



# OHIO ASSOCIATION OF CONVENIENCE STORES

Good morning Chairman Smith, Vice Chair Ryan, Ranking Member Cera and members of the House Finance Committee my name is Jeffrey Erb. I am the current President of the Ohio Association of Convenience Stores (OACS) as well as a Board member of the Council of Retail Merchants. In my real job I am General Manager of Saneholtz-Mckarns Inc. located in Montpelier Ohio. We are a family owned Fuel Distributor operating almost 40 years in Northwest Ohio. I have been with the company for 30 years. Fuel is a very important part of what we do. So any changes you make here in Columbus will have a real world impact on us.

Hearing the proposal to move the motor fuel excise tax to the rack is very disappointing for us. I am sure you are familiar with how the current system is set up but please allow me to remind you of a few key points. When we purchase loads of fuel at the rack we owe the State the excise tax. Each load's excise tax is paid the following month after the fuel is lifted from the rack. This is helpful and necessary for a number of reasons. Under the current way we do business not paying the excise tax allows us time to transport inventory and sell the product before we have to remit the excise tax. This creates a necessary cushion that helps our distributors.

As you know, if you move the fuel excise tax to the rack, all of a sudden the world reverses direction. The excise tax becomes payable up front and in many cases the tax is paid before the fuel is sold requiring a much larger line of credit. Many small fuel distributors may lose their ability to purchase the product they need to supply their customers. This could cripple and even drive a number of small distributors out of business. Is this the kind of business climate we want to create in Ohio?

I spoke to a number of other small distributors concerning this issue. Their opinion of the proposed change mirrors mine. They see this as an unnecessary change that will have a dramatic and negative impact on their small business. Denny Knott President of Ney Oil asked me to name him in this testimony so he could also be on record opposing the change.

I asked myself who would benefit by this change. The only answer I could come up with that made sense was big oil. They will be the ones to hold the excise tax if this change is made. There certainly is no crisis in collecting the excise tax now. The Ohio Business Gateway is very efficient for reporting and collecting the tax. I also don't see this as being particularly helpful to the government. I hope the government does not see itself as more important than the honest hard working businessmen that produce goods and services that actually allow the government to function.

OACS and The Council strongly oppose this proposed change to collect motor fuel excise tax at the rack. Our members will be hurt and many may struggle to stay in business. This is an unnecessary change to the collection of Motor Fuel Excise Tax.

I appreciate the weight of the decisions you must make when considering the totality of the budget. But I plead with you in this case to strike this from the proposal. The upside for the State is so tiny but the harm this will cause will be so great to many Ohio fuel distributors. Please help create a business climate that fosters growth and protects our businesses here in our great state not one that hurts small business and drive companies away.

Thank you for allowing me this time to speak. I will be happy to answer any questions you may have.