

February 2020 – Printer Friendly



Thank you for reading the “printer friendly” version of the MHA’s monthly **eHELPS** newsletter. If you would like to receive **eHELPS** via email, please send your request to ehelps@midwesthardware.com.

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Little Change in Status of VISA-Mastercard Fee Settlement

By William Morris, Finance and Commerce

The \$5.54 billion dollar settlement of a class action lawsuit known as the Payment Card Interchange Fee and Merchant Discount Antitrust Litigation continues to hang in limbo.

The settlement would provide payments to merchants who accepted Visa and Mastercard payments from January 1, 2004, to January 25, 2019. The lawsuit claims that merchants paid excessive fees to Visa and Mastercard, along with their respective banks, because those parties violated U.S. antitrust laws.

In December, the Court granted final approval of the settlement. However, in January an appeal was filed. That appeal remains under consideration by the Court and it is unknown how long the appeals process may take.

Even though the matter is not yet settled, MHA members (and other retailers) have been bombarded with solicitations from third-party claim filing services. These solicitations are often worded in a way that makes it appear your store will “miss out” on their share of the settlement if you don’t act quickly and agree to let a third-party file your claim. In exchange, the store agrees to allow the third-party to retain a percentage of any proceeds.

MHA continues to advise our members that the best course of action right now is to wait before agreeing to use a third-party to file any potential claims. Here’s why.

- So long as the appeals process goes on, the settlement of the class-action suit is not yet final. At this time, merchants are unable to file any claims. Only after all appeals are exhausted and the settlement becomes completely final will the claims filing period begin. It will be well publicized and all merchants will hear about it. You will not miss out on filing your claim because it flew under the radar.
- Right now, no one knows how easy or how difficult the claims filing process will be. It could well turn out to be a relatively quick and simple process for stores to file their own claims. Until more is known about the claims filing process, we feel it is premature to agree to have a third party keep 25% to 50% of your claim, for something that you may easily be able to do on your own.

MHA cautions members to think twice before agreeing to have any third-party get involved in filing claims on your behalf. We strongly feel it’s premature to do so and members should wait until the settlement is finalized and more details are announced about the claims-filing procedure.

MHA’s Bankcard Service Manager, Mac Hardin, is always available to answer any questions you may have. Contact Mac at 800-999-4399 or email mach@midwesthardware.com.

Illinois Senator Looks to Ban Gas Powered Leaf Blowers

A Senate bill in Illinois would ban the use or sale of gas-powered leaf blowers in the state.

SB3313 filed last week by Senator Laura Fine (D) of the 9th Senate District amends the Environmental Protection Act. It states that “a person may not operate or sell at retail a gas-powered leaf blower in the State. Provides that a person who

violates the amendatory Act's provisions shall be subject to a civil penalty not to exceed \$500."

The bill lists environmental and noise pollution as the reasons for the ban.

It states that two-stroke and four-stroke engines used in gas-powered leaf blowers emit exceedingly high rates of pollutants, including carbon monoxide, nitrous oxides, and hydrocarbons. The bill states the emissions are a contributing factor to smog formation and acid rain.

The bill also claims that leaf blowers generate noise at a decibel level capable of causing hearing loss in a short amount of time.

In addition, it states that leaf blowers send dust and other small particles like metals, allergens, and animal feces into the air for considerable distances.

If signed into law, the bill would make use or sale of a gas-powered leaf blower illegal in the state of Illinois as of January 1, 2022.

Violators of the law would be subject to a fine up to \$500.

At this time, MHA does not sense much support in the legislature for this proposal. We will continue to actively monitor this bill and keep our members posted.

Minnesota Business Leaders Brace for Legal Pot

By William Morris, Finance and Commerce

Business leaders in Minnesota and beyond have weed on their minds.

The Minnesota Chamber of Commerce's recent annual Session Priorities banquet featured discussion of many perennial Chamber issues, such as tax competitiveness and avoiding new mandates on employee benefits. But at this year's event, marijuana legalization and consequences thereof made a new appearance as a top concern for businesses as they try to negotiate rapidly changing local, state, and federal rules around medical and recreational drug use.

"As I've traveled the state, I continue to hear concerns expressed by the business community because they are not quite sure how this will affect their business, how it will affect their workplace, how it will affect productivity, how it aligns with federal laws," Chamber President Doug Loon told Gov. Tim Walz.

