; and,

- Implementing a tax on smokeless and loose tobacco, which would have been taxed at 36 cents-per-ounce and the equivalent of 36 cents-per 10 sticks of cigars and cigarillos.

Efforts: PFMA did not support the budget proposal in its original form with its array of business tax increases.

Results: Seventeen days past the fiscal year deadline, the 2007-08 state budget was finally signed into law on July 17. The approved budget did not contain any of the burdensome tax hikes that the Rendell administration had previously proposed.

Mandatory unitary combined reporting and attempts to slow the phase-out of the Capital Stock and Franchise Tax (CSFT) were also kept at bay. The CSFT continued to see a 1-mill phase-out. The rate was 3.89 for the 2007 tax year and fell to 2.89 mills on January 1, 2008.

Bad Checks

Background: HB 296, introduced by Representative Stevenson (R-Mercer) increased the bad check fees that Pennsylvania businesses can collect from \$20 to \$50 (or more if the company that handles the bad check is charged more than the new limit by its financial institution).

Efforts: PFMA supported the bill's passage.

Results: The bill was signed into law by Governor Rendell on December 18, 2007 and went into effect on February 18, 2008.

Bottle Bills

Background: Bottle Bills were introduced in both the state House and the Senate in 2007. Representative Lisa Bennington (D-Allegheny) introduced HB 1839, a bill calling for beverage container returns and imposing returnable beverage container fees on distributors. It would also establish a "Returnable Beverage Container Fund" and call for related general assembly annual reports on the issue. The bill was referred to the House Environmental Resources and Energy Committee on September 17, 2007. Senator John Rafferty (R-Chester) introduced SB 1035, a companion bill to HB 1839. That bill was referred to the same committee within the Senate on July 20.

Bennington said her bill would provide a refund for beverage bottles returned to retail stores and supermarkets or certified redemption centers. The proposal would be funded by a 5-cent deposit levied on distributors and bottling companies on every beverage container they manufacture.

Efforts: David McCorkle has been actively involved in working with a coalition to prevent the passage of the proposed legislation.

Result: The bills have seen no movement since the fall of 2007.

Composting Workshop

Background: In 2005, Pennsylvania generated 10.8 million tons of waste. Twenty-four million tons of waste was disposed or processed in the state and 4.5 millions tons was recycled or composted. State disposal capacity is limited, while the demand for compost is growing.

Efforts: PFMA staff worked with the Institute for Local Self-Reliance (ILSR), Mid-Atlantic Consortium of Recycling and Economic Development Offices (MACREDO) and Pennsylvania Recycling Markets Center (RMC) with funding support provided by the U.S. Environmental Protection Agency (EPA) to develop an informative, one-day session on how supermarkets and convenience stores can get more involved in composting food waste.

Results: Retailers were educated on how starting a composting program within their stores can save money and valuable landfill space at the Food Waste and Composting Workshop held on June 21, 2007 at the Radisson Penn Harris Hotel in Camp Hill, PA.

According to the Pennsylvania Department of Environmental Protection (DEP), Pennsylvania supermarkets pay \$25 - \$85 per ton in landfill disposal fees, while organics disposal fees in Pennsylvania range from \$20 - \$40 per ton. Composting saves some companies money and creates good publicity by corporate greening with a social commitment.

The DEP reported that within the next decade, Pennsylvania will have a food waste ban in place for landfills. Other states such as Massachusetts have already started to ban organic waste material from landfills by 2010. The waste ban there begins with the commercial sector. In July 2007, the Seattle City Council decreed that recycling of food waste will become mandatory for residents by April 2009.

2007 Issues Summary

Beer Sales

Background: Since February 2007, a Sheetz' Altoona store's beer sales have been halted twice and then resumed as Sheetz, Inc. found itself in a legal battle that has reached the state Supreme Court.

SB 674, introduced by Sen. Sean Logan (D-Allegheny) was recommitted to the Senate Law & Justice Committee on June 28, 2007. The proposal would allow beer distributors to sell beer in packages as small as a six-pack. Other licensees would be able to offer up to three six-packs - or previously unavailable 18-packs - to a single carryout customer. Pennsylvania Tavern Association members are not interested in allowing distributors to enter the six-pack and 12-pack market. The Tavern Association is also disappointed that the bill does not give licensees more flexibility in where they must buy their beer. Currently, taverns and restaurants can purchase only from one designated distributor - not necessarily the closest or lowest-priced distributor.

The Pennsylvania Malt Beverage Distributors Association (MBDA) would like its members to be able to sell beer in smaller quantities, but the group opposes the bill, in part because it would allow other licensees to sell an 18-pack. The Pennsylvania Beer Wholesalers Association, a group made up of larger "importing distributors" that sell beer to regular distributors, also does not support the bill.

The MBDA voiced its opposition to convenience stores selling beer by taking Sheetz to court. The case focuses on one specific legal question. The

distributors association contends Sheetz's eating place malt beverage license requires the corporation to allow on-site beer consumption, which Sheetz does not allow. Liquor Control Board officials approved Sheetz' license, and continue to back the c-store chain's position. The PLCB does not classify this as a groundbreaking matter as several Pennsylvania grocery stores already have permission to sell beer. As long as the PLCB regulations are followed, there is no rule that states a grocery or convenience store with a qualifying restaurant may not sell beer.

SB 674, a package reform bill which gives beer distributors the ability to sell down to 6 packs and allows taverns and restaurants to sell up to 18 packs, was recommitted to the Senate Law & Justice committee on June 28, 2007.

Efforts: PFMA hired a communications firm to help place messages in state newspapers supporting retailers' efforts to sell beer in supermarkets and convenience stores. The firm also created a stand-up display which was given to each member of the House and Senate Liquor Control Committee and the Law & Justice Committee. The display cited two 2007 polls of Central Pennsylvanians supporting the sale of beer in supermarkets and convenience stores and contained a folder with numerous newspaper articles supporting alcohol reform in Pennsylvania.

Results: Sheetz continues to wait for the state Supreme Court to hear the case and rule on the issue.

Counterfeiting Bill

Background: Legislation offered by Rep. Rosita Youngblood (D-Phila.) that would strengthen existing law regarding counterfeit consumer goods and services was introduced on February 23, 2007. However, it was also amended to include language from Rep. Angel Cruz' (D-Phila.) HB 762 that would regulate the sale of "out-of-date" goods in supermarkets and convenience stores.

HB 523 would specifically increase penalties for counterfeiting and expand the definition of the crime. Some of the consumer products affected by the legislation include prescription drugs, beauty products, toothpaste, and candy bars. Also included in the counterfeiting bill is language that would ban the sale of all outdated and expired food, nonprescription drugs and cosmetics in Pennsylvania. Should the bill become law, outlets, thrift stores and warehouses that sell "scratch and dent" products and recently outdated goods would have to stop sales.

Under current voluntary labeling guidelines, manufacturers and distributors mark products with "use by" or "sell by" dates based on optimum quality.

Use of these dates is not related to food safety. On the state level, the sale of milk is currently regulated. Under HB 523, the sale of any nonprescription drug, infant formula or baby food which is subject to expiration dating under Food and Drug Administration (FDA) requirements, or cosmetic or other food bearing a past due expiration date is prohibited. Violators could face fines of \$300 and repeated violations could net retailers the loss of their license or a prison sentence. The bill does not outline how the law would be enforced, and it is difficult to anticipate how retail establishments would be policed to enforce the law.

Efforts: PFMA has been working to oppose the Cruz amendment portion of the bill. PFMA members spoke with legislators on this issue - armed with a Food Safety and Inspection Service (FSIS) food product dating fact sheet which explains the ins and outs of food product dating.

Results: The bill passed the state House on October 31, 2007 and was referred to the Senate Judiciary Committee on November 13, 2007. If the bill moves, PFMA expects that the Cruz language will be dropped.

Debit Card Holds

Background: Background: State Rep. Frank Andrews Shimkus (D-Lackawanna) introduced HB 1372 that calls for an end to debit card holds on gasoline purchases. The concern is that customers could have holds placed on their checking accounts, which might prevent them from accessing their funds for "in the near future" transactions. The bill would prohibit fuel vendors from placing a hold on a customer's debit card account in excess of the price of the fuel. Representative Joseph Preston (D-Allegheny) introduced a related piece of legislation, HB 869, which would require companies that create debit card holds to post notification of the hold at the time of sale.

Efforts: PFMA staff met with representatives from the banking and credit card industries to oppose the bill. When PFMA staff researched this issue in the past, representatives from the NYCE Payments Network, LLC made it clear that retailers are the source of the amount of holds or pre-authorizations, but they are not the source of delays in releasing amounts, which reflect the difference between the actual sale and pre-authorized amount. It was determined that delays can be caused by either banks and credit unions or by processing networks.

Results: HB 1372 has remained in the House Consumer Affairs Committee since May 29, 2007, and HB 869 has remained in the same committee since March 22, 2007.

Drive Offs

Background: House Bill 582 was signed into law as Act 116 of 2002 and included language that would increase penalties for drive-offs and allow for driver's license suspension of repeat offenders.

Efforts: In 2007, PFMA members backed Representative Gergely's (D-Allegheny) HB 998. This bill further stiffens penalties for motor fuel theft and also allows retailers to take a civil recovery route. Also, the bill clarifies that the registered owner or renter of a vehicle that was involved in the theft would be presumed to have taken the fuel. After a conviction, a copy of the order suspending a person's driving privileges would be provided to the Pennsylvania Department of Transportation (PennDot).

Results: This bill is currently pending in the House Judiciary Committee. PFMA supports the bill.



2007 Issues Summary

Drug Paraphernalia Ordinance

Background: A proposed ordinance (060345), which added new provisions to Title 9, Chapter 9-600 of the Philadelphia Code to prohibit the sale of "blunts," "loosies," cigarette papers, cigars, and other items that may be otherwise legal, but that are commonly used as drug paraphernalia, passed the Philadelphia City Council and was signed into law on January 23, 2007 by Mayor Street.

Efforts: Members were asked to provide feedback on the issue and PFMA worked with Philadelphia City Council members to clarify the scope of the law. PFMA staff also worked with a coalition of other interested business organizations to get the ordinance overturned.

Results: The ordinance was voided under Court of Common Pleas Judge Glazer's order issued on March 9, 2007. The Drug Paraphernalia Act served as the basis to pre-empt the ordinance. The ordinance is no longer in effect.

Ethanol & Alternative Fuels

Background: As a means to explore ways to fund his alternative energy independence strategy, Governor Rendell called state House and Senate members back to work on September 17, 2007 for a special session on energy.

