NWGA Lobby Team

Amanda Dalton, Legislative Director/Oregon  
Amanda@daltonadvocacy.com

Holly Chisa, Washington Lobbyist  
hollychisa@hpcadvocacy.com

Shawn Miller, Oregon Lobbyist  
Shawn@MillerPublicAffairs.com

John Watts, Idaho Lobbyist  
john@veritasadvisor.com
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Washington 2016 Legislative Profile

Governor: Jay Inslee (D) **Up for re-election in 2016

Legislative Majorities:
   Senate 26-23  Majority Coalition Caucus (25 Republicans, One Democrat) to 23 Democrats
   House 50-48  Democrat Majority

Senate Majority Leader – Senator Mark Schoesler (Majority Caucus Coalition, Republican)
Senate Democratic Leader – Senator Sharon Nelson
Speaker of the House – Representative Frank Chopp (Democrat)
House Majority Leader – Representative Pat Sullivan (Democrat)
House Republican Leader – Representative Dan Kristiansen

Washington 2016 Session Overview

The Senate and House majorities tightened more after a special election in the House in the fall of 2015. The Democrats in the House now control the majority by two votes; the Senate Republicans control the Senate by two votes through their Majority Caucus Coalition. The tension we have seen in previous sessions continued, with House Democrats and the Senate Majority Caucus Coalition unable to agree on most policy issues. This continual riff between the two chambers forced a special session, dragging out a 60-day session to 79 days.

When the initial 30-day session ended, the Governor, determined to poke at the Legislature for not passing a budget on time, vetoed 27 bills as punishment. During the special session, the Legislature passed a final budget, and also voted 27 times to override those vetoes.

All statewide elected offices, including the Governor and Lt Governor, are up for election this year. The entire House is also up for election, and half the Senate.

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**Wage & Hour**

**HB 1355 – Minimum Wage Increase**  
**NWGA Position:** No position taken  
**Status:** Died in Senate.

**Summary:** This legislation would have established a statewide minimum wage of $12 over 4 years, reaching $12 an hour minimum by 2019. The bill did not include a local preemption.

**Impact to Industry:** There were several, unofficial meetings on minimum wage during the interim and during the legislative session. No consensus was reached, with various business organizations taking opposing positions. Because there was no final agreement within the business community, Republicans were unwilling to move forward; and because organized labor is moving forward with an initiative, Democrats didn’t see the need to pass a bill.

**SB 6087 – Minimum Wage Increase**  
**NWGA Position:** NWGA testified in Support.  
**Status:** Died in Senate Commerce and Labor Committee.

**Summary:** The legislation would require employers that don’t provide health insurance to increase the minimum wage they pay to workers to $13 an hour by 2020. After 2020, wages would continue to increase as adjusted for inflation. The bill would also allow employers to take a credit against the minimum wage increases for providing sick leave to their employees. The bill also included a local preemption on all wage and hour laws.

**Impact to Industry:** The bill would have increased the minimum wage in Washington state for all employees, even those covered under a CBA. This bill offered a credit for other benefits offered – heath insurance, pension – to offset the increase in the minimum wage.

**Initiative 1433 – Minimum Wage**  
Filed by labor, the initiative provides both a statewide sick leave policy and a statewide minimum wage.

Minimum wage scale for all workers over 18:  
2017 – increases to $11 an hour  
2018 – increases to $11.50  
2019 – increases to $12  
2020 – increases to $13.50  
After 2020, adjusted for CPI

Sick leave begins in 2018. The accrual rate for sick leave is 1 hour for every 40 hours worked. Employees qualify for leave after 19 calendar days of working for an employer.
Leave may be taken for a specific list of reasons, including care of a family member, or for safe leave. Carry-over is limited to 40 hours per year, but it would appear additional hours could be accrued per year over the 40.

The initiative must have 246,372 signatures by July 8 to qualify for the November 2016 ballot.

**SB 6578 – Local Preemption**  
**NWGA Position:** Support with considerations  
**Status:** Died in Senate.

**Summary:** The legislation provided a statewide preemption for wage and hour laws in Washington state. It also repealed previously passed ordinances.

**Impact to Industry:** NWGA did testify in support of this legislation. While the bill was not perfect, it would have given us the opportunity to talk about the issues of multiple local ordinances on wage and hour law. The bill did not pass the Senate, however, it did provide an opportunity to talk with local governments about the conflicts among the ordinances. There was some willingness to talk about aligning the ordinances at least on the enforcement side for the cities. Those discussions will take place during the interim of 2016.

**HB 2307/SB 6149 – Accommodations for Pregnant Women**  
**NWGA Position:** Concerns  
**Status:** Did not pass the Legislature.

