



HB 49 - Testimony
Ron Graff, Jr.
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Chairman Schaffer, Vice Chair Scherer, Ranking Member Rogers, and members of the House Ways & Means Committee, my name is Ron Graff, Jr., and I am the V.P. of Store Operations for Columbiana Foods, Inc. based out of Youngstown, OH and I also currently serve on the Ohio Grocers Association board as past chairman. Thank you for the opportunity to offer testimony on the tax components House Bill 49, Ohio's Main Operating Budget for Fiscal Year 18 and Fiscal Year 19.

Columbiana Foods represents approximately 350 employees and has 3 locations in the Youngstown, Calcutta and East Liverpool areas. As a 4th generation family owned business, Columbiana Foods has been serving communities in state of Ohio for over 35 years. I am here today because as a member of a family owned business, I have concerns both over the proposed 70% increase to beer and wine excise taxes and the increases to tobacco taxes, which I know firsthand harms stores like ours along the borders which are contained within the Executive version of HB 49.

Retailers, like Columbiana Foods, make pennies on the dollar in any given year. At last count, the average profit margin for a grocery store operator was 1.0%. To that end, we require vast amounts of volume to stay afloat and profitable. As outlined, the proposed alcohol tax increases on beer and wine are described as only "a penny increase per serving." However, we know that the end retail price point will be significantly higher when the product reaches the shelf. Similarly, with the proximity of my stores to the Pennsylvania border, I see firsthand the affect tobacco taxes have on retail business. Under the proposal outlined in HB 49, Ohio would have one of the highest tobacco tax rates, at \$2.25 per pack, amongst our neighboring states. This will significantly harm stores operating along these borders and lead to increased online and black market sales.

Consequently, these tax increases will have an immediate impact and hamper in- store investment, including future job hiring and reinvestments in not only our stores but also our significant dedication to community involvement and charities like the United Way, Rotary, Salvation Army and Second Harvest Food Bank just to name a few.

Our industry is already facing rising healthcare costs, soaring swipe fees and cuts to the SNAP program; making it harder and harder to succeed. The intent of the Governor's tax reform package is to reduce our State's income tax rates, in an effort to become more competitive with surrounding states. I too am interested in making our State more competitive for businesses and all Ohioans to thrive; however, increases to alcohol and tobacco taxes coupled with the already staggering existing costs described above, will disproportionately shift the burden to Ohio's retail community and ultimately all Ohioans.

To that end, I respectfully request the Committee consider the adverse effect these tax proposals will have on retailers like myself.

Mr. Chairman, and members of the House Ways & Means Committee thank you for your time today.