

THE ARKANSAS RETAILER

2025
ISSUE 1

THE HIDDEN COST

*Retail Crime's Toll on
Arkansas Businesses*

*Managing Emotional
Support Animals in
Retail Spaces*

*Harp's: A Legacy of Employee
Ownership and Community
Commitment*

*Fizzing Out:
Sunsetting the
Soft Drink Tax*

SECURITY



ADVERTISE

WITH US!

Want to get your business in front of Arkansas's leading retailers?

Showcase your brand, products, or services in The Arkansas Retailer –the magazine trusted by retailers across the state to inform, inspire, and connect.

Reserve your space today and connect with the community driving Arkansas's retail success!

Contact Mandy Miller at
mandymiller@naturalstatestrategies.com

WHAT IS INSIDE...

**THE ARKANSAS RETAILER
IS A PUBLICATION OF
THE ARKANSAS GROCERS
AND RETAIL MERCHANTS
ASSOCIATION, ALSO KNOWN
AS ARKANSAS RETAILERS.**

Please Note: Neither the Arkansas Grocers and Retail Merchants Association nor the editor of this publication necessarily endorse the statements made in advertising or contributed articles and are not liable in any way for anything that appears herein.

PUBLISHED BY  **MAIN ST**
MEDIA & MARKETING

02 INTRODUCTION

The Goode Word, Letter from the Chairman, Board Members

08 ARKANSAS RETAILERS ANNUAL MEETING

Celebrating a New Identity and Strengthening Advocacy

10 HARPS FOOD STORES

A Legacy of Employee Ownership and Community Commitment

12 FIZZING OUT

Sunsetting the Soft Drink Tax

16 THE HIDDEN COST

Retail Crime's Toll on Arkansas Businesses

20 HILAND DAIRY

Meeting the Demand for Fresh, Specialized Dairy Products

23 EMOTIONAL SUPPORT ANIMALS

Managing Emotional Support Animals in Retail Spaces

27 A TAX ON A TAX

The Grocery Industry and Swipe Fees

THE GOODE WORD

THE ARKANSAS RETAILER

A NEW RESOURCE FOR ARKANSAS'S RETAIL COMMUNITY

Dear Retail Community,

As we launch The Arkansas Retailer, I want to share the purpose behind this magazine and the vital role it will play for our members and the broader Arkansas retail landscape.

At its core, The Arkansas Retailer is designed to tell the stories of retailers across the state. Our industry is full of dedicated individuals who work tirelessly to serve their communities, innovate within their businesses, and make a lasting impact. Each issue will highlight the outstanding efforts of retailers who are shaping Arkansas's economic future, from family-owned stores to larger enterprises. Through these stories, we hope to inspire, connect, and celebrate the people who make Arkansas's retail community so impactful.

Additionally, The Arkansas Retailer will keep you informed on important industry trends and changes. Whether it's emerging business practices, technological advancements, or legislative developments, we aim to provide insights that are relevant and actionable. Staying informed about both state and national issues is essential to navigating today's complex retail landscape, and we're committed to delivering the updates that matter most to you.

We will also feature major retail-focused events happening around the state, including trade shows, workshops, and networking opportunities. These events are valuable moments to learn, connect, and grow within our industry. We encourage you to participate and leverage these gatherings to expand your network and foster a sense of community.

In short, The Arkansas Retailer will be your resource for member highlights, industry news, legislative insights, and event announcements—offering the tools you need to thrive in Arkansas's retail environment.

Thank you for being part of this journey. Together, we can strengthen our community, advocate for our industry's interests, and continue building a strong future for Arkansas retailers.

Steve Goode
Executive Director
Arkansas Retailers



LETTER FROM THE CHAIRMAN

Welcome to the inaugural issue of The Arkansas Retailer. As a long-time member of Arkansas' retail community, I'm honored to be part of this important publication. Retail plays a vital role in our state's economy, employing over 230,000 Arkansans and generating more than \$25 billion in annual sales. This magazine will provide valuable insights and resources to address the challenges we face.

Retail in Arkansas is resilient, but challenges persist. One major issue is organized retail crime (ORC), which harms businesses and creates unsafe environments. In this issue, we'll discuss strategies for tackling ORC and available resources.

The rising cost of doing business is another concern, particularly the increasing fees for credit card processing. For many retailers, these fees rank just below payroll, rent, and utilities. We must explore legislative solutions to reduce these costs, which ultimately affect our customers.

Additionally, the growing presence of emotional support animals (ESAs) in stores presents customer service challenges. While true service animals are legally protected, ESAs are not. We'll offer guidance on how to manage these situations while respecting both customers and employees.

Despite these challenges, the retail sector in Arkansas offers incredible opportunities. Together, we'll continue to adapt, support one another, and keep our industry strong and vital to the state's economy.

Paul Rowton

Executive Vice President, GES Inc.
Arkansas Retailers Board Chairman



CONGRATULATIONS, PAUL ROWTON!

*Congratulations to Chairman of the Board Paul Rowton on receiving the **Arkansas Executive of the Year Award** in the Financial Executives category.*

Paul is the CFO of GES, Inc. and is a trustee of the Arkansas State University System. GES, Inc. operates eight Edwards Food Giant stores and five Edwards Cash Saver stores, all located in Arkansas.

Photo Credit: Arkansas Business



EXECUTIVE BOARD

CHAIRMAN OF THE BOARD

Paul Rowton

GES Inc. / Food Giant

VICE CHAIRMAN

David Hendrix Jr.