On December 12, the state Senate passed Senator Robert Tomlinson's (R-Bucks) legislation (Special Session SB 22) that would provide a subsidy of 75 cents on each gallon of biodiesel sold in Pennsylvania for commercial use. Producers feel an incentive is needed to compete with biodiesel subsidized by other states that is being sold for less in Pennsylvania and driving native producers out of business.

The Senate bill is currently in the House Environmental Resources & Energy Committee, where Representative David Kessler's (D-Berks) legislation (Special Session HB 42) calling for a biodiesel subsidy of \$1-per-gallon has also been awaiting movement.

The 75-cent subsidy in the Senate bill would be limited to 7 million gallons of biodiesel per producer, per year. No producer could get more than \$2 million in an annual subsidy. Producers would apply for the subsidy monthly and certify after every 500,000 gallons produced that the biodiesel meets state standards. Subsidy payments would end on December 31, 2010.

The state subsidy would be on top of a biodiesel incentive of \$1-per-gallon being paid by the federal government.

On December 19, President Bush signed the Energy Independence & Security Act of 2007 (H.R. 6) into law. The bill increases auto fuel economy, creates new energy efficiency standards for an array of appliances and lighting and mandates a six-fold increase in ethanol use to 36 billion gallons-per-year by 2022. The bill did not end up including a provision to roll back \$13.5 billion in tax breaks for oil companies.

Efforts: Members have asked in the past why Pennsylvania needs to be regulated as the issue of an ethanol mandate will be addressed federally. Members have also expressed concern that before ethanol use can be mandated, the infrastructure needs to be built to handle it and on-site equipment updated. The venture must also be cost effective for farmers, retailers, consumers and the state to take on. Retailers may have to increase their costs, which will be passed on to the consumer. If gas prices rise, it will also lead drivers to surrounding states should Pennsylvania be burdened with a higher gas tax.

Members are also very concerned about environmental issues regarding potential pump fitting leaks due to the corrosive effects of the ethanol use.

Results: As of the date of this annual report's publication, the ethanol mandate has not passed.

Electric Rates

Background: Beginning in 2010, rate caps will expire for five of the state's largest power companies that serve 85 percent of Pennsylvania electric customers. Once those price caps come off, power generators will be "fully deregulated" and able to charge customer "market price" for electricity.

For 2007, the Governor had on his agenda a plan to institute an electric consumption tax, which would amount to \$0.0005/kwh of electricity used. For large customers, the fee could be levied at a rate of up to \$10,000 per year.

PPL Electric Utilities asked the Pennsylvania Public Utility Commission (PUC) to approve a plan designed to help customers offset an expected 34 percent price spike when rates are uncapped in 2010. The plan would provide small commercial customers the option of making additional payments on their electric bills beginning in the middle of 2008 through the end of 2009. Customers' extra, voluntary payments, plus a credit for interest paid by PPL Electric would be applied to their electric bills in 2010 and 2011, giving customers a gradual phase-in to the full generation charge starting in 2012.

Efforts: On June 22, 2007, PFMA staff disseminated a letter to state House of Representatives members asking them to vote "no" on the proposed \$850 million bond issue and subsequent increase in electrical rates.

Results: While PFMA supports certain aspects of the Governor's proposal, including smart meters and options for suppliers and users to enter into long-term contracts, PFMA and other business groups managed to stave off this consumption tax increase during 2007-08 budget discussions.

On January 30, Governor Ed Rendell expressed an interest in meeting with State Senator Lisa Boscola (D-Northampton) and State Representative Camille George (D-Clearfield) to discuss extending rate caps on prices that electric companies can charge customers in Pennsylvania. Sen. Boscola has drafted rate cap legislation in the Senate, while Rep. George has introduced an identical, "companion bil" in the House of Representatives at Boscola's request.

Fire Safe Cigarettes Proposal

Background: In June 2007, Rep. Solobay (D-Washington) followed the lead of lawmakers in 30 other states and introduced legislation (HB 1612) that would require all cigarettes sold in Pennsylvania to meet fire-safe standards set by the American Society of Testing and Materials (ASTM).

Efforts: PFMA staff polled members to gauge support of the bill. Members expressed that the bill provisions would be less of a burden if the legislature passed a measure that is identical to what has been enacted in other states.

Results: HB 1612 was passed unanimously by the state House on October 23, 2007 and is currently in the Senate Consumer Protection Committee.



2007 Issues Summary

Food Preparation (Gloves Use)

Background: Philadelphia City Council passed a proposed ordinance (070189-A) on September 27, 2007 that required food workers to wear protective gloves and hair nets. The bill required every food establishment that sold any non-prepackaged, potentially hazardous food to ensure that any person engaged in food preparation wears protective gloves and a suitable head covering/hair restraint in order to further protect the food from contamination. These items were meant to be worn during all stages of food preparation. Mayor Street signed the ordinance on October 18, 2007 and the bill took effect immediately.

Efforts: PFMA staff met with Philadelphia Department of Health staff on this issue on December 12, 2007. The health department intends to adopt Pennsylvania's version of the model food code in the near future. The state model food code permits using deli tissue, spatulas, tongs and single use gloves when handling ready-to-eat foods.

Result: The Philadelphia Health Department intends to treat the preparation of raw and ready-to-eat foods and the use of gloves, tongs or tissue paper as a barrier and limited bare hand contact on raw foods – as consistent with rules outlined in the Pennsylvania Department of Agriculture's food code.



Gift Cards

Background: Senator Vince Fumo (D-Philadelphia) introduced a bill (SB 928) that would guarantee consumers the right to obtain the full value of gift certificates, even if they are not redeemed for several years. Under the bill, if a business chooses to place an expiration date on a gift certificate, it can be no less than two years beyond the date of issuance. Even if it does list an expiration date, however, the business would still be required to redeem the certificate for the full face value through five years. After five years, the consumer could recover the value as unclaimed property through the state treasury under escheat laws. The bill would require sellers to record the address of the eventual recipient to make recovery more feasible. The bill would also abolish the institution of gift card maintenance fees.

Representative Godshall also introduced a bill (HB 124) that would forbid gift cards and gift certificates from containing an expiration date and from charging any kind of dormancy or service charge.

Efforts: PFMA kept members up-to-date on gift card legislation via legislative updates. PFMA does not support SB 928 as recording the eventual recipient of a gift card is very difficult. The further effect of the bill is a 5-year or longer expiration date because date recording starts over with the issuance of a replacement gift card/certificate.

Results: SB 928 was introduced and referred to committee on Senate Consumer Protection & Professional Licensure and has seen no further movement since June 11, 2007. HB 124 was introduced and referred to the committee on House Consumer Affairs and has seen no further movement since January 21, 2007. PFMA staff will continue to closely monitor developments with gift card legislation.

Hot Gasoline

Background: (Source: National Association of Convenience Stores – NACS) In the summer of 2006, the *Kansas City Star* published a series of articles claiming that consumers are paying \$2.3 billion annually for gas they do not receive because retailers do not compensate for temperature at the pump. Politicians and regulators are looking into the issue at the federal and state levels and class action lawsuits have been filed in several states.

The National Conference of Weights and Measures voted in July 2007 on a resolution that would have allowed states to permit retailers to install and operate automatic temperature compensation (ATC) equipment on dispensers. To adopt the resolution, two decision making bodies of the conference had to approve the measure with a 2/3 majority. One body did so, the other failed by three votes. The issue is now being considered by a special task force on temperature compensation and another vote will likely be held next summer.

Meanwhile, Senator Claire McCaskill (D-MO), on August 3, 2007 made good on her campaign pledge by introducing S. 1997, the "Future Accountability in Retail (FAIR) Fuel Act," legislation that requires all new dispensers to be ATC equipped and all existing dispensers to be retrofitted within five years.

Multiple major oil companies have put labels on their company-owned dispensers declaring that the fuel being sold is not temperature compensated to 60 degrees F.

Efforts: This emerging issue was brought up at the NIST (National Institute of Standards & Technology) conference in 2007 and although the issue affects the southern states more than Pennsylvania, it is still on Pennsylvania's radar screen.

Results: Weights & Measure inspectors have begun taking temperatures during their routine inspections at fuel stations. This national issue is still in the beginning stages, so Pennsylvania will gauge any action in other states to see what they do regarding "hot gas."

HB 1422

Background: Background: On July 17, 2007, the state House passed HB 1422, which includes changes to Pennsylvania's food safety laws that would update licensing fees, institute re-inspection fees, call for a certified food handler to be on staff during all hours of operation – with some exceptions, and other measures. For conducting a follow-up inspection to determine whether or not a noncompliant condition that was discovered on a prior inspection has been corrected, the following new fees will go into effect:

- For a second follow-up inspection: \$150;
- For a third or subsequent follow-up inspection during the licensure period: \$300; and
- For conducting an inspection that is not required by the department, but at the behest of a licensee: \$150.

Efforts: PFMA staff has worked with the Pennsylvania Department of Agriculture (PDA) to encourage using risk-based factors when assigning the required number of food handlers at an establishment and the number of hours they must be present.

Results: The bill passed the state House and is in the Senate awaiting action. In the bill's current form it allows the PDA to determine the number of certified food inspectors needed at a facility based on risk.

Using risk factors, convenience stores with limited food handling and shifts selling properly labeled prepackaged foods will be classified as lower risk than a grocery store or restaurant carrying out full-scale and round-the-clock food preparation. The bill would exempt facilities that handle and sell properly labeled commercially pre-packaged food during the shifts when only commercially pre-packaged food is sold.

The state no longer dictates training hours or procedures and now allows stores to train their own staff just as long as the employee passes a Conference For Food Protection (CFP) –approved certification test. The proposed bill may allow for an extended inspection period that will be based on the level of risk. For instance, lower risk convenience stores could be inspected every two years.

2007 Issues Summary

Idling

Background: Pennsylvania's proposed idling regulation, approved by the Environmental Quality Board (EQB) in October 2007, was published in the *Pennsylvania Bulletin* on January 12, 2008. The comment period was 30 days. Three hearings were held across the state to offer discussion on the issue. The regulation, developed by the Pennsylvania Department of Environmental Protection (DEP) would limit the amount of time a diesel-powered commercial motor vehicle can idle its engine to no more than five minutes in a 60-minute period. The rule is aimed, primarily, at long-haul truckers, many of whom idle their vehicles during federally mandated rest periods to provide heating, cooling and power to their bunks and cabs.

