A CUP IN HAND
AND EYES ON THE
CAPITOL: A BRIEF
SUMMARY OF 2019
ABOVE: ROBERT S. VESSEY, SOUTH DAKOTA’S 7TH GOVERNOR, WAS AMONG THE FOUNDING MERCHANTS OF THE SOUTH DAKOTA RETAILERS ASSOCIATION IN 1897. HIS STATUE IS PLACED IN FRONT OF THE RETAILERS PLAZA AND IS PART OF THE SOUTH DAKOTA TRAIL OF GOVERNORS.
It has been a strong year for your association, even as the retail environment continues to present numerous challenges. We continue to have almost 4,000 members in 160 different business categories. Our Human Resources attorney remains a popular free service, and we provide credit card processing for more than 900 businesses. In 2019 we presented almost $10,000 in scholarships to emerging entrepreneurs and enjoyed a very successful legislative session.

We have undertaken a number of changes. Membership and Services Director Seanna Regynski transferred our Association to a new member database, which offers a host of advantages, including auto-renewal for members. Communications Coordinator Shuree Mortenson revamped our publications, including the Retail Prophet and social media accounts. Finance Officer Brenda Paul led a review of our budget reserves, which resulted in a more strategic approach to our already strong financial position – helping to keep your membership dues low. Card Services Coordinator Carrie Wheelhouse remains our resident expert on all things credit card-related; be sure to ask her to review your latest statement – she has provided a free consultation for hundreds of members and helped save them money.

Policy Director Donna Leslie researched and wrote an astonishing number of informative articles for the Retail Prophet and continues to serve as our in-house expert on taxes, alcohol laws, the legislative process, workers’ compensation, and many other issues. Training Program Coordinator Tammy Harmon improved our service in the ServSafe program and is preparing to launch a new training program in 2020. And our Regional Representatives – Karin Hansen, LuAnn Hasbrouck, Tiffany Langer and Kelley Van Lith – brought on more than 400 new members this year.

Your legislative team had a remarkably successful 2019 legislative session where we kept property taxes low, regulations reasonable, and defended your right to determine what happens on your property. We also continue to ensure that Main Street Fairness is implemented fully and fairly.

We enjoyed a strong year in 2019, but there’s a lot more to come. We’re continuing to grow our member base, investigate ways to help businesses navigate an incredibly volatile retail environment, and advocate on your behalf in the Capitol. Look for our fresh new look in your local newspaper, on television, and in print even more often in 2020. It’s an exciting time for us to serve retail, restaurants, hospitality, grocery, and trades in South Dakota. If we can be of service, give us a call at (605) 224-5050!

- Nathan Sanderson
2019 OFFICERS

PRESIDENT OF THE BOARD
Terry Van De Walle • WR Hospitality, Sioux Falls

PRESIDENT-ELECT
RF Buche • Buche Foods, Wagner

SECRETARY-TREASURER
Steve Beck • Beck Motor Company, Pierre

PAST PRESIDENT
Gary Cammack • Cammack Ranch Supply, Union Center

2019 BOARD OF DIRECTORS
Travis Anderberg • Miller Rexall Drug, Miller
Shane Conger • Hy-Vee, Watertown
Sean Dempsey • Dempsey's Brewery & Restaurant, Watertown
Brett Hanson • Tri State Building Center, Sisseton
Jason Harms • Harms Oil Co., Brookings
Sarah Hustead • Wall Drug, Wall
Debra Jensen • Black Hills Bagels, Rapid City
Clancy Kingsbury • Who's Hobby House, Rapid City
Lori Lang • Dark Canyon Coffee, Rapid City
Scott McMacken • Papa John’s, Brookings
DeLon Mork • Dairy Queen, Madison
Dick Murphy • Mrs. Murphy’s Irish Gifts, Sioux Falls
Kevin Nyberg • Nyberg’s Ace, Sioux Falls
Jason Parker • 1481 Grille, Arlington
Susan Peterson • Scott Peterson Motors, Belle Fourche
Eric Sinclair • Montgomery’s Furniture, Sioux Falls

SELECTING BOARD MEMBERS
The President, President-Elect, Past President and Executive Director develop a list of potential board members. They look for successful business people who are active in their communities and have an interest in public policy matters. We also aim for geographic balance and a mixture of business types. The membership votes on the list of nominees at the Annual Meeting in January.

