



**Senate Finance Committee
Testimony on HB 166 – Business Income Deduction
Steve Millard President & CEO
Greater Akron Chamber
May 23rd, 2019**

Thank you, Chairman Dolan, Vice Chair Burke, and Ranking Member Sykes for the opportunity to address the Committee this morning regarding language in the House proposed Operating Budget that lowers the business income deduction (BID) from \$250,000 to \$100,000 and eliminates the 3% cap on pass-through income above the deduction. My name is Steve Millard, President & CEO of the Greater Akron Chamber, and I'm here to testify on behalf of the Akron, Canton, Cleveland, Cincinnati, Columbus, Dayton, Toledo and Ohio Chambers of Commerce to **strongly encourage this committee to eliminate the tax increase suggested by altering the BID.**

The proposed tax created by reducing the income threshold and eliminating the 3% flat rate will create a new and retroactive tax burden on small business owners, resulting in an over \$1 billion tax increase on pass-through entities in Ohio over the biennium. Many of these entities are small businesses, who are often the least capable of carrying such a significant rise in taxes.

The notion that the deduction isn't commonly used for operational needs and other business-related expenses simply is not the case. Of our combined 20,000+ members, many have expressed strong concern with these changes because they **anticipate the reality of these changes resulting in significant tax raises on their businesses – if accepted by the Senate.** We have numerous examples of members and other job creators within our communities who are upset about these changes because they genuinely utilize the deduction to reinvest in their business, including equipment purchases, technology upgrades, higher wages and training for their workers, and hiring additional positions.

These changes work against Ohio's competitiveness. If the House's proposed tax increase is accepted by the Senate, Ohio becomes substantially less attractive to small businesses in comparison to our direct neighbors, Indiana and Pennsylvania. **At a time when Ohio is competing on a national and global scale for businesses and jobs, putting our state at an ongoing disadvantage by raising taxes on small businesses is counterproductive.**

Simply put, the House changes made to the BID and the elimination of the 3% flat rate are the target of a larger tax-shifting effort. Tax policies should promote economic growth and job creation and the overall impact on business competitiveness must be taken into account when considering changes to tax policy. We believe that the tax burden of a particular segment of our economy should not be simply shifted to another in order to provide relief to the former.

Furthermore, **raising taxes on small businesses under the rubric of wanting “more constructive” utilization of the deduction, without allowing for a constructive dialog to address alleged concerns regarding job creation and investment, is a failed process that does not provide the appropriate level of input and consideration.**

For the sake of the continued growth, competitiveness, and overall well-being of Ohio, **we urge the Senate not to raise taxes on small businesses.**

Thank you for your time this morning and for the opportunity to address this committee, and I’m happy to take any questions that you may have.