

REASON TO BUY LOCALLY

It seems that every day you see or hear advertisements that urge people to buy local. The problem is that no one really explains why you should buy local except to support local businesses. I'll give you another reason—buying local keeps your property taxes down.

A lot of folks don't realize that local schools depend on more than property taxes for funding. A tax that most people aren't even aware of also helps provide for school funding. The revenue of this little known tax is solely decided by its residents' buying habits. Over the years I have wondered how many residents, elected officials and even educational personnel realize how much funding they lose on an everyday basis when Holmes County residents purchase products from out-of-county merchants. I suspect many do not.

HERE'S HOW IT WORKS

Merchants pay a variety of taxes. Federal taxes, state taxes, property taxes, and social security taxes are just a few that most people are familiar with. However, many people don't know that businesses pay an additional "inventory tax" to the county in which they reside. In our case, because automobiles are expensive, these inventory taxes mount up quickly and represent a significant sum. For example, according to the Holmes County Auditor's office, here are the inventory taxes my dealership paid to Holmes County, along with a list of the fund distribution from 1990-2004.

Chuck Nicholson Superstore Holmes County Inventory Tax Distribution:

Holmes County Schools	\$442,008.67
Holmes County Training Center	\$90,184.70
JVS-Ashland/West Holmes Career Center	\$53,151.69
Holmes County General Fund	\$43,904.70
Holmes Fire District	\$40,689.02
Township – Hardy	\$28,335.64
Holmes County Home	\$19,257.77
Holmes County Mental Health	\$13,511.34
Holmes County Park District	\$2,059.96
Total:	\$733,103.30



Chuck Nicholson

Please keep in mind that these figures are from my dealership alone. Other Holmes County businesses pay Holmes County inventory taxes as well. These inventory taxes are in addition to the many other taxes all merchants pay such as property taxes.

Now the sad part. The overwhelming majority of new and used vehicles are purchased from out-of-county dealers and the inventory taxes that were collected went to schools in the counties in which these out-of-county dealers reside. **Not a thin dime of those taxes were returned to Holmes County and were lost forever.**

Obviously, Holmes County would collect a lot more taxes if residents bought more local products. For example, our philosophy on inventory is simple: We try to keep 90 days of inventory on our lot. Using this simply philosophy, if we sold twice the number of vehicles to residents of Holmes County, we would hold twice the inventory which would mean twice the inventory taxes collected. Since the inventory tax is a hidden tax that only businesses pay, the public doesn't understand how their purchasing habits impact local schools' funding. People are indeed creatures of habit. Holmes County residents are no different than residents of other communities in that the "grass is always greener on the other side of the fence." Simply put, many folks believe they can buy cheaper from big city stores. I know it's hard for some people to believe, but the facts of the case are that every General Motors dealer in the USA, from the ultra largest to the smallest, pays the same exact price to the factory for their vehicles. There is not a penny difference. There are no volume discounts of any form or description. Simply put, no one can sell you a comparably equipped vehicle for less than Chuck Nicholson if we are offered a fair chance.

The real culprit is perception. Many people assume the local dealer's price is higher and never actually give the local dealer an honest shot at their business. Here's a shopping tip...When comparative shopping, shop out-of-county dealers first and SHOP YOUR LOCAL DEALER LAST.

HOW BIG OF A PROBLEM IS OUT-OF-COUNTY SALES?

Here are some numbers that will floor you. In 2004, there were 1,195 new vehicles sold to Holmes County and 43006, 43804, 44627 and 44676 zip code area residents. Can you guess how many new car dealers it took to sell them? The answer...197. Astonishing, isn't it? Here is the breakdown:

- 84 New car dealers sold 2 or more new vehicles to Holmes County residents
- 113 Additional new car dealers sold one vehicle each in Holmes County
- 197 Total new car dealers sold 1,195 new vehicles in Holmes County

HOW ABOUT USED VEHICLE SALES?

In 2004, there were 2,651 used vehicles sold to Holmes County residents by dealers. How many new and used car dealers did it take to sell them? The answer...264. Here is the breakdown:

- 124 New car dealers
- 97 Used car dealers

43 Non-Ohio (out-of-state)dealers

264 total new and used car dealers sold 3,531 used vehicles to Holmes County residents

In addition to the inventory taxes, starting July 1, 2005, all businesses in the state of Ohio, including myself, are impacted by a new gross receipt tax called "Commercial Activities Tax"(CAT), which is based on a business's gross receipts. The CAT tax was intended to phase out the inventory tax over a five-year period and be neutral in taxing our business. However, as it turns out, the CAT tax is being phased in more rapidly than the inventory tax is being phased out. The result is that for the next couple of years, our auto business will actually pay higher taxes than we have in the past.

NO REASON TO BUY VEHICLES OUT OF COUNTY

- No GM dealer in the entire USA buys vehicles from the factory cheaper than Chuck Nicholson. No one. Not a penny. With our low overhead, no one will sell you a comparably equipped vehicle for less if we get an honest shot at your patronage. If we don't have the exact vehicle you are looking for, we can locate it and usually have it for you in 48 hours.
- Used vehicles? We are the Tri-County's "used car authority"with over \$3 million in used vehicles in stock for immediate delivery at our 2 locations. We also fill special orders.
- Chuck Nicholson sells more new and used vehicles in the combined areas of Holmes, Wayne, Coshoccon, and Tuscarawas counties than any other dealer.
- Today our service is tops. Regretfully, in our early years, our service department was not of the quality we desired. However, over the years we worked hard at hiring the best technicians available, trained them extensively, updated our equipment and I'm proud to say that today our service department is second to none and is the leader in customer satisfaction. In fact, our service department has won the prestigious General Motors "Mark of Excellence"award three years in a row.

We cordially invite you to stop in and compare our selection, prices, service, and friendly staff. You'll be glad you did.

BUY LOCAL AND KEEP YOUR PROPERTY TAXES DOWN

Schools and other vital services must have adequate funding to exist and operate effectively. Holmes County has an excellent school system. In fact, that's one of the things I considered before agreeing to locate in Holmes County. A strong school system historically generates a strong local economy. Conversely, a weak school system produces a weaker local economy. Any funding, such as inventory taxes or CAT taxes that are lost to other counties, must be made up by increasing other taxes, such as property taxes. The obvious solution is to buy from Holmes County merchants and keep these taxes in Holmes County.

WHAT'S THE SOLUTION?

- 1) Buy local yourself.
- 2) Urge your family and friends to buy local.
- 3) Expect local people whose income depends on tax dollars to buy local.
- 4) Buy services and products only from local business people who themselves buy local.

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