SDRA’S BOARD OF DIRECTORS:
• Sets general policies
• Oversees the budget
• Establishes goals and objectives
• Determines legislative positions
• Implements membership services
• Meets three times annually
I was extremely honored to serve as the 2019 President of the Board of Directors for SDRA. I have had the privilege of serving on the South Dakota Retailers Association Board for the last ten years and I am very grateful for the opportunity to represent my company and the hospitality industry.

I can’t help but mention that your very own South Dakota Retailers Association is one of the largest, oldest and most highly respected retail organizations in the country. We have a highly qualified and accomplished volunteer board who are committed to serving the SDRA mission of helping retail and small business in South Dakota.

We have a skilled, capable and dedicated staff who are here to help you and to answer questions you may have concerning retail sales or service, food service certification, labor or compliance issues, or a host of other relevant topics so please do not hesitate to contact them. We offer a great list of services to our members and having free access to the Jackson Lewis labor law firm is worth the cost of membership alone, in my humble opinion. Visit sdra.org to view the newly revised SDRA website. We are always striving to improve our services to you.

This year, there were many new legislators to work with during the legislative session and some very interesting legislative proposals to process. SDRA “kept up the good fight” as the voice of reason for small business, retail, and hospitality in South Dakota.

Thank you all again for this opportunity. A special thanks to the board of directors who strive to give back to their industry and community each day.

- Terry Van De Walle

From left: New board President Terry Van De Walle accepting the gavel from Past President Gary Cammack at the 2019 Annual Meeting.

SDRA BY THE NUMBERS

Nearly 4,000 members strong!

426 new members in 2019

122 years old, one of the oldest and largest state retail associations in the nation.

DIVERSE MEMBERSHIP:

Over 160 business categories.

Representing everything from Mom & Pop shops to large multi-unit businesses.

One of the most influential state retail associations nationwide.

TOP INDUSTRY CATEGORIES:

<table>
<thead>
<tr>
<th>Industry</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restaurants</td>
<td>634</td>
</tr>
<tr>
<td>Convenience Stores/Car Washes</td>
<td>241</td>
</tr>
<tr>
<td>Auto Parts/Repair/Service</td>
<td>175</td>
</tr>
<tr>
<td>Hotels/Motels</td>
<td>152</td>
</tr>
<tr>
<td>Grocery Stores</td>
<td>130</td>
</tr>
<tr>
<td>Bars</td>
<td>117</td>
</tr>
<tr>
<td>Insurance Agencies</td>
<td>93</td>
</tr>
<tr>
<td>Clothing/Boutiques</td>
<td>80</td>
</tr>
<tr>
<td>Pharmacies</td>
<td>70</td>
</tr>
<tr>
<td>Associations/Foundations</td>
<td>69</td>
</tr>
<tr>
<td>Doctors/Clinics</td>
<td>55</td>
</tr>
<tr>
<td>Building Materials/Supplies/Glass</td>
<td>51</td>
</tr>
<tr>
<td>Coffee Shops</td>
<td>51</td>
</tr>
</tbody>
</table>
IN 2019, WE HAD AN EXCEPTIONAL LEGISLATIVE SESSION!

Of the 460 bills legislators introduced, we were engaged with 180. That’s 38% of all of the bills and joint resolutions introduced.

We helped pass the bills we wanted to pass, killed the bills we didn’t like, and in the very rare instances when something we didn’t really like managed to get through, we amended it to the point where our objections were minimal.

Our team killed a bill that would require all foodservice establishments to display a QR code outside of their business directing users to the Department of Health inspection ratings. We prevented a capital outlay tax increase that would have cost our members and we continued to push for Main Street fairness from online retailers.

