



# Proving the Value of State Government Relations

**Breanna Schafer, Sr. Director, Gov't Affairs**

July 14, 2020

# About Target



**We're here to help all families discover the joy of everyday life.**

## Fast facts

- Target is a general merchandise retailer with stores in all 50 U.S. states and the District of Columbia.
- 75% of the U.S. population lives within 10 miles of a Target store.
- We employ 350,000+ team members
- Target scored a perfect 100 on The Human Rights Campaign's 2018 Corporate Equality Index.
- Nearly half of our 1,800+ Target stores are run by women.

**\$78.1**

billion in total revenue in 2019

**1,871**

stores in the U.S.

**42**

distribution centers

**20**

office locations globally

**5%**

of our profits go back  
into communities

**44**

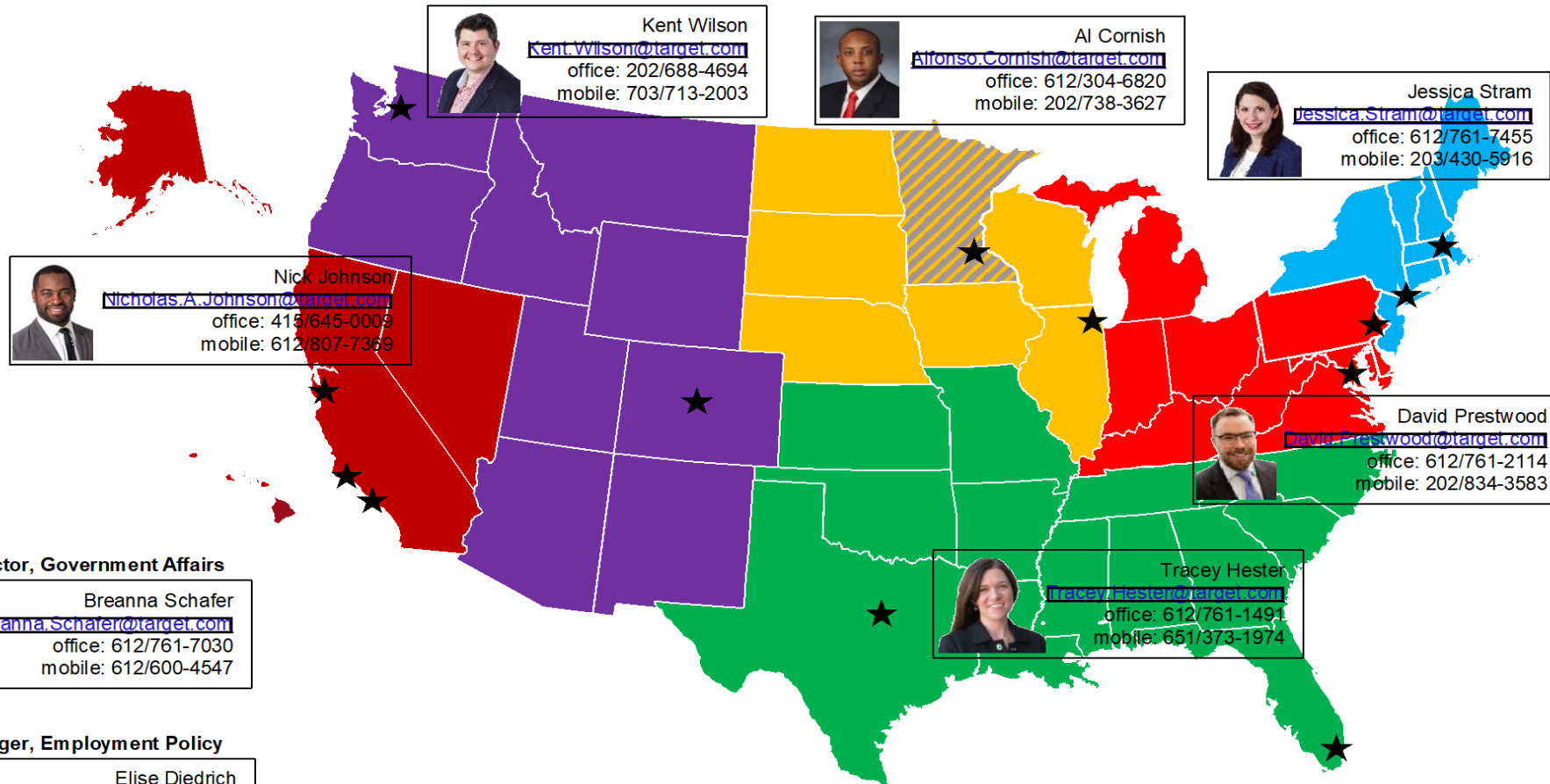
owned brands unique  
To Target

**1**

amazing mascot,  
Bullseye!



# State and Local Government Affairs Advocacy Map



## Senior Director, Government Affairs



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## State & Local Advocacy Director Regions





## Agenda

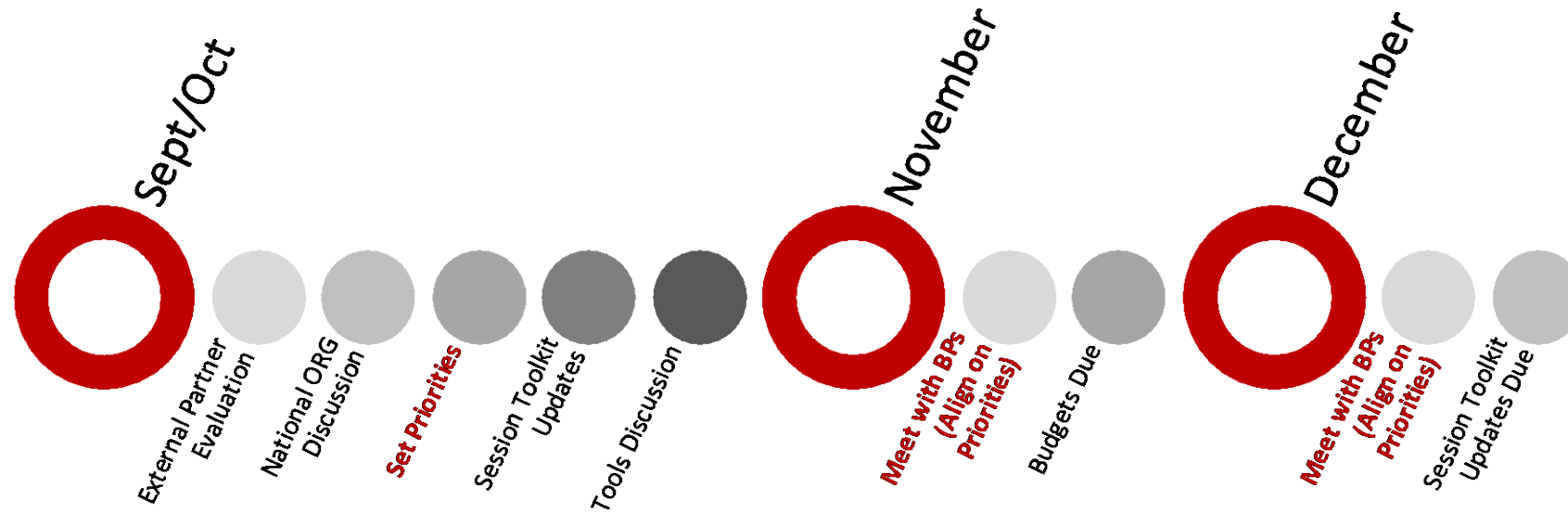
Setting Legislative Priorities and Goals + Aligning with Business Teams