**Summary:** Created a new classification of the ‘unfair practice act’ for an employer that includes:

- Failure or refusal to make reasonable accommodation for an employee for pregnancy, childbirth, or a pregnancy-related health condition, including but not limited to, the need to express breast milk, unless the employer can demonstrate an undue hardship on the employer's program, enterprise, or business;
- Taking adverse action against an employee who requests or uses an accommodation; to deny employment opportunities to an otherwise qualified employee if the denial is based on the employer's need to make reasonable accommodation;
- Requiring an employee to take leave if another reasonable accommodation can be provided, unless she declines to accept the accommodation offered in lieu of taking leave; or
- Requiring an employee to accept an accommodation that she chooses not to accept.

Employers would also be required to: allow for time off to recover from childbirth; acquire or modify equipment or an employee's work station; provide for a temporary
transfer to a less strenuous or less hazardous position; provide assistance with manual labor; and modify work schedules.

**Impact to Industry:** This legislation would have significantly expanded current protections for pregnancy under the ADA and state law. While most employers already make accommodations for pregnancy at the work site, the requirement to provide “time off to recover from childbirth” with no specific timeline provided was very concerning.

**HB 2404 – Accommodations for Pregnant Women**

**NWGA Final Position:** Support

**Status:** Died in the House

**Summary:** This bill was the Republican version of the pregnancy accommodations legislation. The language was developed by the business community working with lawmakers from both parties. The bill created a more reasonable standard for employers in accommodations of pregnant women.

**Impact to Industry:** These bills attempted to address the problems of specific employers not making accommodations for pregnant workers. However, as most employers currently do provide accommodations for pregnancy, business supported a reasonable bill requiring accommodations working with the employee and their physician.

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**Budget and Taxes**

**HB 2376 – Supplemental Operating Budget**

**NWGA Final Position:** Support

**Status:** Signed into law.

**Effective date:** July 1, 2016

**Summary:** The final budget used existing funds and sweeps of various accounts to cover the budget shortfall; there were no tax increases.

**Impact to Industry:** The Senate continued to hold firm on any tax increases on business or the public. Because the House wanted additional funds for programs, and the Senate refused to move on that issue, the Legislature was pushed into a special session.

While this budget agreement was difficult to reach, the 2017 budget is expected to be even more difficult. The Washington State Supreme Court has ruled that the Legislature MUST increase funding to education, and that is expected to carry a $1 to $2 billion price tag. Those kinds of dollars can only be found by raising taxes, and it’s unclear how the House and Senate, with opposite parties in charge, will find a way to agree.
Retail Grocery

SB 6328/HB 2588 – Vapor Products
**NWGA Position:** Neutral on final passage
**Status:** Passed by the Legislature; not yet signed by the Governor

**Summary:** The legislation regulates e-cigarettes and vapor products in a similar method to tobacco products. Products are required to be kept in a restricted method in the store and inaccessible to minors without employee assistance. All laws and fees, including licensure, are preempted by state law.

**Impact to Industry:** The most significant impact to grocers is the increase in fees for tobacco licensure in Washington state. These fees have not been increased since the 1980’s, and will increase from $93 to $175 per store. A new vapor/tobacco combined license is created at $250 per store if the retailer choses to sell both vapor and tobacco products. In exchange for these increases, local governments are now preempted by state law. Grocers will be required to restrict access to vapor products in store and to provide customer assistance to access the products. This is, for the most part, current practice for retailers, and should not impact our members at all.

HB 2877/SB 6535 – SNAP
**NWGA Position:** Support
**Status:** Signed by the Governor.

**Effective Date:** The bill will affect SNAP benefit enrollees after February 1, 2017, and allow them to be enrolled for benefit use from the 11th to the 20th of the month.

**Summary:** Under current Washington law, SNAP enrollees are issued their benefits for the 1st through the 10th of each month. This creates a challenge for retailers, putting pressure on stock earlier in the month rather than distributing out those individuals more broadly throughout the month.

**Impact to Industry:** This legislation, lead by the Washington Food Industry Association, will allow the Department of Social and Health Services to issue dates out to the 20th of each month, more broadly spreading out the shopping dates for those on assistance. Funding is provided in the final budget agreement to help cover the cost of the computer and technical changes, at a total of $300,000.

Pharmacy

HB 2681 – Pharmacists Prescribing/Dispensing Contraceptives
**NWGA Position:** Neutral on the final language
**Status:** Signed by the Governor.

**Summary:** The bill originally would have authorized pharmacists to prescribe and dispense a specific list of contraceptives to patients over 18. The final bill adopted
requires the Pharmacy Quality Assurance Commission (formerly the Board of Pharmacy) to create a sticker to be placed at pharmacy sites with pharmacists that have drug therapy agreements to dispense contraceptives.

SB 5857 – PBM’s
NWGA Position: Support
Status: Signed by the Governor.
Effective date: The bulk of the legislation is effective June 9, 2016; the appeals process with the Office of the Insurance Commissioner will begin January 1, 2017.

