



HB 197 Proponent Testimony
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Executive Director

House Ways & Means Committee
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Chairman Merrin, Vice-Chair Riedel, Ranking Member Sobecki and members of the House Ways and Means Committee, I am Kimberly McConville, Executive Director of the Ohio Beverage Association (OhioBev).

OhioBev supports HB 197 and is pleased offer some perspective from an industry that relies on heavy-duty vehicle operators. We remain an active part of a coalition headed by Ohio Trucking Association working on various ways to address critical CDL driver shortages. We are particularly grateful for partners in these challenging times emerging from the pandemic.

Our Industry

I represent nearly 10,000 beverage industry employees statewide. Our members manufacture and distribute some of the most popular non-alcoholic beverages in the world. Our industry has a \$6.4 billion economic impact in Ohio, pays over \$750 million in annual wages and benefits and contributes over \$516 million annually in state taxes. A healthy beverage industry supports an additional 33,814 workers in restaurants, grocery stores, and other retail outlets.

Fleet Management

My members constantly innovate—from diverse beverage portfolios to operational efficiency, this industry is always looking for a better way to go to business. Fleet management is a critical cost center for all our companies. Whether they are investing in hybrid trucks, installing no idle switches or using load and route optimization software, this industry spends heavily on vehicle purchase, function, insurance and maintenance.

But the most critical part of our product distribution is human infrastructure. Getting our products from production centers to warehouses and into stores, demands qualified drivers.

Within this challenge is the constant pressure to optimize production and warehouse logistics while meeting high customer demands from retailers with minimal back stock. This means maximizing driver routes, managing frequent trips and mitigating risk of late deliveries. This is a delicate balance, and driver shortages are very challenging.

Driver Shortage Challenge

You have heard from the Ohio Trucking Association and others about current and projected driver shortages in Ohio and beyond. How does this play out for us? All our members, whether in Twinsburg or Franklin Furnace, heavily advertise and recruit for Class A CDL drivers. They offer a unique work / life balance that “long haul” trucking companies cannot match, but their struggle to hire and retain drivers continues.

One member now has a dedicated HR director make monthly visits to CDL training schools to explain our industry and its needs. But despite these efforts, we still have peak times when the delivery demands outpace the number of available drivers, leaving trucks just sitting. If we are not delivering, our retail customers are underserved, and our profit margins diminish.

The COVID-19 pandemic stressed our supply chain to its limits and underscored the urgent need for more CDL drivers. Any relief from these pressures will allow our industry to recover from a very challenging time.

Growing Our Own Drivers

To deal with a shrinking pool of qualified operators, my members increasingly use a “grow your own” approach. We find existing employees willing to train for their CDL and we provide both training and all fees for them to get their CDL. This is a costly and time-consuming process with companies spending an average of ***\$6,000 for training and investing 6-8 weeks*** to train. Our training also prepares drivers for unique aspects of our business such as interacting with retail customers and acting as brand ambassadors. Our training is highly prized—so other industries routinely try to lure away our drivers. Any “churn” from losing a newly trained driver is expensive, yet we believe paying for this training for select employees is still a good investment.

HB 197 Value

The tax credit in HB 197 will NOT directly benefit my members, nor help them with rising costs of training new drivers since it does not apply to CAT tax. Despite this, we believe our significant investment in workforce does pay off in more drivers with proven work habits.

The HB 197 tax credit WILL create incentives for smaller companies to train their own drivers, increasing the pool of qualified operators. More qualified drivers help all companies that use trucks to deliver goods. Despite our disappointment that this credit does not apply to CAT, we still believe HB 197 will be helpful.

Bottom Line

Our industry needs more qualified, skilled drivers. HB 197 is an important part of solving this problem. We are grateful to sponsors Stoltzfus and Creech and many others for their leadership. Please consider giving HB 197 your full support. Thank you.