Steps Taken to Develop Target's GA Scorecard

Walk Through Scorecard Content

Answer Questions

# Most Important: Alignment with Business Teams



## Set Priorities:

- As a GA team
- Review issue tiers and make adjustments
- Add new, emerging issues
- Based on:
  - Unique to TGT
  - Guest, Team, Financial & Brand Impact
  - Geographic Impact
  - Likelihood to Become Trendsetting

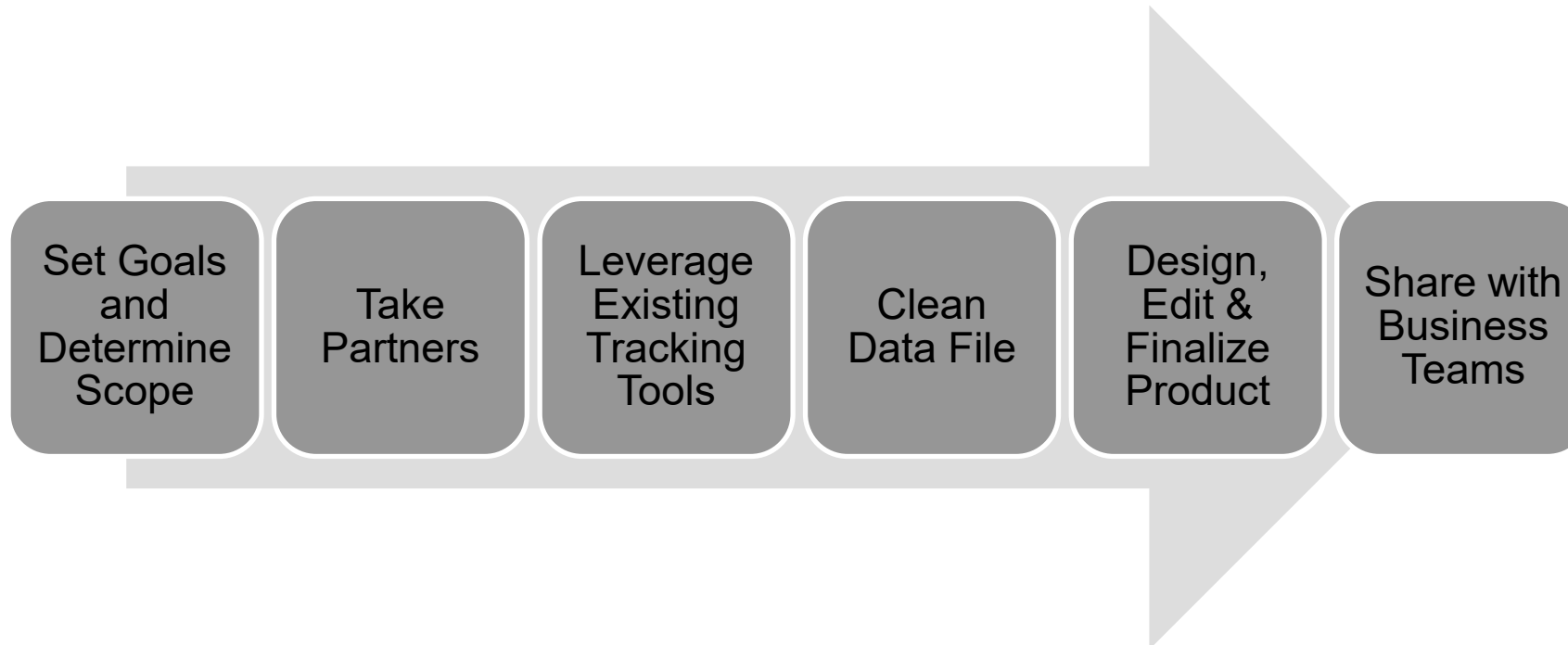
## Meet with Business Partners to Align on Priorities and Issue Goals:

- GA team meets with 10+ business teams
- Review issue tier descriptions
- Share and align – where their issues fall
- Share and align – specific issue goals
- Discuss and add new, emerging issues
- Regional preview of what we expect



**Purpose:** Business teams unquestionably understand GA value and know when to use us.

**Steps Taken:**



# Step One: Set Goals and Determine Scope



**What: Design a scorecard or other products that highlight legislative outcomes on priority issues.**

## **Goals and Milestones:**

- Short-term:
  - Build and establish regular cadence for a holistic GA scorecard
  - Partner with priority business teams to support standalone scorecards – beginning with Tax
- Medium-term: Design Quarterly reports for Tier 1 issues (privacy, employment, alcohol, new stores)
- Longer term:
  - Determine if we need a scorecard for Tier 2 issues
  - Convene with federal GA to determine if we need an all-inclusive report card

# Step One: Set Goals and Determine Scope



## Data Feed: (via MultiState)

- List of priority (starred bills) that are marked as Tier 1. Include the following fields as columns
  - State & Bill Number
  - List of tags (income tax, IRC conformity, etc)
  - Bill description
  - Notes written by us in the Comments field
  - If it was marked as a “win”
  - If it was marked as a “gain”
  - If it was marked as “dead”

## Reporting Audience Map

	Holistic Bi-Annual Scorecard (June/Dec) Demonstrate GA Value	Tier 1 Quarterly Update Accountability to Shared Goals (progress and outcomes)	Tier 2 Update Accountability to Shared Goals (progress and outcomes)
GA Partner List	x		
Tax	x	x	
Privacy & Data Security	x	x	
Adult Beverage	x	x	
Employment	x	x	
Product Safety	x		x
Supply Chain	x		x



# Step One: Set Goals and Determine Scope



## Content Brainstorm:

- Tier 1 Issues
  - List of Issues
  - Pie Chart of Priority Tier 1 Bills broken out by: Win, Gain, Loss, Unresolved
- Pie chart of Priority Tier 1 bills broken out by issue: Scheduling Practices, Pay Ratio, Adult Beverage Expansion, Tax, Data Security Standards, Data Breach Notification, Privacy
- Key Achievements: Summary of biggest wins
- New Store Support: # of new store openings GA supported + key achievements

## Content to Support Storytelling:

- A flow chart of some time that describes the total # of bills introduced in all states, # of bills tracked by GA, # of priority bills GA worked to influence, # of bills enacted (we would give you those numbers, just need to a good way to show that process flow visually)
- Heat maps that show Tier 1 issues across the country.