Several exemptions are included in the proposed anti-idling measure, such as allowing a vehicle with a sleeper compartment to idle when the outside temperature is below 40 or above 75 degrees when stationary idle reduction technology is not available. Other exemptions include idling for:

- active loading or unloading of passengers or property;
- operating work-related mechanical or electrical operations other than propulsion; and
- maintenance, repairs and inspections for safety-related purposes.

Pennsylvania would join 14 other states, including Delaware, Maryland, New Jersey and New York should it adopt the anti-idling measures.

Senator Pat Vance (R-Cumberland/York) has introduced SB 1095 which would also prohibit commercial diesel vehicles from idling for more than five minutes in any hour. The legislation permits idling under certain conditions, including:

- traffic jams and traffic signals;
- powering of mechanical or electrical operations necessary for loading, unloading or mixing;
- operating defrosters, heaters or refrigeration required for health and safety, but not during a rest period; and,
- heating or cooling of buses for the comfort of passengers.

The legislation also contains transitional exemptions allowing idling in extreme temperatures.

Results: After the hearings, the regulation is expected to be approved by the Independent Regulatory Review Commission (IRRC), which reviews all proposed state regulations and, finally, the state attorney general.

Mandatory Healthcare

Background: Governor Rendell continued to push mandatory health care legislation, HB 700 throughout the fall session, which would have imposed a 3 percent payroll tax for companies that do not contribute to health care for their employees. Several years into the plan, the 3 percent payroll tax would have increased to 3.5 percent.

The governor has, at this point, given up on the idea of instituting the 3 percent payroll tax because it is too burdensome for businesses. On December 4, 2007, he announced an interest in using surplus Mcare funds in the Health Care Provider Retention Account and increasing the cigarette tax by 10 cents as well as adding a new tax on smokeless tobacco at 36 cents per-ounce and 36 cents-per-pack of 10 cigars to fund the program.

Created as part of the Governor's 2003 medical malpractice reforms, the Health Care Provider Retention Account is a restricted state account that is funded with a previously instituted 25-cent-per-pack cigarette tax. Health Care Provider Retention Account funds have been used to keep the state's

Mcare program solvent despite the loss of income resulting from the Mcare abatement program, which either cuts in half or eliminates (depending on specialty) the assessments levied on physicians and certified nurse midwives to support the Mcare program.

Because of the improvement in the medical malpractice climate in Pennsylvania, Mcare claims filings and annual payouts have both decreased dramatically over the past five years, thereby creating reserves in the Health Care Provider Retention Account which are not needed to support the Mcare Fund. The Health Care Provider Retention Account currently has a \$400 million balance.

Efforts: PFMA opposed HB 700 for its payroll tax provisions and does not support the new mcare proposal because of the tobacco tax increases involved.

Results: PFMA continues to closely monitor discussions regarding the use of the Mcare fund for universal health care for Pennsylvanians.

Minimum Wage

Background: Despite PFMA's work with the business community to communicate to state legislators the concerns members had with a number of proposed bills to increase in the minimum wage, the rate was increased on July 1, 2007 to \$7.15 per hour and will increase again to \$7.25 on July 1, 2009 to catch up to a federal wage hike.

The minimum wage was increased in three phases for those employers with an equivalent of 10 full-time employees or fewer as calculated over a 40-hour work week. Business owners employing the equivalent of 10 or fewer full-time workers began paying a minimum wage of \$5.65 an hour beginning January 1, 2007, \$6.65 beginning July 1, 2007 and \$7.15 beginning July 1, 2008.

Efforts: PFMA opposed this increase and any future increases. PFMA offered "all-in-one" labor law posters at cost to members and offered links to free posters within monthly publications as the increases were eased in.

Results: On May 25, President Bush signed the "U.S. Troop Readiness, Veterans' Care, Katrina Recovery and Iraq Accountability Appropriations Act" into law. This bill increased the federal minimum wage. The federal increase included a three-step phase-in. Those businesses subject to the federal rate saw an increase from \$5.15 to \$5.85 on July 24, 2007, and can expect a \$6.55 per hour rate in 2008 and \$7.25 per hour in 2009. There is no increase in the minimum wage for tipped employees in those states that still follow the federal law, and the minimum wage is not indexed.

The federal minimum wage increase has little effect on Pennsylvania's businesses because the state wage for larger employers already increased to \$7.15 per hour on July 1, 2007. Pennsylvania employers must pay the state rate unless the federal rate is higher. In 2009, if Pennsylvania law

remains the same, the federal law will add 10 cents per hour to the state minimum wage rate.

A schedule for federal and state minimum wage levels follows:

- July 1, 2008 (\$7.15) - All Pennsylvania employees;
- July 24, 2008 (\$6.55) - Federal minimum wage; and,
- July 24, 2009 (\$7.25) - Federal minimum wage.

Mandatory Menu Nutrition Labeling

Background: The Philadelphia City Council Committee on Public Health and Human Services approved a menu-labeling ordinance (070153) on October 10, 2007 that would require restaurants to make available nutritional information for all menu items. The ordinance defines a restaurant or "similar retail food establishment" located in the city, that is identified with a chain having ten or more locations (whether located in the city or elsewhere) and is doing business under the same trade name, regardless of the type of ownership of each individual restaurant.

Efforts: If the ordinance applies to supermarkets and convenience stores, PFMA will oppose it.

Results: This ordinance has not seen any activity since it was voted favorably from the Committee on Public Health and Human Services on October 10, 2007.

Under a new rule passed by the New York City Board of Health on January 22, 2008, 10% of city restaurants will be required to post calorie information on all their offerings on their menu boards. The rule goes into effect on March 31. It will apply to all restaurants that have 15 or more locations nationwide.

2007 Issues Summary

Octane Testing

Background: Rep. Joe Markosek (D–Allegheny), introduced legislation (HB 684), that would establish an automotive fuel testing and disclosure program in Pennsylvania.

A report released in February 2007 by Auditor General Jack Wagner called for fuel testing in Pennsylvania. It also noted that the average price of self-serve regular unleaded gas has increased 71 percent over the past six years. Additionally, Pennsylvania auditors checked 23,341 pumps at 2,110 gas stations and found that two of every 10 decals were outdated at stations under the state’s jurisdiction, and one in every 10 decals was outdated at stations under county or city jurisdiction.

He added that consumers should protect themselves from getting short-changed at the pump by checking to make sure the station has current decals.

The legislation included the following testing fees which will form an octane testing account:

For retailers with:

- 1–9 dispensers – \$100 per year;
- 10–19 dispensers – \$200 per year; and
- 20 or more dispensers – \$300 per year.

Fees per load rack terminal are as follows:

- 1–9 meters – \$500 per year; and
- 10 or more meters – \$1,000 per year.

Efforts: PFMA opposed the institution of octane testing fees as part of HB 684.

Results: On June 30, 2007, the bill passed the House of Representatives with a vote of 173 to 27 and is currently in the Senate Consumer Protection and Professional Licensure Committee.

Pandemic Exercise

Background: PFMA co-hosted a pandemic planning tabletop exercise for the food and pharmacy industries on September 6, 2007. Approximately 100 people were in attendance at the Pennsylvania Emergency Management Agency (PEMA) headquarters in Harrisburg, Pennsylvania for the event. Overarching concerns were:

- for preparing for the security and safety of associates, customers, inventory and facilities;
- recognition that preemptive communication to associates and customers relative to the flu pandemic and its impact was essential to maintaining an informed, calm public and associate pool;
- the private sector generally responds to issues and events more rapidly than the government partners can, and this timing disconnect needs to be addressed;
- retailers are not an endless source of supplies and financial backing. Being able to sustain a continued drain on finances without adequate income levels after a three-month period of service and delivery interruptions, location shut downs and little cash flow, could bankrupt many supermarkets;
- will stores continue to remain the primary source of food distribution or would they be replaced by food banks or designated points of distribution (PODs), for instance, schools;

– the health department disclosed that the food industry has not been invited, up to this point, to be part of the dialogue as critical infrastructure on this issue; and

– retailers were encouraged to purchase their own supply of antivirals to have on hand for employees.

Efforts: In the fall of 2007, PFMA staff polled the membership for updated, more expansive contact information for a database that could be quickly accessed in an emergency. Government agencies are making a push to get supermarkets and convenience stores more involved with the regional county planning groups. The South Central Pennsylvania counterterrorism task force is advocating a credentialing plan in hopes that it could be used state-wide. PFMA has published information on free National Incident Management System (NIMS) courses on the PFMA web site and within monthly publications.

Results: The most important result of the exercise is that there needs to be a streamlined communications chain. As PFMA staff participates in more and more of these type of exercises, it becomes clear that state and federal agencies will be contacting trade associations in order to disseminate important messages to businesses. Businesses will not be contacted directly. Overall, the exercise served to increase the industry’s visibility as critical infrastructure. An After Action Report (AAR) is expected in the spring 2008.

Plastic Bags

Background: A plastic bag ordinance was introduced by Councilman Frank DiCicco on September 20, 2007 which targets pharmacies and supermarkets — which are defined as self-service retail establishments which sell a line of dry grocery, canned goods, or nonfood items and some perishable items with gross annual sales of at least two million dollars; and supermarkets and pharmacies with at least five locations under the same ownership within the Philadelphia geographical limits. The proposed ordinance calls for the mandatory use of recyclable paper and compostable plastic or reusable checkout bags.

All supermarkets and pharmacies as previously defined would be required to provide only recyclable paper bags and/or compostable plastic bags and/or reusable bags as checkout bags. The ordinance would take effect six months after it became law.

Efforts: At an October 24, 2007 Philadelphia City Council Environmental Committee hearing, PFMA members (Rich Savner, director of public affairs for Pathmark Stores and Rich McMenamin, PFMA director and Roosevelt Blvd. ShopRite owner/operator) asked the Philadelphia city council’s Committee on the Environment to step up recycling efforts and educate consumers instead of mandating compostable shopping bags.

While compostable bags sound like a great alternative for consumers, they will not solve the litter problem. Instead, they will generate more cost and environmental problems for the city. Compostable bags pollute the recy-

cling stream and require a specific sorting plan to prevent co-mingling with other recyclable materials. A specialized composting facility is required to process these bags. Philadelphia currently has no such facility in place to process compostable bags.

Packaging industry representatives and retailers urged the members of the city council’s Committee on the Environment to consider more comprehensive alternatives than the proposed ban on some packaging materials.

Results: PFMA members hope that the new 2008 city administration will develop a stakeholders group to consider the expansion of all recycling efforts in the city that would include a consumer education effort encouraging bag recycling and reuse initiatives.