Summary: PBM’s will now be licensed by the Office of the Insurance Commissioner (OIC). PBM’s are required to provide pharmacies with a pricing list that reflects where a price of a drug was available and used as a determination for how they would reimburse the retail pharmacy. All drugs on the list (redefined to expand beyond the MAC list) must be readily available for Washington pharmacies and their wholesalers. While all pharmacies may appeal a reimbursement price to a PBM, only pharmacies with less than 15 in-state locations may have their appeal upheld if they can prove that drug price is not available to them. Those specific pharmacies may also appeal to the Office of the Insurance Commissioner for a third-party review. PBM’s must respond to all appeals – regardless of the pharmacy’s size within 30 days.

Larger pharmacies (more than 15) may provide information about efforts to appeal pricing to a PBM to the Office of the Insurance Commissioner for data collection and for the study contained in the bill. That study must be returned to the Legislature by November 1, 2016, and review the pricing practices of the PBM’s and how retail pharmacies purchase their medications at wholesale. That study also includes a specific review of the appeal data provided by those pharmacies with more than 15 stores that are routinely reimbursed at below cost or have their appeals denied.

Impact to Industry: This legislation is the culmination of four years of work to improve the transparency of PBM’s in their pricing, reimbursement, and appeals process. Moving the regulation of the PBM’s to the OIC provides a significant level of transparency not currently present. While our members do not fit below the 15-store cap provided in the bill for appeals to the OIC, the bill specifically allows larger retailers to file information with the Commissioner about challenges larger pharmacy have had in getting fair reimbursement for drug costs. It also includes a study to specifically review the reimbursement rates to larger retailers, providing an opportunity for grocery store pharmacies to provide tangible examples of their frustration with getting reimbursed for the costs of prescriptions.
Liquor

**HB 2342- Performance of Personal Services**
**NWGA Position:** Opposed
**Status:** Died in the Senate

**Summary:** The bill would have allowed spirits manufacturers, importers, and distributors to provide services to retailers and customers in specific circumstances. The practice would have been allowed in all facilities with a retail spirits license except for grocery stores.

**Impact to Industry:** The concern with this bill was not the ability for some parts of the tier to provide merchandising and support to other parts of the tiers. The primary concern was that grocery stores were specifically excluded when the bill was introduced this session. The grocers worked with lawmakers and proponents to determine whether the industry could be included in the bill; however, those efforts were blocked.

**HB 2504- Reduction of Retail Spirits License Fee**
**NWGA Position:** Support
**Status:** Died in House Committee

**Summary:** The bill gradually lowered the 17% fee for all retailers’ sales of spirits to 5% over a four-year period beginning July 1, 2016.

**Impact to Industry:** Industry has argued that the fees on spirits are too high, and cite either the 17%, the 10%, or both, as being part of the issue. Grocers supported legislation to at least lower the 17% retail fee for all retailers to 5% in an attempt to lower fees on consumers. A decrease in the 17% for retail sales is supported by the former state-run and contract stores. Distributors and other members of the tiers opposed the language, asking for a more comprehensive review of all liquor taxes.

**SB 5880 - Human Trafficking Reporting Act**
**NWGA Position:** Oppose
**Status:** Died in the Senate

**Summary:** The legislation would have required retailers and grocery stores to train their employees on how to identify possible sex trafficking. All training would have to be completed within 60 days of the effective date of the act. The legislation was an attempt to provide broad training for workers in certain industries that are likely to see individuals who have been kidnapped into human trafficking – hotels, restaurants, bars and taverns, and retail stores. Unfortunately, at present time there is no available software/training programs on this subject for ready training of employees. These industries will continue
to work with the bill sponsor to see what training can be made in future years to better improve awareness for employees of human trafficking.

Impact to Industry: Likely would have resulted in additional paid training hours for employees.

Environment

HB 2545/SB 6440 – Toxics
NWGA Position: Support on final passage
Status: Signed by Governor
Effective date: Ban of the initial chemicals takes place July 1, 2017

Summary: Prohibits the use of TDCCP, TECP, decabromodiphenyl ether, HBCD, and additive TBBPA in children’s products or in upholstered furniture. The Department of Ecology and Department of Health are required to study an additional six chemicals to determine whether they should also be banned and provide a recommendation to the Legislature.

Impact to Industry: The banning of the four and a half chemicals should not impact the industry. These chemicals are not used in a significant way in retail products. The second list of six may be more impactful, but the study and rulemaking required to recommend a ban to the Legislature will provide the opportunity to study that impact more.

Carbon Tax

Initiative 732 – Carbon Tax
Status: The initiative has qualified for the November 2016 ballot.