## Step Two: Taking Partners



### **Government Affairs:**

- Set overall goals and framework
- Scrub and provide data to CLR Services
- Add contextual details into scorecard
- Review drafts & share feedback
- Approve scorecard

### **Compliance, Legal & Risk Services Team:**

- Import data feed into internal dashboard to create visual data options
- Provide recommendations for how data can be best shared to meet objectives
- Design scorecard template designed with business audience in mind
- Adjust content based on feedback

# Step Three: Leverage Existing Tracking Tools



MULTISTATE

Search Alcohol...

Alcohol - Priority

DC B 733 2019 COVID-19 Response Sup

DC B 734 2019 COVID-19 Response Sup

DC B 750 2019 Coronavirus Omnibus E

DC PR 125 2019 Full-service Grocery St

FL HB 6017 2020 This bill repeals provi

GA HB 539 2019 A BILL to be entitled a

GA HB 674 2019 This bill provides for t

GA SB 146 2019 This bill provides that

Alcohol - Enacted

AL HB 478 2020 Revise the list of enum

AL SB 39 2020 Subject to sunset law re

CA AB 860 2019 This bill would include

CO SB 86 2020 Authorizes the executive director to use any reasonable method to notif...

DC B 227 2019 Alcoholic Beverage Enforcement Amendment Act of 2019. Establishes a...

DC B 718 2019 COVID-19 Response Emergency Amendment Act of 2020

DC B 733 2019 COVID-19 Response Supplemental Emergency Amendment Act of 2020. ...

GA SB 146 2019

Passed 1st Passed 2nd Enacted

Sponsor: Frank Ginn (R - Majority)

Tier 1 Active Southeast Alcohol

Summary:  
This bill provides that retail package liquor stores may conduct tasting events at which samples of alcoholic beverages may be served. Provides for terms and conditions and for the remission of taxes applicable to tasting events. Specifies that manufacturers and wholesalers may provide samples of alcoholic beverages to retail dealers under certain conditions.

6/17/20  
(H) Hearing Scheduled - REGULATED INDUSTRIES

4/2/19  
House Withdrawn, Recommended

GA SB 146 2019

Tracey Feb 28  
Provides a framework under which retail liquor stores may allow in-store sampling of alcoholic beverages. Incorporates language from HB76, as well as allows for parity on Sunday retail sales for alcohol and removes the referendum requirement for the same.

Tracey Mar 10  
Goal: allow Shipt deliver alcohol.

Comment...

# Step Four: Clean Data File



	A	B	C	D	E	F	G	H	I
1	Target Tier 1 Bills								
2	Name	Tags	Target Issue Description	Summary	Comments	Win	Gain	Loss	Unresolved
5	SD HB 1158 (2019)	Alcohol, Northwest, Tier 1	Adult Beverage Expansion	This bill deletes requirements that alcoholic beverage for delivery shall be purchased in person and on-site at the licensee's off-sale premises.	Goal: Pass legislation that expands Target's ability to deliver adult beverages via Shipt - allowing deliveries to be made by IC's instead of limiting to employees.	X			
6	MT HB 645 (2019)	Privacy, Northwest, Tier 1	Privacy	Establish the Montana Biometric Information Privacy Act. Provides a private entity may not collect, receive, obtain, or use a person's biometric identifier or disclose, sell, transfer, distribute, license, or change the purpose of use of a person's biometric identifier unless the private entity first notifies the person in writing and receives consent in writing. Provides for definition. Provides exceptions. Provides for enforcement and right to cure.	Goal: Defeat privacy bill requires Target to notify guests when we collect or use biometric data.	X			
7	ID HB 183 (2019)	Income Tax, Northwest, Win, Tier 1, IRC Conformity	Tax: State Conformity	Eliminates the addback for deductions under Sections 245A, 250, and 965.	Goal: Pass conformity bill that provides an exclusion for GILTI.	X			
8	MO SB 87 (2019)	Sales Tax, IRC Conformity, Local Sales Tax Options, Tier 1, Win, Midwest	Tax: State Conformity	The amended bill, based on the version we have seen (attached), would provide a deduction for interest disallowed under IRC 163(j) and would provide an addback for any carry-forward interest deducted in a later year	Goal: Keep GILTI decoupled.  Goal met: The Department's guidance on GILTI effectively reverses GILTI from the Missouri tax base for state taxpayers – so we did not need a legislative fix on GILTI. An amendment at the end of session, provide a deduction for interest disallowed under IRC 163(j) and would provide an addback for any carry-forward interest deducted in a later year.	X			