On January 28, 2008, Representative Lisa Bennington (D–Allegheny) introduced a plastic bag bill (HB 2198) on the state level. The bill has since been referred to the House Environmental Resources and Energy Committee. The bill would require that by January 1, 2011, no more than two-thirds of checkout bags provided by a store for customer use may be single-use plastic checkout bags. By January 1, 2013, that figure would have to decrease to one-third. By January 1, 2015, stores would be prohibited from distributing single-use checkout bags. The bill mandates that retailers establish at-store recycling of plastic bags leading up to the ban.

2007 Issues Summary

PMMB & Milk Labeling

Background: In August 2007, Rutter's Dairy was given the approval to label their milk products as containing "no artificial hormones." But, on October 23, the Pennsylvania Department of Agriculture (PDA), in a news release, identified 16 dairies, including Rutter's, that sell "mislabelled" milk in Pennsylvania. Dairies were told that they must change their milk labels by January 1, 2008.

Recently, PDA ruled that dairies could not make claims about the composition of their milk products. Many dairies label their milk products if they do not inject their cattle with the synthetic growth hormone rBST (recombinant bovine somatotropin) to increase milk production. Twenty-nine nations around the world have banned the use of rBST, and many consumers prefer to purchase dairy products that come from cows that have not been injected with rBST.

Efforts: PFMA participated in negotiations with PDA to reconsider its regulation.

Results: On January 17, Governor Ed Rendell announced that labels informing consumers that the milk they intend to buy is produced without rBST or artificial growth hormones can continue to be used. The Governor said Pennsylvania's new standards for milk labels will enhance consumer confidence. The change will also follow 1994 Federal Food and Drug Administration (FDA) milk labeling guidelines. As a result of the new standards, dairy processors intending to use labels stating no rBST or artificial growth hormones will be required to certify that the milk they are marketing was not produced with rBST. If these companies wish to have that reflected on their labels, they are required to vouch for their production methods so that PDA can verify those claims.

Prepaid Cell Phone Sales Registry

Background: State Rep. Eddie Pashinski (D-Luzerne) introduced HB 1371 that would require retail stores in Pennsylvania to keep a registry of customers purchasing prepaid cellular telephones. The bill would require customers to provide two forms of identification when purchasing a prepaid cell phone, and require retail stores to maintain a database and provide a quarterly report to the Pennsylvania State Police. Violation of the measure would range from a summary offense with a \$500 fine to a third-degree misdemeanor carrying a \$1,000 fine.

Efforts: PFMA opposed this onerous bill.

Results: The bill has remained in the House Judiciary committee since May 29, 2007 and has not seen any further action.



Property & Sales Tax Shift

Background: Throughout 2007, a personal income tax or state sales tax increase continued to be an option that state legislators could exercise to provide property tax relief. The state House Finance Committee passed HB 1600, a bill introduced by Rep. David Levdansky (D-Allegheny) that would cut homeowners' school property taxes, but raise state sales taxes by 0.5 percent - from 6 to 6.5 percent in most counties, but from the current 7 to 7.5 percent in Allegheny and Philadelphia. The state's income tax would have also increased from 3.07 to 3.29 percent.

The Levdansky bill was competing with another proposal introduced on October 31, 2007 by a bipartisan group of legislators led by Rep. Sam Rohrer (R-Berks). It aimed to completely eliminate school property taxes, by raising the personal income tax by 0.85 percent, to a total of 3.92 percent. The bill would have kept the sales tax at 6 percent, but would have extended it to a long list of not before covered services.

Efforts: PFMA does not advocate a sales tax increase or an increase in the personal income tax.

Results: On January 29, 2008, the state House rejected the Rohrer bill to replace property taxes with income taxes and expanded sales levies, by a vote of 148-47. On the same day, an amendment was offered by House Speaker Emeritus, John Perzel (R-Philadelphia), to replace the tax-shifting plan offered by Rep. Levdansky with a proposal to redirect the expected 2009 \$1 billion-plus slot-machine gaming revenue to eliminate property taxes for the elderly, middle class and poor. That would benefit about 630,000 seniors, but take away tax cuts of \$75 to \$200 or more from another 2.7 million Pennsylvania homeowners. It would also do away with a plan to reduce the Philadelphia wage tax.

Styrofoam Food Containers

Background: On September 20, 2007, Philadelphia Council Members James Kenney and Frank DiCicco introduced a bill (070672) that forbade retail food vendors such as grocery stores from selling prepared food in disposable food service ware that contained polystyrene.

Efforts: A hearing was held on this issue on October 24, 2007. PFMA opposed the bill.

Results: According to the Philadelphia Health department, the proposed ordinance was considered too cumbersome and will see no further action.

Tobacco Taxes

Background: State Representative Dan Frankel (D-Allegheny) introduced HB 1476, a bill that would end Pennsylvania's excise tax exemption for cigars, pipe tobacco and smokeless tobacco, giving these products a tax status similar to cigarettes. Rep. Frankel proposed a 59.2 percent tax on the wholesale price of the non-cigarette tobacco products, equal to the state's effective tax rate on cigarettes.

Efforts: PFMA opposed this bill.

Results: HB 1476 was introduced on June 5 and referred to the House Finance Committee. The bill has seen no further movement.

Trans Fat

Background: On February 15, 2007, Philadelphia proposed ordinance 060958 was signed into law to prohibit all city eateries and businesses from selling any type of food item with the ingredient trans fat. Prepackaged goods, not prepared on premises, are not subject to the ban.

Efforts: On October 10, the Philadelphia City Council's Public Health Committee agreed to revise the ban on trans fats so that independent bakeries could use their original recipes without alteration.

Result: Independent bakery shops in Philadelphia with three locations or less are not subject to the trans fat provisions of the 070511 ordinance. The original trans fat ban (060958 ordinance) went into effect on January

1. All eateries and businesses affected (selling any type of food item with the ingredient trans fat) were sent a compliance packet from the Philadelphia Department of Health.

In the fall of 2007, state Health Secretary Dr. Calvin Johnson announced the creation of a statewide task force to research and address the health effects of trans fat in food. PFMA is a member of the task force, which is expected to provide the Governor, health officials and state legislators with information and guidance needed to pursue action to reduce the health impact of trans fat. In addition, the task force will review current trans fat legislation and best practices in other cities and states and make recommendations for use in Pennsylvania.

2007 Issues Summary

UC Hearings

Background: Within a February 2005 Commonwealth Court Ruling, *Harkness v. Unemployment Compensation Review*, the court held that a non-attorney may not represent a corporate employer at an unemployment compensation (UC) hearing. Pennsylvania's UC statute allowed non-attorney representation for claimants, but did not address employers. Employers using non-attorneys had been permitted prior to the court ruling.

Efforts: PFMA worked with other business groups to support the ruling being overturned.

Results: On April 17, 2007 the Pennsylvania Supreme Court overturned the Commonwealth Court ruling requiring employers to be represented by attorneys at UC appeals hearings. Pennsylvania's businesses are now better served without having to bear the burden of increased costs as a result of the change in the way UC proceedings were traditionally handled.



USTIF

Background: In 2002, \$100 million was borrowed from the Underground Storage Tank Indemnification Fund (USTIF), an account created to finance cleanups of underground storage tank (UST) releases, to balance the state's budget. The loan was to be repaid at a rate of \$10 million per year over 10 years. However, less than a third of that amount has been repaid to date. A consultant hired to review the financial health of the fund, determined that the USTIF would be bankrupted by 2015.

Efforts: To help make up the shortfall that has been forming for the past five years, the USTIF board recently proposed nearly doubling one of the fees that finances the fund, by increasing the related gas tax from 1.1 cent to 2 cents a gallon.

The state Independent Regulatory Review Commission (IRRC) was asked to schedule a vote on the proposal for December 6, 2007 and the approved gas tax increase was expected to go into effect on January 1, 2008. PFMA did not support a gasoline tax increase, but fully supports the repayment of the USTIF loan.

Results: Stating the increased cost of gasoline, Governor Rendell directed the Department of Insurance to withdraw the fee increase regulation on November 28, 2007.

Looking Ahead...

2008-2009 Pennsylvania State Budget

Background: Governor Ed Rendell proposed a \$28.3 billion budget proposal on February 5, 2008. The budget includes a spending increase of 4.2%, which includes a 5.9% increase for education. Several controversial proposals have resurfaced that would affect the business community including:

- A "systems benefit charge" of 1/20th cent per kilowatt-hour of electricity used as part of the governor's Energy Independence Strategy;
- A PennSecurity Fuels Initiative which would require all diesel fuel and gasoline sold in Pennsylvania to contain a percentage of ethanol or biodiesel. This initiative would require that 1 billion gallons of home-grown biofuels be produced and consumed in Pennsylvania by 2017 — an amount equal to what the state will import from the Persian Gulf by that time;
- A 10-cent increase in the cigarette tax and a new tax on smokeless tobacco at 36 cents per-ounce and 36 cents-per-pack of 10 cigars;
- An employer cost-sharing plan to help finance the Cover All Pennsylvanians (CAP) initiative, a component of the Prescription for Pennsylvania program, which would begin providing healthcare coverage for uninsured adults in July of 2008 on a phased-in basis. CAP would offer a basic health care plan for eligible, uninsured adults and small businesses. Small businesses are classified as low-wage businesses with 2-50 employees; that offer an average salary for all workers equating to less than the average salary of all Pennsylvania workers; and, have offered no employee health insurance benefits for at least 180 days prior to enrollment. These businesses can participate by paying \$130 a month for at least 75 percent of their employees with employees sharing a portion of the expense by paying \$70 a month.
- A plan to slow the phase-out of the Capitol Stock and Franchise Tax (CSFT) with a modified lower rate. The CSFT rate was 3.89 for the 2007 tax year and under current law, the CSFT rate fell to 2.89 mills

on January 1, 2008. The rate was to be reduced by 1 mill annually until the tax was eliminated. The proposed modified rate for 2009 is 2.49 mills and the proposed rate for 2010 is 1.02 mills. The tax would be eliminated on January 1, 2011. The phase-out of the CSFT was begun in 2000 by Gov. Tom Ridge but was delayed twice, first by Gov. Mark Schweiker in 2002 and again by Rendell in 2003. Under the original Ridge phase-out plan, the CSFT would have dropped to 0.49 mills on January 1, 2008 and expired on January 1, 2009.

Efforts: PFMA and business groups will lobby for the CSFT to be phased out at the previously determined, lower rate.