Summary: Initiative 732 was submitted to the Legislature as an alternative to the cap and trade bill that was proposed in Washington. This initiative would establish a carbon tax, taxing fossil fuels and raising $1.7 billion annually from those sales. In exchange, the initiative proposes to cut the sales tax by 1%, and reduce the B&O tax on certain categories of manufacturing. Because it’s a tax on fossil fuels, there was broad opposition from the business community. Organized labor also opposed the proposal because it doesn’t raise new revenue for the state, and may potentially cost the state revenue because of the tax cuts it provides to B&O and sales tax.
Local Government

HB 2438 / SB6425 – Local Liquor Revenues
NWGA Position: Support
Status: Bills died in the House and Senate fiscal committees.

Summary: The bill would gradually return public safety funding to local governments from the Washington liquor revolving fund that was swept by the Legislature in 2012.

Impact to Industry: This bill has no financial impact to the retail grocery industry, but does have a significant positive impact to local governments. NWGA has long advocated for the return of funding from the liquor revolving fund to local law enforcement to improve law enforcement staffing ratios and response times. This would, in turn, help local grocers, who call law enforcement when shoplifting and other incidents occur in the stores, but do not get a timely response because law enforcement cannot take the call.
Oregon 2016 Legislative Profile

Governor: Kate Brown (D-Portland)

Legislative Majorities:
- Senate 18-12 Democrat Majority
- House 35-25 Democrat Majority

Senate President Peter Courtney (D-Salem)
Senate Majority Ginny Burdick (D-Portland)
Senate Minority Leader Ted Ferrioli (R-John Day)
Speaker of the House Tina Kotek (D-Portland)
House Majority Leader Jennifer Williamson (D-Portland)
House Minority Leader Mike McLane (R-Powell Butte)

Oregon 2016 Session Overview

The Oregon legislature convened for its regular short session on February 1, 2016 and adjourned on March 3, 2016, three days shy of the constitutional 35-day limit.

Politics

Democrats hold strong majorities in both chambers of the legislature with a 35-25 split in the House and an 18-12 split in the Senate, which allowed them more opportunity to pass legislation on behalf of their constituencies. This included legislation to increase the minimum wage, mandate renewable energy and to allow cities to require affordable housing.

When annual sessions were referred to the voters and the short 35-day session was voted into the Constitution—it was “sold” as a way to make adjustments to the 2-year budget and fix legislation that they passed in the long 160-day session the year before. That theory has eroded. The short session has turned into an election-year political tool used to quickly pass big pieces of legislation with threats of worse initiatives looming over Oregonians at the ballot box. Unions and environmental groups are partnering with the democratic majorities and imposing this strategy successfully in the short session—passing groundbreaking legislation.

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Senate Bill 1532 – Minimum Wage
NWGA Position: OPPOSE
Status: Passed legislature, signed by the Governor
Effective Date: July 1, 2016

Summary: Senate Bill 1532 raises the minimum wage according to the following schedule.

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Region 1: Malheur, Lake, Harney, Wheeler, Sherman, Gilliam, Wallowa, Grant, Jefferson, Baker, Union, Crook, Klamath, Douglas, Coos, Curry, Umatilla, Morrow

Region 2: Benton, Clackamas, Clatsop, Columbia, Deschutes, Hood River, Jackson, Josephine, Lane, Lincoln, Linn, Marion, Multnomah, Polk, Tillamook, Wasco, Washington, Yamhill

Region 3: Metro Area UGB
Background: Pressure mounted during the 2015 session with over 10 bills attempting to raise the minimum wage. After weeks of public hearings, none of the bills advanced. However, an interim work group was convened to continue the discussion for the 2016 short session, chaired by Sen. Michael Dembrow, D-Portland and Rep. Paul Holvey, D-Eugene.

During this period, unions were building a strong initiative effort to counter the $15 now campaign to raise the minimum wage to $13.50 and lift the preemption on local minimum wages. Although the $15 minimum wage initiative had little chance of passing, the $13.50 and preemption efforts had a good chance of passing in the November general election.

NWGA reached out to Governor Brown and legislative leadership in October of 2016 to initiate negotiations between business and labor. President Courtney and Governor Brown, convinced that the minimum wage initiative would pass, asked business and labor to convene negotiations. Governor Brown led the effort with 4 business representatives and 4 labor representatives. NWGA President Joe Gilliam chaired the business effort and was successful in preserving the preemption on local minimum wages and negotiating a longer and smoother wage transition for Oregon businesses. In the end, NWGA could not get agreement from labor and Democrat leadership on one major component—allowing for a rebate for training new employees. Although the employee training rebate
did not get included in the package, labor did agree to explore the issue for the 2017 legislative session.

**Budget & Taxes**

**Gross Receipts Tax**
While there was limited discussion during the February Legislative Session on an alternative to Initiative Petition 28, talks are on-going about a possible special session and modified and reduced tax proposal. IP 28, is a 2.5 percent gross receipts tax which raises $5 billion per biennium, and is expected to be Oregon’s most expensive initiative battle between business and labor in Oregon history.