# **State & Local Government Affairs**

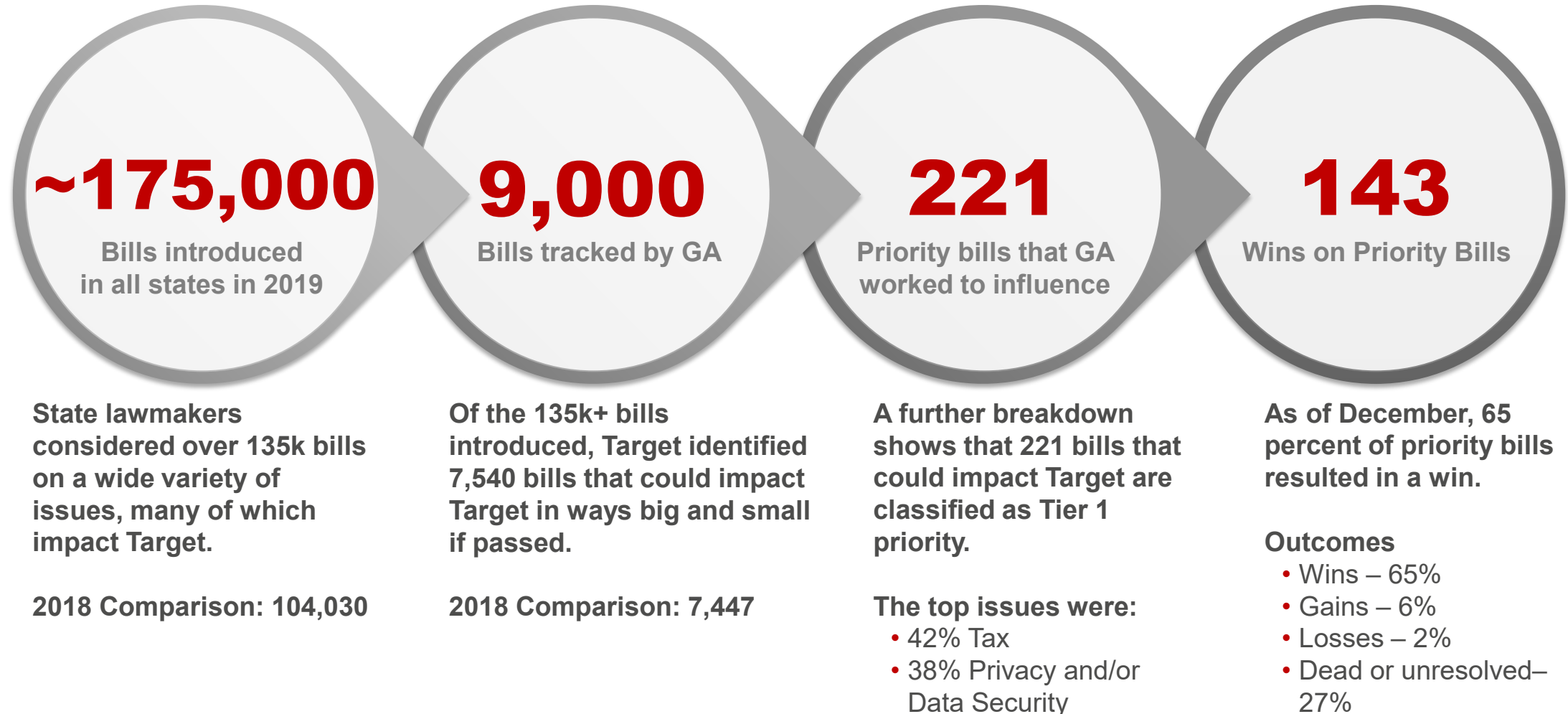
**2019 Priority Issues | Year End Status & Results**

# State Legislative Landscape: **GA Influence**



Government Affairs influences public policy to support Target's business. To do so, government affairs tracks, priorities and influences specific bills in all 50 states.

**Here's a breakdown of the state legislative process:**





**Government Affairs tracks and influences limited  
Tier 1 issues that are moving and have a fair to high  
likelihood for passage across the country**

## Tier 1 issues

**Limited top priority  
business issue with clear  
connection to enterprise-  
wide business priorities.**

Tier 1 issues often:

- Are unique to Target
- Have significant impact to Target, our team, and our brand
- Have a high likelihood to become trendsetting

## GA Engagement

- How we engage may change based on political context, reputational sensitivity, etc.
- GA provides business teams with updates as these issues are moving
- MultiState is updated to reflect current bill status real time – viewable in the MultiState widget.

## issue status

### Win

- The legislative goal was achieved.
- Based on a pre-determined shared goal set between GA and the business team.

### Gain

- The legislative goal was not achieved, but the final result was improved based on GA influence, often despite political headwinds.

### Loss

- The legislative goal was not achieved or made better by Target’s involvement.

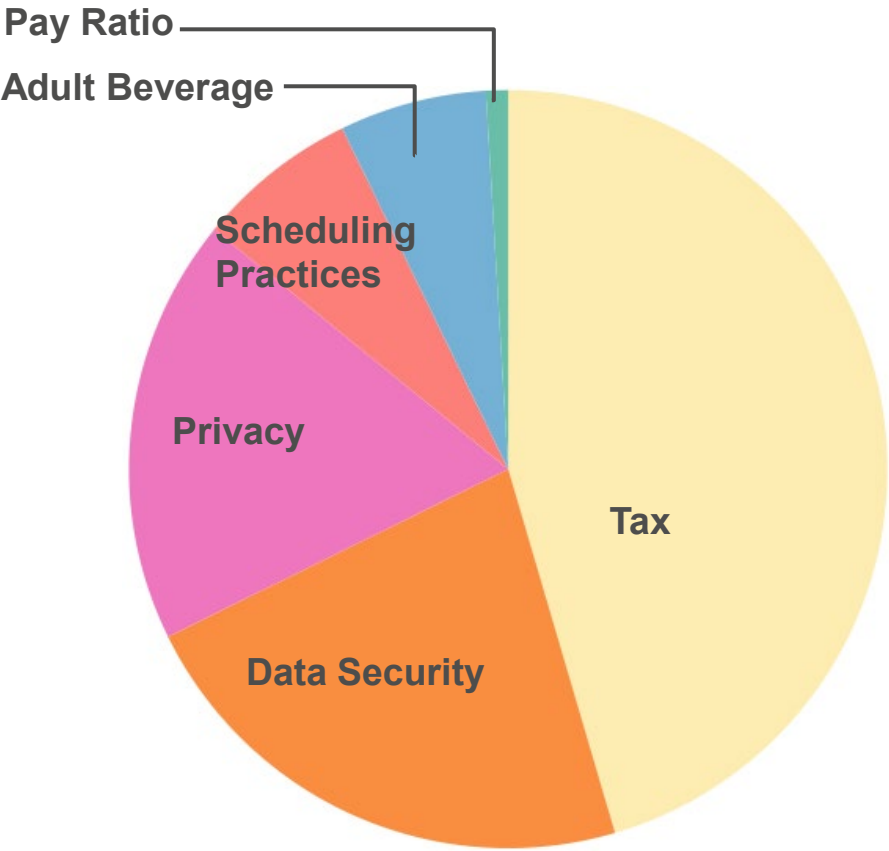
### Unresolved / Active

- The legislation is pending and the outcome is unresolved.
- Due to a state that remains in session or a state in the first year of a 2-year session (known as a biennium).

