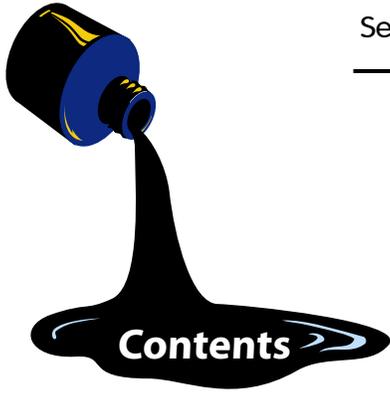




# Nevada News

Serving the Retail Community Since 1969

June 2004



## Streamlined Sales Tax Project Moves Forward

Liz MacMenamin  
Director of Government Affairs

Members of the Streamlined Sales Tax Project (SSTP) continued their work on a number of issues at a May meeting in Tampa, FL. The group reviewed amnesty provisions, taxability matrix, rate/jurisdiction database, audit/certification standards, sourcing and registration. Issue papers for most of these items can be found at the SSTP website: <http://www.streamlinedsalestax.org/issuepapers.html>.

The group discussed manufacturer "buy-down" at some length. This is becoming a serious issue nationwide, along with the inconsistent interpretations of the sales price definition. The private sector requested that the SSTP resurrect the committee responsible for this definition to review the concerns brought forward. The member states indicated that specific regulations will be developed for further clarification and to assist state revenue departments in their application of the definition.

Those states that appear to be in substantial compliance with the Agreement serve on the Conforming States Committee. The Conforming States Committee (CSC) is an

interim committee created to handle various administrative issues until the Agreement and the Governing Board become effective. The CSC did meet and discussed the operational implementation of the Agreement. The committee also discussed the status of state compliance with legislation and the request for proposals for Certified Software Provider contracts.

According to Neal Osten, senior director of the National Conference of State Legislatures, the Agreement could become effective on Jan. 1, 2005. It is anticipated that Michigan will approve legislation, which would trigger the 20 percent population

requirement necessary to implement the Agreement. The other requirement of "at least 10 states" has already been met. In fact, 20 states have enacted legislation, but whether these states are in substantial compliance remains to be seen. Certificates of compliance are currently being reviewed by the public and private sectors and will soon be posted on the SSTP website.



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# Seen & Noted

## Preventing Tobacco Sales to Minors

School is out and tobacco retailers may want to remind store clerks that there may be more underage youth attempting to buy tobacco products during the day. Tobacco retailers' past vigilance has kept Nevada youth-buy numbers low. May 2004 numbers show 495 attempted buys, which resulted in 52 illegal purchases resulting in 45 citations and seven warnings issued. "The 10.5 percent buy rate is very good," says John Albrecht, chief tobacco counsel for the Nevada Attorney General's office.

Albrecht announced that the Nevada AG's office is surveying 470 stores that have successfully refused tobacco sales to minors since January 2001 to the present. The division is trying to learn what store practices they use to prevent underage sales and hope to use that information in future merchant education activities.

Also, starting this month and continuing for the next few months, a history of each outlet will be sent along with the results of the most current compliance check. The history will have the date and whether tobacco was sold at each tobacco purchase attempt. Albrecht hopes that this information will be helpful to individual stores in reducing tobacco sales to minors.

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## Smith's Customers Big Donors

The pediatric unit of the University Medical Center of Southern Nevada Foundation (UMCSN) is \$31,094 richer as of June thanks to the generous customers of Smith's Food & Drug Stores in Las Vegas.

For the last four years, Smith's has collected change from its customers in its "Neighbor to Neighbor" coin boxes at its checkout stands. That money is dedicated annually to the UMCSN Foundation. The nickels, dimes and pennies add up, and Louis Luna, district staff supervisor for Smith's, presented a check amounting to this year's total to the Foundation during June's Children's Miracle Network Telethon.

Contributions are used to supply the UMC pediatric unit with equipment that helps the hospital's young patients. It may be a much-needed piece of medical equipment, toys, or other supplies that help the Foundation support delivery of the best health care possible for its young hospital patients.

Smith's is a division of The Kroger Co., which operates 27 stores in the Las Vegas area.

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## Finding the Right Software

NRF Enterprises has released its Software Sourcebook 2004, a directory of software applications to help retailers of all sizes and in all channels find the applications needed to run a successful enterprise.

Applications in the Sourcebook are categorized according to seven major functions: strategic information tools; store systems; merchandise systems; financial systems; supply chain; distribution and logistics systems; Internet systems; and advertising, marketing and promotion systems. Each area carries a description of the software and information about targeted clients, hardware platforms and operating systems, etc., and who to contact for information.