*See information sheet (page 17 and 18).*

**Retail Grocery**

**House Bill 4089— Corrugated Cardboard Pallets**
**NWGA Position:** OPPOSE  
**Status:** DIED in the House Transportation and Economic Development Committee

**Summary:** As drafted HB 4089 was a purchasing preference for corrugated pallets vs. wooden pallets. NWGA was very concerned about the precedent this bill sets for those entities doing procurement with the State and for private business in future legislative sessions.

**Impact to Industry:** Would have removed decision making out of private supply chain.

**House Bill 4122— Genetically Engineered Fish**
**NWGA Position:** OPPOSE  
**Status:** Passed House, DIED in the Senate Health Care Committee

**Summary:** House Bill 4122 requires labeling of all genetically engineered fish offered for retail sale with the words “Produced with Genetic Engineering” and grants rule making authority to the Department of Agriculture. NWGA was successful in referring the bill to the Senate Health Care Committee as opposed to other unfavorable Senate Committees and Senator Monnes Anderson held a brief hearing and then gavelled out without advancing the bill.

**Impact to Industry:** HB 4122 would have created a bad precedent for labeling GE foods prior to FDA action.
**Pharmacy**

**House Bill 4017 – Board of Pharmacy Auto Refill Rule Delay**

**NWGA Position:** SUPPORT amendment  
**Status:** Amendment was not adopted but it forced Board of Pharmacy to delay auto refill rules until March 1, 2017

**Summary:** In response to administrative rules adopted by the Board of Pharmacy that would have required patient notification for auto refills, NWGA pushed an amendment to HB 4017 to delay the implementation of those rules, which were set to go into effect on July 1, 2016.

Prescription auto refill programs are a vital tool to assist pharmacists in their efforts to improve patient medication compliance and adherence. Thousands of patients across the state rely upon Auto-refill programs to ensure they do not run out of their medication, simply because they forgot to contact the pharmacy. In addition, auto-refill programs can assist in notifying practitioners when the patient is requesting a refill that may require additional authorization. The advanced notification can facilitate the scheduling of an appointment, and ensure the patient maintains access to his/her drug therapy.

Changes under division 041, more specifically section 855-041-1120, which relates to prescription refills, “Authorization for each prescription refill by a patient or patient’s agent is received before the pharmacy begins the filling process…” These changes were set to go into effect on July 1, 2016, and essentially remove the option for pharmacies to effectively operate an auto-refill program, since an authorization will be required before processing each individual refill. In order to comply, pharmacies will be forced to deactivate their existing auto-refill programs, which will have an impact on patient care.

The legislature forced the delay in implementation to March 1, 2017 to allow pharmacies to continue to work with the Board of Pharmacy and develop another approach that will not remove the benefits of this important adherence tool.

The Board of Pharmacy has agreed to reconvene a work group in the interim to discuss options.

**Impact to Industry:** Patient notification will force pharmacies to either invest in expensive notification options or shut down existing auto refill programs.

**House Bill 4105 – Biosimilar Substitution**

**NWGA Position:** Neutral  
**Status:** Passed legislature, signed by the Governor  
**Summary:** HB 4105 represents national model language that was agreed to by manufactures and chain pharmacies (already adopted in WA, CA and Utah). The key provision for NWGA in satisfying prescriber notification is the entry in "a pharmacy benefit management system.” This provision got NWGA to neutral along with the
inclusion of a sunset.

**Background:** In 2010, The Biologics Price Competition and Innovation Act (BPCIA) authorized the FDA to develop an approval pathway for biosimilars in the U.S. The FDA pathway will classify some biosimilars as “interchangeable” — meaning (1) the substitute is expected to produce the same clinical result as the brand biologic, and (2) switching between the brand and the biosimilar carries neither health risk nor decreased efficacy. Once the FDA develops this regulatory pathway for biosimilars and interchangeable biosimilars, then states will have the information needed to make informed decisions.

Legislation in 2013 and 2015 was opposed vigorously by pharmacies, health plans and pharmacy benefit managers because it impeded or limited biosimilar substitution due to an onerous provision in the bill that required physician notification provision to substitute a biologic with a biosimilar.

Following the 2015 session, pharmacies and manufacturers agreed to National model language in Oregon, which eliminates the onerous physician notification in earlier bills.

**Impact to Industry:** Physician notification is satisfied upon entry into the PBM system so impact has been minimized within the current system.

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**Liquor**

**House Bill 4026—Replacement Liquor Tax**

**NWGA Position:** OPPOSE

**Status:** DIED in the House Revenue Committee

**Summary:** House Bill 4026 was introduced by Representative Barnhart because of concerns over Initiative Petition 71 and the loss of liquor revenue when liquor privatization passes in the November election. NWGA argued that the short session was premature to pass a tax on liquor before the election and that the legislature has the ability to pass a replacement tax during the 2017 legislative session.

