



TOP LINE REPORT

March 2018

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FOOD AND AGRICULTURE FEEDING THE U.S. ECONOMY



Study Reveals Extensive Role of
Food & Agriculture Sectors in
Feeding the U.S. Economy

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A publication of the Missouri Grocers Association dedicated to providing information on legislative and regulatory issues within the state that directly affect the interests of the Missouri food industry. Missouri Grocers Association • 315 North Ken Avenue • Springfield, Missouri 65802 • 417-831-6667 • ISN 1522-0990

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"AWG is the heart of our operation. Their commitment and warehouse concept allows retailers, like us, to be successful and competitive within the ever-changing grocery industry. Our growth with store development and design is in part due to their instrumental support and knowledge. They have always understood that our success is their success, making it a privilege to have them as partners. It truly is an honor to say that AWG and our family's stores have grown together for 70 years."

Associated Wholesale Grocers, Inc.
5000 Kansas Avenue,
Kansas City, KS 66106



CONSISTENT GROWTH

We continue to deliver on growth each year. As our store count grows, so does the buying power we possess as America's largest cooperative food wholesaler. There is great strength in our numbers. Now reaching \$10 billion in sales in 2017, AWG's momentum is delivered to all retailers.

For a lower cost of goods
PLEASE CONTACT:

Dave McKelvey 713-876-6240
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AWG BRANDS

AWG's store brands - Best Choice, Always Save, Clearly Organic and Superior Selections - offer consistent quality that delivers big sales and a competitive advantage for AWG member retailers.





GROCCERS DAY AT THE CAPITOL

February 27th & 28th, 2018

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GROCERS DAY

at the Capitol

Last month, we headed to Jefferson City for the annual Grocers Day at the Capitol event, which was a great success. On the first night, we held a legislative dinner at the beautiful Millbottom event venue, where we honored Lt. Governor Mike Parson with the MGA Capitol Impact award. We chose Mike Parson for the award because of his continued support of the grocers, as well as his new “Buy Missouri” initiative, which strives to promote products made in Missouri. There were two other legislative dinners on the same night, so we were thrilled when we had great attendance with over 70 people! We had a delightful time mingling with industry peers and legislators throughout the night. We were even able to get Mike Parson to come and speak at our board meeting about his plans for Missouri.

On day two, we held a breakfast at the Capitol that was well attended with over 300 people going through the line! We tried out a new caterer this year, that did exceptionally well – everyone complimented the meals. After breakfast, we held an issues briefing for our members doing visits, where we caught them up on what issues are most important to the grocers. Representative Jared Taylor even stopped by to speak with us. After the briefing, our members had individual

meetings with over 80 legislators, where they were able to build relationships that will no doubt be of value to the grocery industry in Missouri. The Grocers Day at the Capitol event could not have fallen at a better time as, before adjournment the previous week, the republican House Speaker Pro Tem Elijah Haahr, filed HB 2540, which would completely do away with our 2% sales tax collection allowance. The bill also contains an income tax cut coupled with tax increases on businesses and more funds for transportation. MGA members attending the February 27th-28th legislative event were able to react quickly to this new development and hopefully helped House members understand the economic harm created by the business tax increases and the allowance elimination. It appears that the Missouri Senate listened to the MGA message asking state lawmakers to leave our 2% sales tax collection allowance alone. Senators working on tax reform appear to be solidly with us and will defend our position. We are confident that our voices were heard. We finished off the event in good fashion with an ice cream social, courtesy of Hiland Dairy, and beverages provided by Ozarks Coca Cola.

We cannot thank everyone that came, and sponsored, enough for their support of the association. This event is vital to our industry, and we are proud to represent you all.

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LEGISLATIVE ISSUES WE TACKLED AT GROCERS DAY

SB 617 | *Senator Bill Eigel*

Modifies several provisions relating to taxation. The repeal of the 2% sales tax collection allowance is not in the substitute, and we let our legislators know that we oppose putting it back in the bill on the Senate floor or in the House.

Your input on this issue is still critical. State lawmakers must hear that YOU oppose reducing our pay for being the state's largest tax collector, as well as payer. No person or business should be forced into indentured servitude to the state.

Our argument: A grocer makes no money investing in systems and processes to collect and remit sales tax. Missouri's sales tax continues to become more complex each year and the costs to maintain and develop systems to correctly handle the sales tax compliance continue to climb. The vendor collection allowances are offsets to our expenses for our systems and processes to

collect and remit the correct amount of tax from customers and should not be considered extra income. Having the 2% sales tax collection allowance makes Missouri a much more business friendly state and encourages companies to promote Missouri sales.

HB1397 | *Representative Dan Shaul*

Prohibits political subdivisions from requiring employers to alter or adjust any employee scheduling unless required by state or federal law. This bill prevents cities from adopting financially onerous rules that interfere with our employee-employer relationship. Employees seek work in our stores because of our flexible scheduling policies. They also stay and enjoy a lifelong career at our stores because of our flexibility. The cities that are adopting rigid work hours are harming their economies.