The Sourcebook is a publication offered by the National Retail Federation (NRF) and sponsored by CRS Retail Systems, Fujitsu and GERS. Go to [www.stores.org](http://www.stores.org) for more information.

## Developing Customer Loyalty

Peggy Morrow

What does it take to keep your customers coming back again and again and turning into cheerleaders for you? It's really not that difficult, you know. So, if it isn't that difficult, why is there such lousy service out there?

One cause is that many employees really don't know the proper thing to do. And they are not encouraged to do it for every customer, every time. Knowledge and consistency are ways to make outstanding customer service happen—employees know what they should be doing, have been adequately trained in doing it, and do it every time they interact with a customer. Here are some other tips on how to keep your customers loyal.

Start with the appearance of the business. Is the first impression one of welcome? Maintain a clean and safe environment, and make sure your people welcome customers rather than considering them an interruption.

Don't forget the first impression on the telephone, which is just as important. Call your department or business, and do some mystery shopping. Is the telephone answered in a way that would make customers feel confident in your ability to provide the service or product they are seeking?

Get continual customer feedback. It's the only way you'll know what you are doing right and what you are doing wrong. Ask for one thing they think you should improve, do it, and you will beat the pants off the competition.

Stay current. Offer your customers what they need before they know they need it. Read the latest developments in your field and stay tuned into casual remarks by your customers. Fed Ex developed one of their most profitable products this way. They kept

hearing customers say, "I don't need it overnight. Could you make it the next day and charge me less?" Thus was born 2nd Day Delivery.

Train your employees in product knowledge and then train them some more. It's one of the few things that can help you stand out from the competition. Given a choice between someone who can explain a product or service and someone who can't, customers will usually go for the business that knows what it's selling. I bought a garage door opener from a company that knew all about what it was selling rather than from someone who sold it a little cheaper.

Offer exceptional value to your customers so customers think they received their "money's worth" from their interaction with you. It can encompass service, price, quality and other attributes. Do you know what your customers value? By listening and asking, you can learn and turn it

into your competitive advantage.

Be a solution business. Customers come to you because they think you can solve their problems and improve their lives. If you don't have what they want or need, send them to someone who can solve their problem. Don't worry—they will be back because you will have developed goodwill with them by your actions.

Make sure you train everyone, including yourself, to work well with angry customers. Dealing with a screaming, unhappy customer is never easy, but there are some tips that can help you do it better. Learn them.

So how would you score yourself and your organization? How well are you doing in developing loyalty from your customers? What could you do better?

*Peggy Morrow is a professional speaker, facilitator and consultant. To have her work with your group, contact her at [www.peggymorrow.com](http://www.peggymorrow.com), email at [peggy@peggymorrow.com](mailto:peggy@peggymorrow.com), or 800-375-1982.*

### Connect Sales to Customer Service

One reason customers return to do business with your company is the service they've received from your sales force. Here's how to motivate salespeople to think service:

❖ **Define responsibilities up front**—People work better when expectations are clear. Talk to customers to find out what they need from your sales force, then get input from your sales associates to find out what they're already doing and what more is possible. Then spell out specific service requirements for your sales team.

❖ **Reward service, not just sales**—Include customer service and satisfaction in your incentive plan. Survey customers regularly to find out how well your associates are doing, and reward improvement and good service.

❖ **Communicate priorities**—Customer service is a vague concept. When talking with customers, find out what's important to them: on time delivery, prompt message return, maintenance and repair work, etc. Then let your sales team know what kinds of service are top priorities and which can wait.

❖ **Have a post sale action plan**—Train your sales force to stay in contact with the customer after every sale. Sales associates can send thank you notes, introduce the customer to your company's support staff and do other things to help customers once the sale is complete.

*From **Sales Management Report**, 800-878-5331, [www.ragan.com](http://www.ragan.com).*

## Sales Over the Internet Growing

Online sales have “skyrocketed,” according to an annual study conducted by Forrester Research for the National Retail Federation (NRF). The research concluded that, “Online sales sped past the \$100 billion mark in 2003, surpassing all industry expectations.”

There was strong growth in each online product category, but several areas outdistanced the average. Online travel sales increased 91 percent to \$52.4 billion, while home and office sales at \$11.1 billion and computer hardware and software sales at \$11.0 billion were major winners.

Collectively, online retailers raised operating margins to 21 percent. Profitability was up 9 percent from 2002, and went from 70 percent to 79 percent in 2003. Those retailers who run both online and brick-and-mortar outlets believe that “24 percent of offline sales last year were influenced by the web, up from 15 percent in 2002.” The study found that “87 percent of retailers accept in-store returns of online purchases...and that one in four consumers will make a purchase in the store when returning an item they purchased online.”

