



# North Dakota Retail Association

NOVEMBER 2014

Valued NDRA Member:

Another political season is in the books. Once again, North Dakota remains a Republican stronghold at both the state and local legislative levels. Your NDRA/NDPMA PAC dollars were well spent as over 90% of the candidates supported by the association were victorious in the recent elections. Thank you very much to all who contribute to the PAC on a regular basis. For those of you who don't, it's never too late to start. We need to continue to elect business friendly candidates who let you run your retail shops, not the government. This is the agenda NDRA has pushed with dedication for the past 50 years and will do so again during the upcoming session.

Nationally, both houses of Congress are in Republican control. We will continue to push for further reduction in debit/credit card processing fees. We hope to push internet sales tax legislation over the finish line within the next year as well.

You can see from some of the stories in this mailing that North Dakota continues to be the envy of the nation from an economic standpoint. 2014 2<sup>nd</sup> quarter taxable sales once again are strong and exceeded expectations. However, in my view, things are far from rosy. We have work to do if we want to grow this economy even more and provide larger economic prosperity for all the hard working people of this Great State.

First, we need to address the ongoing labor shortage. We have over 25,000 jobs open in North Dakota. We have only 10,000 people living in the state that aren't currently employed. That's a problem. The retail service sector is being hit extremely hard by this shortage. Being a former retailer myself, I understand the frustration. It's hard to maintain, let alone grow your business, with this type of labor shortage. I think the closure of several key retailers in the Dickinson area sends a strong message—this problem is getting worse by the day and it's not just in the Bakken, it's down nearly every main street in North Dakota. How can we fix it?

On page 5, you can read about Living the Good Life in ND. It's a private/ public partnership designed to raise funds to support attracting workers to our state. Please look it over. It might be something your business is interested in investing in at this time.

Another key is affordable housing. Not just for the energy sector, but for anyone looking to call North Dakota home. With the state's surplus, there has to be a way to ease the burden for potential homeowners and/or renters.

Affordable, quality daycare is another piece of the puzzle. Mom and dad need to feel comfortable going to work knowing the kids are in a good place during the day. These are just a few of the issues we will be monitoring during the upcoming session.

None of these goals can be achieved if every retail member isn't pulling on the rope in the same direction. We need all of you to continue to support this association and its efforts.

Many of you have yet to pay membership dues for the 2014-2015 calendar year. I sure hope it was simply an oversight on your part. Think about this if you are still questioning whether NDRA is a worthy financial commitment. Look at all the information in this newsletter and ask yourself, "Do I have the time to monitor all of these issues critical to my business?" The answer is likely NO! That's what NDRA does for you daily. You get 110% from this office every day of the year for in many cases less than \$1 a day out of your pocket in membership dues. That's less than a large cup of coffee or a bottle of soda.

I totally understand the rising costs of doing business in this state because again, I've lived it, but look at your NDRA membership as a type of business insurance policy. That's how NDRA Association Administrator Mary Nagel and I look at our role in protecting your interests.

I truly believe we live in the greatest state in nation and the best country in the world. We face some serious issues, but we also have in front of us countless opportunities for growth if we work together and find solutions. One of my favorite quotes comes from Ben Franklin at the signing of the Declaration of Independence—a day that must have been filled with much excitement and fear all at the same time. Franklin said: "Gentlemen, we must indeed all hang together or, most assuredly, we shall all hang separately."

I hope you have a great Christmas Shopping Season. Most of all, I wish you a very Blessed Merry Christmas and a Happy New Year.

Sincerely,

*Mike Rud*

## Second Quarter ND Taxable Sales and Purchases See Largest Increase in Two Years

Tax Commissioner Ryan Rauschenberger recently announced that taxable sales and purchases show robust growth for North Dakota's economy throughout the second quarter of 2014.

Seeing its largest increase since the third quarter of 2012, April, May and June of 2014 showed more than an 11 percent growth in total taxable sales and purchases compared to the same months in 2013.