SB 841 | *Senator Brian Munzlinger*

Requires all liquor to come to rest in a liquor

wholesaler's facility before being delivered to a retailer. This bill makes sure that all liquor retailers follow the same rules and do not circumvent the three-tier system. Beer all comes to rest at a wholesaler before it can be delivered to our stores.

HB2258 | *Representative Craig Redmon*

Will allow our eighteen-year-old employees to carry any liquor purchased to a customer's vehicle without harming our license.

SB 808 & HB 2155 | *Senator Wanda Brown and Representative Nick Schroer*

These two bills are being promoted by beer wholesalers and would allow wholesalers to employ 18-year-olds to unload delivery vehicles and transfer liquor to retail premises with supervision. The prohibition of allowing 18-year-olds to handle alcohol in parking lots likely stems from the boundaries of our liquor licenses that are designed to protect us from third party acts in our parking lots.



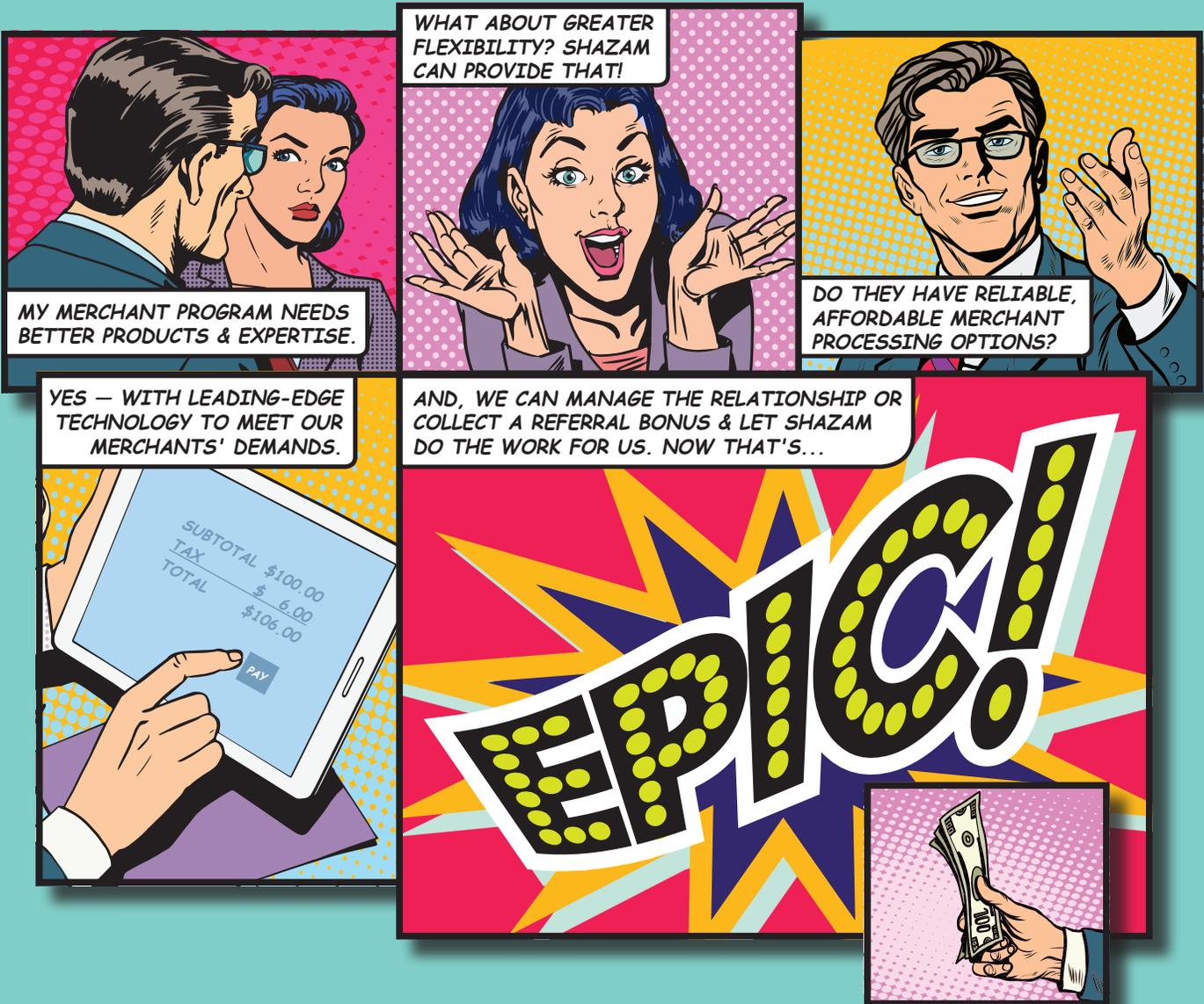
In Missouri, the independent supermarket channel includes 508 stores and generates \$3.07 billion in annual sales.