The study predicts that online retail sales will grow 27 percent in 2004 to \$144 billion with high increases of about 40 percent in health and beauty (61 percent), apparel (42 percent), and flower, cards and gifts (41 percent). Overall, online sales could reach 6.6 percent of total retail sales in 2004, up from 5.4 percent in 2003.

## SSTP

continued from page 1

The following states have passed the legislation and appear to be in substantial compliance: Arkansas, Indiana, Iowa, Kansas, Kentucky, Minnesota, Nebraska, Nevada, North Carolina, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee, Utah, Vermont, West Virginia, and Wyoming. Washington and Texas have passed legislation but have yet to enact certain sourcing provisions.

The SSTP is planning a meeting in August in Chicago. Details will be provided once they become available.

## Simplified Sales Tax Main Points

Nevada became part of the Streamlined Sales Tax Project (SSTP) in 2001 when Governor Kenny Guinn signed AB 455, a bill that authorizes the state's participation in the project. Last year, the legislature passed AB 514, which was signed into law and contains implementation guidelines for Internet sales tax collection. (Portions of this law will be presented to the general electorate in the November 7 ballot before implementation.)

The purpose of SSTP is to create simplified taxing procedures and technical guidelines to allow states to recover taxes on products bought online. According to the U.S. General Accounting Office, states lose billions of dollars every year on untaxed online sales placing brick and mortar retailers at a disadvantage. Thus, states came together to simplify tax collection, making it reasonable to collect taxes from remote sellers. *Key features of this project include:*

### ❖ Uniform definitions within tax laws

Legislatures still choose what is taxable or exempt in their state. However, participating states will agree to use the common definitions for key items in the tax base and will not deviate from these definitions. It is the intent of the Project to provide states with the ability to closely mirror their existing tax bases through common definitions.

### ❖ Rate simplification

States will be allowed one state rate and a second state rate in limited circumstances (food and drugs). Each local jurisdiction will be allowed one local rate. A state or local government may not choose to tax telecommunication services, for example, at one rate and all other items of tangible personal property or taxable services at another rate. State and local governments will accept responsibility for notice of rate and

boundary changes at restricted times.

### ❖ State level tax administration of all state and local sales and use taxes

Businesses will no longer file tax returns with each local government within which it conducts business in a state. Each state will provide a central point of administration for all state and local sales and use taxes and the distribution of the local taxes to the local governments. A state and its local governments will use common tax bases.

### ❖ Uniform sourcing rules

The states will have uniform and simple rules for how they will source transactions to state and local governments. The uniform rules will be destination/delivery based and uniform for tangible personal property, digital property and services.

## Main Points

continued from page 4

### ❖ Simplified exemption administration for use- and entity-based exemptions

Sellers are relieved of the “good faith” requirements that exist in current law and will not be liable for uncollected tax. Purchasers will be responsible for paying the tax, interest and penalties for claiming incorrect exemptions. States will have a uniform exemption certificate in paper and electronic form.

### ❖ Uniform audit procedures

Sellers who participate in one of the certified Streamlined Sales Tax System technology models will either not be audited or will have limited scope audits, depending on the technology model used. The state may conduct joint audits of large multi-state businesses.

### ❖ State funding of the system.

To reduce the financial burdens on sellers, states will assume responsibility for funding some of the technology models. The states are also participating in a joint business—government study of the costs of collection on sellers.

The Project proposes that states change their sales and use tax laws to conform with simplifications as proposed by the Project so the simplifications would apply to all sellers. Sellers who do not have a physical presence are not required to collect sales and use taxes unless Congress chooses to require collection for all sellers for all types of commerce. Sellers without a physical presence can volunteer to collect under the proposed simplifications. Registration by sellers to voluntarily collect sales and use taxes will not infer that the business must pay business activity taxes, such as the corporate franchise or income tax. Info: [www.streamlinedsalestax.org](http://www.streamlinedsalestax.org).

## Fixing Nevada’s Expenditure Cap

Paul Enos  
Manager of Government Affairs, RAN

Do you know that Nevada has an expenditure cap on the state budget? Many are unaware that our state has an expenditure cap because they watch the budget grow substantially each biennium.

In 1973, the Nevada State Legislature enacted a statute that based all future budgets on the amount appropriated from the State General Fund in 1975.

The statute provides for each new budget to be determined on the percentage change in population and inflation or deflation as calculated by the Consumer Price Index. There is also a stipulation that allows the budget to be increased for emergencies.

