



State &  
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**Senate Finance Committee  
Testimony on HB 166 – Business Income Deduction  
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President and CEO of State and Federal Communications, Akron, Ohio and  
Co-Chair of the Greater Akron Chamber of Commerce Government Affairs Committee  
May 22, 2019**

Chairman Dolan, Vice Chair Burke, and Ranking Member Sykes: I address the Committee as President and CEO of State and Federal Communications, a 26-year-old small business from Akron, and as the Co-Chair of the Greater Akron Chamber of Commerce Government Affairs Committee. I ask, on behalf of the more than 1,500 members of the Greater Akron Chamber of Commerce, you reconsider altering the Business Income Deduction.

The current language in HB 166 reduces the Business Income Deduction from \$250,000 to \$100,000 and eliminates the 3% cap on pass-through income above the deduction. The changes will add taxes to small businesses, resulting in what we are told is \$1.2 billion tax increase over the biennium on pass-through entities. According to the Small Business Administration, many of these “entities” include the more than 2.2 million small businesses in the state and represent 46% of the number of businesses in Ohio.

This does not bode well bringing in new businesses to the Ohio and definitely makes us less attractive than moving businesses to Pennsylvania or Indiana. Competition is everywhere. When my grandfathers came to America from Greece more than 100 years ago, they settled where there were opportunities for their businesses to be the most successful.

Let me share with you our business at State and Federal Communications. We keep track of the lobbying laws and campaign finance laws in the states, more than 300 municipalities, and the Federal government. We know from our clients—many of them Fortune 500 companies—decisions about working with legislation comes down to economics. Wal-Mart is working hard to have more and more of its products made in the USA...and they are being made by small businesses. Just a few years ago an electronics business in Champion, Ohio moved to South Carolina because the owner found it difficult to work with Ohio and received more tax incentives from another state. We attend the Wal-Mart Supplier Program and hear from companies all over the country who want to sell their own products in America. Why should we discourage them from coming to Ohio?

The deductions small businesses take help everyone with operational needs and business expenses. Another example with State and Federal Communications is how we saved with the 2018 Federal Tax Reforms and reinvested the money into the company to increase staff, update technology, and provide additional benefits to our employees. I believe it is counterproductive for the Federal Government to implement tax reform, which benefits small businesses, only to have the State of Ohio consider legislation that will severely hamper the growth of small businesses and economic prosperity throughout the state in general.

As a representative of small businesses in Ohio, I strongly urge the Senate not to raise taxes on small businesses.

Thank you.