

September 13, 2015. Dave Thomason. *Should Grants Pass Implement A Sales Tax: Tax Would Burden Businesses* (Guest Opinion)

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The proposed Grants Pass sales tax measure being put before city voters on the upcoming November ballot would cause more problems than it would solve for our community. I will start by saying that I am most certainly aware of the issues surrounding public safety that we face in our city and county. I have supported the failed levies that have been attempted the last four times.

I do not, however, support any kind of sales tax being implemented in the city of Grants Pass as an answer to solve our funding problems. While I do not purport to speak on behalf of all members of our local hospitality industry, I can with great confidence tell you that my feelings are mirrored by the vast majority of Grants Pass operators.

We have been absolutely battered and bruised by state and federal laws that have made it extremely difficult to continue operating in Oregon with any level of success. The restaurant industry already has a failure rate of approximately 80 percent within the first two years of operation. Already thin margins are being wiped out with the addition of legislation such as Obamacare, an upcoming Mandatory Sick Leave law and a major increase in the minimum wage that will come via either legislation during the next session or by a vote of the citizens which will result in either a \$13 or \$15 wage. Since we are a very labor intensive business we will no doubt feel the brunt of these changes. Also since approximately 70 percent of our guests choose to pay with a credit card we will also be responsible to pay the additional sales tax that includes our 3 percent processing fees to the credit card companies.

The implementation of a sales tax will only add to the burden of trying to operate profitably. I can assure you that when the playing field becomes unbalanced via a sales tax in the city there will be those who will make their decisions to spend their money elsewhere. There will be those who will choose to spend their money in the county and others who, while traveling up and down the freeway, will simply bypass Grants Pass. I have no doubt that knowledge of the fact that Grants Pass has a sales tax will spread throughout the state and another 30 miles up the road to Medford will be an easy choice to make. It will also be on the minds of people in the Medford area, where we have had significant success in becoming a destination location for many of them at our Taprock Northwest Grill restaurant. There are just too many other choices for us to be handicapped in such a way. It will also come in to play at our Event Center when major groups are trying to decide where they should schedule their next event.

I completely disagree with those who say that our locals will continue their normal spending habits since the amount of the tax is so minimal. I believe that you underestimate the amount of

people in Oregon who, no matter what the tax is, are philosophically opposed to paying a sales tax. I personally know many people who have refused to dine in Ashland ever since they enacted their meals tax there several years ago. We also know that once a tax is enacted, it will never go away and will only go up.

A combination of a significant increase in the cost of doing business coupled with any downturn in revenue will spell disaster for our industry and other small businesses in Grants Pass. At a time when the local economy is still fragile, imposing a tax that would discourage consumer spending in Grants Pass is sending the wrong message. The public safety needs of the city can be met with economic growth, not with a tax that inhibits business and encourages our neighbors and visitors to go elsewhere to spend their hard-earned dollars.

Dave Thomason is the owner of Southern Oregon Elmer's, LLC; Taprock Franchise Systems, LLC; and Thomason Bean Co. (Human Bean). He is a past president of the Oregon Restaurant & Lodging Association and the Grants Pass & Josephine County Chamber of Commerce board of directors.