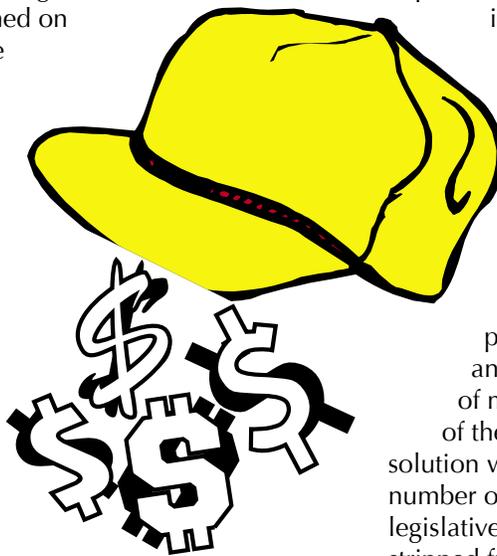
Because of this, you might think that Nevada has already addressed and solved the problem of ballooning state budgets. However, since this law was passed in 1973, huge budget items that were paid for out of the General Fund have been transferred to other state funds. For example, the Public Employees Retirement System and Employment Security were both paid for by

General Fund dollars when the statute was enacted but have since been moved out of the General Fund. This has allowed huge budget increases in subsequent years that can require tax increases.

The contentious tax debate of the 2003 Legislative Session was one of those years of tax increases. Although they talked about expenditure reform, our legislators did not act. And when the state budget grows at a faster pace than the revenue comes in, taxes get raised.

In theory, fixing the expenditure cap would be easy. Instead of basing increases on the budget from 1975, you base it on the immediately preceding biennium and subtract the amount of money transferred out of the General Fund. This solution was proposed in a number of bills during the last legislative session but was then stripped from the final version of the tax bill. The Nevada

Taxpayers Association has long advocated this policy change, and many others have started to become aware of this issue. While it may seem arcane, fixing the expenditure cap would go a long way to keep government spending down and taxes low.



## *Little People Portraits Brings the Art of Family Photography to Carson City*

After 17 years of owning a business in Carson City, the Langsons found it was time for a change. So they started a new business. The former owners of Back in a Flash – One Hour Photo in Frontier Plaza are now the happy owners of Little People Portraits located in the North Town Plaza in Carson City. It was kind of a big change and kind of not, according to Toni Langson, owner of the business along with her husband, Don, and daughter, Shelly Plaut.

Though the business still involves photography, it's worlds away from the former business.

Moving from developing rolls of film to creating picture-perfect portraits involved a whole different set of resources.

Toni says it was really Shelly who got them into the new business. As a mother of a new baby, Shelly discovered that to get those portraits that she and her friends all wanted of their new and growing families, she had to make the trip north to Reno. That aggravation coupled with the onset of digital photography that was drying up the one-hour photo business gave Shelly the idea for Little People Portraits. "I wasn't thrilled with the idea at first," Toni says. Maybe she had retirement on her mind. But the excitement of new technology, new ideas and a portrait studio full of satisfied customers has won her over.

"This is much more enjoyable than the lab, more fun," Toni says. "Oh, there are still the same problems, being an employer, long hours—but we have a great staff. I can walk out the door anytime and they'll [employees] handle everything in the shop, and I'll have no worries at all."

The "shop," as Toni calls it, is full of props to accommodate just about



any portrait that a customer wants. Want to be a Harley dude? They have a Harley just waiting for you to pose on or by. Want your child to be photographed with the moon and stars, pose as a mermaid or be a fairy princess? The photographers at Little People Portraits can make that happen. Want that beautiful, traditional photo of your graduating senior? The parents can have that photo while the graduate can opt for trendier fare at the same time.

Technology has created great changes in portrait photography. What starts out as a simple digital photograph can be turned into children sitting on the letters of their name, an angel "reaching for the stars," kids playing with Easter bunnies, or a little cowboy lassoing the moon.

Shelly is both a photographer and designer once the photograph is taken. Using Adobe Photoshop, she can create a myriad of scenes. She can also manipulate photos to look

like paintings, give them that old fashioned sepia look, render them in elegant black and white, soften the edges, create tone-on-tone, and so much more. And though the studio is called "Little People," they specialize in photographing all ages and styles, including formal wedding portraits and pets. Customers' options are as big as their imagination.

Shelly serves as photographer, teacher for the other photographers, graphic designer and marketing director. As the marketing guru of the operation, she has created a calendar of portrait events starting in January with fairies and ending in December with Father Christmas photos. One of their most fun calendar events, though, is the October Halloween contest.

Everyone is invited to the studio in costume to have a photo taken that's entered into the studio's costume contest. The studio creates a storyboard of the photos, then takes them around to local merchants for them to vote for their favorites. The grand prizewinner receives a deluxe photograph package.

Another marketing venture has the studio teamed with Carson Tahoe Hospital. All new parents receive an 8 x 10 portrait of their baby on an antique scale.

Visit Little People Portraits on the web at [www.littlepeopleportraits.com](http://www.littlepeopleportraits.com) to see the many options available. You're also welcome to visit them at 3246 N. Carson St. in the North Town Plaza where you'll have the opportunity to view the huge gallery of portrait styles that are available.

