



OHIO

October 10, 2017

The Honorable Tim Schaffer
Chair, Ohio House Ways & Means Committee
77 South High Street, 11th Floor
Columbus, OH 43215

Dear Chairman Schaffer:

I am writing on behalf of the nearly 25,000 governing members of the National Federation of Independent Business to express our support for House Bill 334, legislation ensuring pass-through entity (PTE) business investors utilizing a professional employer organization (PEO) may avail themselves of the business investor deduction.

By way of background, a typical NFIB/Ohio member employs 25 or fewer and does less than \$2 million in annual sales. Our members come from every industry type, and our organization looks like Main Street in any legislative district across Ohio.

House Bill 334 ensures businesses that have elected to utilize the services of PEOs for human resources, payroll, withholdings, etc. are still recognized as stand-alone entities and remain eligible for the business investor deduction and flat three percent rate for income exceeding \$250,000. Small businesses contract with a PEO for a host of reasons including efficiency of operations and compliance with the law, as well as to provide employees with additional benefits they could otherwise not be able to provide.

House Bill 334 serves to clarify that all business owners meeting the criteria of the business investor deduction are eligible regardless of whether they contract with a PEO for various services. We believe House Bill 334 meets the spirit, and intent, of the business investor deduction.

NFIB/Ohio supports House Bill 334 and its companion Senate Bill 186 and recommends favorable adoption by this committee. We applaud Representative Scherer and Senator Peterson for their sponsorship. NFIB/Ohio may consider House Bill 334 a key small-business vote of the 132nd General Assembly. Thank you for your consideration.

Sincerely,



Christopher J. Ferruso
Legislative Director