# Tier 1 Priority Issues: Executive Summary



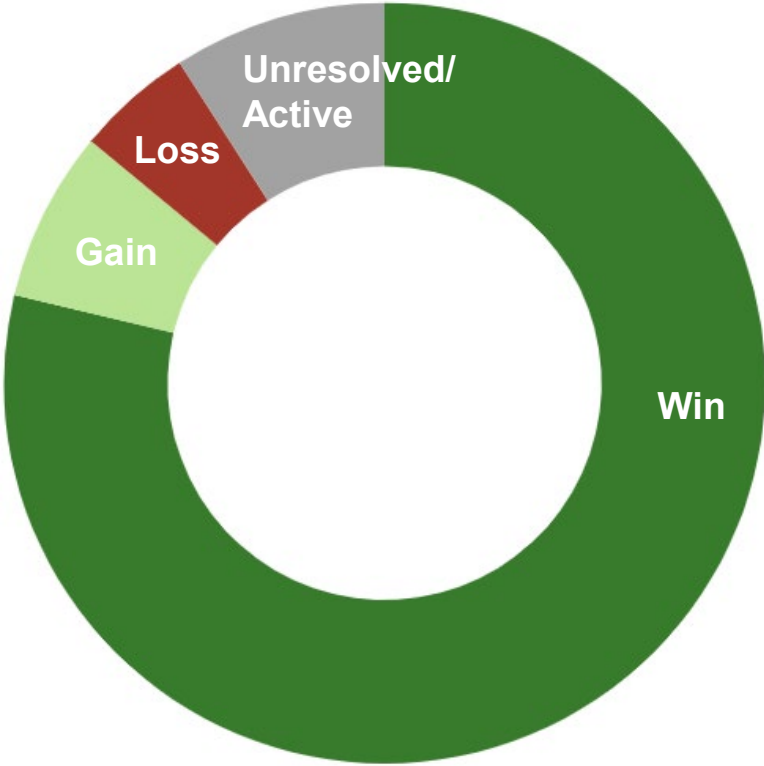
## Priority Legislative Issues



2019 Priority Issues

**221**

## Outcomes of Priority Issues



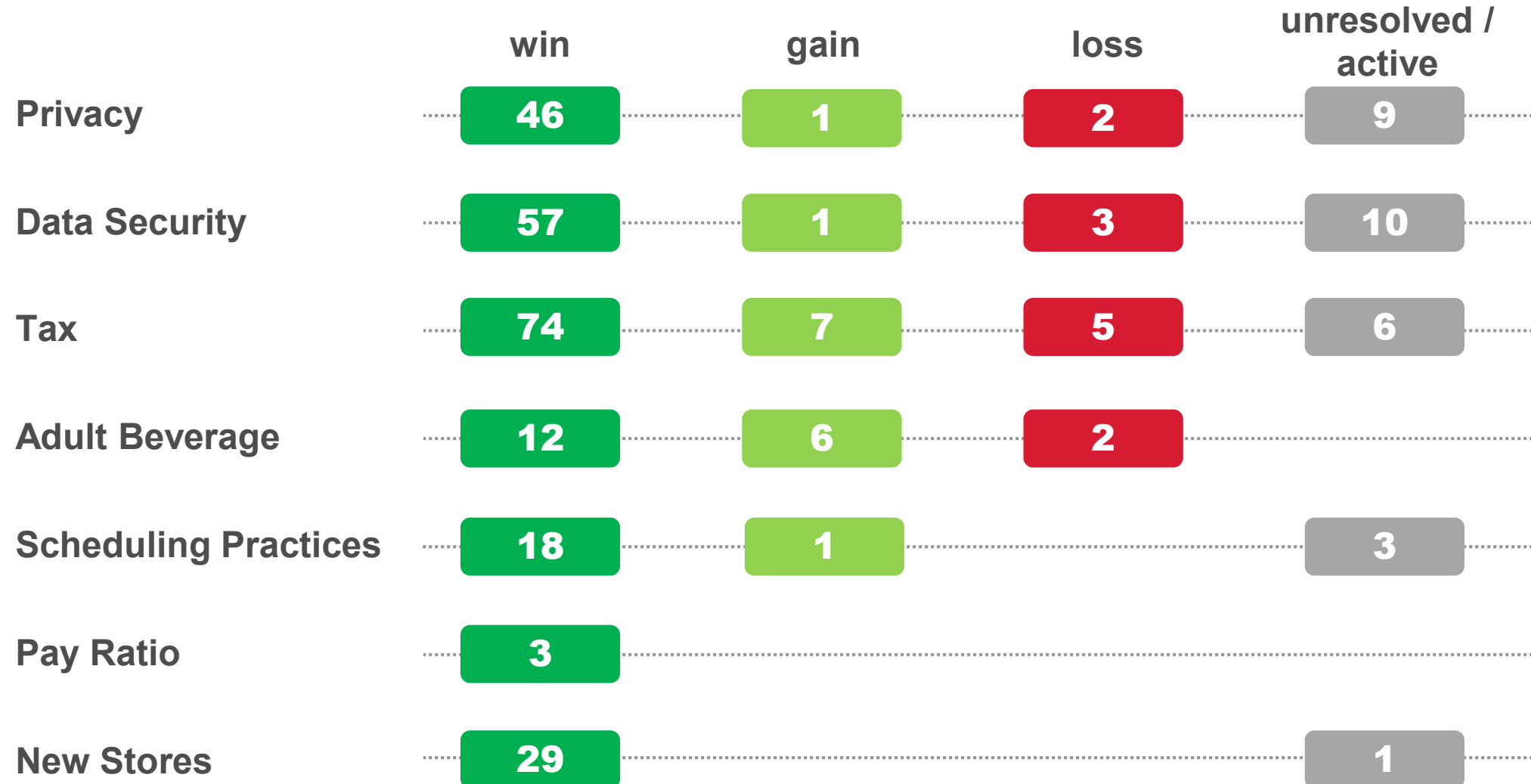


# Tier 1 Priority Issues: Executive Summary



State legislative session lengths and timing differ by state. Most states are in the first year of their 2-year biennium, which means some issues could remain unresolved until the end of 2020 even if they've adjourned for 2019.