The studio is open seven days a week and evening appointments are available. Ready to make an appointment? Call them at 882-3207.

## **NRF Holds Overtime Compliance Seminars**

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**T**he National Retail Federation is holding a series of seminars to help retailers learn how to comply with the Department of Labor's (DOL) new white collar overtime regulations. Though Congress is still deliberating about the new rules, they are scheduled to go into effect on August 23.

Richard Simmons, a nationally known labor attorney with the Los Angeles law firm of Sheppard, Mullin, Richter and Hampton, will be the keynote speaker at each of the half-day seminars. Simmons wrote the white paper on FLSA compliance, which is available to NRF members.

NRF has information available on its website, [www.nrf.com](http://www.nrf.com), including news releases that explain some of the changes and the announcement of the DOL release of the final FLSA overtime rules. There is also a DOL side-by-side comparison of the current regulations and the proposed changes.

The seminars are open to NRF member and non-member companies. The closest seminar for Nevada will be held in San Francisco on July 1. Contact Eileen Pryor at [pryore@nrf.com](mailto:pryore@nrf.com) or 202-626-8114 for more information on the overtime compliance seminars.

DOL has information about the new white collar overtime rules on its website, [www.dol.gov](http://www.dol.gov).

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## **FMI and IFDA Team Up for Productivity**

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**P**roductivity and Distribution go hand-in-hand in the food service industry. The Food Marketing Institute (FMI) and the International Foodservice Distributors Association (IFDA) know that and put together an educational conference and exhibition to give food distribution professionals the knowledge and know-how they need for today's business climate.

The Productivity Convention & Exposition, held this year from October 17 - 19, 2004, in Dallas, TX, covers the latest in technological innovations, human resources and business processes. Focus areas include "Voice Recognition Technology," where attendees will hear from distributors who are using the technology. How does the technology relate to warehouse management? What other ways can you use the technology once it's in place?

Another focus area will cover "Employee-Labor Relations." How do you lead your employees to success? What's the latest in labor relations? How do you control health care costs and maximize a part-time workforce?

Workshops will cover topics such as Activity Based Compensation: Linking Transportation Payroll to Productivity; The top Ten Best Practices in Recruitment and Retention; RFID and the U.S. Department of Defense Mandate; Voice Recognition Technology Case Study - Retail Distribution; Living With the New Hours of Service Regulation; Mobile Wireless Communications: Inside and Outside the Distribution Center; and more.

Professionals in transportation, human resources, information technology, financial management, distribution/logistics, or overall operations will all benefit from the wealth of information provided at the Productivity Convention.

For more information, contact FMI at 202-220-0714 or IFDA's Mike McCarthy at 703-532-9400, ext. 244. Information is also available at IFDA's website, [www.productivityconvention.com](http://www.productivityconvention.com).

### **• Seminars •**

#### **August – 2004**

##### **NRFtech: IT Leadership Summit**

August 8 - 10, 2004

San Diego, CA

Contact: 800-NRF-HOW2 or  
208-783-7971

##### **NACS Leadership Executive Program**

August 8 - 12, 2004

Ithaca, NY

Contact: 703-684-3600

##### **NACDS Pharmacy & Technology Conference**

August 29 - September 1, 2004

San Diego, CA

Contact: [www.nacds.org](http://www.nacds.org)

#### **October – 2004**

##### **NRF Shop.org Annual Summit**

October 6 - 8, 2004

Anaheim, CA

Contact: 800-673-4692

##### **FMI & IFDA Productivity Conference & Expo**

October 17 - 19, 2004

Dallas, TX

Contact: 703-532-9400

##### **NACS Show 2004**

October 17 - 20, 2004

Las Vegas, NV

Contact: 703-684-3600

##### **CGA Western Food Industry Exposition**

October 24 - 26, 2004

Las Vegas, NV

Contact: 800-794-3545 or email to  
[expo@cagrocers.com](mailto:expo@cagrocers.com)

#### **January 2005**

##### **NRF 2005 – Retail's BIG SHOW**

January 16 - 19, 2005

New York, NY

Contact: 800-673-4692 or  
202-626-8194

#### **Abbreviations**

CGA • California Grocers Association

FMI • Food Marketing Institute

IFDA • Internat'l Foodservice  
Distributors Assn.

NACS • Nat'l Assn. of Convenience Stores

NRF • National Retail Federation

## Safe Credit Cards for Internet Use

**W**ant to do some shopping online, but all that talk about identity theft has you worried? If you hold a Citibank, MBNA or Discover card, your worries could be over. These companies offer cardholders the “virtual” credit card choice.

