



May 21, 2019

## House Bill 166

Honorable Senators, ladies and gentlemen;

My name is David Boothe. I am an NFIB member, the Area Action Chairman for Northwest Ohio and most importantly a small business owner. In fact, I own two small businesses in Ohio. One is an industrial process general contracting firm and the other is a residential/commercial masonry company. I am here today to offer my comments on Ohio House Bill 166, which seeks to reduce the small business taxable income forgiveness from \$250,000 to \$100,000 and eliminate the 3% cap on business income of pass through entities.

First off let me comment on an opinion that I have heard that these tax savings have been a windfall for small business owners, who have pocketed this "windfall" instead of utilizing it for business expansion, advancement or retention. This opinion cannot be farther from the truth in my, my friends, colleagues and other NFIB members in business.

Allstates Refractory Contractors, LLC, my industrial process general contracting firm, has utilized this money since its inception to:

- A. Train my employees in advancing their trades skill sets, management skills and safe workplace practices, earning us the best safety performance rating in our industry
- B. Hire apprentices to learn their trade
- C. Purchase new equipment to replace worn and update our tools
- D. Retain employees during slow periods, where typically they would be laid off or possibly terminated
- E. Provide health insurance assistance for those who are not covered by other programs
- F. Purchase advertising and marketing assistance to expand our existing and enter new markets, which will increase my need for more employees

Although increasing personal income via this tax savings would, to some, be an attractive concept, I have felt that this money could be better spent to improve my businesses; thereby my sales and hopefully profits. This then would increase my personal income and benefit the whole company.

To make this 60% reduction in taxable income forgiveness and eliminate the tax cap on that and all other income amounts to a money grab to satisfy budget issues that previously were not problems or problems that found other solutions. The concept that this money will be replaced by reducing personal income tax across the board is a feeble attempt to portray this as a good for the whole, when in reality it will reduce the incentive to do the aforementioned items and potentially reduce or even fall back from the strides this state has achieved with these funds and known tax costs in place. It will put more money in each individual's paycheck, but, if there are no paychecks, no raises or a requirement for more participation in healthcare costs, what good is the concept?

On top of the basic injury, to make it retroactive to the beginning of this year when we are only 30 days away from mid-year is a travesty and potentially creates a withdrawal from expansion plans and hoarding of cash to hedge against an unknown tax cost at the end of this year. This will lead to a slow down, reduction in hiring plans, and possible stagnation in what is a burgeoning economic atmosphere.

Small business is well known and touted as the backbone of the American economy and certainly Ohio's economy. For decades legislatures have purported to be a friend to small business, yet it is these types of actions that show the true color of their interest, loyalty and hearts. Pass through entities are the highest taxed entrepreneurial group of individuals in the country. They have gone out against what can be large odds to create something special, something their whole being is committed to. To provide them an incentive to think bigger, reach farther, be bolder and then take it back in a few months is unconscionable.

Additionally, to enact it in such a period of time that was too short for us to respond, offer comment or rally against it, shows the true intent of the House, knowing what turmoil this would produce.

I urge the Senate to eliminate the language in this bill that will create the havoc that this reduction and removal of the tax cap will create for small businesses all over the state. Restore our faith in the fact that you the Ohio Senate is a true friend of small business.

Thank you for your time and this opportunity to bring my thoughts and opinions to you today.