TESTIMONY OF FRANK G. JULIAN IN SUPPORT OF S.B. 264

Good afternoon Chairman Smith, Vice Chairman Schuring, Ranking Member Driehaus and members of the House Finance Committee.

My name is Frank Julian. I am Vice President of Government, Legal and Public Affairs at Macy's, Inc. Macy's proudly employs more than 8,000 people in Ohio. Our corporate headquarters is in Cincinnati, our credit and customer service division is headquartered in Mason, and we operate 30 Macy's stores across the state.

I am here today on behalf of the Ohio Council of Retail Merchants and its members across the state to speak in support of S.B. 264.

In 2015, Ohio enacted its first-ever sales tax holiday. This holiday was a huge win for consumers, a huge win for businesses across the state, and a huge win for state and local governments.

Consumers won because they were able to save money when purchasing clothing and school supplies during the critical back-to-school period. News outlets across the state reported on the excitement that this sales tax holiday generated.

Retailers won because the sales tax holiday resulted in a significant incremental increase in their business during the holiday. The sales tax holiday not only generated increased sales of items that were exempt during the holiday, but also resulted in significant increased sales in merchandise categories that remained subject to sales tax.

None of the states that border Ohio have a sales tax holiday. As a result, many shoppers from neighboring states came to Ohio to shop during the holiday. These consumers, both from Ohio and from border states, were not only purchasing clothing and school supplies, but were also purchasing taxable items like housewares and jewelry, were eating at restaurants and buying gas for their cars.

Macy's stores across the country are divided into 58 districts. During the period of the sales tax holiday, the Cleveland District and the Columbus District were the number one and number two performing districts in the entire country for Macy's. The only thing that kept the Cincinnati District from being in the top three is that there are some stores in Northern Kentucky included in that district, and those stores performed poorly during the holiday because the Kentucky customers were coming to Ohio to shop.

The significant increase in our sales during the holiday was not limited to clothing. During the holiday period, sales of non-apparel at our Ohio stores were 3.6% higher than non-apparel sales at our stores in other states.

Our data also shows that the sales tax holiday resulted in a true incremental increase in sales, not merely a shifting of sales from one week or month to the next. We analyzed our sales results for the August-September time frame and for the entire third quarter. The sales of both apparel and non-apparel at our Ohio stores for these time frames significantly outperformed our stores in the rest of the country. In fact, for the third quarter as a whole, non-apparel sales performance in Ohio was the second best in the country; only Oregon performed better in this category.

The sales tax holiday was also a big win for Ohio's state and local governments. The Economics Center at the University of Cincinnati recently released the results of an in-depth study of the Ohio 2015 sales tax holiday that it conducted. This study showed that overall retail sales in Ohio increased by 6.48% in August 2015. During the holiday period, Ohio experienced a net increase in sales tax revenue of $4.7 million. This consists of an $8 million increase in sales tax collections, with $3.3 million in foregone taxes due to the holiday.

The Legislative Service Commission estimated that the 2015 Ohio sales tax holiday could result in revenue losses of up to $14 million to state and local governments. The 130th General Assembly chose to create the 2015 sales tax holiday on a one-time basis so that the actual results could be measured before determining whether Ohio should enact a permanent sales tax holiday.

By every standard, Ohio's 2015 sales tax holiday was a huge success—for consumers, for the state's businesses, and for the state's coffers. The empirical data from the University of Cincinnati study is compelling.

Last year, 18 states plus Puerto Rico had sales tax holidays. Some of these states have had sales tax holidays in place continuously for nearly 20 years, and the majority of them have been enacted on a permanent basis.

For these reasons, I strongly encourage you to vote in favor of S.B. 264. to reenact Ohio's sales tax holiday for 2016.

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I appreciate the opportunity to testify before you today, and I am happy to answer your questions.