**Background:** Oregon distilled spirits generated $435 million in the 2013-15 biennium, of which $247 million went into the state general fund, $170 million was split among cities and counties and $17 million was allocated to mental health and addiction treatment services.

**Impact to Industry:** Passage of HB 4026 during the 2016 short session would have jeopardized campaign efforts on IP 71.
Tobacco

Senate Bill 1559—Tobacco Retail Licensing
NWGA Position: SUPPORT
Status: Passed Ways and Means Committee and DIED in the Senate

Summary: Senate Bill 1559 created a statewide tobacco licensing program which would have preempted all local licensing programs as well as restrictions on pharmacy and location tobacco bans.

Background: Following the 2015 legislative session and failure to adopt a statewide tobacco license, Multnomah County moved ahead with their own license affecting 46 NWGA member retail locations. NWGA respectfully opposed the County creating a tobacco licensing program and instead would support working with Multnomah County and the State Legislature on a statewide tobacco licensing program that accomplishes the goal of reducing teens access to tobacco and nicotine products.

Multnomah County adopted the ordinance but waited to implement and adopt rules until after the 2016 session to see if a statewide system could be passed. NWGA worked with Senator Monnes Anderson, Chair of the Senate Health Care Committee and Senator Steiner Hayward to craft legislation similar to Multnomah County’s ordinance with reasonable preemption language that protected our stores from local governments prohibiting licenses to businesses within 1,000 feet of a school and prohibiting licenses issued to pharmacies that sell tobacco and nicotine products.

On the final days of the session, SB 1559 was unfortunately traded with Senate Republicans for procedural rule suspension to sine die.

Impact to Industry: Potential patchwork of local tobacco licenses. NWGA is participating in Multnomah County’s ordinance as well as their rule advisory committee and will craft policy that can be promoted in other jurisdictions to keep consistency and avoid a patchwork across Oregon.

An initiative proposed for the November 2016 statewide ballot would impose $5 Billion in new taxes on the sales of products and services that Oregonians buy every day.

Oregon consumers, as well as small businesses, should be very concerned about this costly and damaging proposal. IP28 would create huge new taxes on many products sold in Oregon, as well as on services provided by Oregon employers, even if those services are sold around the world.

The non-partisan Legislative Revenue Office has estimated that IP28 would increase taxes by more than $5 Billion per two-year budget cycle – by far the largest tax increase in our state’s history.

Despite proponents’ claims, this unprecedented new tax would increase costs for working families and consumers and would hurt businesses in our state without any guarantee the money would make it into our classrooms or help our schools. That’s because all of the money from this measure goes to the General Fund with no plan and no accountability for how IP28’s billions in new taxes would be spent.

Proponents of this new tax want voters to believe that it would be paid by large, out-of-state corporations – but ultimately the costs of this proposal, if passed, would fall on Oregon consumers, as well as Oregon small and medium-sized businesses, in the form of higher prices for almost everything we buy. The new tax would be applied to Oregon sales of many products and services including food, electricity, insurance, health care, medicine, gasoline and other essentials.

Editorial: Beware of sales tax lurking in disguise

“The backers of Initiative Petition 28 in Oregon are looking to impose something akin to a stealth sales tax. Registered voters should be very cautious… [the measure] could cost them and the state’s economy more than they expect.”

—Portland Tribune, 11/12/15

[continued]

www.DefeatTheTaxOnOregonSales.com
Because this would be a new tax on gross sales – not profits – businesses would be required to pay the tax on their total revenues, regardless of whether they make a large profit, a small profit, or no profit at all. That would mean that many employers would have to raise prices or cut jobs, or both.

For many products sold in Oregon, this measure would add a new tax at each step in the production process.

**Editorial: New biz tax would raise prices, erode job creation**

“[IP28's] supporters would like voters to believe that only big corporations would be affected by the tax, but this isn’t true. Smaller businesses would pay more for the goods and services they bought from big corporations that paid the tax. And to the degree that they could, businesses of all sizes would simply pass along the additional cost to consumers.”

—The Oregonian, 1/27/16

By the time an Oregon product goes from a manufacturer to a distributor and then to a retailer in the state, it may have been taxed multiple times before finally reaching the consumer. This type of “tax on a tax” would make Oregon products more expensive, and would make Oregon companies less competitive.

So what does IP28 mean for small businesses and consumers? It means higher costs for Oregon products and services, as well as damaging economic impacts that could threaten the recent economic improvements that we have worked so hard to achieve.

**DEFEAT THE TAX ON OREGON SALES**

**INDIVIDUAL COALITION MEMBER FORM**

I am **opposed** to the new $5 Billion tax increase on Oregon sales proposed for the November 2016 statewide ballot. This costly and damaging proposal would harm our economy and increase prices for products and services that Oregonians buy every day. You may list me publicly as a member of the growing coalition of Oregon consumers, taxpayers, small and large businesses, and organizations who are coming together to oppose this harmful initiative.