"The second quarter report shows a very strong, yet sustainable growth rate for North Dakota's economy," said Rauschenberger. "We haven't seen this large of an increase in nearly two years."

North Dakota's total taxable sales and purchases for the second quarter of 2014 were \$7.029 billion. This figure is up \$716.7 million compared to the same months in 2013, when taxable sales and purchases were \$6.312 billion.

Ten of the 15 major sectors reported taxable sales and purchases gains when compared to the second quarter a year ago. Wholesale trade increased by nearly \$246.5 million (15.47 percent increase), mining and oil extraction increased by more than \$189.7 million (17.71 percent increase) and retail trade increased by nearly \$122.8 million (7.48 percent increase).

"Seeing an increase in retail trade is generally a good sign of consumer confidence," Rauschenberger said. "Several of the other industry increases are linked to the ongoing oil boom and related commerce that we are experiencing in the state."

Of the 50 largest cities in North Dakota, the highest percent increases for the second quarter of 2014 (compared to the second quarter of 2013) were as follows:

- Stanley – Increase of 35.06 percent
- Watford City – Increase of 30 percent
- Cavalier – Increase of 29.07 percent
- Hettinger – Increase of 21.34 percent
- Dickinson – Increase of 18.58 percent

Counties with the highest percent increases for the second quarter of 2014 (compared to the second quarter of 2013) were as follows:

- Bottineau County – Increase of 82.31 percent
- Dunn County – Increase of 37.07 percent
- McKenzie County – Increase of 30.07 percent
- Adams County – Increase of 29.99 percent
- Renville County – Increase of 21.03 percent

Complete ND Sales and Use Tax Statistical Reports from Second Quarter 2014 can be accessed on the web at [www.nd.gov/tax](http://www.nd.gov/tax).

## Welcome New Board Member - Ryan Irsik

### **Ryan Irsik Director of Public Affairs and Government Relations Walmart Stores, Inc.**

Ryan Irsik is the Director of Public Affairs and Government Relations for Walmart and Sam's Clubs stores in the states of North Dakota, South Dakota, Iowa and Nebraska. In this capacity, he manages and oversees a combined 141 facilities, with more than 37,000 associates and nearly \$3.1 billion in purchases from local suppliers. Irsik is also the local and state public affairs representative in those states, working to bring the company's economic empowerment initiatives to each community in which Walmart has a presence. He represents the company's regulatory, compliance and real estate interests and serves as a liaison between the public and private sector. He frequently meets with elected officials and their staff to advocate for Walmart's position on important issues, helps to develop policy initiatives, and bring awareness to issues facing the industry.

Irsik has a long history with Walmart. He began his Walmart career in 1998 as a high school student, when he took on the job as an associate in a Fort Scott, Kansas store. After working his way through college while at Walmart, Irsik left Kansas to take a position with the National Rifle Association. In his time with the Association, he served as a Grassroots Coordinator, managing the organization's supporters and members, as well as media relations, in multiple states. In 2008, Irsik returned to Walmart to join the Public Affairs and Government Relations team.

Irsik holds a bachelor's degree in political science and government from Pittsburg State University. He currently resides in Northwest Arkansas, and while he doesn't hold it against North Dakota State University fans out there, he will always be an avid fan of the Pittsburg State Gorillas and can't wait for another championship.



## Optimism Shines as National Retail Federation Forecasts Holiday Sales to Increase 4.1%

After a turbulent start to 2014, the National Retail Federation announced it expects sales in November and December (excluding autos, gas and restaurant sales) to increase a healthy 4.1 percent to \$616.9 billion, higher than 2013's actual 3.1 percent increase

during that same time frame.

Holiday sales on average have grown 2.9 percent over the past 10 years, including 2014's estimates, and are expected to represent approximately 19.2 percent of the retail industry's annual sales of \$3.2 trillion. This would mark the first time since 2011 that holiday sales would increase more than 4 percent.