SCANNING CERTIFICATION PROGRAM BOARD OF ADVISORS

The Scanning Certification Program was developed by a board of advisors, which continues to set policy and oversee all aspects of the program. The current members of the board of advisors are:

Edward D. Arnoldi
Pennsylvania Association
of Weights and Measures

Mary Bach
Consumer Advocate

Murray Battleman
Richboro Shop 'n Bag

Ken Deitzler
Pennsylvania Department of Agriculture

Dean Ely
Pennsylvania Association
of Weights and Measures

Dr. Drew Hyman
Pennsylvania State University

Ric LeBlanc
Pennsylvania Office of Attorney General

David McCorkle
Pennsylvania Food Merchants Association

Kevin Mullen
SUPERVALU, Inc., Pittsburgh Division

Peg Rhodes
United Food and Commercial Workers

Steve Swan
Retailix

Scanning Certification Program Ensures Price Accuracy

Since 1991, the Scanning Certification Program (SCP) has helped participating retailers provide price accuracy and appropriate pricing information to consumers in Pennsylvania and surrounding states.

The main goals of this voluntary price accuracy program are to clearly identify for customers the prices of all items in the store and to ensure that shoppers are charged the lowest advertised price at checkout.

Program guidelines require stores to adopt and advertise a price accuracy policy, provide employees with price accuracy training, document and correct errors promptly and ensure that shelf tags are accurate and legible.

SCP auditors conduct unannounced in-store inspections to measure compliance with program standards. Certification is awarded to stores that have implemented program requirements and achieve an accuracy rating of at least 98 percent on a random sampling of items.

The Scanning Certification Program provides public recognition to stores that achieve and maintain a high level of price accuracy. Adherence to program standards helps prevent overcharges that erode consumer confidence and undercharges that cost stores money. Certified stores also fulfill the Pennsylvania state requirement of Act 155 for the annual inspection of checkout scanning systems.

The program has grown significantly over the last 15 years. Membership increased from 10 study participants in 1991 to more than 1,350 supermarkets and convenience stores today. Inspection activity has also grown with a record 1,493 inspections performed last year.

Most importantly, the SCP is meeting its main goal of helping its members improve their price accuracy. Supermarket accuracy rose from 96.9 percent in 1991 to 98.42 percent in 2007.

Convenience stores made strides too — improving overall average accuracy 1.25 percent since 2000.

Expanding enrollment and providing members with customized data analyses that enhance accuracy are ongoing priorities. Web site upgrades and a transition to electronic data capture and reporting in 2008 will help the SCP help its members uncover and respond to price accuracy issues.

SCP has received national attention for its proactive approach to price accuracy. The staff and board of advisors have collaborated with various government agencies and industry groups, including the Federal Trade Commission, Food Marketing Institute and the Pennsylvania Department of Agriculture on the issues of price and scanning accuracy. The SCP is also recognized by the Commonwealth of Pennsylvania as an approved certifier for Act 155 price verification inspections.

In 2007, at the request of the Secretary of the Pennsylvania Department of Agriculture, SCP Executive Director Autumn Thomas was also a keynote speaker at the Pennsylvania Association of Weights and Measures annual Technical Training Conference. Australian consumer advocates met with program staff and board members in April to learn about the SCP and U.S. unit pricing requirements and practices.



In 1999, at the request of Pennsylvania Food Merchants Association/Pennsylvania Convenience Store Council (PFMA/PCSC) members, Pennsylvania's Attorney General, Secretary of Health, Physician General, as well as representatives of regulatory and law enforcement agencies, tobacco-use prevention coalitions and retail companies held a series of meetings to discuss ways to improve compliance with tobacco sale laws. Association members recognized that statewide training and enforcement standards were needed to help retailers prevent tobacco sales to minors.

The result of the group's work was the creation of the Responsible Tobacco Sale Certification Program (RTSCP), which was incorporated in January of 2000. A Board of Advisors oversees the RTSCP and has as its members many of the people who developed the program.

Scott Hartman, Rutter's Farm Stores, is the board's co-chairman and Tim Reardon, Giant Food Stores, is secretary/treasurer. PFMA's Autumn Thomas serves as the program's president.

The goal of the RTSCP is to reduce the use of tobacco by minors by preventing the sale of tobacco products to anyone under 18 years of age. The voluntary program also aims to assure consumers and government officials of participating retailers' commitment to enforcing tobacco sale regulations.

The RTSCP establishes guidelines for member stores to follow aimed at preventing illegal tobacco sales and improving compliance with tobacco sale regulations. These "best practices" standards are detailed in the program's Operations Manual. Participating retailers must: 1) follow appropriate tobacco sales policies; 2) provide thorough training to clerks about tobacco sale laws and procedures; 3) post signage in stores announcing no tobacco sales to minors; and 4) pass periodic, unannounced compliance inspections by RTSCP inspectors.

RTSCP compliance inspections are conducted by adult RTSCP inspectors who accompany secret shoppers, minors between the ages of 15 and 17, to each store. The youth secret shopper attempts to purchase tobacco while the adult inspector witnesses the transaction. Regardless of the outcome, the adult inspector gives immediate feedback to the clerk and manager, and conducts a brief interview of the clerk.

Inspection results and interview data are compiled and analyzed in an effort to better understand why clerks do or do not sell tobacco to minors. This feedback should enhance retailer best practices tobacco sale policies and training programs over time.

Certification is awarded to stores that have implemented program requirements and do not sell tobacco to the youth secret shopper during two consecutive compliance inspections. Stores earning certification undergo unannounced compliance inspections every six months.



Missy Wellington
RTSCP Manager

RTSCP operations began in 2001. Current participating companies include: Bill's ShopRites, GetGo from Giant Eagle, Giant Food Stores, Handee Marts, Pathmark, Rutter's Farm Stores, Shipley Stores, Sunoco and Wawa.

The Pennsylvania Convenience Store Council, and the Norristown, Pennsylvania City Council have also endorsed the RTSCP.

To date nearly 22,000 tobacco sale compliance inspections have been performed in member stores across Pennsylvania.

The RTSCP has received national recognition for both its study of what happens at point-of-sale and its use of minors in compliance checks. RTSCP has a vast database of compliance inspection information. Enhanced analysis of this and potential new data will be conducted to uncover, test and improve promising best practices.

Program manager Missy Wellington spearheads efforts to collaborate with other important organizations, such as local tobacco use prevention coalitions, the Pennsylvania Department of Health and the Responsible Retailing Forum, on preventing tobacco sales to minors.

In a May 2007 press release, the Pennsylvania Department of Health lauded its working partnership with the RTSCP as helping to reduce youth smoking.

"The drop in youth smoking rates and the significant decrease in the rate of illegal sales to our children can be credited to our partnership with tobacco merchants," said Secretary of Health Dr. Calvin B. Johnson. "Working with the merchants, illegal sales of tobacco products to minors dropped to 7 percent in 2004 and remains at this all time low rate."

Top priorities for 2008 include working with Dr. Lisa Ulmer of Drexel University to implement program enhancements and expand research efforts, developing a statewide retailer training protocol in conjunction with the Pennsylvania Department of Health and expanding enrollment.

Any retail company that sells tobacco is eligible to participate in the RTSCP. Stores will be charged an initial enrollment fee and separate on-site inspection fees for tests performed.



Melanie Horvath
Executive Director
Pennsylvania Pharmacy Council

Federal Policy Delays Highlight 2007: State Reacts to Federal Mandates and Initiates Prescription for Pennsylvania

FEDERAL

Lawsuit Holds Up AMP Pricing

2007 ended on a higher note for pharmacy than when it began when on December 15, a U.S. District Court put the brakes on a federal initiative that would have drastically cut reimbursement rates for services performed by pharmacies for Medicaid patients. As a result of the court ruling, the Centers for Medicare and Medicaid Services (CMS) was prohibited from posting data on the internet related to the average manufacturer price (AMP) of generic drugs. The judge in the case ruled that the new rates could not take effect until he had an opportunity to fully review and make a final decision on the merits of the lawsuit.

Tamper Resistant Rx Pads Requirement Delayed

The delay of the AMP implementation was not the only federal policy that hit a deadline snag. In September 2007, President Bush signed the "Transitional Medical Assistance, Abstinence Education and QI Programs Extension Act", which postponed for six months the October 1, 2007 implementation date for requiring that written outpatient drug prescriptions be on tamper-resistant prescription pads/paper. Under that law, written outpatient drug prescriptions, including over the counter (OTC) drugs, for Medicaid recipients in Pennsylvania's fee-for-service delivery system, including ACCESS Plus Program, must be on tamper resistant prescription pads/paper that has one of the federally prescribed characteristics.

Fed Policies Trickle Down to State

In an effort to comply with the federal Deficit Reduction Act (DRA), responsible for the proposed lower reimbursement rates for drugs prescribed to Medicaid patients, the state introduced legislation outlining liability for false claims and another requiring the Department of Public Welfare to report known or suspected illegal immigrants (HB 329 and HB 590 respectively).

In addition to the aforementioned legislation, pharmacy service providers receiving \$5 million or more from the Medicaid program had until December 31 to attest that they were in compliance with DRA requirements and that they would continue to comply with those provisions to remain eligible for payment by the Medicaid program.

NPI deadline drew nearer

As a result of the 1996 HIPAA mandate, the federal Department of Health and Human Services mandated the use of the National Provider Identifier (NPI), which is a standard unique identifier for health care providers. Failure of pharmacies to retrieve their NPI number would prevent them from receiving reimbursement.

State Pharmacy Technician Regulations, Expanding Collaborative Practice and Hold Harmless Discussions Take Center Stage for PPC Members

On the state level, the further regulation of pharmacy technicians, the expansion of collaborative practice to all pharmacy practice settings and hold harmless legislation dominated the second half of the 2007 legislative agenda for Pennsylvania Pharmacy Council (PPC) members and staff.

PA House and Senate Pass Different Pharm Tech Bills Pharmacy Technician and Collaborative Practice Collide in HB 1250

The PPC has been actively advocating for fair and reasonable legislation regarding pharmacy technician legislation since its inception. Several meetings and public hearings held with various stakeholders and legislators occurred during the summer and fall of 2007. PPC participated in the hearings and provided key input into the shaping and reshaping of HB 1250 at meetings.

In December, the House approved HB 1250, legislation requiring pharmacy technicians to complete a pharmacy technician training program approved by the board; receive certification from a nationally recognized certifying agency approved by the Board, and successfully complete an examination. PPC did not support the provisions of the bill requiring certification from a nationally-recognized certifying agency approved by the Board. However, PPC did support those provisions in HB 1250 permitting community pharmacies to engage in collaborative practice with a physician as long as the pharmacist demonstrates knowledge of that specialty area to the board. PPC successfully lobbied to prevent different education and training requirements for different practice settings.