Big Red Stores / Family Markets

EXECUTIVE DIRECTOR

Steve Goode

Arkansas Retailers

SECRETARY

Kevan Fenderson

Brookshire Grocery Company

TREASURER

Rick Davis

New Age Distributing

EXECUTIVE BOARD MEMBER

Eric Herget

Heights Corner Market

EXECUTIVE BOARD MEMBER

Jeff Wood

Tyson

EXECUTIVE BOARD MEMBER

Micheal Lindsey

Walmart

BOARD OF DIRECTORS

Karin Holt

Best Buy

Frank Schmitt

AWG

David Rowe

Hiland Dairy

Caroline Joiner

Amazon

Lisette Torres

Lowes

David Ganoung

Harps Food Stores

Celinda Gonzalez

The Home Depot

Bess Anderson

Tractor Supply

Christopher Brookhouser

Target

BY THE NUMBERS

\$37.2B total impact on GDP

\$9.5B direct labor income

41K retail establishments

283.9K retail employment

466.7K total jobs supported

\$17.4B direct impact on GDP



RETAIL'S IMPACT IN ARKANSAS

RETAIL IS THE NATION'S LARGEST
PRIVATE-SECTOR EMPLOYER,
DRIVING THE U.S. ECONOMY AND
SUPPORTING **55 MILLION JOBS** IN THE
COMMUNITIES ACROSS THE COUNTRY.

27%

*of jobs in the state
are supported by
the retail industry*



DIRECT EMPLOYMENT AND GDP VALUE

Retail Trade

(including food service & drinking places)

Employment
(Jobs)

283,860

GDP
(\$ Millions)

\$17,370

ARKANSAS RETAILERS ANNUAL MEETING

On September 18, 2024, Arkansas Retailers hosted its Annual Meeting alongside a Capitol Reception to celebrate the rollout of our new identity. Formerly known as the Arkansas Grocers and Retail Merchants Association, our new name, Arkansas Retailers, reflects our mission to better serve and advocate for the state's diverse retail community.

The day was structured into three parts: the Annual Board Meeting, the Legislative Planning Session, and the Capitol Reception.

During the Annual Board Meeting, members approved several key items, including updates to the board, the adoption of new legislative tracking software, and plans to host a Legislative Lunch during the upcoming session. These decisions set the stage for more streamlined advocacy and stronger connections with policymakers moving forward.

The Legislative Planning Session focused on the challenges and opportunities facing the retail industry. Attendees discussed what other states are doing to address similar issues, explored model legislation, and prioritized key goals for the upcoming legislative session. This collaborative effort ensures that Arkansas Retailers remains at the forefront of advocating for solutions that benefit our members and communities.

The day concluded with a Capitol Reception, where members had the opportunity to



Michael Lindsey, Paul Rowton, and Brad Lawson



Sponsors of the Capitol Reception



The new Arkansas Retailers



Photo Credit: MainStreet Media & Marketing

Board Members Present (L-R): **Steve Goode** Executive Director, **Kevan Fenderson** Secretary, **David Ganoung** Board Member, **Paul Rowton** Chairman, **Rick Davis** Treasurer, **Michael Lindsey** Executive Board Member, **Jeff Wood** Executive Board Member, **Christopher Brookhouser** Board Member

connect directly with legislators and state agency officials. Guests enjoyed food prepared by Petit Jean Meats and dessert provided by Blue Bell Ice Cream, creating a relaxed environment for meaningful conversations about the issues impacting Arkansas's retail landscape.

As we move forward, the energy from this year's Annual Meeting motivates us to continue advocating for our members and the communities we serve. Thank you to everyone who participated and made the event a success. The future of Arkansas Retailers is bright, and we look forward to tackling the challenges and opportunities ahead together.



Rep. Rick Beck with Hometown members, Petit Jean Meats



Steve Goode addresses attendees of the Capitol Reception



Jeff Wood, Tyson, with Rep. David Ray



Executive Director Steve Goode discusses potential legislation with members

HARPS

A LEGACY OF EMPLOYEE OWNERSHIP AND COMMUNITY COMMITMENT

Harps Food Stores, based in Springdale, Arkansas, has grown into a leader in the grocery industry, with 146 locations across six states: Arkansas, Kansas, Louisiana, Mississippi, Missouri, and Oklahoma. Founded in 1930 by Harvard and Floy Harp, the company now employs over 7,200 associates, making it the largest employee-owned company in Arkansas and 16th largest in the U.S.