Using the virtual system, consumers can get an account number attached to their real credit card to use for buying over the Internet. The number may be for single use or repeated use for such transactions as automatic monthly payments. The protection lies in the account number—it isn’t the actual number on your card.

In 2003, consumers reported more than 214.9 million cases of ID theft. Although card customers may be protected by either a \$50 or no payback for fraudulent charges, the card companies are still paying the bill. (Online fraud costs merchants millions each year in chargebacks.) Consumers must also file the reports and go through other hassles of being a victim of ID theft. The virtual number can eliminate that.

The virtual number attached to your card doesn’t carry any personal information, and in the instance of a single-use card, protects a consumer from recurring charges they may not have authorized. Some companies offer a single-use virtual number to automatically pay a bill on a monthly basis, and it still doesn’t contain your personal information.

Find out more about at [www.mbnashopsafe.com](http://www.mbnashopsafe.com) (MBNA), [www2.discovercard.com/desktop](http://www2.discovercard.com/desktop) (Discover), or [www.citibank.com](http://www.citibank.com) (Citibank).

## Spam: A Growth Business and Taking Its Toll in the Workplace

**A**s the fight against spam grows stronger, so do the numbers of spam grow in the inbox, and it’s taking a toll on American businesses. A recent survey conducted by Nucleus Research, Inc. found that workers are spending about 15 minutes per day sifting through an average of 29 unsolicited email messages. Last year, workers spent about seven minutes each workday dumping the spam.

Although most companies are using some sort of anti-spam technology, the increasing numbers of unsolicited email being sent are the base cause of the growth, says Shruti Yadav, author of the Nucleus report. For instance, companies that do use filters received about 20 percent less spam than companies that don’t use the technology. But in 2003, those tech-savvy companies had 26 percent less spam.

The survey reports that spam costs companies about \$874 per employee in lost productivity in 2003, and estimates that number will grow to about \$1,934 in 2004.

Nucleus surveyed workers of Fortune 500 companies in July 2003 and May 2004, interviewing 117 companies in 2003, then calling the same group in 2004.

There is good news, though. Some spammers are being caught and even being sentenced to time in prison.

Howard Carmack, known as the “Buffalo Spammer,” was sentenced to 3-1/2 to seven years in prison in New York.

The Buffalo Spammer not only sent out hundreds of millions of bulk email messages, he stole identities and forged addresses. In fact, that’s how he was convicted in New York, a state that has no state laws dealing

specifically with spam. He was found guilty of violating state forgery and identity-theft laws. Carmack was also sued by EarthLink, which won a \$16.5 million judgment against him last year. The Buffalo Spammer had set up 300 false email accounts to send 825 million emails. Earthlink officials also testified in the New York case.

The Can Spam Act is also seeing some action. U.S. authorities have charged four people in Detroit with emailing fraudulent sales pitches for weight-loss products. The four are accused of disguising their identities in hundreds of thousands of email sales pitches and delivering email by bouncing messages through unprotected relay computers on the Internet. This is the first case that the Federal Trade Commission has filed under the Can Spam Act, which went into effect on January 1.

Although spam and Internet fraud is affecting the bottom line of most businesses, a recent poll reports that only 40 percent of the 500 executives polled indicated that hackers are the greatest cybersecurity threat.

The poll was conducted by *Chief Security Officer* magazine in cooperation with the U.S. Secret Service and the CERT cybersecurity center of Carnegie Mellon University in Pittsburgh.

In response to an accusation by the Business Roundtable, a group of representatives from some of the nation’s largest companies, that security problems are due to shoddy software, cybersecurity experts say the blame lies with business executives who don’t take cybersecurity seriously and do not take the necessary steps to protect their business systems.

## SBA Redefines Small Business Loan Eligibility Criteria

The Small Business Administration (SBA) is overhauling its rules that define which businesses are eligible for programs such as disaster relief and SBA loans.

Current rules define small businesses as all those with annual sales of \$6 million or less. Proposed changes would base the small business definition on its number of employees, i.e. generally, a small business would be one with 50 or fewer employees. The standard for supermarkets, convenience stores, department stores, discount department stores and warehouse clubs would be 150 employees, while the standard for gasoline stations with convenience stores and all other general merchandise stores would be set at 100 employees.

SBA is making the changes because it believes that employment is a more stable measure of business size and provides a less complex measure of the wide variety of businesses falling within the agency's purview.

Source: *Michigan Retailer*, May 2004

## Redevelopment Loans for Downtown Reno

Small businesses wanting to locate in the downtown Reno area are eligible for loans from the Reno Redevelopment Agency. Several provisions of the loan program, called the Reno Opportunity Growth Fund, are being reviewed to make the process easier and to change some requirements and loan amount guidelines.