Pennsylvania Pharmacy Council members greeted former Deputy Secretary James Hardy, DPW for medical assistance, as he answered their questions during a meeting on January 18. Ed McGinley, RPh, Pathmark; Paul Granger, RPh, AWI/Shurfine; Carol Bylone, RPh, Redners; Steve Brown, Brown's Super Stores, Inc.; James L. Hardy, DPW Deputy Secretary; Mark Rabinowitz, RPh, Safeway/Genuardis; and Vic Vercammen, RPh, Albertsons, Acme, Supervalu.

The House bill also allows pharmacy technicians, who meet specific standards, be permitted to perform pharmacy inspections. If a pharmacy technician is hired for inspections, they would be required to report to a pharmacist as a supervisor (an alternative offered by PPC).

Senate Introduces and Passes Stand-alone Pharmacy Technician Bill

Senate Bill 313 is a reintroduction of legislation from prior sessions and is one that the PPC worked closely with the senate staff to draft. The bill requires: the Board to promulgate regulations regarding the use of pharmacy technicians and the duties permitted to be performed; annual registration of pharmacy technicians; pharmacy technicians to be at least 17 years old and to complete a board approved training program and submit to a criminal history background check (SB 313 passed the Senate in early 2008).

Community Pharmacy Stakeholders Unify, Seek Hold Harmless Legislation in State

Prior to the U.S. District Court's decision to delay the implementation of AMP, the PPC, PA Pharmacists Association (PPA) and the Pa. Association of Chain Drug Stores (PACDS), along with the assistance and cooperation of the National Association of Chain Drug Stores (NACDS), joined together to pursue legislation that would offset the impact of the imminent AMP rates. The stakeholders met with DPW leadership as well as various legislators to pursue "hold harmless" language.

Pharmacy Stakeholders on Heightened State of Readiness in PA

A myriad of bills affecting pharmacy were introduced or re-introduced in the first half of the 2007-08 legislative session. Some of the issues in which PPC was either actively involved with or monitoring during 2007 included bills addressing:

- Generic substitution of epilepsy drugs;
- Prescription drug redistribution within certain facilities;
- Voluntary cancer drug repository program;
- Matters of conscience emergency contraception;
- Mandatory mail order/willing Provider;
- Prompt payment for healthcare provider services;
- Fair audits;
- E-prescribing;
- Disposal of prescription drugs; and
- Reimbursement rate changes, etc.

State Board of Pharmacy Regulations and Policies

In addition to legislative representation, PPC staff also represents its members' interests on proposed regulations affecting pharmacists/pharmacies, providing comments and input on proposed regulations. Regulations being considered and drafted by the state Board during 2007 included those affecting supplies, general revisions, continuing education, syringes, compounding, pharmacist breaks, fees and pharmacy internship hours. Members of the state Board attended PFMA's 2007 fall pandemic preparedness exercise and determined a need to begin its own discussions and planning regarding preparedness. As a result, PPC has been invited to participate on the Board's emergency preparedness committee.



DFIC Lists Key Accomplishments for 2007

Julie Miro Wenger
Executive Director, DFIC

Workers' Compensation Reform

Delaware was recently ranked as having the third highest workers' compensation (WC) costs in the country and has consistently ranked among the most expensive states in terms of WC costs over the years.

During the 143rd General Assembly, Governor Minner made WC reform a top legislative priority. She directed the Governor's Workers' Compensation Advisory Council to meet and negotiate legislation that would reduce costs for employers while preserving essential protections for injured workers.

The Advisory Council retained a consultant and worked for nearly a year, but ultimately reached an impasse. Legislation was drafted based on feedback from the group and hired expert. Recognizing the need for reform, Governor Minner, in concert with business groups including the Delaware Food Industry Council (DFIC) and organized labor, worked to pass the bill in June 2006. Ultimately, the bill did not come up for a vote in the Senate.

Members of the House and Senate agreed to work with the administration and key constituencies during the break between sessions to hammer out a new bill. Sen. Anthony DeLuca and Rep. Bill Oberle were instrumental in crafting and advancing a bill co-sponsored by nearly all of their colleagues in both houses, but significant credit must be afforded the governor for making WC a priority and for bringing the pressure to move the issue.

Here are key components of the bill:

Indemnity and Non-Medical Issues

- Strengthens procedures and penalties for insurance fraud and authorizes the Industrial Accident Board to make restitution for fraud a set-off from benefits;
- Requires data collection on system performance and costs;
- Clarifies wage rates, especially for persons with limited work histories; and
- Makes certain requirements for attorneys' fees; including:
 - written fee agreements;
 - prevents garnishment of weekly benefits checks to pay attorneys' fees;
 - codifies Supreme Court rule concerning attorneys' fees;
 - authorizes employers and carriers to make payment without prejudice. (Payment will not be taken as automatic acknowledgement of liability under WC);
 - provides for the voluntary remediation of matters before the Industrial Accident Board;
 - provides for the suspension of benefits while incarcerated;
 - requires out of state firms (especially contractors) to match Delaware benefits for activities in Delaware;
 - substantially increased penalties for failure to insure and provisions for review when a policy is terminated; &
 - adopts the workplace safety program already in use at the Department of Insurance.

Medical Issues

- Creates a health care advisory panel, consisting of a majority of health care personnel, to develop a complete cost containment system. All members will be nominated by the governor and confirmed by the Senate;

- Authorizes the Department of Labor to engage the services of the firm Ingenix to aid in the implementation of cost containment system; and

- Subject to development by panel and adoption by regulation, the bill will implement the following improvements to the health care process under WC:

- a fee schedule, to be adopted within 6 months of the bill's enactment, consisting of the following elements:

- * For professional services, 90% of the 75th percentile of actual charges (to eliminate outliers);

- * For hospitals and surgical centers, a 15% reduction in charges (Emergency room services are exempt);

- * For other goods and commodities, a 15% reduction in charges;

- * Practice guidelines to be adopted one year after enactment of the bill which will set treatment protocols in major specialties. This will work to implement best practices in care and utilization of services; and

- * Forms systems (implemented 6 months after the bill's enactment) which will increase communication among health care provider, insurers, et al about the injured worker.

Improved billing and payment procedures:

- The bill adopts rules for prompt payment of health care claims not in dispute;

- Prevents balance billing by a provider to either an employer or employee (to cover the difference between what they might otherwise charge and the fee schedule); and

- Requires the coordination of compensation and health insurance benefits – if an employee is without WC coverage, this would allow the provider or employee to seek to use health insurance coverage.

New Rate Filings

The bill requires a new rating plan to be filed within 90 days of the adoption of the fee schedule, within 90 days of the effective date of the practice guidelines and at least once a year thereafter.

Individual carriers are required to file new rate applications within 60 days of adoption of a rating plan. The carriers will be required to reflect the medical cost savings derived from this bill's implementation in their rates. Premium savings over time are estimated at 15 – 21 percent.

Self-insured entities should see savings directly and more promptly, beginning with the fee schedule for medical care in six months.

Governor Ruth Ann Minner signs the Organized Retail Crime and Selling Stolen Property bill last August at State Police Troop 2. Bottom row, from left, Jim Wolf, CEO, State Chamber of Commerce; Governor Ruth Ann Minner, and Representative Joe Miro, the bill's sponsor; Back row, Robert Johnston, executive director, Delaware Retail Council; Lt. McLeish and Major Homiak, Delaware State Police; Rich Kenny, chairman, DFIC, and CFO of Shoprites of Delaware; Julie Miro Wenger, executive director, DFIC; Ken Brennan, Macy's; and Rich Heffron and Greg Gross, Delaware State Chamber of Commerce.



Organized Retail Crime

I am happy to report that Organized Retail Crime (ORC) was the legislative priority for 2007 and we were able to pass two bills dealing with the issue. Both HB 121 Organized Retail Crime and HB 180 Selling Stolen Property passed both the House and Senate unanimously.

We held a bill signing ceremony with Governor Minner, bill sponsor Rep. Miro, the state police, the DFIC board of directors and Loss Prevention Committee on August 2 at Troop 2 in Bear followed by a luncheon.

HB 121 creates a new offense of Theft: Organized Retail Crime. The new theft charge is a class A misdemeanor if the value of the theft of retail merchandise is less than \$1,000. If the value is \$1,000 or more it is a class G felony. If the value is more than \$50,000, but less than \$100,000 it is a class E felony. If the victim is 62 or older or is an infirm adult or disabled person, the charge becomes a class G felony instead of a class A misdemeanor, or a class F felony instead of a class G felony. The bill also allows a series of ORC thefts committed by a person or group of persons to be aggregated into one count, with the sum of the value of all the retail merchandise being the value considered in determining the degree of the crime. In addition, if a defendant has two or more convictions of Theft: Organized Retail Crime the third offense becomes a class E felony regardless of the retail value of the third crime.

A class A misdemeanor is punishable by a fine of up to \$2,300 plus civil recovery of the merchandise that has been stolen and a term of up to one year in prison. A class G felony carries a term of imprisonment of up to two years; a class E felony up to five years; a class C felony up to 15 years.

HB 180 creates a new charge called Selling Stolen Property. A person is guilty of selling stolen property if after the person receives stolen property, the person sells some or all of the stolen property received. Under the new law, a person may be convicted of both receiving stolen property and selling stolen property. Selling stolen property is a class A misdemeanor unless the value of the resold property is \$1,000 or more or unless the seller has been convicted two or more times, in which case it is a class G felony.

DFIC Successfully Keeps Bills in Committee

DFIC was successful in keeping two issues bottled up in committee. The first was HB 52, a gift card bill. Rep. Nancy Wagner (R-Dover) introduced a bill that defines gift cards and gift certificates; requires that an expiration date appear on the front of cards, and prohibits fees against the value of the card or certificate for inactivity without a signed agreement by the merchant and purchaser. Certain certificates or

cards including but not limited to those which are given at no cost were exempt from the provisions of this act this year.

DFIC also kept a price gouging bill in committee. The bill that we testified against would have made a 25 percent increase in prices beyond cost an offense. Additionally, retailers would not be able to increase their prices beyond the 25 percent over cost for 30 days after a declared state of emergency.

Joint Loss Prevention Committee

DFIC partnered with the Delaware Retail Council to create a Joint Loss Prevention committee. The group met several throughout the year and worked together on gathering information, best practices and educational seminars.

Pandemic Planning

DFIC participated in a full-day planning meeting to discuss pandemic preparedness. The association is working to get essential employee status for store employees as well as delivery truck drivers.