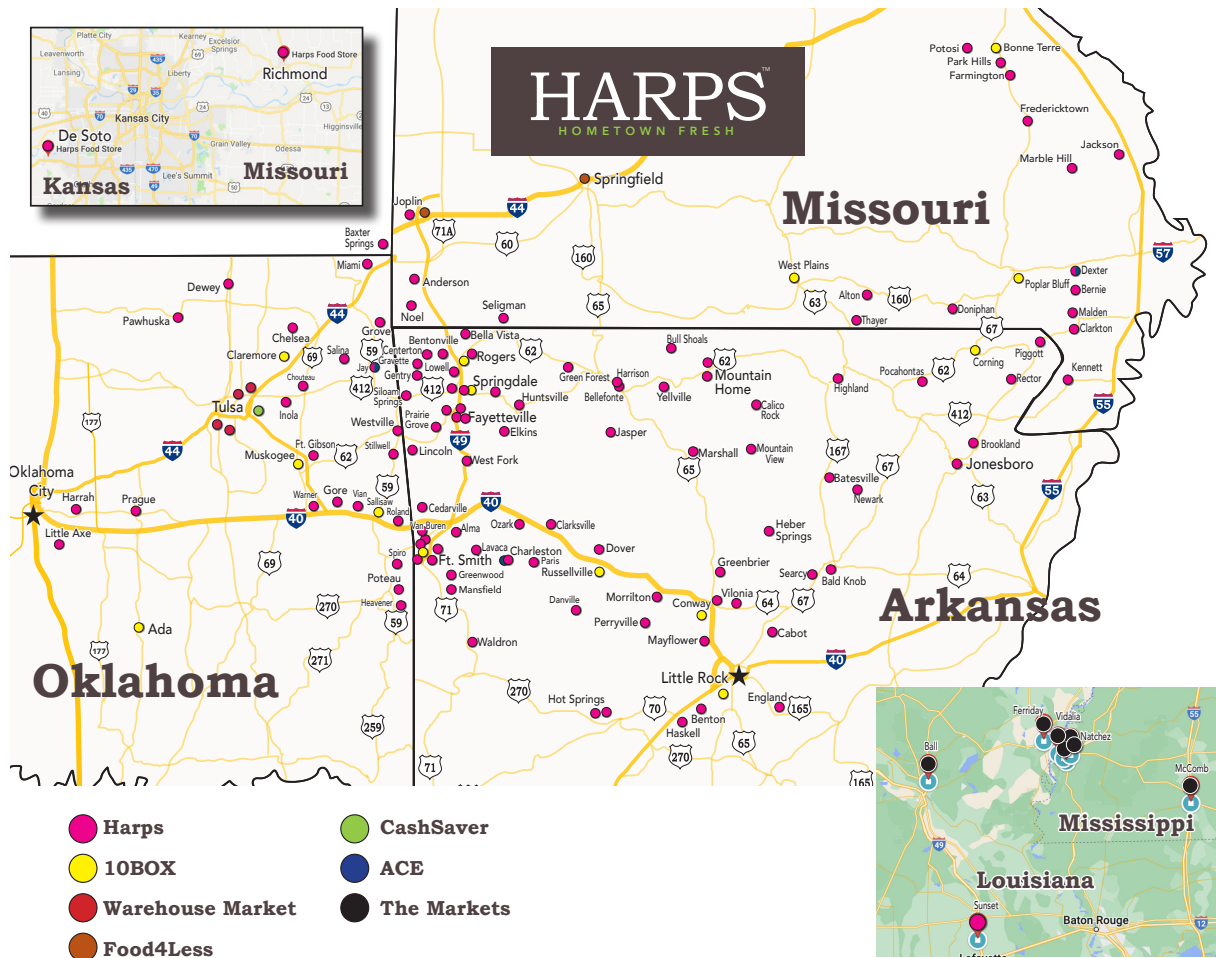
A key factor behind Harps' success is its decision to invest in its employees. In 2001, the company became employee-owned through an Employee Stock Ownership Plan (ESOP), allowing associates to become stakeholders in the business. The company's stock price has soared from \$27.90 per share at the time of the transition to \$1,792.20 per share today. Employees who joined Harps when it became employee-owned have seen their stock holdings grow 14 to 18 times their annual salary, a powerful reflection of Harps' commitment to rewarding its team for their dedication and hard work.

The results of this employee-focused strategy speak for themselves. In 2022, Newsweek ranked Harps as the 3rd best supermarket

chain in America, and Forbes recognized the company as the 13th best employer in Arkansas. In 2024, Harps was again celebrated by Newsweek as one of America's Greatest Workplaces for Parents & Families, underscoring its commitment to a supportive work environment.

Beyond its success in employee ownership and workplace recognition, Harps has also made a significant impact in the communities it serves. The annual Harps Charity Golf Classic has raised over \$3 million for more than 550 local charities. These contributions reflect Harps' deep-rooted commitment to giving back and supporting the well-being of the people in the areas where the company operates.





Harps Food Stores' remarkable journey, from its humble beginnings to becoming one of the nation's top employee-owned companies, shows what's possible when a business invests in its people and community. As Harps continues to grow, the company remains dedicated to its founding values, ensuring that its employees and the communities it serves will thrive for generations to come.

For more information on Harps' charitable initiatives and community support, visit harpsfood.com.



FIZZING OUT

SUNSETTING THE SOFT DRINK TAX

First and foremost, as a fourth-generation soft drink bottler I have to say thank you and let you know that all bottlers across the state of Arkansas appreciate the work retailers do and the relationships we enjoy with you. I also need to let you know how important your efforts were as part of the team of associations and businesses that came so close to passing a bill to phase out the Arkansas Soft Drink Tax during the 2021 legislative session.

You may recall that part of our message to legislators was that Arkansas was one of only two states in America to have an excise tax on soft drinks. That is no longer the case. During the summer of 2024 the West Virginia soft drink tax ended, leaving Arkansas as the last state in the union to impose this egregious levy that artificially inflates the price of a product.

I know I'm preaching to the choir but I'm hoping you will take a moment to read this article. The Arkansas Beverage Association is working with not only the AGRMA but with other stakeholders such as the Arkansas Hospitality Association, Arkansas Oil Marketers Association, Wholesale Beer Distributors of Arkansas, and the Arkansas State Chamber of Commerce to keep the Arkansas soft drink tax in front of legislators and the governor as bad tax policy that needs to end. While I know it is obvious to

retailers that the excise tax is bothersome, it isn't a necessarily easy story to share with legislators. It is also frustrating that those who want to keep the tax only have to say removing the soft drink tax will hurt Medicaid. I'm hopeful that this article will give you some simple, yet effective points to share with your local elected officials.