Our advocacy also extends beyond the legislature. Last fall, we began working to increase lodging and meal reimbursement rates for state employees. Beginning July 1, nightly lodging rates for state employees increased to $75 per night year-round, and the daily meal per diem increased to $40. Prior to this change, “state rates” for lodging were just $55 per night nine months of the year, and $70 per night for the remaining three. Daily meal per diems were only $32. Working with the state Board of Finance, the legislature, the Governor’s office, and other partners, we helped get funding to more adequately compensate our members serving state employees.

SDRA’S LEGISLATIVE TEAM

Executive Director Nathan Sanderson had a successful inaugural session with the Association. SDRA contract lobbyist Jim Hood joined the efforts again in 2019. Hood is a retired attorney from Spearfish and a former Speaker of the House, and has served as a lobbyist for SDRA for 20 years. He and veteran lobbyist Bill Van Camp, an attorney from Pierre, both assisted Sanderson.

While the lobbying team is at the Capitol, Policy Director Donna Leslie and Training Program Coordinator Tammy Harmon are back at the office monitoring committee and floor action online, producing weekly Legislative Bulletins and compiling voting records for each legislator.
Advocacy is our top priority. Whether pushing to keep South Dakota a business-friendly state, blocking new taxes or regulations, or ensuring that our state’s policy-making process is not undermined, our experienced team’s primary focus is working on behalf of business.

TRAVELS TO WASHINGTON, DC
In May, Executive Director Nathan Sanderson, Board President Terry Van De Walle and Communications Coordinator Shuree Mortenson traveled to Washington, DC to meet with the South Dakota Congressional delegation, and SDRA’s national retail and restaurant partners.

“There’s a lot that happens in DC that affects businesses – particularly with respect to taxes and regulations – so it’s important that the South Dakota Retailers Association enjoys a great relationship with our Congressional delegation.” - Nathan Sanderson

When South Dakota has just three representatives out of 535 members of Congress, it’s nice to know we can pick up the phone, type an email, or send a text message and they’ll respond. In the Washington Watch section of the Retail Prophet Magazine, you can read more about the various bills our delegation is working on to improve depreciation schedules, reduce robocalls, clarify employee classifications, and more.

Below are a few of the topics we discussed with our delegation and national partners:

**Telephone Robocall Abuse Criminal Enforcement and Deterrence (TRACED) Act | S.151 and H.R. 1602:** The bill seeks to prevent illegal robocall scams and other intentional violations of the Telephone Consumer Protection Act.

**Retail Glitch | S. 803 and H.R. 1869:** Despite lawmakers’ efforts to simplify the tax code and alleviate tax burdens on Main Street businesses, a provision in the bill that was intended by Congress to help retailers invest in their businesses could end up harming them if not fixed.

**New Economy Works to Guarantee Independence and Grown (NEW GIG) Act | S.700:** With a growing demand for “gig” opportunities, our members want to make sure they have all the facts - and are classifying their workers correctly.

**Small Business Tax Fairness and Compliance Simplification Act | H.R. 1349:** This bill expands the tax credit for employee cash tips to include beauty service establishments.
RETAIL PROPHET
SDRA's bimonthly magazine is sent right to your door and inbox five times a year. This piece is FULL of useful business information from tax resources, hot topic Q&As, employment law questions, and workforce development tips.

WHAT TO LOOK FOR IN 2020:
• A sixth issue, February/March
• An expanded municipal tax section
• More stories featuring all of YOU

LEGISLATIVE BULLETIN
Five issues of the Legislative Bulletin hit your mailbox and inbox during the Legislative Session in 2019. The Bulletins keep you in the loop on retail issues being debated by the Legislature. New in 2020: Legislative Bulletin will be exclusively online!

WEBSITE REFRESHED
The SDRA team worked hard in 2019 to refresh our online presence and it turned out great (if we do say so ourselves). Enjoy an interactive, user-friendly website, including video of member businesses from across the state on our homepage.

BEHIND THE SCENES
In addition to the new sdra.org, the membership database transitioned as well, with benefits including auto-renewal, easy event registration and a simplified email system!