The odds of changes at the state level appear remote, at least for the time being. When asked about legalization, the state's four highest-ranking legislators ranged from ambivalence to opposition in their responses, with Senate Majority Leader Paul Gazelka saying such proposals have "no future as long as I'm here." Walz, who supports legalization and believes prohibition is ineffective, said he favors a slow and deliberative process before any legislation is passed.

"I trust adults to make those decisions, but I also recognize whether it's alcohol, whether it's cigarettes, gambling, any of the vices, you have to be very careful about the unintended consequences happening to society," he said. "... It's not going to happen overnight, nor should it."

But even if Minnesota does not act, companies are watching closely the experience of other states. Depending on how it is enacted and what safeguards are in place, legalization can bring a range of problems for employers, said Lauren Doroghazi, Policy Director with the Council of State Chambers.

"When Washington State recently legalized recreational marijuana... employees that worked at Boeing for 30 years started failing their drug tests that were required as federal contractors, and they had to be let go from their jobs," Doroghazi said. "This is not something that the employers wanted—their great employees that have been there for a long time, but now they can't pass a drug test."

Read more [here](#).

Minnesota Bill Seeks Sales Tax Holidays for Hunting Weapons and Fishing Equipment

A bill has been introduced in the Minnesota Senate which would provide a sales tax holiday on certain firearms and fishing equipment.

SF 3220 calls for a tax holiday on firearms (excluding handguns) for the seven days prior to the first day of open season for deer, as determined by the commissioner of natural resources. The bill also calls for a sales tax holiday on certain fishing equipment for the seven days prior to the Saturday, two weeks prior to the Saturday of Memorial Day weekend.

With this being only one of a rash of bills introduced in both the Minnesota Senate and House during the early stages of the session, it is very hard to predict whether this proposal will move forward.

Wisconsin Legislature Sends Governor Evers Tax Cut Plan

By Misha Lee, MHA Wisconsin Lobbyist

Not long after the nonpartisan Legislative Fiscal Bureau (LFB) revealed the state was on track to collect an additional \$818 million in taxes by the end of next fiscal year than what was originally projected, Republican lawmakers swiftly acted and approved a tax cut plan sending the measure to Governor Evers where its fate is uncertain. The LFB highlighted strength in tax collections and a strong economic forecast as the reason for the additional revenue.

Republican leaders indicate their plan saves money for taxpayers by increasing the maximum income tax deduction from 11.4 percent to 13.2 percent, clarifying the personal property tax exemption on machinery, tools, and patterns for manufacturers, and using \$100 million toward paying down outstanding debt. In total, the tax plan sent to the Governor would reduce general fund taxes by approximately \$248 million for the 2020-21 biennium, provide \$44.7 million to local governments for the personal property tax exemption, and utilize \$100 million to reduce outstanding general-purpose revenue supported debt. By law, half of the overall surplus must go to the state's rainy day fund first before any remaining funds can be tapped. Under the GOP plan, the state's rainy-day or "budget stabilization fund" would have a projected balance of \$956 million going into the next budget cycle. The income tax cut will occur through increasing the standard deduction. The deduction for "married joint" filers will go from \$20,470 to \$23,170 (for incomes under \$144,670), for "individual" filers from \$11,050 to \$12,510 (for incomes under \$120,361), for "head-of-household" filers from \$14,280 to \$16,170 (for incomes less than \$54,504) and for "married separate" filers from \$9,720 to \$11,000 (for incomes less than \$68,684). According to the LFB, the average filer would see a \$105 reduction in their income taxes for 2020 and \$300 when combined with other tax cuts in the current budget.

In stark contrast, Governor Evers sent his own plan to the Legislature that proposed to fully fund public schools by two-thirds state funding, increase mental health care in schools, and provide \$130 million in property tax relief to homeowners. The Governor prioritized property tax relief while legislative Republicans prioritized income tax cuts. Republican lawmakers, who are in the majority in both the Assembly and the Senate, quickly rejected Evers' plan before passing their own tax cut proposal and sending it to the Governor's desk.

On the Personal Property Tax (PPT) side, the tax cut plan sent to the Governor has a provision to reduce personal property taxes specifically for manufacturers by fully

exempting machinery, tools, and patterns. Wisconsin's personal property tax unfortunately is not administered uniformly throughout the state and this latest exemption is a clear example of that. In 2017, the Legislature thought they exempted machinery, tools, and patterns from the personal property tax. However, municipalities around the state interpreted the exemption differently, making an already unfair tax even more inequitable and unconstitutional, with personal property taxed in one municipality or business and exempt in another. The Republican tax plan clarifies this exemption for manufacturing.