ARKANSAS IS THE ONLY STATE THAT IMPOSES A SOFT DRINK TAX

Not only is Arkansas the last state to still have an excise tax on soft drinks, but our excise tax is also imposed at the highest rate that any state ever exacted. West Virginia's tax was levied for 70 years and cost West Virginians approximately \$975 million. The Arkansas tax has been collected for just over 30 years and we are closing in on \$1.5 billion. Since the Arkansas tax was enacted, the following states have repealed their soft drink tax: Mississippi, Louisiana, Ohio, North Carolina, South Carolina, Washington, Maine and now West Virginia.





SOFT DRINKS ARE THE ONLY FOOD PRODUCT SUBJECT TO AN EXCISE TAX

As you well know, there is no other food product that has its pricing affected by an excise tax in Arkansas. If this was truly a good and acceptable policy, it would be exercised elsewhere. By nature, excise taxes are hidden, and the public has no idea that it is being added to their already too high grocery bill. It is also important to point out that retailers and bottlers do not pay the excise tax, it is collected directly from Arkansas citizens at the point of purchase and then remitted to the State.



REPLACEMENT REVENUE

As part of the Military Retirement Exemption Act passed in 2017 our stakeholder group agreed to let soft drinks be taxed at the full sales tax rate versus the food sales tax rate. Part of that act dealt with reducing the soft drink excise tax by the amount of revenue generated by the full sales tax on soft drinks. At the time we pressed our case that revenue estimates from DFA were significantly lower than industry data indicated. Governor Hutchinson directed DFA to work with us to re-evaluate soft drink sales tax estimates. Before the 2019 legislative session DFA acknowledged their original estimate was at least \$10 million below actual collections. Another review is underway that should give everyone a solid idea of how much of a further reduction is possible in 2025.

A BETTER POLICY

If the state of Arkansas deems it appropriate to have an extra tax on soft drinks, a sales tax is much better than an excise tax. Since an excise tax is based on volume, revenues have been flat to declining for the last twenty years. Naturally sales tax revenues will continue to grow. Sales tax is also completely transparent to the consumer and does not cause problems for business models in the same way an excise tax does.

THERE IS A PRECEDENT FOR A SOLUTION

Offsetting the soft drink excise tax with full sales tax revenue is a very similar policy to what we do in Arkansas with the Homestead Tax Credit. Periodically the amount of the Homestead Tax Credit is increased to reflect the revenues generated by the special ½ cent sales tax fund created when the Homestead Tax Credit was adopted. No change has occurred in the soft drink excise tax since 2017 even though undoubtedly the amount of full sales tax revenue generated from soft drinks has grown dramatically. Also, of the twentysomething states that do not have a sales tax on food, approximately one-half of them apply a sales tax to soft drinks. This was done to either remove a soft drink excise tax (Mississippi) or to prevent such a tax.

MEDICAID MYTH

Our efforts to reduce and eventually repeal the Arkansas Soft Drink Tax are not anti-Medicaid. Medicaid recipients and providers are our customers, friends and family just like everyone in Arkansas. The entire “Medicaid will be hurt, and matching funds will be lost if the soda tax goes away” argument is a total red herring. Simply put, Medicaid must be funded, period. When

the Arkansas Soft Drink Tax was enacted, it was part of a \$130 million funding package. All the package was designated as general revenue. The Medicaid Trust Fund didn’t even exist until we attempted to repeal the soft drink excise tax during the 1993 session. By making the soft drink excise tax a special revenue and placing it in the Medicaid Trust Fund, no additional matching dollars were created, nor were matching dollars lost because the rest of the tax package remained in general revenue.

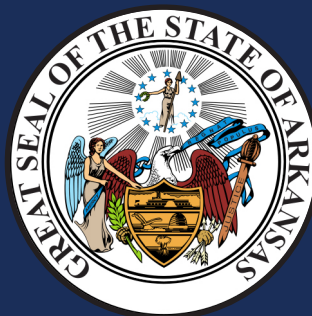
Let me close by once again by saying how much the soft drink bottlers of Arkansas appreciate not only our business relationships, but also how much your support and engagement in the effort for soft drink tax relief mean at the state capitol. It’s an uphill battle but we have a good story to share. One that is based on fairness, good policy, keeping Arkansas competitive with surrounding states and helping small businesses thrive and grow.

Roger Meek

Coca-Cola Bottling Company of Ft. Smith

REGULATORY ROUNDUP

2025 MEETING DATES



DEPARTMENT OF FINANCE AND ADMINISTRATION

ALCOHOLIC BEVERAGE CONTROL BOARD MEETING

January 15	April 16	July 16	October 15
February 19	May 21	August 20	November 19
March 19	June 18	September 17	December 17

ARKANSAS TOBACCO CONTROL BOARD MEETING

January 2	April 3	July 3	October 2
February 6	May 1	August 7	November 6
March 6	June 5	September 4	December 4

DEPARTMENT OF ENVIRONMENTAL QUALITY

ARKANSAS POLLUTION CONTROL AND ECOLOGY

January 24	July 25
February 28	August 22
March 28	September 26
April 25	October 24
May 22	December 5
June 27	

DEPARTMENT OF AGRICULTURE

STATE PLANT BOARD BUREAU OF STANDARDS COMMITTEE

Visit their website
to see dates.