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*Titles and affiliations are for identification purposes only and will be indicated as such on any published lists.

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Idaho 2016 Legislative Profile

Governor: C.L. “Butch” Otter (R)

Legislative Majorities:
Senate 28-7 Republican Majority
House 56-14 Republican Majority

Legislative Leadership:
Senate President Pro Tem: Brent Hill (R-Rexburg)
Senate Majority Leader: Bart Davis (R-Idaho Falls)
Senate Minority Leader: Michelle Stennett (D-Ketchum)
Speaker of the House: Scott Bedke (R-Oakley)
House Majority Leader: Mike Moyle (R-Star)
House Minority Leader: John Rusche (D-Lewiston)

Idaho 2016 Session Overview

It was a busy session for the Idaho legislature in 2016 with the highest volume of bills acted upon in a number of years. At Sine Die after seventy-five (75) days, 831 pieces of legislation had been prepared, 557 introduced, and 379 bills were passed by both houses.

NWGA supported offensive legislation relating to minimum wage authority and auxiliary containers (plastic bags), both of which will remain regulated at the state level not local.

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H0400 - Minimum Wage
NWGA Position: Monitor
Status: Died in House Ways and Means

Summary: This proposed legislation would have increased the minimum wage from the current federal minimum wage of $7.25 per hour to $8.25 per hour on July 1, 2016, and to $9.25 on July 1, 2017. The current tiered wage structure for tipped and seasonal employees is maintained. Wages for tipped employees will increase from $3.35 per hour to $3.80 per hour on July 1, 2016; and to $4.25 on July 1, 2017. Wages for seasonal employees will increase from $4.25 per hour to $4.70 per hour on July 1, 2016; and to $5.35 per hour on July 1, 2017. The time period for payment of the seasonal minimum wage is reduced from the current 90 days to 30 days, after which the employee will be compensated at the regular minimum wage level.

H0463: Minimum Wage Preemption
NWGA Position: Support
Status: Became Law without Governor’s signature
Effective Date: 7/01/16

Summary: Statewide local preemption prohibits local governments from setting minimum wage levels different than the statewide statutory levels.

Impact to Industry: This bill provides uniform wage regulation across the state.

Taxes

H0353 - Income Tax Withholding
NWGA Position: Monitor
Status: Signed by Governor
Effective Date: 01/01/2017

Summary: This legislation allows for certain employers that only pay employees monthly to file and pay income tax withholdings on a monthly basis instead of twice a month under current law.

Impact to Industry: This bill may have positive effect on some administrative and bookkeeping operations changing the frequency of submitting employee withholdings to once a month instead of twice.

H0633 - Taxation Policies
NWGA Position: Monitor
Status: Held in the House
Summary: This bill expanded the definition of state tax nexus by requiring retailers with a presence in Idaho selling something remotely, with an affiliate, or associates in Idaho to collect and submit a sales tax as well as reduce corporate and individual income tax rate by 0.1 percent.

H0352 - Employer Income Tax Reports
NWGA Position: Monitor
Status: Signed by Governor
Effective Date: 7/01/16

Summary: This legislation shifts the deadline for employers to transmit employee wage and withholding (W-2) information to the State Tax Commission from February 28 to January 31. The federal government is moving the W-2 submission deadline forward as well and allows for a one-time 30-day extension. The Idaho law does not provide any extension.

Retail Grocery

H0372 - Plastic Bags
NWGA Position: Support
Status: Signed by Governor
Effective Date: 7/01/16

Summary: The bill requires that any regulation or taxation of auxiliary containers (plastic bags) be done by the legislature, not by individual local governments.

Impact to Industry: This statewide local preemption guarantees uniformity across the state and eliminates possible local voter initiatives seeking to regulate or ban plastic bags.

Pharmacy

H0338 - Legend Drug Possession
NWGA Position: Monitor
Status: Signed by Governor
Effective Date: 7/01/16

Summary: This bill expands eligible individuals allowed to possess legend drugs to include midwives, licensed pursuant to Section 54-5507, Idaho Code. The authority is limited to formulary drugs consistent with the rules by the Idaho Board of Midwifery, and home health or hospice agencies possessing emergency kits pursuant to the rules of the State Board of Pharmacy.

Impact to Industry: There should be no significant impact to in store pharmacies. Staff will need to be aware midwives are allowed to obtain and possess legend drugs.
H0339 - Controlled Substance Storage
NWGA Position: Monitor
Status: Signed by Governor
Effective Date: 7/01/16

Summary: This bill aligns storage security requirements for controlled substances with federal law by requiring the secured storage of controlled substances.

Impact to Industry: There should be minor impact to the industry, as simply aligned with federal law.