"Retailers could see a welcome boost in holiday shopping, giving some companies the shot in the arm they need after a volatile first half of the year and an uneventful summer," said NRF President and CEO Matthew Shay. "While expectations for sales growth are upbeat, it goes without saying there still remains some uneasiness and anxiety among consumers when it comes to their purchase decisions.

"Recognizing the need to keep household budgets in line, we expect shoppers will be extremely price sensitive as they have been for quite some time. Retailers will respond by differentiating themselves and touting price, value and exclusivity," continued Shay.

While consumer confidence has been unstable much of the year, improvements over the past few months in key economic indicators will give way to increased spending power among holiday shoppers. Retail sales, jobs and housing data all point to healthy gains.

"Though we have only seen consumer income and spending moderately – and erratically – accelerate this year, we believe there is still room for optimism this holiday season," said NRF Chief Economist Jack Kleinhenz. "In the grand scheme of things, consumers are

in a much better place than they were this time last year, and the extra spending power could very well translate into solid holiday sales growth for retailers; however, shoppers will still be deliberate with their purchases, while hunting for hard-to-pass-up bargains."

NRF's holiday sales forecast is based on an economic model using several indicators including, consumer credit, disposable personal income, and previous monthly retail sales releases. It now includes the non-store category (direct-to-consumer, kiosks and online sales.) For historic sales information visit NRF's [Holiday Headquarters](#) and the [Retail Insight Center](#).

### Shop.org Forecasts Online Sales to Grow Between 8 - 11% This Holiday Season

Shop.org released its 2014 online holiday sales forecast, expecting sales in November and December to grow between 8 – 11 percent over last holiday season to as much as \$105 billion.\*\*

Shop.org forecasts sales based on government data including, consumer credit, disposable personal income, and previous monthly retail sales releases. Holiday non-store sales in 2013 grew 8.6 percent.

### NRF Forecasts Seasonal Employment to Grow Between 725,000 – 800,000

According to NRF, retailers are expected to hire between 725,000 and 800,000 seasonal workers this holiday season, potentially more than they actually hired during the 2013 holiday season (768,000). Seasonal employment in 2013 increased 14 percent over the previous holiday season.

"These holiday positions offer hundreds of thousands of people the opportunity to turn their seasonal position into a long-term career opportunity in retail," said Shay.



### Post-election Update 2014:

As the dust settles on the 2014 elections the prospects for the

retail industry's priorities in the near- and long-term are now beginning to take shape. While many questions remain to be answered, this memo aims to provide some early perspective. Headlines yesterday morning focused on the U.S. Senate shifting to Republican control. While significant, the shift is somewhat muted by two important facts. First, the rules of the Senate generally require 60 votes to move legislation. With the Republican majority well below 60, their ability to move partisan legislation is greatly limited. Second, while Republicans will soon control both chambers of Congress, the White House remains in Democratic hands along with the veto power that President Obama holds.

One of the central questions that remain to be seen is whether or not Congressional Republicans, now in control of both Houses, decide to showcase their ability to govern on important issues in response to constituent frustrations surrounding general long-term inaction in Washington.

#### Issue Areas:

##### *e-Fairness*

Before the 114th Congress is seated in January, Congress will reconvene in a "Lame Duck Session" to consider unresolved issues before the current Congress adjourns. One of the issues primed for action during the lame duck session is this retail industry top priority. Senate Democratic leaders and the bipartisan sponsors of the legislation are committed to forcing action on e-Fairness before the year is up. RILA is working with member companies and partners to support the efforts underway in the Senate and to clear a pathway in the House. With strong bipartisan support in both chambers for leveling the sales tax playing field for all retailers, the time for action is now.

##### *Cybersecurity and Privacy*

The change in Senate control alters the likelihood and the form of legislation involving both cybersecurity and privacy issues. The prospects for cybersecurity information sharing legislation in the lame duck session is very low, the likelihood increases substantially in the next Congress. Given that both the House and the Senate have considered cyber information sharing bills, the issue appears to fit the profile of legislation that demonstrates the ability to govern for a Republican controlled Congress without being overly objectionable to the White House and to business interests.