YOU’VE GOT MAIL!
You may have noticed, you hear from us more often. We want to stay in touch and make sure if there is something going on in the business world - you know about it. Make sure you mark sdra.org as a safe sender, so you don't miss any of these informational updates.

SDRA Average Open Rate 25%
SDRA Average Click Rate 11%
(4X greater than the national average!)
HEARING FROM STATE LEADERS

The briefing kicked off with Gov. Kristi Noem providing an overview of key issues the state is facing.

Attendees also heard presentations from Senate President Pro Tempore Brock Greenfield (R-Clark), and House Minority Leader Jamie Smith (D-Sioux Falls), who discussed issues to be considered during the 2019 legislative session.

SDRA Executive Director Nathan Sanderson and contract lobbyists Jim Hood and Bill Van Camp explained some of the proposals the Association expected to surface in 2019. Among the issues discussed at the briefing were proposals regarding changes in alcohol laws, unemployment insurance, sales tax, consumer privacy and workers’ compensation.

MAKING CONNECTIONS

The briefing was followed by a dinner attended by more than 300 SDRA members, legislators, state constitutional officers, cabinet secretaries, and SDRA service providers. The evening gave retailers an opportunity to get acquainted with their legislators. It also offered legislators a chance to hear about current issues affecting businesses in their area. By making that link, SDRA hoped to get retailers more involved in the legislative process on a grassroots level, and help legislators understand how the laws they pass will impact the business community.

PANEL DISCUSSIONS OFFER IDEAS FOR BUSINESSES

New during the 2019 Annual Meeting: two panel discussions aimed at giving retailers ideas for improving their employee recruiting and retention, and getting some attention for their business via social media. These sessions were well received and will continue in 2020.

PRESIDENT’S CLUB SEMINAR SERIES

In 2019, in lieu of Labor Law Seminars, SDRA scheduled eight business seminars criss-crossing the state. Each event focused on three trending topics for businesses large or small. Our most successful seminar was held in Hill City where Employment Law Attorney Chris Hoyme spoke about how to handle difficult employees, Executive Director Nathan Sanderson recapped the 2019 legislative session and a representative from Dakota State University talked about protecting yourself against cyber criminals. Look for a revised seminar schedule in 2020.
Enrollees in our Dental Insurance Program

Offered through Delta Dental of South Dakota, Dental insurance is one of the most popular employer-sponsored benefits. Available for groups as small as two employees. Plans include orthodontics and 100% coverage on preventive services. [315 member businesses]

$150 million worth of credit card sales and over 1.9 million transactions through SDRA’s program with Worldpay (in the first 10 months of 2019)

Why it’s so popular: Low, competitive rates, upfront pricing, 24/7 customer service, free programming, EMV, POS, e-commerce, gift/store card, virtual terminal. All that plus superior personal support from SDRA.

Ask for a free cost comparison today!

Enrollees in our Vision Benefit

Offered through Optilegra Vision Plans of Sioux Falls. This popular employee benefit is accepted by 98% of South Dakota’s vision centers. Group rates for 1 to 50 employees, and individual ratings for large groups with more than 50 primary enrollees. [157 member businesses]

Businesses use our Enhanced Business Insurance Program

Offered through United Fire Group (UFG), annual premiums from our business insurance program reached almost $2.9 million in forced premium in 2019. Designed for the retail trade, this program lets you customize your policy to fit your particular needs.

Workers’ Comp Insurance

Our workers’ comp program is offered in tandem with our Business Insurance Program through United Fire Group (UFG). Complete with competitive rates and potential dividends all with the ability to work with local agents.
Calls/emails utilizing our Employment Law Service

SDRA's retainer agreement allows our members to call or email the Jackson Lewis law firm to get answers to basic employment law questions at no cost, a $475 an hour value!

Answers to issues on: minimum wage, overtime, tip credit, employee discipline, harassment, vacation and sick pay, FMLA and ADA issues, reemployment assistance and workers’ compensation.

Jackson Lewis Discount
SDRA members also receive reduced rates on other Jackson Lewis services, including: writing or reviewing an employee handbook, representation in labor lawsuits, and unemployment insurance appeals.