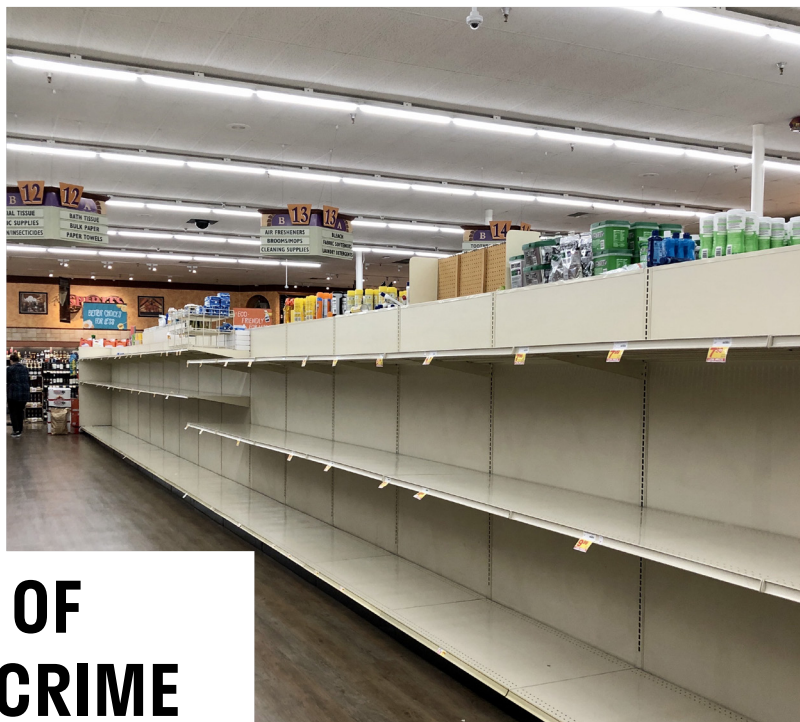
*agriculture.
arkansas.gov/
arkansas-state-
plant-board/*



THE HIDDEN COST

RETAIL CRIME'S TOLL ON ARKANSAS BUSINESSES

In the heart of our communities, Arkansas retailers are facing a crisis that threatens their very existence. With increasing incidents of theft, fraud, and violence, the retail environment is becoming perilous—not just for business owners but for employees and customers alike. As the backbone of our economy, the survival of these local establishments is paramount, yet they grapple with significant challenges in asset protection.



THE RISING THREAT OF ORGANIZED RETAIL CRIME

The statistics paint a troubling picture. According to the National Retail Federation (NRF), organized retail crime (ORC) is responsible for an estimated \$100 billion in annual losses across the United States, and the problem is only growing. The NRF reports that over 80% of retailers have seen an increase in ORC activity, with theft and fraud now impacting both large and small businesses alike.

In Arkansas, retailers are reporting a surge in incidents that are often linked to organized crime rings. This is more than just petty theft; it's a complex issue that disproportionately impacts small businesses, leaving them vulnerable and under-resourced. The consequences of these crimes extend beyond immediate financial losses. A survey by the NRF found

that 66% of retailers believe that ORC negatively impacts their ability to provide safe shopping environments. For many retailers in Arkansas, this means increased security costs, heightened anxiety among employees and customers, and, ultimately, a decline in consumer trust. As Attorney General Tim Griffin noted following recent ORC arrests in Arkansas, "Organized retail crime not only harms businesses financially but threatens the safety of the public." This underscores the gravity of the situation for our local businesses and their communities.

“ORGANIZED RETAIL CRIME NOT ONLY HARMS BUSINESSES FINANCIALLY BUT THREATENS THE SAFETY OF THE PUBLIC.”

STRENGTHENING COLLABORATION: THE ASSET PROTECTION SUMMIT

Recognizing the urgent need for action, Arkansas Retailers hosted an Asset Protection Summit on March 27, 2024, which brought together leaders from asset protection, law enforcement, and legislative bodies. The keynote address by Attorney General Griffin emphasized the critical importance of collective action against retail crime. This summit marked the beginning of a vital partnership between the AG's office and our retailers, setting the stage for ongoing collaboration.

Prior to the summit, Attorney General Griffin became actively involved with LAMA ORCA, a coalition of states (Louisiana, Alabama, Mississippi, and Arkansas) focused on tackling organized retail crime that crosses state lines. Since then, we have engaged with the AG on his LAMA ORCA initiative multiple times, discussing strategies to enhance our approach to preventing retail crime. These efforts, bolstered by multi-jurisdictional task forces, have already led to a series of arrests and highlighted the importance of interstate collaboration in addressing ORC.

During the 2023 Fiscal Session, the legislature allocated funds to the Attorney General's office for an extra investigative position dedicated to examining retail crime. This commitment by our state government reflects an understanding of ORC's pervasive impact, but it is only a first step. For Arkansas retailers to be fully supported, we must continue building upon these initiatives, securing additional funding, and advocating for more extensive collaboration with law enforcement.

A CALL FOR ENHANCED ASSET PROTECTION FUNDING

Imagine a system where small-town retailers have direct access to law enforcement resources, ensuring that crimes are investigated and prosecuted swiftly and efficiently. By investing in coordination and communication, we can build a safety net for our retailers, helping them protect



their assets and, ultimately, their livelihoods. This is not just about protecting inventory; it's about preserving the lifeblood of our communities.

Research from the Retail Industry Leaders Association indicates that effective collaboration between retailers and law enforcement can lead to a 30% reduction in crime rates within affected areas. This statistic reinforces the critical need for coordinated efforts in Arkansas. By increasing funding for asset protection initiatives, we can empower local law enforcement and provide retailers with the resources needed to implement effective crime prevention strategies.