*Results from 1.1.2019 – 12.17.2019*



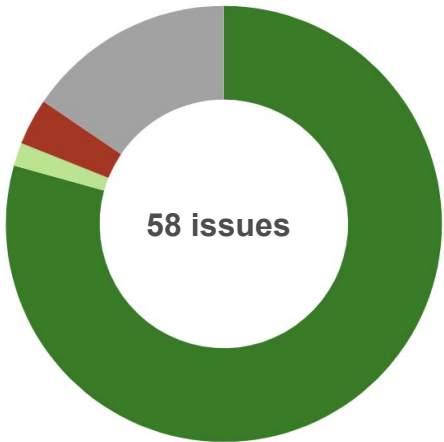
# Tier 1 Priority Issues: Current Status & Results



## Privacy

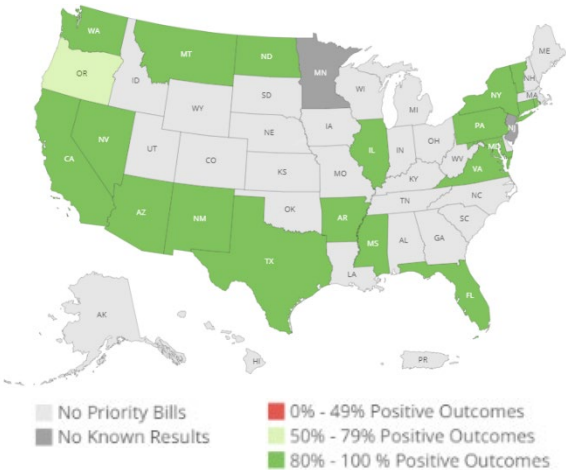
Defeat comprehensive privacy legislation & defeat narrow proposals that dictate how we interact with guests or limit our ability to innovate.

Win	46
Gain	1
Loss	2
Unresolved/Active	9



### Highlights

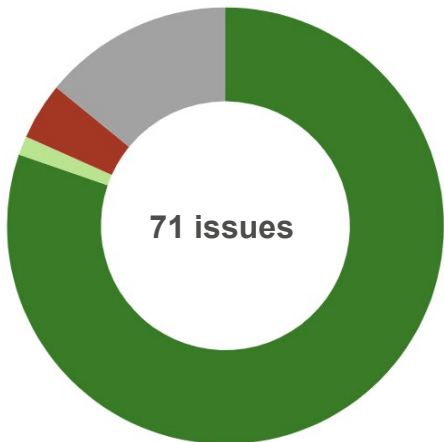
- In CA, ...
- In WA, ...
- In IL, ...
- Looking ahead...



## Data Security

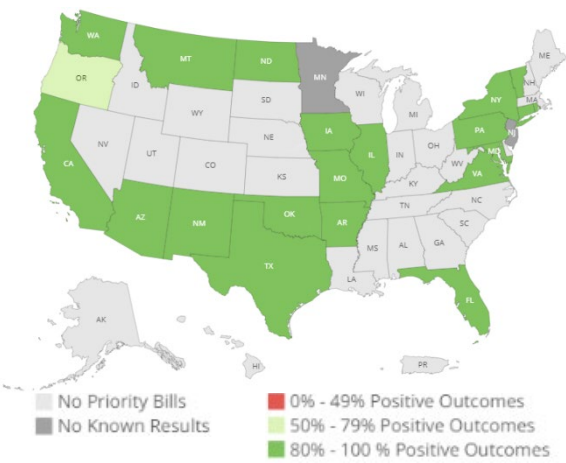
Ensure new data security standards maintain alignment with other jurisdictions & limit state-by-state compliance burden.

Win	57
Gain	1
Loss	3
Unresolved/Active	10



### Highlights

- In OR, ...
- In WA, ...
- In MO, ...
- Looking ahead...

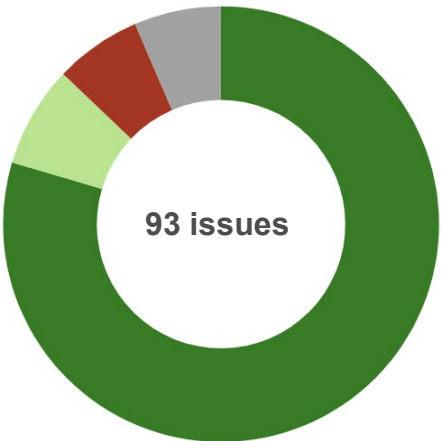


# Tier 1 Priority Issues: Current Status & Results



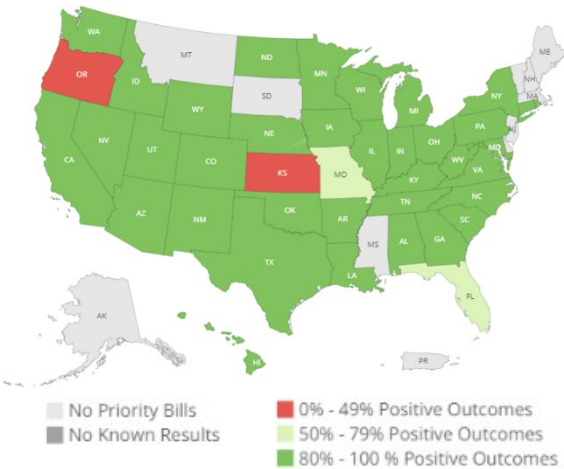
## Tax

Maintain or reduce Target's tax liability and promote fairness in state and local tax policy.



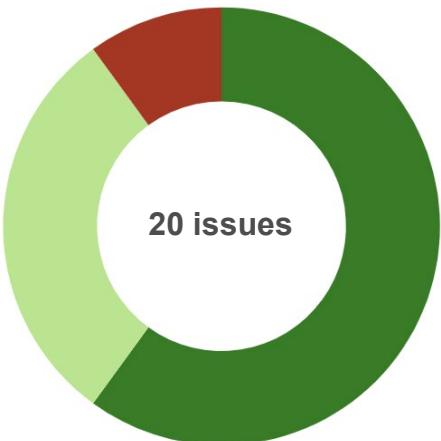
### Highlights

- 43 states have implemented economic nexus through regulation or passing new laws, including Target priorities: CA, TX, IL, VA and NY. NC is pending action in early 2020.
- 23 states have implemented marketplace collection, with 18 additional pending action in the new year.
- Neighboring states of MA and CT each saw a push on real time sales tax collection, which were both defeated by a coalition of retailers, however the issue will return in both states in 2020.



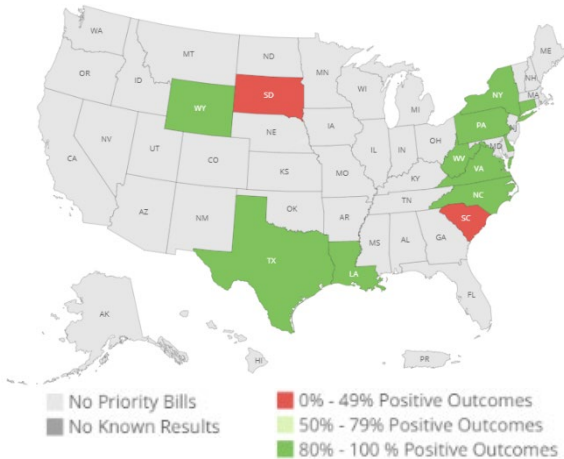
## Adult Beverage

Increase adult beverage sales by passing state legislation that expands Target's ability to sell B/W/S & by securing new licenses.