In Missouri, independent supermarkets and the wholesalers that serve them are a major source of tax revenue for federal, state and local governments. Together the independent channel and their employees generate about \$299.41 million in state and local tax.



In Missouri, independent supermarket operators are responsible for creating 57,700 stable, reliable jobs and \$702.82 million in wages paid.



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Total Jobs:
43,311,057

Total Wages:
\$1.9 trillion

Total Taxes:
\$894.13 billion

Total Food and Industry Economic Impact:
\$6.7 trillion

STUDY REVEALS EXTENSIVE ROLE OF FOOD & AGRICULTURE SECTORS IN FEEDING THE U.S. ECONOMY

Compiled by John Dunham and Associates

A nationwide economic impact study released today found that more than one-fifth (or 20.4%) of the nation's economy is linked, either directly or indirectly, to the food and agriculture sectors and that more than one-fourth of all American jobs (28%) are similarly connected. Twenty-two food and agriculture organizations commissioned this research, available at www.FeedingTheEconomy.com. Among the most important findings:

- Total Jobs: 43,311,057
- Total Wages: \$1.9 trillion
- Total Taxes: \$894.13 billion
- Exports: \$146.32 billion
- Total Food and Industry Economic Impact: \$6.7 trillion

"We have long understood that the food and agriculture industries play an absolutely vital role not only in feeding Americans, but also in feeding and growing the nation's economy. This historic farm-to-fork economic analysis quantifies the impact of the jobs, wages, taxes and exports the industry makes possible," said Leslie G. Sarasin, president and CEO of the Food Marketing Institute (FMI). "As policymakers consider tax reform and other means to expand economic activity, I hope they will have a better understanding of how the food and agriculture sector not only feeds Americans, but also feeds the U.S. economy."

To measure the total economic impact of the sectors, the analysis also includes the indirect and induced economic activity surrounding these industries, which captures upstream and downstream activity. For example, when

a farm equipment retailer hires new employees because farmers are buying more tractors, experts consider the new salaries an indirect impact. Similarly, when a retail associate spends her paycheck, an induced economic impact occurs. Together, these have

"As policymakers consider tax reform and other means to expand economic activity, I hope they will have a better understanding of how the food and agriculture sector not only feeds Americans, but also feeds the U.S. economy."

a multiplier effect on the already formidable direct impact of food and agriculture.

The New Era of Food Retail

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Missouri Grocers Association | 417.831.6667

“These numbers tell an essential story, reminding us that food and agriculture remain absolutely central to our nation’s well-being. We not only produce three square meals a day for most Americans, that same work supports one in four American jobs -- 28% of all U.S. employment can be tied to our industries,” said John Bode, president and CEO of the Corn Refiners Association. “Policymakers should keep this data in mind as they consider changes to tax and trade issues that might affect the food and agriculture sectors.”

“More than one-fifth (or 20.4%) of the nation’s economy is linked, either directly or indirectly, to the food and agriculture sectors and that more than one-fourth of all American jobs (28%) are similarly connected.”

“The release of today’s study further illustrates the powerful economic impact of the food and agriculture sector to the nation’s economy that is felt in every part of the country,” said American Bakers Association President and CEO Robb MacKie. “This study reinforces the previous Council for Economic Development study that listed the food and beverage industry as the largest manufacturing sector of our economy and has a significant positive trade balance impact. We hope policy makers will take this powerful economic impact into consideration as they make key decisions.”

The economic data was compiled by John Dunham & Associates and is available at www.FeedingTheEconomy.com. The analysis illustrates the direct impact of food and agriculture on jobs, wages, economic output, exports, and state and local business taxes. The interactive website also breaks out the data at the national, state and congressional district levels.

MGA’S BEST BAGGER PLACES SECOND IN NATIONAL COMPETITION

February 12th, 2018

We are so excited to announce that our Best Bagger from the 2017 MGA Showcase, Emily McCoy from Consentino’s Price Chopper, placed second in the National Best Bagger Competition at the NGA Show earlier this year in Las Vegas. McCoy competed head to head against 22 other baggers from across the nation. It’s not easy to get that far in the competition, and we could not be more proud that Emily was able to place!



Emily currently bags groceries at Consentino’s Price Chopper in Kansas City, Missouri. She was chosen to represent Missouri at the national level, following her win at the State Best Bagger Competition for Missouri during the annual MGA Showcase.

McCoy competed against contestants from other grocery store chains across America during the 2018 NGA Show. During the competition, contestants were judged on their speed, proper bag building techniques, and distribution of weight between bags, in addition to style, attitude, and appearance.

NGA’s Best Bagger Championship was created to promote the grocery industry’s devotion to exceptional customer service through superior bagging.

Mark your calendars for the Missouri Grocers Association’s Best Bagger competition on July 19th, 2018 during the MGA Showcase at Tan Tar A Resort. Your bagger could win and be awarded the opportunity to compete at the national level next year!

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