H0374 - Controlled Substance Prescription Database
NWGA Position: Monitor
Status: Signed by Governor
Effective Date: 7/01/16

Summary: The purpose of this legislation is to authorize certain supervised individuals (delegates) to access the Prescription Monitoring Program (PMP) database; to limit the number of delegates to be supervised; and to require Board of Pharmacy registration by each delegate.

Impact to Industry: Pharmacists and practitioners must choose up to four delegates to have access to their database. Pharmacists will be required to submit online registration and approval of delegates online. The Board will review and approve those delegates. There will be no change to the current database.

S1294 – Immunizations – 6 years or older
NWGA Position: Support
Status: Signed by Governor
Effective Date: 7/01/16

Summary: This legislation changes the age a pharmacist can prescribe and administer immunizations to persons 6 or older.

Impact to Industry: This law will increase the number of children eligible to receive immunizations from store pharmacists.

H0483 - Physician Notification
NWGA Position: Neutral/ Support sunset clause
Status: Signed by Governor
Effective Date: 7/1/2016
Summary: The purpose of this legislation is to allow for communication to a prescriber in the event a pharmacist makes a substitution of a biosimilar medication. The legislation allows for a ten-year sunset provision clause.

Impact to Industry: The legislation allows entry of biosimilar substitution data into an established database as an alternative to manual or telephonic notification. The ten-year sunset allows the opportunity to revisit this issue to address procedural complications if they arise.

S1322 - Epinephrine auto-injectors prescription
NWGA Position: Monitor
Status: Signed by Governor
Effective Date: 7/1/2016

Summary: The purpose of this legislation is to (i) authorize certain entities to voluntarily maintain a supply of epinephrine auto-injectors for the treatment of life threatening allergic reactions, (ii) provide requirements for training of agents of authorized entities who may administer epinephrine auto-injectors, (iii) provide protection from civil liability for entities, agents and health care practitioners when administering an epinephrine auto-injector in good faith, (iv) amend the pharmacy practice act to allow authorized entities to stock epinephrine, and (v) allow pharmacists the ability to prescribe epinephrine auto-injectors in certain circumstances.

Impact to Industry: Allows retail pharmacists the ability to prescribe epinephrine auto-injectors.

Tobacco

H0498- Electronic Cigarettes
NWGA Position: Monitor
Status: Held in Senate State Affairs Committee

Summary: This bill adds the sales and distribution of e-cigarettes to the existing no-cost registration process run by the Department of Health and Welfare for tobacco retailers. Also required posting of state issued warning signs.

H0376 - Cigarette Taxes and Bonding
NWGA Position: Monitor
Status: Signed by Governor
Effective Date: 7/01/2016

Summary: This legislation modifies bonding requirements for a new permit to become a cigarette wholesaler. The existing $1,000 bond requirement is deleted and instead the applicant may: (1) pay the greater of twice the estimated average (monthly) tax liability for the reporting period (bond) or (2) pay for the value of stamps in inventory and on order (bond) or (3) pay the full value of stamps in advance and request a bond waiver.
**Impact to Industry:** Wholesalers who have a waiver from the bond requirement in place, or have an active wholesaler bond in place, will not be subject to the new requirements.

**Environment**

S1244 - Underground Storage Tanks  
**NWGA Position:** Monitor  
**Status:** Signed by Governor  
**Effective Date:** 01/02/2018

**Summary:** This legislation authorizes the Department of Environmental Quality (DEQ) to collect fees to supplement remaining federal grant dollars and state matching funds to pay for Idaho's current Underground Storage Tank (UST) monitoring program. The program costs $700,000 to maintain, federal funds are expected to reduce to $250,000 and state general fund support to stay at $150,000. DEQ needs approximately $300,000 to continue the program. A fee of $100 per tank will be assessed to support the existing program.

**Impact to Industry:** An annual fee of $100 per tank will be charged in order to supplement the state primacy program.

**Transportation**

S1229 - Motor Vehicles  
**NWGA Position:** Support  
**Status:** Signed by Governor  
**Effective Date:** 07/01/2016

**Summary:** This legislation allows 129,000 pound trucks to operate on federal interstate highways in Idaho. This bill is a result of the federal omnibus budget bill allowing any state to join the federal 129,000 pound truck pilot test group-of-states if authorized by a State Legislature. The legislation designates all interstate highways in Idaho as 129,000 eligible segments to be managed as “designated routes.”

**Impact to Industry:** This legislation has a positive impact on the industry by allowing heavier trucks onto the interstate highways instead of taking longer alternate routes or more frequent smaller/lighter loads.
Public Safety

S1389- Concealed Weapons Permit
NWGA Position: Monitor
Status: Signed by Governor
Effective Date: 07/01/2016

Summary: This bill extends to citizens the authority to carry a concealed weapon within any city limit in Idaho similar to existing law allowing them to carry in any county.

Impact to Industry: Retail stores allowed to regulate carrying concealed weapons on premises. No requirement or duty to post signage.