Golf Outing

The DFIC's Annual Golf Outing was held on July 13 at Cavaliers Country Club. Thank you to all of our members and vendors who participated in this successful and fun outing.

Congratulations to our winners: for the second year in a row Acme produced the 1st place team, consisting of Carl Sullivan, Joe Mongillo, Ricky Pratt and Tom Holden. 2nd place went to Mike Toner and Rich Goodall, Tasty Baking Company, and Bob Williams and Jack Leahy, Pathmark. The 3rd place team was comprised of J. Shellenberger, Bob Ellis, Scott Harris and Donald Puharic of Super G. Closest to the pin winners were Scott Harris and Pat Long of Super G. Joe Mongillo, Acme Markets had the longest drive and Bill Schlosky, Utz Quality Foods had the straightest drive. The outing helps support the goals of the DFIC and we applaud our members' efforts in making the event successful.

Looking forward to 2008: Strategic Planning Session

The DFIC Board of Directors spent an afternoon in early December identifying upcoming priorities. 2008 Legislative Priorities will include: funding a deputy prosecutor to fight ORC; gross receipts tax reduction, creating a public relations plan for recycling; pushing for Sunday bus service in New Castle County, convening a beer and wine task force, and continuing working for essential employee status.



Tanya Butler
President
MEMO, Inc.

MEMO Pledges Ongoing Commitment to New Product Development & Customer Satisfaction

Merchants Express Money Order Company, Inc., (MEMO) was established in 1986, as a wholly-owned business subsidiary of the Pennsylvania Food Merchants Association. Operating in 23 states, the company has positioned itself as a service-focused money services business offering both the retailer and consumer superior value for their money.

The corporate philosophy is to provide high quality, low cost, money-based products and services to retailers and to stand supreme in customer service. MEMO recognizes the value in offering money services products that meet the needs of its target consumer base and has focused a high priority on providing unsurpassed service, resulting in consumer satisfaction. The major keys to success are maintaining a dedicated commitment to customer satisfaction, providing valued products that meet the needs of the target market, valuing employees as its greatest asset, embodying its values with a high level of integrity and a strong commitment to excellence.

The core products offered are money orders and gift certificates that are marketed to retailers who provide these products to consumers. Additionally, "Pre-Paid by MEMO", a prepaid cellular airtime and long distance calling card product, is a great enhancement to the existing product suite.

MEMO continues to expand its new product development initiatives to add value to the business and accommodate the needs of retailers and consumers. In 2007, MEMO established



MEMO's board of directors oversees the overall strategic goals for the company. From left, Hans Leyer, director; Karen Wilbert, secretary/treasurer; Tanya Butler, president; and David McCorkle, vice president.

a marketing alliance with RBSLink, the card processing division of The Royal Bank of Scotland, offering retailers a leading single-source provider of electronic processing services including credit, debit and EBT. In 2008, the MEMO walk-in bill payment service will be re-introduced. MEMO is also exploring the feasibility of offering a gift card product.

The products and services are available to retailers on Verifone terminals that offer multiple products on one device for convenience.



The Research and Development Committee explores new product options and technological advancements to enhance the company's product suite. From left, Hans Leyer, vice president, sales & marketing; Tanya Butler, president; Beth Mullen, vice president, information technology; and Bryan Hannan, national sales manager.



MEMO's Risk Management committee meets regularly to review accounts and ensure financial success. From left, Dan Oliva, credit manager; Karen Wilbert, vice president, finance; Hans Leyer, vice president, sales and marketing; Tanya Butler, president; and Kevin Lutkins, corporate counsel/compliance officer.



Left, Terry Smith, manager of money services; and Charlotte Knisely, money services supervisor.

The money services industry is regulated by the state and federal government requiring sound financial conditions and effective risk management to ensure the business maintains safety and soundness. The Anti-Money Laundering (AML) Compliance Department expanded in 2007 to include a compliance auditor. Management continues to enhance the AML Program, ensuring the business is compliant with the guidelines of the Bank Secrecy Act and U.S. Patriot Act.

MEMO facilitates agent AML training both directly and by phone. The Agent Guide to Anti-Money Laundering is also distributed to all MEMO agents and used as a training tool to educate agents. Based on a risk assessment of its agents, MEMO conducts regular agent AML audits in specified states. Additionally, the business implements independent AML audits of the AML Program, internal audits of the various business departments, IT audits and financial audits. The various operating states also conduct regular examinations of the business to ensure compliance with the money transmitter licenses.



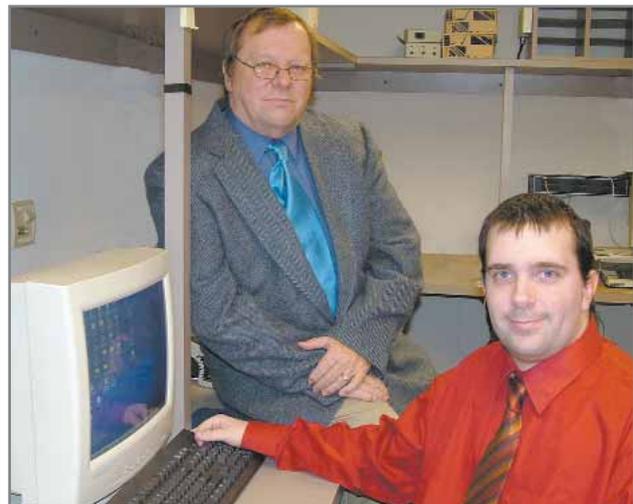
MEMO's customer service team includes, clockwise from left, Ashli Enrico, operations clerk; Lesa Althoff, operations coordinator; Peggy Langenbach, call center representative; and Aimee Hernandez, bilingual call center representative.



Clockwise from left, Tonia Milliken, agent service representative; Diana Naranjo, bilingual operations analyst; and Matt Daly, operations analyst.



MEMO's compliance department ensures that the company is following the regulations set for Anti-Money Laundering (AML). From left, Jennifer Hamelin, compliance analyst; Mark Mariano, compliance auditor; Kevin Lutkins, corporate counsel and compliance officer; Tiara Banks, compliance analyst; and Judy Johnson Ward, licensing and compliance specialist.



Standing, Bill Searer, operations coordinator; and seated Travis Wrobbel, communications/ imaging analyst.

MEMO's Commitment to Customer Satisfaction



MEMO is committed to providing excellent customer service to its Spanish-speaking agents and customers. Staff members Diana Naranjo, bilingual operations analyst; and Aimee Hernandez, bilingual call center representative, are available to assist them.



www.MEMOCO.com

In 2007, MEMO launched a new website (memoco.com) that provides agents with access to the latest products and services to help expand their customer base. The new website also provides convenience to the consumer enabling the ability to search for a MEMO agent location throughout the 23 operating states. Additionally, the website includes the ability to download customer service forms, order equipment and supplies online, request information, answers to frequently asked questions, anti-money laundering information and

forms and a complete Spanish version of the site is available. Visit MEMO's new website today at www.MEMOCO.com.

MEMO has pledged an ongoing commitment to expand the money services offered to retailers that will assure a profitable financial result. The priority and focus is to achieve the business goals and objectives and fulfill its obligation to the valued business stakeholders. Your continued support is greatly appreciated.



Hans Leyer, vice president, sales, marketing and facilities, second from left, greets the members of the warehouse team, from left, David Ulsh, machine maintenance/help desk technician; John Rodgers, warehouse manager; Bob Ommert, shipping/receiving clerk; Kevin Null and Matt Sholley, machine maintenance/help desk technicians.

Warehouse Operations

The PFMA warehouse provides help desk support to our thousands of agents, ships MEMO money orders to agent locations, fills supply orders and performs technical maintenance for our agents and many other 3rd party accounts utilizing the Electra money order dispenser. Help desk support is provided for the money order machines, pre-paid terminals and soon, bill payment equipment.

Service is available Monday through Friday from 8 a.m. to 5 p.m. All equipment shipped from the warehouse goes through a comprehensive diagnostic evaluation to ensure complete functionality and reliability. Maintaining our equipment in top operating condition is vital to both our agents and the consumers they serve. Many consumers rely on our agents and merchants to provide them with MEMO provided services to conduct their financial affairs on a daily basis.

Experienced Sales Managers Help Retailers Select Products and Services to Remain Competitive



Hans Leyer
Vice President
Sales, Marketing & Facilities



From left, Michele Weaver, administrative assistant; Hans Leyer, vice president, sales, marketing and facilities; and Laura Melfi, marketing coordinator.

The PFMA Sales Department is staffed by a very knowledgeable group of regional sales managers who all have an extensive background in the food industry. They are always available to answer your calls, explain our new products and services or provide other requested information. With an average tenure of 14 years per manager, that translates into a lot of knowledge and experience not generally found in other industries. Hopefully, you already use some of our products or services, but if not, you owe it to yourself to contact our Sales department for the latest on new and existing services that can help you remain competitive in today's market and service your customers with products and services they need as consumers. Not sure who to call? Contact our in-house Sales & Marketing staff who can provide you with a thorough overview of our services and properly refer you to your designated Sales Manager for more detailed information. We're always available during normal business hours and will respond to your after hours call or e-mail at our earliest opportunity.

Merchants Express Money Order Company, Inc. (MEMO) has been providing money orders to retailers for more than 20 years and continues to introduce new, exciting services to complement your suite of customer services. A little over a year ago, MEMO re-introduced pre-paid cellular airtime and long distance phone cards. Both products are POS activated on the Verifone 3740/3750 terminals and contain a large assortment of branded products sure to meet the needs of

Regional Sales Managers



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National Sales Manager
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your customers. Pre-Paid products in general are one of the fastest growing categories at many retail businesses and are projected to grow annually for many years to come.

In response to member and agent concerns about the high cost of debit and credit processing, MEMO entered into a marketing agreement with RBS Lynk in late 2007 to provide competitive processing services for our many agents and members. If you're interested in lowering your payment transaction processing fees, please call the MEMO Sales department so we can arrange for a complimentary cost comparison. Don't let your payment processing costs continue to spiral out of control – give us a call today!

During the next few months, MEMO will be re-introducing its bill payment service. In the past, many payments were made using a "check and list" method; however, some of the many changes regarding financial transactions now allow for bill payments to be made "online" for immediate or next day posting. The volume of bill payments made at "walk-in" locations continues to escalate annually particularly with "unbanked" and "under banked" individuals. Look for our announcement and advertising flyers in the very near future so you can sign up for MEMO Bill Payments as soon as it's available.

