



**Senate Finance Committee
HB 166
May 23, 2019**

Chairman Dolan, Vice Chair Burke, Ranking Member Sykes and members of the Senate Finance Committee, thank you for allowing me to testify today in opposition to the tax provisions of HB 166, specifically the changes the House made to the Business Investment Income Deduction (BIID) and the removal of the Workforce Revolving Loan Fund. My name is Tom Balzer and I am President & CEO of the Ohio Trucking Association (OTA) and Ohio Association of Movers (OAM). Collectively, we represent over 1,000 trucking, moving, logistics, and warehouse companies and allied vender members. As you have likely heard by now, due to these changes, small business owners operating in Ohio will be facing a tax increase of over \$1 billion.

In the United States 89% of trucking companies having 5 trucks or less, 10% have 6-50 trucks in their fleet. Trucking is truly small local businesses with a huge local impact. Trucking pays taxes in many different forms: fuel tax, heavy vehicle use tax, tire taxes, three vehicle registration fees, payroll taxes, property taxes, in addition to income taxes. We are a highly regulated and taxed industry. And similarly to what we are talking about here we are double taxed in many of these legacy programs.

Currently, small business owners of passthrough entities are able to deduct 100% of the first \$250,000 of business income from their personal income tax return. This deduction was created because passthrough entities pay both the Commercial Activity Tax (CAT) and the Individual Income Tax, while C-Corps only pay taxes on receipts under the CAT. The House, in an effort to reduce taxes in other areas, lowered the \$250,000 threshold to \$100,000. The House further added to the tax burden on small businesses by removing the flat 3% tax rate charged to income over that limit. Under the House's plan, any income over \$100,000 will be taxed at the corresponding marginal income tax rate. The changes combined, represent a tax increase of \$100's of millions on Ohio's small businesses.

For the trucking industry, this tax increase on our members would come on the heels of the fuel tax increase that was included in the transportation budget. We accepted that cost knowing the dire needs facing Ohio's roadways. In the case of the fuel tax, we knew those dollars would be spent on our roads. The tax increase on small businesses in HB 166, will provide no direct benefit to our members.

For these reasons, we would ask that you reject the House's tax plan in HB 166.

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Furthermore, the house version of HB 166 has the elimination of the Workforce Revolving Loan Fund. This program is highly utilized by those seeking CDL training. To date the program has received 951 students applying which represents 71% of the program's portfolio. The most common job in the state of Ohio and most other states in the union is truck driver and we still have a shortage of truck drivers. Additionally, the Federal government has modified the Entry Level Driver requirements and has considerably increased the amount of training need in order to qualify to sit for a CDL. This new requirement will increase the need for more formalized training in the industry and therefore the financial resources needed for training.

We ask you to restore the Workforce Revolving Loan Fund.

Thank you for considering my comments today, I'll be happy to answer any questions you may have.