The personal property tax has existed in Wisconsin longer than it has been a state and even prior to Wisconsin becoming a territory in 1836. The first iteration of the personal property tax exempted \$75 worth of household items and over the past 180+ years, dozens of additional exemptions have been added to the point now where there are more exemptions than items taxed. Today's personal property tax is a tax on furniture, fixtures, boats, and other random items traditionally found in small and main street businesses, hence it is called a "Main Street" tax, and it's time for lawmakers to work up the political courage to do away with it once and for all.

While the State Assembly recently adjourned its final session day of 2020 and the State Senate has one final day remaining in late March, MHA will continue to work with our industry partners to prioritize our advocacy efforts on fully repealing the personal property tax in Wisconsin.

Illinois Governor Pritzker Presents Two-Scenario Budget

By Alec Laird, MHA Illinois Lobbyist and Vice President, Government Relations for Illinois Retail Merchants Association

Governor JB Pritzker (D) delivered his second annual budget address this week. The Governor laid out a two-scenario budget. The first scenario was what the budget would look like if, in November, voters approve the proposed amendment to the Illinois Constitution allowing for the creation of a graduated income tax. The second scenario laid out by Pritzker suggested what the budget would look like if the proposed constitutional amendment is not approved. The Governor accomplished this by proposing budget cuts, but set aside the nearly \$1.4 billion that would be generated from January 1, 2022, thru June 30, 2022, if the graduated income tax is approved by voters. If the tax is approved by voters, the reserves are spent and cuts do not happen.

If voters do not approve the graduated income tax, the Governor proposed shorting \$300 million from the fund which provides for corporate income tax refunds, meaning the state would not have the money to pay the anticipated refunds owed to employers and businesses. Of course, the State would still owe the money so this simply adds to the State's backlog of unpaid bills. Additionally, he proposed shorting the state's education formula for K-12 schools, cutting the amount of money local governments receive by \$125 million, as well as shorting the health insurance for state employees by \$400 million. This also simply serves to further increase the state's backlog of unpaid obligations.

The Governor's budget cuts appear to balance, but it depends on unspecified savings from, among other things, consolidation and efficiencies in state government. However, some of those savings do not appear to be real. For example, he proposed eliminating the Illinois Department of Employment Security (IDES) and folding it into the Illinois Department of Labor (IDOL). However, the IDES's administrative costs are funded 100% by the federal government and unemployment insurance benefits are 100% funded by employers. Therefore, there are no savings to be had by such a merger. Further, such a merger would seriously undermine employer confidence in the "agreed bill" process—the only bi-partisan process that has worked successfully since it was first created in the mid-1980's and has been supported and enforced by every governor to date. Additionally, the IDES and IDOL have significantly different functions and responsibilities.

The Governor's proposed budget is just that—proposed. It is unlikely legislators will support all of the proposed cuts. The discussion now begins in earnest on what to fund and what to cut. It will dominate the spring legislative session.



Business Forms and Supplies

Remember to make MHA your first contact for business forms and supplies. MHA members can purchase a variety of forms/supplies such as:

- Gift Certificates
- Purchase Order/Receipt Books
- Employment Applications
- Labels and Tags
- Personalized Envelopes and Letterhead
- Checks and Deposit Slips

Testimonial

"MHA makes it so easy to order/re-order checks and envelopes. Within two minutes, I can call the office, tell them my name and store, and ask to order/re-order my computer-generated checks with the self-sealing, dual window envelopes. It doesn't get any easier than that. I wish the rest of my daily tasks went that smoothly!"

Beth Grill
Gus Bock's Ace Hardware
Dyer, IN

For more information about MHA's Business Forms & Supplies, please contact Judy Borski by phone (800-888-1817 ext. 361) or by email judyb@midwesthardware.com.

Sales Trends (December 2019)

Here are the most recent Illinois, Minnesota-Dakotas, and Wisconsin hardware store sales trends, gathered from association members using the MHA's monthly accounting service. The figures derived for each region includes sales data from the following number of stores:

- Illinois - 25 stores
- Minnesota-Dakotas - 14 stores
- Wisconsin - 84 stores

	Month	YTD
Illinois	1.31%	2.36%
MN-Dakotas	13.51%	7.03%
Wisconsin	7.56%	5.64%