The program has been in place since 2001, but only two borrowers have taken advantage of the program, which has \$600,000 left to loan.

## Nevada Medicaid Preferred Drug List Implementation

By Dawn Daly

Provider Relations Clinical Representative, First Health Services

The Nevada Division of Health Care Financing and Policy (DHCFP), in conjunction with First Health Services Corporation, will begin implementing the Preferred Drug List (PDL) beginning Aug. 17, 2004.

On August 17, soft edits will begin for all classes on the PDL. Soft edits will allow the prescription to be filled but will come back with the following message: **"Effective (date to be entered), this drug will require prior authorization. Please have the prescriber contact First Health Services at 800-505-9185."** This telephone number connects the prescriber to First Health Services' Clinical Call Center.

Beginning August 25, hard edits will begin for the first phase of drugs to be implemented on the list. Hard edits will send the message: **"Non-preferred drugs require prior authorization at the point of sale."** At this time, the prescriber will need to change to a preferred drug or contact First Health Services for a prior authorization.

The three-part phase-in for hard edits is as follows: August 25, September 8 and September 22. Additional information on the drug classes to be phased in will be available online at <http://nevada.fhsc.com> from the "Pharmacy" tab.

First Health Services will present one-hour educational sessions addressing the impact this initiative will have on providers and recipients. Topics will include the drug selection and prior authorization processes. Session dates are:

### Carson City – Monday, August 2, 2004

National Guard Armory Auditorium  
2460 Fairview Dr.  
Carson City, NV

### Reno – Wednesday, August 4, 2004

Washoe Medical Center  
Mack Auditorium  
77 Pringle Way  
Reno, NV

### Las Vegas – Thursday, August 5, 2004

### Las Vegas – Tuesday, August 10, 2004

Las Vegas Chamber of Commerce  
3720 Howard Hughes Pkwy  
Las Vegas, NV

### Elko – Monday, August 9, 2004

Red Lion Inn  
2065 Idaho St.  
Elko, NV

All sessions listed above will begin at 7:00 p.m. Light refreshments will be provided. Advance registration is not required. If you have questions about the Las Vegas session, call Jamie Wyels at 702-914-2131 or 702-270-2489. For information about the Carson City, Reno or Elko

sessions, call Dawn Daly at 775-784-3906.

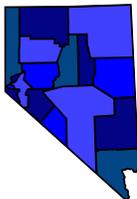
In addition to the sessions listed above, a special session will be offered via videoconference for all rural providers at 2 p.m. on July 28. Contact Dawn Daly at 775-784-3906 for details.

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• Membership in RAN Required •

## Important information for SIG members

The NRS governing self insured groups requires notifying members of all new members to the Group. New members for NRNSIG from May 16, 2004 to June 15, 2004, are listed below. For a complete member list, please call RAN at 775-882-1700. Please Note: Due to the many new members added each month to NRNSIG, we are unable to list all members on this page.

### NRNSIG

Ace Engineering LLC  
Akai Construction  
Alpine Auto Service, Inc.  
Andrew G. Getas, DDS, Inc.  
Attentive Home Health Care  
C & D Sales & Service, Inc.  
Care 4 Life  
Courtyard Siena  
Management Services, Inc.  
Deli Delite  
Denton & Lopez  
Desert Urology, LLP

Elko Tool & Fastener, Inc.  
Goodwill of Southern Nevada, Inc.  
Great Basin Institute  
Kerry's Sports Pub  
Ranieri Construction, Ltd.  
Reno Assembly of God  
Saguaro Home Health Services, LLC  
Shreck Family Health Care Center  
Sierra Feed & Saddlery  
The Ridge House, Inc.  
Trinity Life Center  
V. Goli, MD, Ltd.

**NRNSIG** members who wish to register a negative vote on a new group member, please write NRNSIG at 810 E. Fifth Street, Suite A, Carson City, NV 89701, indicating which member and the reason(s) for the negative vote.

### Membership Information

Find out more about RAN's self insured group.  
Call Willie Kerschner, 775-720-8125 or the RAN office at 775-882-1700  
(Toll-free in Nevada – 800-690-5959).  
Don't forget to check out our website, [www.RANNV.org](http://www.RANNV.org).

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Take advantage of the low rates available exclusively to Retail Association of Nevada members. Call Tim Jensen, 1-800-719-5002 or email [tim.jensen@globalpay.com](mailto:tim.jensen@globalpay.com).



## A Test for Resisting Change

New Research Offers an Explanation for Resistance to Change That Troubles Some People

By James Larsen, Ph.D.

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**D**o you resist change? In today's business world, you know the correct answer. It's "No!" Resisting change puts you in the same category as buggy whip manufacturers who believed growing auto sales would not force them to change their product, or Henry Ford who insisted that customers could purchase his Model T automobiles in any color they wanted as long as it was black.