### Highlights

- In VA, ...
- In CT,...
- In SD,...
- Government affairs deployed tactics that helped secure new licenses in ....

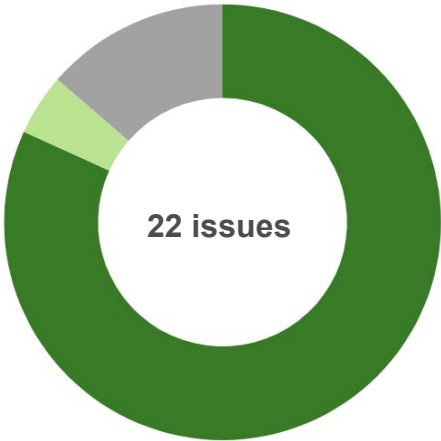


# Tier 1 Priority Issues: Current Status & Results



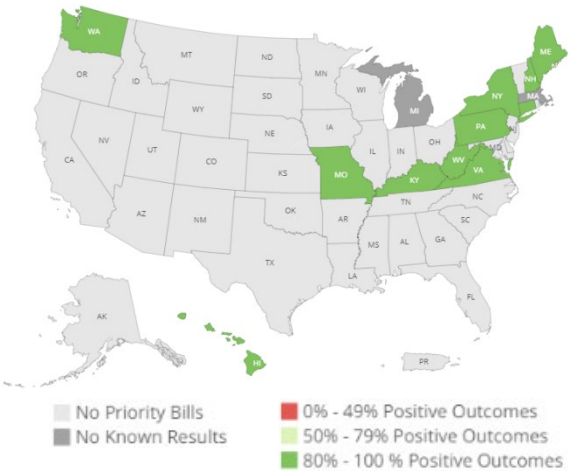
## Scheduling Practices

Defeat or shape scheduling legislation to include Target’s priorities and mitigate cost and complexity for compliance.



### Highlights

- In Philadelphia, ...
- In WA, ...
- In NY, ...
- Looking ahead...



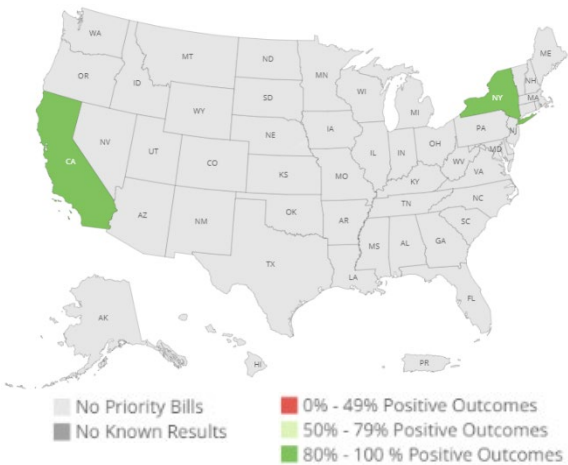
## Pay Ratio

Defeat legislation that imposes new taxes or disclosure requirements on companies based on our SEC Pay Ratio.



### Highlights

- In NY, ...
- In CA, ...
- Looking ahead...



# Tier 1 Priority Issues: **New Store Support**



**30** New Stores in 2019 { **20** low risk sites  
**10** medium & high risk sites

Government affairs helps assign risk ratings to new stores and provides needed support to open and operate successfully.

## ➤ Licensing / Permitting

Government affairs partners with city officials to obtain necessary approvals when running into challenges securing permits or licenses.

### Highlights

- Example 1
- Example 2
- Example 3

## ➤ Community Sentiment

Government affairs meets with elected and community leaders to address any concerns related to a new store opening in order to mitigate risk and build excitement.

### Highlights

- Example 1
- Example 2
- Example 3

## ➤ Opening Day

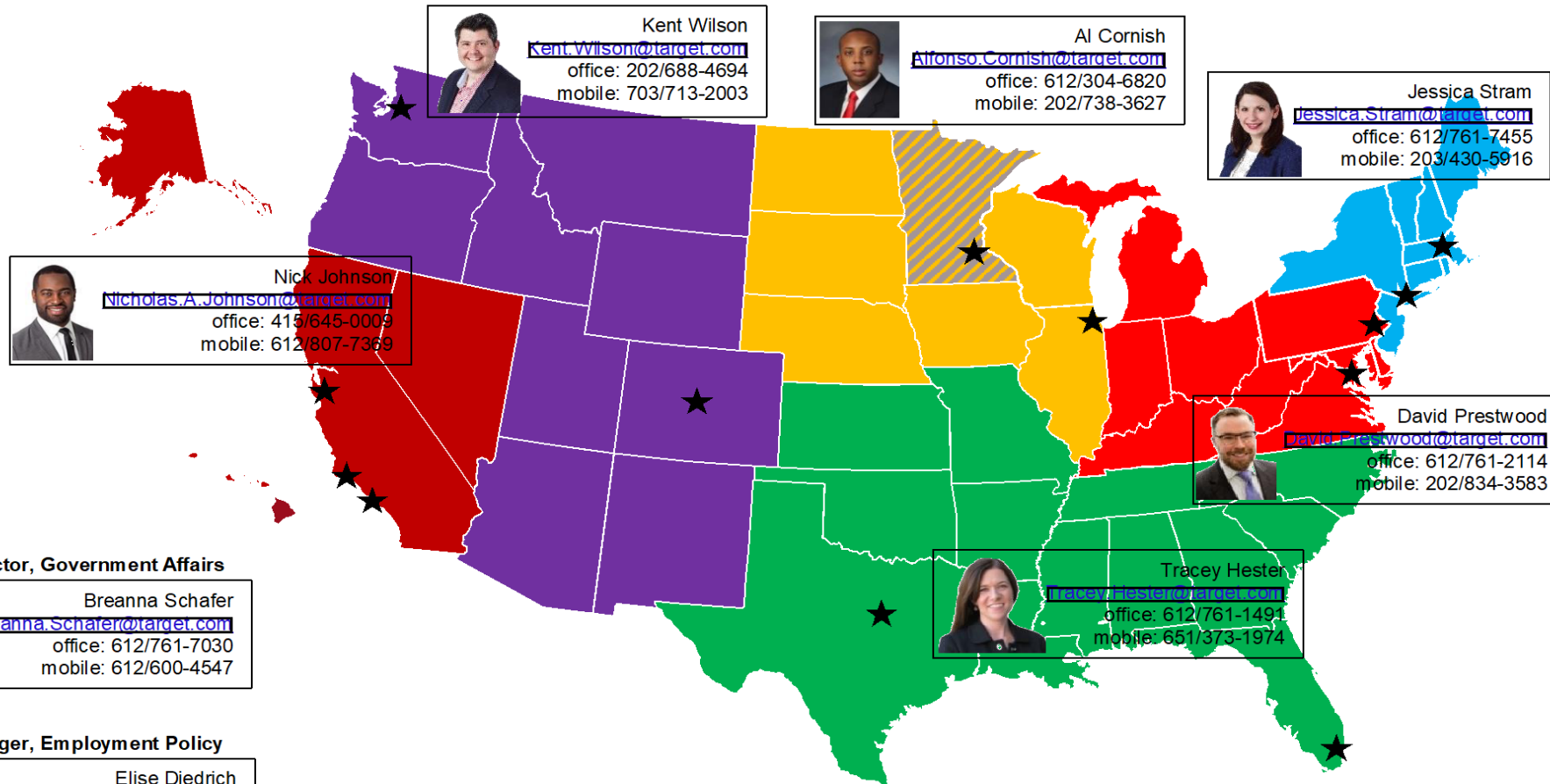
Government affairs invites elected leaders to attend our new store openings to cultivate our ongoing partnership and publicly thank them for their support.