Data breach legislation has an unpredictable path in the Senate, but pressure for action has grown in the wake of additional breaches. The Senate Commerce committee would normally be the committee of jurisdiction. The change in control coupled with departure of a number of committee leaders causes a lack of clarity about how the issue will evolve in 2015. Moreover, the defeat of Lee Terry, Chairman of the House Energy and Commerce Subcommittee on Commerce, Manufacturing, and Trade further obscures the path forward for data breach legislation. Despite this uncertainty, it is certain that members will face pressure to be seen as doing something on data breach

if high profile breaches continue. Broader privacy legislation, beyond data breach legislation, which already had no chance in the lame duck session, is almost certainly off the table in a Republican controlled Congress.

##### *Labor*

While the House and Senate Republicans will have control of both houses, they will not have enough votes and political will to pass major legislation on labor issues. Presumptive Senate Health, Education, Labor and Pensions Chairman Lamar Alexander (R-TN) will devote considerable time and energy to drawing attention to the most harmful actions taken by the National Labor Relations Board and Department of Labor. Working with counterparts in the House, Republicans will have a stronger platform from which to draw attention to a number of retail priorities, including micro-unions, union election procedures, joint employer relationships, and changes to overtime pay.

##### *Healthcare*

For the first time since enactment of the Affordable Care Act (ACA), members of both parties are recognizing that certain changes need to be made to the law. A Republican-controlled Senate may likely consider statement votes to repeal all or portions of the law early in the session, before moving on to more targeted measures. Because of a slim margin in the Senate and President Obama in office, it is unlikely that drastic legislative changes to the ACA would be enacted. Given the perceived willingness of a new Congress to consider changes to the ACA, issues such as enacting a 40-hour standard for full-time employees, repeal of automatic enrollment, and simplifying IRS reporting requirements may be ripe for consideration.

##### *Swipe Fees*

The House passed several dozen Dodd-Frank Act reform bills during the 113th Congress that were never taken up by the Democratic Senate. A change is likely given the shift in control of the Senate. Presumably, the House will look to the Senate to initiate any action on swipe fees since the House never took an up-or-down vote on the issue; a more open amendment process in a Republican Senate could produce such an opening for a vote to re-examine parts of the bill, including potentially the Durbin Amendment. A Republican Senate would also mean that Senator Richard Shelby (R-AL), who voted against retailers' positions on interchange reforms (first against the Durbin Amendment and the second time for the repeal effort lead by Sen. Jon Tester (D-MT)), would assume the gavel of the Senate Banking Committee.

In the House, Jeb Hensarling (R-TX), the Chairman of the House Financial Services Committee, continues to be vocally opposed to the Durbin Amendment.

Any harmful action would likely run into stiff opposition from the White House where President Obama would likely exercise his veto authority over any bills that reached his desk that made anything more than technical changes to the Dodd-Frank Act.

-Joe Rinzel, Senior Vice President, Government Affairs

## Find the Good Life in North Dakota

Find the Good Life in North Dakota is a workforce recruitment campaign started by the North Dakota Economic Development Foundation. It is a private/public sector funded program designed to help solve the greatest challenge facing our business community: workforce development, recruitment and retention. The goal is to raise \$2.5 million which will fund a comprehensive two-year campaign starting in May 2014.

The Foundation development directors are currently visiting with businesses across the state to gain their support for this effort. Companies or individuals wishing to make a donation to the Find a Good Life Campaign should contact:

### Eastern ND - David Williamson

651-485-8101 davidwilliamson@baldwin-telecom.net

### Western ND - Terry Fleck

701-223-9768 tfleck@attitudedr.com

The campaign will use a variety of traditional, digital and non-traditional marketing tactics to reach each of the target audiences identified for this campaign

### Workforce Challenge

North Dakota has the best business climate in the country, which has fueled unprecedented growth across the state and led to a shortage of workers in virtually every industry and every corner of our state. As a result, our state's business community has identified the availability of a skilled workforce as their highest priority.