Moreover, a safer retail environment fosters consumer confidence. When shoppers feel secure, they are more likely to spend money, boosting local economies. With the backing of local law enforcement, retailers can feel empowered to report crimes, knowing they will be supported by this statewide initiative. As the NRF has highlighted, investment in organized retail crime prevention has a multiplier effect, not only reducing theft but also strengthening community trust in local businesses.

***A FOCUS ON RETAIL SECURITY
ULTIMATELY LEADS TO SAFER
STREETS, INCREASES CONSUMER
CONFIDENCE, AND A STRONGER
ECONOMIC OUTLOOK.***

A BROADER IMPACT ON COMMUNITIES

The repercussions of retail crime extend beyond individual businesses; they affect the entire community. Local economies thrive when businesses are protected and can operate without fear of theft and violence. A thriving retail environment encourages job creation, supports local suppliers, and enhances community engagement. Conversely, unchecked crime can lead to store closures, job losses, and a decrease in local investment.

By strengthening our approach to asset protection, we are not only safeguarding businesses but also enhancing the overall quality of life in our communities. A focus on retail security ultimately leads to safer streets, increased consumer confidence, and a stronger economic outlook for Arkansas. As we work to curb ORC, we are protecting more than just merchandise; we are preserving the character and prosperity of our towns and cities.





TAKING ACTION NOW

It is essential for Arkansas lawmakers to recognize the urgency of this situation. The time for action is now; our retailers cannot afford to wait. By supporting initiatives that enhance collaboration between law enforcement and retailers, we can create a safer, more secure environment for everyone in our communities. Through legislation, funding, and public awareness, we can work toward a comprehensive solution that safeguards the future of retail in Arkansas.

As we move forward, let's engage in dialogue and work toward solutions that uplift our retail sector and, by extension, our local economies. Together, we can ensure that Arkansas remains a thriving place for businesses and consumers alike. By prioritizing asset protection, we can build a stronger future for our retail landscape—one that is resilient, secure, and prosperous for all. The time to act is now, and with a united front, we can turn the tide on organized retail crime and preserve the vitality of our Arkansas communities.

HILAND DAIRY

LOCALLY MADE. NATURALLY DELICIOUS.



At Hiland Dairy, innovation and quality have always been at the forefront of our mission, ensuring every customer has options for their needs. Today's grocery market is evolving, with shoppers increasingly seeking products that cater to specialized dietary preferences. In response to this growing demand, Hiland Dairy is proud to introduce its lineup of fresh lactose-free milk, lactose-free sour cream, and cottage cheese.

Hiland Dairy's lactose-free milk stands out in the market for one simple reason: freshness. Unlike most lactose-free options that rely on ultra-high-temperature (UHT) processing, our lactose-free milk is produced like conventional milk, offering the same great taste and quality that customers expect from Hiland Dairy. Available in both whole and 2% varieties, these products ensure shoppers with lactose sensitivities can enjoy fresh, wholesome milk without compromise.



**“SHOPPERS
ARE MORE
CONSCIOUS
OF THEIR
HEALTH AND
DIETARY
NEEDS THAN
EVER BEFORE.”**



For grocers, this is a prime opportunity to meet a rising demand. As more consumers seek products aligned with their dietary preferences, lactose-free options are increasingly necessary in the dairy aisle. Hiland Dairy’s new offerings are designed to capture this growing market, providing retailers the perfect solution for customers looking for fresh alternatives to UHT-processed options.

“Shoppers are more conscious of their health and dietary needs than ever before,” says Sarah Carey, Marketing Manager at Hiland Dairy. “Our lactose-free milk offers the same essential nutrients as traditional milk, with the added benefit of a fresh taste. We’re excited to give grocery stores a premium product that meets this demand and keeps customers returning.”

In addition to milk, Hiland Dairy’s lactose-free sour cream and cottage cheese are already proving successful, offering a full range of lactose-free choices that can enhance any dairy section. Retailers who stock these products benefit from providing a comprehensive lineup that caters to a wider variety of shopper needs.

Hiland Dairy’s reputation for freshness is well-established. With milk sourced from local farmers and delivered to stores within 48 hours, business owners can trust that the product on their shelves will meet the high expectations of today’s consumers. And with the trusted Hiland name, you’re not just stocking lactose-free products—you’re offering the same quality and reliability that Hiland Dairy has been known for across generations.

Stock up on Hiland Dairy’s lactose-free milk, sour cream, and cottage cheese today, and give your shoppers the fresh, delicious dairy options they’re asking for.



YOUR AD HERE

**THE ARKANSAS RETAILER
CONNECTS SMALL BUSINESSES
AND INDUSTRY LEADERS, GIVING
YOU THE PERFECT SPACE TO
SHOWCASE YOUR BUSINESS.**

RESERVE YOUR AD SPACE!

Contact Mandy Miller at
mandymiller@naturalstatestrategies.com

MANAGING EMOTIONAL SUPPORT ANIMALS IN RETAIL SPACES

NAVIGATING THE CHALLENGES

In the aisles of your favorite local store, you might spot a dog sitting quietly at the foot of a shopper. But not all animals you see are there for the same reasons. While service animals have been part of public spaces for years, emotional support animals (ESAs) are making their way into retail environments in increasing numbers—and that's raising some complex questions for retailers.

In Arkansas and beyond, businesses are facing a growing need to balance customer service with the practicalities of accommodating animals in their stores. After all, service animals are legally protected, while emotional support animals are not. So, how do you navigate this new reality in a way that works for everyone—from the customer who depends on their animal for emotional support, to the shoppers with allergies or a fear of animals?