Members receive Shipping Discounts

In the last year, members saved $14,000 using the services of PartnerShip LLC, an independent freight broker that manages shipping programs for associations. Small and large businesses are eligible for discounts when utilizing the services of FedEx, UPS Freight and YRC Freight.

Members are protected with Data Security

Every business needs protection from computer viruses, spyware, data theft and other threats. SDRA offers that protection through Infotech Solutions, LLC of Madison. They will perform a free analysis of your current system and offer real-time monitoring and detection of threats to your network security as well and multi-level protection against outside threats.

Phishing Email Training
If one of your employees receives an email asking for private company or customer information, would they send it out, putting your company and clients at risk? This additional service from Infotech Solutions, LLC is designed to find out, and help train your employees what to look for.

Businesses are saving with our Health Plan

We offer health care coverage options through Hahn Financial Group, Inc. Groups as small as two employees can participate in a self-funding plan, using a third party administrator and referenced-based pricing with stop loss coverage.

Can we save you some money?
Get a free, no-obligation quote on any SDRA service: 800.658.5545 or services@sdra.org

Members save with our BMI Music Licensing

SDRA retail, restaurant and bar members save 10% to 20% off their BMI music licensing fees. (Note: Federal law requires most businesses that play music to be licensed by the three music licensing agencies, including BMI.)
ANOTHER SOLID FINANCIAL YEAR

• Membership numbers have remained steady - continuing a 14-year trend.

• We had 88% membership renewal, up 1% from 2018.

• 2019 new and renewal dues income was down 5%.

• SDRA receives income from member services and training programs.

• Our reserve fund maintains a healthy balance. Officially established by the Board in the mid-1990s, the fund protects SDRA against unforeseen expenses or unexpected loss of revenue.

• The reserve funds are invested and managed by our Finance Officer and Investment Committee. Use of the money requires approval from two-thirds of the full Board of Directors.

• SDRA owns its building. Rental income from five tenants (four trade associations and a law firm) covers the cost of property taxes and maintenance. SDRA constructed the building across from the Capitol in 1992 and was able to pay off the loan a year later.

SERVSAFE® FOOD SERVICE TRAINING
SDRA has been providing required training for 23 years, and we now offer three training options: the increasingly popular online ServSafe® training and certification, 8-hour live ServSafe® class, and a 4-hour state approved recertification program. In 2019:

1,184 PEOPLE ATTENDED THE 43 FOOD SERVICE CLASSES
Classes were held in Aberdeen, Pierre, Rapid City, Sioux Falls and Watertown. 78 people took our online ServSafe® course.

SDRA members receive discounts on the training.

REACHING YOU AND YOUR CUSTOMERS
In 2019, SDRA was in the news almost weekly! Whether we were encouraging people to shop their hometown, providing details on retail trends, or as a guest on talk shows and radio shows we worked hard to promote business in South Dakota. In many cases, we asked you to help speak on behalf of our organization. Thank you!

During the 2019 holiday season, we launched a print and digital campaign to remind people to Shop Mom & Pop stores. Highlighting the unique character of our communities is defined by Mom & Pop businesses! The ads, along with a press release were present in newspapers statewide, Sioux Falls Business website, major television stations, and various statewide radio stations.

SOCIAL BUTTERFLIES
This year our reach on Facebook continued to grow. With almost 3,000 followers and annual reach of almost 300,000 post views! Video features on Travis Uthe from Trav’s Outfitters, Clancy Kingsbury from Who’s Hobby, and a special ice cream edition of the Cup of the Week featuring the Kree-Mee were our top posts of 2019.
In September, we held the 2019 South Dakota Retailers Golf Event at Prairie Green Golf Course in Sioux Falls! Despite the chill in the air - our players heated it up on the course, raising a record amount to help keep our state great for business. The $15,000 raised for the SDRA Ballot Question Committee will help fight to keep South Dakota a business friendly state. We appreciate your support and look forward to another successful event next year.

