



HB 64 - Testimony
Ron Graff, Jr.
May 20, 2015

Chairman Peterson, Ranking Member Tavares, and members of the Senate 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 as the Ohio Grocers Association Chairman of the Board. Thank you for the opportunity to offer testimony on the tax components that were contained in the as introduced version of House Bill 64, Ohio's Main Operating Budget for Fiscal Year 16 and Fiscal Year 17.

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 35 years. I am here today because as a member of a family owned business, I have concerns both over the 23% increase to the Commercial Activity Tax (CAT), which disproportionately affects our operations and the increases to tobacco taxes, which I know firsthand harms stores like ours along the borders which were contained within the Executive version of HB 64.

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 1.5%. To that end, we require vast amounts of volume to stay afloat and profitable. Any increase to the gross profits tax, the CAT, significantly deters our ability to invest and grow our business. A 23% increase will cost Columbiana Foods over \$40,000 in additional taxes annually. Furthermore, the impact of this tax increase 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.

Similarly, with the proximity of my stores to the Pennsylvania border, I see firsthand the affect tobacco taxes have on retail business, especially with regards to Pennsylvania having no Other Tobacco Products Tax. Under the Executive proposal outlined in HB 64, Ohio would have the highest tobacco tax rates amongst any of our neighboring states. This will significantly harm stores operating along these borders and lead to increased black market sales.

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 the CAT 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 affect these tax proposals will have on retailers like me.

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