

May 7, 2019

The Honorable Scott Oelslager  
Finance Chairman, Ohio House of Representatives  
77 South High Street, 13<sup>th</sup> Floor  
Columbus, OH 43215

Dear Chairman Oelslager:

On behalf of our associations and our thousands of small business members, we are writing to respectfully request the removal of language added to House Bill 166 that reduces the business income deduction (BID) from \$250,000 to \$100,000.

The business income deduction was enacted to create tax parity between pass-through entities and general business C-Corps. Pass-through entities have to pay both, the Commercial Activity Tax (CAT) and the Individual Income Tax, while C-Corps simply pay taxes on receipts under the CAT. The proposed change in HB 166 impacts the parity between Ohio businesses.

We are concerned about the negative impact the reduction of the BID will have on our small businesses. The Legislative Service Commission has indicated a \$193 million annual tax increase as a result of this change. The reduction may well result in having less money for investments in improvements to our facilities, training, technology, new equipment, and/or increased wages, all of which would be detrimental to Ohio's overall economic growth.

The BID has been in place in its current form just since Tax Year 2016 and, this substantial change was put forth quickly, unexpectedly and without input from Ohio's impacted business community. Therefore, we believe that such a significant change warrants a more comprehensive analysis and more in-depth conversations with stakeholders.

Thank you for your consideration.

Sincerely,

Ohio Chamber of Commerce  
National Federation of Independent Business (NFIB)  
Ohio Society of CPAs  
Columbus Chamber of Commerce  
Ohio Automobile Dealers Association  
Ohio Insurance Agents Association, Inc.  
Greater Cleveland Partnership  
Greater Akron Chamber of Commerce  
Dayton Area Chamber of Commerce  
Ohio Grocers Association  
Toledo Regional Chamber of Commerce  
Ohio Farm Bureau Federation  
Cincinnati USA Chamber of Commerce  
Canton Regional Chamber of Commerce  
Manufacturing Policy Alliance