### Highlights


- Example 1
- Example 2
- Example 3




# State and Local Government Affairs Advocacy Map




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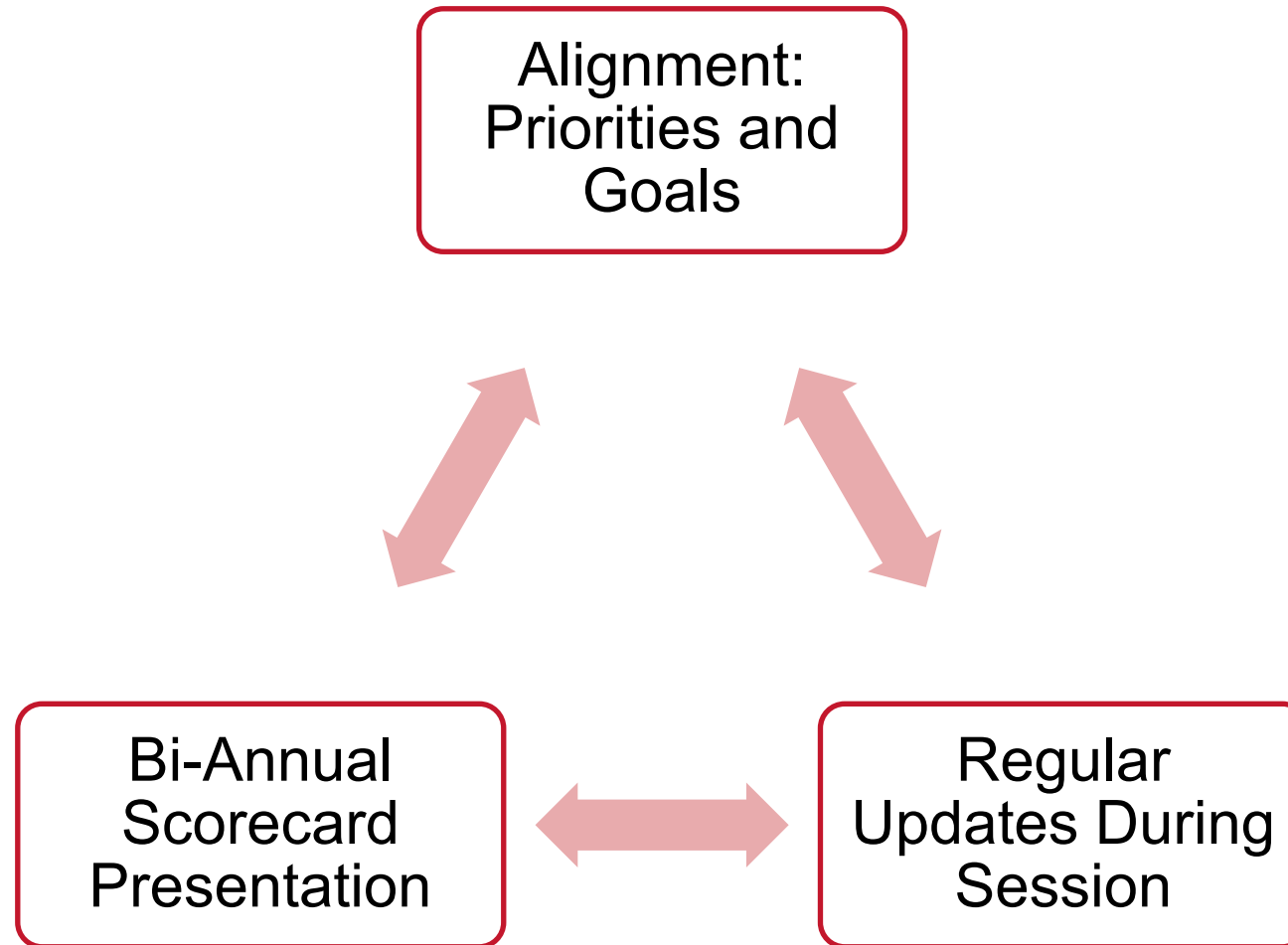
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## State & Local Advocacy Director Regions



## Step Six: Share with Business Teams





# Showing Value During COVID & Beyond



**We updated our 2020 goals due to COVID & shared our new areas of focus with business teams.**

**Tier I: Reprioritize work to focus on the enterprise-wide goals of:**

- Keeping stores and distribution centers open
- Reducing operational burdens to provide essential services to communities and families we serve
- Being responsive and responsible brand ambassadors during a time of crisis

**Tier II: Reprioritizing original 2020 goals, with continued work on:**

- Adjusting our civic engagement plans to support the U.S. Census and team members seeking non-partisan, factual political information while considering the external environment.
- Certain priority issues including...

**Tier III: Pressing pause until further notice on the following:**

- State and local legislation addressing all original Tier 1 and Tier 2 goals with the exception of above
- Delaying in-person civic engagement events for TMs

**We continued to meet with business teams in our usual cadence to check in and share what we're working on.**

**We will resume our usual planning and alignment meetings heading into 2021.**





Questions?