Resisting change is foolhardy, and of course, you wouldn't do it.

Or would you? Let's test you.

Copy the following statements and then write six possible responses below each one: strongly disagree, disagree, slightly disagree, slightly agree, agree, and strongly agree. Make a half-dozen photocopies, then answer one yourself. Give five people the other copies and then compare the answers. Assign numbers to people's responses: strongly disagree = "1," disagree = "2," and so on. Finally, produce a total score for each person by adding the numbers.

### **Here are the statements:**

- 1) I'll take a routine day over a day full of unexpected events any time.
- 2) I like to do the same old things rather than try new and different ones.
- 3) I'd rather be bored than surprised.
- 4) When I am informed of a change of plans, I tense up a bit.
- 5) When things don't go according to plan, it stresses me out.
- 6) Changing plans seems like a real hassle to me.
- 7) I sometimes find myself avoiding changes that I know will be good for me.
- 8) Once I've come to a

conclusion, I'm not likely to change my mind.

- 9) My views are very consistent over time.

According to research conducted by Shaul Oreg from Cornell University (now at the University of Haifa in Israel), the person with the highest score will most strongly resist beneficial change. The person with the lowest score will have the least trouble with it. [Note: Oreg's full survey contains 16 items. It is reproduced in the reference cited below.]

Professor Oreg recently recognized a need to resolve a dispute in applied psychology. The dispute pitted six theories against one another that tried to explain why some people resist beneficial change. Each emphasized a different personality characteristic. Oreg composed statements reflecting each of the theories and then used an empirical approach to resolve the underlying structure of the disposition to resist change. He ran the analysis seven times with seven different groups and came up with the same structure each time. There are four factors in this disposition, and they are reflected in the statements listed above.

When you reacted to the first three statements, you were revealing the importance routine plays in your life. That's the first factor. The next two statements reflect your emotional reactions to changes that are imposed upon you, like being forced to relocate. That's the second factor. The sixth and seventh statements reveal the irritation and distraction you feel when implementing a change. If you strongly agreed with these statements, then you probably avoid even those changes that are clearly good for

you, like taking a needed vacation. The final two statements reveal your stubbornness in changing your mind.

### **To summarize, the four factors in resisting beneficial change are:**

- 1) Comfort from routine.
- 2) Emotional reaction to imposed change.
- 3) Irritability implementing change.
- 4) Stubbornness in changing your mind.

The more these things are true of you, the more resistant you are to beneficial change.

Let's jump ahead in time to a scene in which you are examining the six copies of the completed survey. Imagine for a moment that you are led to a conclusion that you are more resistant to change than you realized—more resistant than you'd like to be. How can you help yourself?

Oreg's research suggests some possibilities. First, preserve elements of your comfortable routine as you implement change. For example, when you travel, rest at the times you normally rest. Second, anticipate inconveniences that will arise as you implement change. If you plan carefully, you can eliminate surprises and mitigate inconveniences. For example, liberal use of reservations when you travel can eliminate problems meeting basic needs.

Finally, try to maintain a long view to help you overlook immediate inconveniences and remember eventual benefits.

*Reference: Oreg, Shaul (2003) "Resistance to Change: Developing an Individual Differences Measure." **Journal of Applied Psychology**, 88(4), 680-693. C 2004 Management Resources*

# Washington Watch



## **New Overtime Regulations**

Although Congress is still debating the new U.S. Department of Labor (DOL) "white collar" overtime regulations, the rules do go into effect on Aug. 23, 2004. DOL has information available on a special section of its website. The "Fair Pay" site has a number of online training seminars and has divided the rules into different categories that make it easy for a visitor to find out information about the new rules.

Fact sheets are included for how the rules will apply to executive, administrative and professional employees, outside sales employees, blue collar workers, first responders, veterans, insurance claims adjusters, technologists and technicians, nurses, and financial services industry employees. There are also fact sheets for the salary basis

requirement and the part-541 exemptions.

The online seminar is user-friendly with features that allow the viewer to pause or forward the screen as with a video or DVD. Relevant words are underlined in the text so that the viewer can link to the regulator text, fact sheets and other related documents. Go to [www.dol.gov](http://www.dol.gov) to link to the "Fair Pay" information page.

The National Retail Federation is holding seminars across the United States to help companies familiarize themselves with the new rules. The closest seminar to Nevada will be held in San Francisco on July 1. Both member and non-member companies are invited to attend. Contact Eileen Pryor at 202-626-8114 for more information.

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### **Retail Association of Nevada**

Mary F. Lau, Executive Director  
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Paul Enos, Manager of Government Affairs  
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Joan Morrow, Editor

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# Nevada News

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