Let's break it down.



SERVICE ANIMALS VS. EMOTIONAL SUPPORT ANIMALS: WHAT'S THE DIFFERENCE?

You might think all animals in public spaces are the same, but when it comes to retail, there's an important distinction. Service animals are specifically trained to assist individuals with disabilities. These dogs (and sometimes other animals) can guide people who are blind, alert individuals to seizures, or help with other tasks that directly assist their handlers. Under the Americans with Disabilities Act (ADA), service animals are allowed in public spaces, including retail stores, and they must be given access to any area the public can go.

Emotional support animals, however, are a different breed (pun intended). They provide comfort and companionship to people with emotional or psychological conditions but are not trained to perform any specific tasks. And here's the key: ESAs are not protected under the ADA in the same way service animals are. This means retailers are not required to allow ESAs in their stores, but that doesn't mean they can't.

THE RETAILER'S DILEMMA: NAVIGATING THE ESA SURGE

As emotional support animals continue to gain popularity, retailers are facing more complicated situations. Many customers rely on ESAs for mental health support, but untrained animals can sometimes pose challenges. From barking in the aisles to creating discomfort for customers with allergies or a fear of animals, the presence of ESAs can disrupt the shopping experience.

Here's where it gets tricky: While service animals are trained to behave in public spaces, ESAs are not. This means that, in some cases, untrained animals can act out—causing problems for employees, other customers, and even the animals' owners themselves. How do you handle these delicate situations without alienating customers or exposing your business to legal risks?



HOW TO MANAGE ESAS: BEST PRACTICES FOR RETAILERS

So, how can businesses approach the growing presence of emotional support animals in a way that balances everyone's needs? We spoke with experts to bring you a few best practices that will help ensure your store remains a safe, welcoming environment for all customers—while still respecting the rights of those who rely on ESAs.

1. UNDERSTAND THE LEGAL LANDSCAPE

First, it's essential to understand the legal differences between service animals and emotional support animals. Service animals are legally protected under the ADA, which gives them access to almost all public spaces. Emotional support animals, on the other hand, are not covered under the ADA, meaning retailers are not obligated to allow them into their stores.

Here's what you need to know when you spot an animal in your store:

- You can ask whether the animal is a service animal or an ESA. If it's a service animal, you must allow it in your store.
- You cannot ask for documentation or inquire about the nature of the person's disability.
- You can ask two specific questions: "Is the animal required because of a disability?" and "What tasks is the animal trained to perform?"

This distinction is key—especially when it comes to navigating interactions with customers.

2. SET A CLEAR ANIMAL POLICY

A clear, well-communicated policy is your best defense against any confusion or disruption. If you haven't already, it's time to create an official policy outlining:

- What types of animals are allowed: Are you allowing only service animals? Are you open to ESAs, too? Make sure your policy is specific about what's permitted and where.
- Animal behavior expectations: Outline acceptable animal behavior, like being calm and under control. If the animal becomes disruptive (barking, jumping, etc.), make it clear that the owner will be asked to remove the animal.
- Consequences for disruptive behavior: Be clear on what happens if an animal causes a disturbance. Can the owner calm the animal outside the store, or is removal the only option?

You can post these policies on your website, in-store, or even on receipts—anywhere your customers can see them. Transparency is key to managing expectations and avoiding uncomfortable situations.

3. HANDLING DISRUPTIONS: KEEPING IT PROFESSIONAL

If an ESA causes a disruption, it's important to address the situation professionally and politely. Retailers should keep a few tips in mind:

- Stay calm and respectful: If an ESA starts causing problems, approach the situation with empathy. Acknowledge the importance of the animal to the customer, but gently explain that the animal's behavior is creating a disturbance.

RETAILERS DAY AT THE CAPITOL

January 29, 2025

11:30am - 1:00pm

Red & Blue Events Venue

1415 W 7th St.

Little Rock, AR 72201

- **Offer alternatives:** If possible, offer a solution—such as directing the customer to a designated pet-friendly area outside or suggesting curbside pickup for their order.

By keeping the conversation respectful and solution-oriented, you can help diffuse any tension and maintain a positive experience for both the customer with the ESA and others in the store.

4. OFFER ACCOMMODATIONS FOR ESAS (IF POSSIBLE)



Some retailers are choosing to go above and beyond by offering accommodations for ESAs, even if they are not required to do so under the law. For example, creating quiet spaces outside the store for customers with ESAs to relax can reduce the likelihood of disruptions inside.

If accommodating ESAs is not feasible within your store, consider offering other alternatives, such as:

- **Curbside pickup or home delivery** to help customers with ESAs get their purchases without the need to bring their animals inside.
- **Pet-friendly events or promotions:** If your store is pet-friendly, hosting special ESA-friendly events can help build loyalty with customers who rely on animals for support.

These accommodations show your commitment to being inclusive without compromising the comfort of other customers.

A CALL FOR LEGISLATIVE CLARITY

With the rise of emotional support animals in public spaces, lawmakers are beginning to recognize the need for clearer guidelines that protect businesses from liability while also considering the needs of those with ESAs. Efforts are underway in Arkansas and other states to offer businesses legal protection when it comes to managing animals on their premises. For many retailers, clearer legislation would provide a roadmap for handling these situations with confidence and fairness, while ensuring that both the rights of individuals with disabilities and the comfort of other customers are respected.