In addition to the financial services available from MEMO, the PFMA provides many members with coupon redemption services through Pennsylvania Coupon Redemption Services, Inc. (PCRS). This service has been offered for more than 50 years.

While many changes have occurred in the coupon industry, PCRS continues to provide accurate, reliable service, timely payments and exceptional customer service day in and day out. If you're not using PCRS, please give us a call so that we can get you started with the best coupon service available.

Clockwise from left, Hans Leyer, vice president, sales, marketing and facilities; Lenny Semick and Dave Gramm, maintenance/couriers, and Michele Weaver, administrative assistant.



Thank you to all PFMA and PCSC members. If you're not a member, please give one of our sales managers a call to see how we can help keep you competitive through membership in PFMA and the use of our business services.

Call the PFMA Sales and Marketing Department at 800-543-8207 or e-mail us at Sales@PFMA.net. For additional information on PFMA and its services, please visit our web site at www.PFMA.org.

KMS Serving Machine Repair and Sales Niché

Keystone Marketing Services, Inc. (KMS) was established in 1986 as a business subsidiary of Pennsylvania Food Merchants Association. The business originally provided a full-service manufacturers coupon redemption service, handling the coupon redemption for several large manufacturers. Today, Keystone is a manufacturer and seller of money order dispensing equipment and software. The business also provides equipment maintenance and repair services.

For the past several years, KMS has been manufacturing its own money order dispensing equipment branded as the Electra. The Electra is used by several other Money Services Businesses who purchase our equipment and utilize our repair service.

The Electra money order dispenser is a stand alone device with host system connectivity that enables retailers to increase their operational efficiency, while enhancing customer service. The equipment offers safeguards that ensure accuracy through automated functions, protects



against theft and fraud, and features data capture capabilities that facilitate timely reports of sales.

As an alternative, the Electra host-based system offers the same basic features as the stand-alone and is designed with a secured printer interface connection to the host-based point-of-sale system at the retailer location.



For more information on Electra equipment sales, repairs and supplies, please visit our website at www.ElectraEquipSales.com or call the Sales department at 800-543-8207 ext 5919.

We look forward to hearing from you!



PCRS System Upgrades to Provide Clients with Enhanced Speed and Data Storage Capacity



Autumn Thomas
President
PCRS, Inc.

Pennsylvania Coupon Redemption Services, Inc. (PCRS), which has been in operation since 1956, is the association's longest-operating business service. It is also the largest retail coupon clearinghouse owned and operated by a retail association. More than 800 retailers in Pennsylvania and adjoining states entrust their coupon processing needs to PCRS.

PCRS provides a competitively priced, superior quality redemption service that is geared toward meeting the needs of the independent food retailer. Features of the program include:

- Fast and accurate processing utilizing barcode technology;
- Prompt payment for the full face value and 8-cent manufacturer handling allowance for all coupons redeemed;
- Three payment plan options (two, 10 and 20 working days) for maximum convenience and flexibility;
- No service charges or volume minimums;
- Experienced and professional customer service support; and
- A commitment to obtaining fair treatment for independent grocers in the complicated redemption process.

A major initiative currently underway is the conversion of PCRS' Unix computer system to a Linux system. Linux is more readily upgradeable technology that is fully Internet capable, ensuring that PCRS' coupon processing, payment and reporting mechanisms remain current, flexible and efficient. PCRS clients will also benefit from enhanced system speed and data storage capacity. The Unibasic programming platform used by PCRS is also being upgraded.

The profits earned from PCRS operations are returned to the association to help offset the costs of other PFMA programs, providing members with added value for each coupon submitted for processing.



PCRS staff members Stacey Kropp, staff accountant, and Laurie Savoy, account manager, provide experienced customer service and support to customers.





Finance Hires Boyer and Ritter, CPA's as New Audit and Tax Preparation Firm

Karen Wilbert
Vice President
Finance

In early 2007, the Accounting department was busy reviewing proposals and interviewing outside audit firms. The Pennsylvania Food Merchants Association (PFMA) Board of Directors suggested that a Request for Proposal (RFP) be issued for audit and tax preparation services. PFMA established an outstanding relationship with the audit firm of Mize, Houser and Co. for more than 18 years. However, after evaluating all of the proposals, the winning bid came from Boyer and Ritter, CPAs. Their work began with the June 30, 2007 year-end. The new firm started their preliminary work in the spring and completed their final fieldwork in August.

Another big change for the accounting department was in Pennsylvania Coupon Redemption Services, Inc. (PCRS). PCRS signed a new contract with its processor, which involved changes to accounting policies and procedures. The staff did a great job and it was a smooth transition.

In February, the Credit and Collections department welcomed Colleen Little as the new Senior Credit Clerk. Little replaced Laura Melfi, who moved to the sales and marketing department. Little has adapted to her job quickly and is a great asset to the department.

Credit Manager Dan Oliva and his staff have done an excellent job this year at collecting all monies due to Merchants Express Money Order Company, Inc. (MEMO) and reducing the number of accounts in collections. The number of accounts and the amounts in the collections file are lower than they have been in more than nine years!

Accounting staff also provided support for the Keep Pennsylvania Beautiful (KPB), a non-profit environmental and beautification organization dedicated to preserving Pennsylvania's beauty and natural resources. KPB Executive Director Julia Marano and PFMA Accounting

Manager Gail Bryner worked diligently to establish procedures for the one-person organization. Bryner also provided assistance to complete the KPB audit for the 18 months ended December 31, 2006.



The Accounting staff includes, from left, Gail Bryner, accounting/human resource manager; Stacey Kropp and Wanda Tafun, staff accountants; and Joyce Gnafakis, staff accountant assistant.



The Credit and Collections team works to collect all monies due to the company. From left, Dan Oliva, credit manager; Colleen Little, senior credit clerk; and David Bush, credit coordinator.

Information Technology Assures Computer Systems Run Smoothly, Uninterrupted



Beth Mullen
Vice President
Information Technology

The Information Technology department works to assure the smooth, uninterrupted operation of our organization's computer systems. We continue to support all departmental goals by providing adequate resources to staff members so that these goals are carried out effectively.

Our programming staff works closely with all facets of Merchants Express Money Order Company, Inc. to assure all systems are managed at the highest level. We take pride in the work accomplished in conjunction with our compliance team so that they have the tools necessary to adjust to the ever-changing government regulations in all our operating states. We are also constantly looking for areas in which we can improve communications with our members, including those who take advantage of the benefits of using the Pennsylvania Coupon Redemption Service.

The Information Technology group is looking forward to all of the challenges that are on the horizon so that we can successfully serve the association and ultimately our members.



PFMA's Information Technology team assures the computer systems are running smoothly and works closely with MEMO, Inc. to assure all systems are managed at the highest level. From left, Scott Thomas, programmer/analyst; Steve Orner, information systems specialist; and Chuck Harber, senior programmer/analyst.



Receptionist Vivian "Lou" Brashears provides a professional voice and demeanor for callers and visitors to the PFMA office.



Joan Stare is a long-term PFMA staff member who fills in part-time as a receptionist.

FOODPAC OF PENNSYLVANIA

Thank you to all of the following committee members for your continued support of the Pennsylvania Food Merchants Association/Pennsylvania Convenience Store Council's FoodPAC fund-raising efforts.

Delaware Valley FoodPAC Golf Outing

Steve Brown, Brown's Super Stores, Inc./ShopRite
Tim Reardon, Giant Food Stores, LLC
Mark Suprenant, Wawa, Inc.
Greg Ten Eyck, Safeway/Genuardi's
David McCorkle, Pennsylvania Food Merchants Association

Northwestern Pennsylvania FoodPAC Golf Outing

Ron Weislogel, Weislogel's Foods
Jack Greenberg, Old Country Store
Mark Chevalier, Meadowbrook Dairy
Jim Bello, Bello's

Central Pennsylvania FoodPAC Golf Outing

Scott Hartman, Chairman, Rutter's Farm Stores
Scott Karns, Karns Quality Foods, Ltd.
David McCorkle, PFMA
Tim Reardon, Giant Food Stores, LLC
Charles Yahn, Associated Wholesalers, Inc.

Philadelphia FoodPAC Golf Outing

Walter Rubel, chairman, Acme Markets, Inc.
Rich Savner, Pathmark Stores, Inc.
Grant McLoughlin, Pathmark Stores, Inc.

Reading/Allentown FoodPAC Golf Outing

Sam Anderson, Pump n Pantry
Richard Redner, Redner's Markets, Inc.
Ryan Redner, Redner's Markets, Inc.
Eric White, Redner's Markets, Inc.
John Boyer, Boyer's Food Markets
Joe Della Noce, SUPERVALU, Inc.
David McCorkle, PFMA

Western Pennsylvania FoodPAC Golf Outing

Rudy Zupancic, Honorary Chairman, Giant Eagle
Joe Heisler, Chairman, Lebanon Shops Foodland
Dan McNabb, Co-Chair, Lebanon Shops Foodland
Vince Bianco, Wise Snacks
Don Brick, SUPERVALU, Pittsburgh Division
Tom Dodson, SUPERVALU, Pittsburgh Division
Tom Jamieson, Shop 'n Save & Save-A-Lot
Lou Krebs, SUPERVALU, Pittsburgh Division
Harvey Porter, Fike's Dairy
Wayne Zupancic, Giant Eagle



The Delaware Valley FoodPAC hosted its annual golf outing on October 1, 2007 at the Cedarbrook Country Club in Blue Bell, Pa. Steve Brown, Brown's Super Stores, Inc., thanked attendees for their support.



Karns and Pepsi teamed up for the Central Pennsylvania FoodPAC Golf Outing on June 12. From left, Bruce Rudderow and Scott Karns, Karns Quality Foods; and Don Tosten and Larry Filler, Pepsi.



The Reading/Allentown FoodPAC hosted its golf outing at the Berkshire Country Club on July 9. From left, Scott Blatt, Redner's Markets; Russell Reynolds and Kevin Kemp, SUPERVALU; and Eric White, Redner's Markets, were on hand for a great day on the course.



Ralph Ventura, SUPERVALU, Congratulates Dan McNabb, Lebanon Shops Foodland, on another successful Western Pennsylvania FoodPAC Golf Outing, held on September 17 at Chestnut Ridge Golf Club, Blairsville.

PENNSYLVANIA FOOD MERCHANTS ASSOCIATION BOARD OF DIRECTORS

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Wawa, Inc., Wawa, PA

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Tripifoods, Inc., Buffalo, NY



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 Pennsylvania Pharmacy Council**
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 Web site: www.MEMOCO.com

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