From left: Clancy Kingsbury, Karla Byrum, Merrick Monaghan and Jamie Monaghan.
BROOKINGS HIGH SCHOOL TEAMS MOVE FORWARD TO PROSTART NATIONALS

Teams of students from across South Dakota put their culinary and hospitality management skills to the test at the 12th Annual South Dakota ProStart Invitational, held March 18 in Mitchell. Brookings High School took the top prize in both the culinary division and the business management division, earning them a spot in the national ProStart competition in Washington, DC on May 8-10.

Culinary team members are Kylee Heston, Myranda Syhre, Yaritza Carmona Gonzalez, Stephen Heesch and Cassandra Whitaker. Business management team members are Abby Enevoldsen, Angela Lansang and Alexis Rodriguez. Both teams competed under the direction of instructors Joline Dunbar and Megan Jaquet.

SDRA FUTURE

PROSTART® PREPARES STUDENTS FOR WORKFORCE

ProStart® is a high school curriculum administered nationally by the National Restaurant Association Educational Foundation. SDRA coordinates the South Dakota program in cooperation with the Department of Education.

- Students learn business management and culinary skills
- Students develop practical skills and expertise in customer service, inventory, cost control, food prep, business math, safety and sanitation
- Annual competition trains students how to work as a team under pressure

PARTICIPATING SCHOOLS

- Aberdeen ATEC
- Alcester-Hudson High School
- Brookings High School
- Clark High School
- Harrisburg High School
- Huron High School
- Madison Central High School
- Mitchell CTE Academy
- Mobridge-Pollock High School
- Northeast Technical School
- Sioux Falls CTE Academy
- Sturgis High School
- TF Riggs (Pierre)
- Todd County High School
- Wagner High School
2019 SDRA SCHOLARSHIP RECIPIENTS

The South Dakota Retailers Association scholarship program is designed to provide assistance to students studying for a career in retail and hospitality businesses. This year, our Scholarship Committee awarded funds to four students, in amounts ranging from $2,250 to $3,000. The awards are given in honor of former Executive Director Jerry Wheeler, who started the program in 1992. Since then, the Association has awarded 252 scholarships, totaling $181,500!

Ashley Meyer of Gregory $3,000 Scholarship
As a Business Management & Marketing major at Northern State University, Ashley is planning to assume ownership of her parents' businesses: M&J Auto & Trailers and Verizon Wireless retail. Ashley was awarded an additional $500 in memory of former Board President Tom Morrison.

Hannah Juracek of Gregory $2,300 Scholarship
Hannah is a third year Pharmacy major at South Dakota State University. After graduation she plans to work as a pharmacist in rural South Dakota, with the goal of opening a retail pharmacy.

Nathan Jahnig of Hurley $2,250 Scholarship
Nathan, a second year Mitchell Tech Heating and Cooling Technology student has plans to work in installation or repair, with the long term goal to own a business in South Dakota.

Katie McManus of Reliance $2,250 Scholarship
Working towards an Accounting degree, Katie McManus is a second year student at Northern State University. Her goal is to work as a CPA in South Dakota.

TEACHER OF THE YEAR
In June, we honored the South Dakota Teacher of the Year Erica Boomsma from Huron! SDRA is a proud sponsor of the statewide program and we’re thankful for the wonderful educators in our state. Pictured from left: SDRA Executive Director Nathan Sanderson, Teacher of the Year Erica Boomsma, Governor Kristi Noem, South Dakota Department of Education Secretary Benjamin Jones.
Top: SDRA staff pulled landscaping duty! In June, we freshened up the rocks and plants, and got our hands dirty! (Pictured: Nathan, Seanna, Tammy, Carrie, Brenda and Donna)

Bottom: With Zesto just down the street from the SDRA office, a quick Friday walk was often on the schedule. (Pictured: Shuree, Brenda, Tammy, Seanna and Nathan)

Not pictured: Our Regional Reps! They are too busy cruising across the state, adding members and sharing SDRA successes.

THANK YOU FOR A WONDERFUL 2019!

We are looking forward to 2020, be on the lookout for some exciting changes coming to the South Dakota Retailers Association!