FINDING THE BALANCE

Navigating the growing presence of emotional support animals in retail spaces is no easy feat. But by understanding the legal distinctions, setting clear animal policies, and handling disruptions with respect, retailers can create an inclusive and comfortable shopping environment for everyone.

Ultimately, a **balanced approach**—one that prioritizes customer experience, complies with the law, and accommodates the needs of ESA owners—will help ensure that all customers feel welcome, no matter who (or what) they bring into your store.

A TAX ON A TAX

THE GROCERY INDUSTRY AND SWIPE FEES

Grocery stores are the cornerstone of communities. They provide essential goods and services for everyday life and even special occasions. From wedding cakes to medicine and fresh produce that nourish families, grocery stores offer a wide range of products to meet the needs of local residents. Beyond their shelves, grocery stores also play a vital role in giving back. Through sponsorships, the name of your local store can be found on little league or soccer team jerseys, in college stadiums, and in the form of food donations to local food pantries, demonstrating their commitment to supporting the community in meaningful ways.

The food industry provides jobs and opportunities for a community, and affordability is a core value of grocery retailers. However, grocery stores continue to face headwinds and economic hurdles, such as persistently high and ever-increasing interchange fees, also known as swipe fees, for credit card payments. In fact, the average credit card swipe fee of 3% per transaction is notably higher than food retailers' average 1.6% net profit margin.

Many grocery retailers say that credit card swipe fees are the second highest operating cost, after labor. Significantly, swipe fees are also charged on the sales tax portion of a receipt. Why?

Grocery retailers collaborate with the government on many issues. One key example is our role as agents for the government in collecting and remitting state and local sales and excise taxes. However, adding swipe fees to the state and local sales tax portion of a receipt



effectively creates a “tax on a tax,” imposing an additional burden on businesses.

CMSPI, a leading payments consultant for the merchant community, estimates that U.S. merchants paid nearly \$10 billion in interchange on sales tax, gasoline and diesel excise taxes, and alcohol excise taxes in 2023.

THIS IS WHAT ARKANSAS PAID IN 2023:

Estimated Interchange
Paid on Sales Tax (2023):
\$84,959,182.14

Estimated Interchange Paid on
State Gas & Diesel Excise Tax
(2023): **\$286,932.76**

Estimated Interchange Paid
on State Alcohol Excise Tax
(2023): **\$11,281,017.98**

In Spring 2024, Illinois became the first state in the nation to enact language to prohibit credit card interchange fees on the state and local sales and excise tax and also gratuities portion of any sale in Illinois, effective in July 2025. Other state legislatures have been and are introducing bills to assist in alleviating this unnecessary burden of overpaying swipe fees by excluding them from state and local sales tax and tips, at absolutely no cost to the state or local government. Tennessee was among the first to introduce legislation and HB 375 (2021) is a model bill and is very similar to Illinois' law.

THIS LEGISLATION PROVIDES MUCH NEEDED RELIEF TO GROCERS BY EITHER:

1. Deducting the amount of any tax or fee imposed from the calculation of interchange fees specific to each form or type of electronic payment transaction at the time of settlement; or
2. Rebating an amount of interchange or swipe fee proportionate to the amount attributable to the tax or fee.

This is not a requirement, but an option, if merchants choose to pursue it, which is the same as the Illinois law. Any deduction or rebate may occur at the time of settlement when the merchant is able to capture and transmit tax or fee amounts relevant to the sale. However, if a merchant is unable to capture and transmit tax or fee amounts relevant to the sale at the time of sale, then the payment card network will accept proof of tax or fee amounts collected on sales subject to an interchange fee upon the submission of sales data by the merchant.

Any grocer that accepts credit cards already has the equipment to do this, whether it is a check stand pin pad reader or a mobile credit card reader. To support this type of legislation, consumers would not need to swipe twice, since banks require that merchants pass Level 2 data in the transaction which already has sales tax separated from the purchase amount. In fact, the card companies collect this data and try to sell it back to merchants. Prohibiting swipe fees on sales taxes will keep hard-earned money in Arkansas, stimulating economic activity, versus sending it to networks and banks located in other states and even other countries. The profits of merchants will stay in the community in which they serve, where retail grocers can continue to provide jobs, feed their community, contribute to their local food bank, sponsor children's sports teams and local charities. In other words, grocers' successes are directly tied to the communities they serve.

Elizabeth Tansing

Vice President, State Government Relations
FMI, The Food Industry Association

HARPSTM
HOMETOWN FRESH

**A LEGACY OF
EMPLOYEE
OWNERSHIP
& COMMUNITY
COMMITMENT**

An American flag and an Arkansas state flag are flying against a clear blue sky. The American flag is on the left, and the Arkansas flag, which features a red field with a white diamond in the center containing the word 'ARKANSAS' and stars, is on the right.

BE A PART OF **THE ARKANSAS RETAILER**

Whether you're retailer,
organization, or industry
advocate, advertising in The
Arkansas Retailer gives you the
chance to reach a dedicated
audience of retail professionals
and community members!

INTERESTED IN ADVERTISING?
Email Mandy Miller at
mandymiller@naturalstatestrategies.com

FULL PAGE
\$1000

HALF PAGE
\$600

QUARTER PAGE
\$400

BUSINESS CARD
\$200

BACK COVER
\$2500

ARKANSAS RETAILERS

320 S. PULASKI ST.
LITTLE ROCK, AR 72201

Presort Std
U.S. Postage
PAID
Conway, AR
Permit 17



**THE POWER OF RETAIL:
STRONGER TOGETHER**