



May 22, 2019

Dear Chair Dolan, and members of the Senate Finance Committee,

Thank you for the opportunity to testify on the proposed changes to the Business Income Deduction in House Bill 166. My name is Nancy Aichholz and I am the President/CEO of Aviatria Accelerators, a 501C3 organization that supports women owned businesses and startup businesses. We are located in Hamilton County and have been in business for 9 years.

While we are a non-profit and therefore tax exempt, the over 1900 women we have served in the past nine years are all for profit entities. We have helped launch countless women owned businesses, most of which generate under \$1,000,000 per year in the first 5 – 7 years of operation. Our support crosses all industries and the businesses we launch have an 80% success rate over 5 years, and in 2018 had combined revenues of over \$240,000,000. These businesses are started largely by moderate income women and opened in low to moderate income neighborhoods where real estate is more affordable and accessible. We estimate that Aviatria has supported businesses who have created a combined total over nine years of approximately 6500 jobs, full time, part time, and seasonal.

These Ohio based businesses have utilized the Business Income Deduction to afford growth, capital investments, and job creation. In many cases, the deduction allowed these very small new businesses to afford benefits in order to attract employees. Many have made capital purchases of technology and manufacturing equipment, as well as investing in real estate/bricks & mortar to house their businesses. Then talk about the adverse consequences you will face if the changes end up taking place. It is a fact that women owned businesses are still at a distinct disadvantage as compared to their male counter parts when it comes to small business lending. Changing the threshold to only \$100,000 in revenue and eliminating the flat tax will no doubt put many of our newest rising stars out of business, or at best stunt their growth. On average, it takes seven to ten years for a small business to truly stabilize and grow to maturity. A loss of this Business Income Deduction will be deadly for our businesses operating at under \$500,000/year, as every penny of earned cash needs to be reinvested in the businesses for the first five to seven years, in many cases. This will dramatically decrease women owned businesses' ability to hire or invest in capital growth needs.

I regret that I am not there in person to plead with you to keep the Business Income Deduction as it is in current law, and for the committee to remove the changes adopted by the House of Representatives.

Over the past eight years, the great State of Ohio has seen tremendous growth and rebirth of our manufacturing and small businesses, all using some form of technology to thrive. Many factors have impacted this growth, not the least of which was the Business Income Tax Deduction which was very favorable for small to medium sized businesses. As over 73% of the businesses in Southwest Ohio have under 10 employees, any advantage financially is critical to their success. Women and minority owned businesses are the most vulnerable as they lack the access to capital currently seen by non-minority owned entities. Aviatra Accelerators is dedicated to changing the climate for women business owners, and we do not want to see our efforts handicapped by the loss of the Business Income Deduction.

I am happy to provide further information or testimony per your request. Thank you for the opportunity to speak on behalf of all women owned businesses and other small businesses in the Great State of Ohio.

Very sincerely,

Nancy Aichholz