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**TESTIMONY PRESENTED TO  
OHIO HOUSE OF REPRESENTATIVES  
FINANCE SUBCOMMITTEE ON TRANSPORTATION  
HOUSE BILL NO. 26  
KENT WITT  
HI-GRADE OIL COMPANY  
SIDNEY, OHIO**

Good afternoon. My name is Kent Witt. I am president of Hi-Grade Oil Company based in Sidney, Ohio. We are a third generation business and we are proud to distribute heating oil, propane and lubricants to our residential and business customers in west-central Ohio. Hi-Grade started over 90 years ago in 1924. I am a steward of the family business and as such my goal is to be a good employer.

Hi-Grade is a proud member of the Ohio Petroleum Marketers & Convenience Store Association (“OPMCA”). The OPMCA is the statewide trade association representing more than 500 independent, small businesses in the petroleum and convenience industry for nearly a century. OPMCA members own and operate the overwhelming majority of Ohio’s 6,240 convenience stores and employ more than 103,000 Ohioans. Members on the wholesale side of the industry employ thousands more in commercial fueling facilities, transportation divisions, heating oil sales, and home offices. I have had privilege of serving on the OPMCA Board of Directors.

OPMCA members move gasoline and diesel fuel from refinery and pipeline terminals to bulk facilities and retail stations. We distribute heating oil and we operate retail gasoline stations, truck stops and convenience stores. We literally and figuratively help heat Ohio’s homes and fuel Ohio’s economy. When you see a BP, Shell or Sunoco gasoline station, the chances are very good that the owner and operator is an OPMCA member. Those large oil companies left the wholesale distribution and retail business decades ago. The small business members of OPMCA filled that gap.

The proposal in House Bill 26 that shifts the point of motor fuel tax will be devastating to fuel distributorships and retailers across Ohio. Currently, the incidence of the tax is when we buy and receive the fuel at the terminal rack, where we pick it up with our own transport trucks. We owe the Ohio tax on motor fuel received unless we export it out of Ohio or we sell it to the federal government. We remit the tax in the month that follows the date of purchase.

However, our commercial terms with the terminal operator are that we must pay for the fuel within ten to twelve days of purchase. House Bill 26 will force us to pay the 28 cents per gallon of Ohio motor fuel tax to the terminal within the same time period. This will choke our lines of credit and our ability to purchase fuel. We will lose credit in amount and time. We will be able to buy less fuel and we will be forced to pay the tax 20-40 days earlier than we do now. In many cases, we will be forced to pay the tax before we receive payment on our sale of the fuel.

This constriction on our business necessarily will impact the motoring public in the form of higher gas prices and fueling inconveniences. I predict many wholesale marketers, distributorships and retailers will fail as a result of this proposal in House Bill 26. Let me repeat that. Many small businesses in Ohio will fail if this tax legislation is passed. As a result, the motoring public will have less options for fuel purchases and they will have to drive many more miles to find an open retailer who will sell gasoline at an unnecessarily inflated price.

And, who will benefit? Big oil, that's who. They will naturally avoid risk themselves and demand payment for the fuel tax at the same time payment for the fuel is owed. This will shrink our lines of credit. Big oil terminal operators and refineries will hold those tax collections for days and weeks before they are remitted to the state. Make no mistake about it. This portion of House Bill 26 is a cannon that, unknowingly or unwittingly, is shot directly at small fuel businesses in Ohio.

House Bill 26 threatens our business. Hi-Grade and OPMCA oppose moving the point of tax collection. We were not even asked how these changes would impact the industry. I highlight only one problem with House Bill 26. Believe me, there are others.

Although only recently made public, OPMCA is starting to mobilize its reaction to House Bill 26. There will be many more members contacting elected and appointed officials about this legislation. We hope that you will listen to the small business community in Ohio as we fight for survival. I would be happy to answer any questions you might have. Thank you.