The need to recruit and retain a permanent workforce is evident in the following statistics:

- 25,000 jobs are currently open across North Dakota.
- Our state is expected to add 76,000 jobs between 2010 and 2020.

Healthcare, energy, manufacturing, transportation, public services, agriculture, tourism and retail all report significant workforce shortages.

The State's workforce needs are not just limited to the oil and gas industry.

- Over 60% of all current job openings exist outside the oil and gas counties.

The Fargo area has the most job openings in the state, followed by Bismarck.

### Target Audiences

The Foundation is developing a multi-faceted marketing campaign targeting:

- Job seekers in states with an available workforce with the skill sets we need in North Dakota and those with high under- and unemployment.
- Out-of-state people in S.T.E.M. (science, technology, engineering and math) related careers.
- Veterans and current military members who will soon be transitioning out of the military.
- College/trade school students.
- North Dakota residents who could recruit their friends and family to move here.
- Current in-state workers who may consider themselves temporary.

### Campaign Strategy

The campaign will use a variety of traditional, digital and non-traditional marketing tactics to reach each of the target audiences identified for this campaign. Our tactics will include:

- Using paid digital advertising to reach targeted job seekers in other states.
- Visiting military bases, job fairs and college campuses to promote North Dakota and the opportunities available.
- Targeted digital and traditional media in-state to encourage residents to invite their friends and families to move here.
- Educating new North Dakota residents and temporary workers to the benefits of making our state their home.

Media relations to increase awareness of the opportunities our state has and to enhance the image of North Dakota as an attractive place to live.



[www.findthegoodlifeinnorthdakota.com](http://www.findthegoodlifeinnorthdakota.com)

# North Dakota Retail Association



## Executive Committee

*Chairman*

**Jeffrey Hinz**

Kirkwood Ace Hardware

*Vice-Chairman*

**David Olig**

Southpointe Pharmacy

*Treasurer*

**Wayne Deery**

Newman Outdoor Advertising

*Secretary*

**Lisa Engelstad**

## Board of Directors

**Dennis Bense**

Scheels All Sports

**Tim Weippert**

Thrifty White Drug

**Jim Mellon**

Midway Lanes

**Mark Trottier**

Hair Concepts

**Jeff Eckroth**

Eckroth Music

**Erik Woehrmann**

CVS

**Richard Robinson**

Target

**Ryan Irsik**

Walmart

**Janine Eberhart**

Sears

North Dakota Retail Association

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Phone: 701-223-3370

[www.ndretail.org](http://www.ndretail.org)

Mike Rud, President

Mary Nagel, Executive Administrator

## Welcome New Board Member - Richard Robinson



My name is Richard Robinson. I am the Store Manager at Target in Bismarck ND. I have been in Big Box Retail for almost 30 years. I have held various positions including Store Manager, District Manager and Director of Retail Development.

I have been married to my wife Vicki for over 33 years. We have two adult children. Jessica the oldest is working for the State Library of North Dakota. My youngest Jared is working at a hospital in Cedar Rapids Iowa. Outside of work I really enjoy travel. I have been to over 30 countries around the world and plan on seeing a lot more.

It is a privilege to be part of the ND Retail Association and look forward to what we can do as a group to help develop and support Retail in North Dakota.



### **NDRA / NDPMA Board Meeting**

**July 21, 2015**

**Medora**

### **PAC Golf Scramble**

**July 22, 2015**

**Bully Pulpit - Medora**

### **Petroleum Expo**

**October 27 & 28, 2015**

**Ramada Plaza Suites - Fargo**

North Dakota Retail Association **Physical Address**

1014 E Central Avenue

Bismarck ND 58501