



THE OHIO AUTOMOBILE DEALERS ASSOCIATION

Testimony before the Ohio Senate Finance Committee

Joe Cannon, Vice President, Government Relations

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Chairman Dolan, Vice -Chairman Burke, Ranking Member Sykes and members of the committee. My name is Joe Cannon and I am the Vice President of Government Relations for the Ohio Automobile Dealers Association. On behalf of our association's over 800 franchised dealers, I appreciate the opportunity to testify today.

I am here to request that you remove the Business Income Deduction (BID) changes in the As Passed by the Ohio version of House Bill 166.

The BID was created years ago to spur investment in Ohio by current and new entrepreneurs, and in our view it has worked. Dealers have reinvested in their dealerships in a host of ways, including facility upgrades, equipment purchases, employee training, workplace safety programs, community involvement, etc. We want that to continue, and we know you do as well, which is why the BID is so important. The more working capital dealers have in their businesses, the more they will look to reinvest and expand.

To expound on our reinvestment, our members, like others in the business community, keep what are called fixed asset listings that detail typical outlays. Listed below are over \$700,000 in investments made since 2016 from a single average sized dealer based on the dealer's fixed asset listing:

- Body shop laser scanner
- Dustless sanding system
- Chief welder
- Tire changer
- New plow truck
- Silco surveillance system
- Copier
- Showroom furniture
- Road force wheel balancer
- OEM heavy duty truck KIT
- Loaner vehicles

This particular dealer also added 15 employees since 2016. On a related workforce front, it is not uncommon for dealers to offer sign on bonuses and/or tool assistance packages for candidates to help address our service technician openings, a position that is considered an in-demand job and one that has been increasingly difficult for dealers to fill.

From a state perspective, it's no secret business filings have increased and unemployment is down, and the BID has been a contributing factor. But don't take our word for it – JobsOhio identifies the BID in its effort to highlight Ohio as a place to do business. <https://www.jobsohio.com/blog/posts/ohios-tax-policy-about-results-not-philosophies/>

The changes to the BID will result in a significant tax increase for Ohio businesses. Our accounting firm has run calculations on dealership clients and indicate small to large dealership PTEs will face approximate increases ranging from 78% to 149% under the proposal. This increase will be a drag on working capital that will negatively impact the ability of our members to reinvest in their employees, facilities and communities.

In closing I do want to address what some have indicated is that the BID benefits businesses with few employees or little investment in Ohio. If those entities exist,

they aren't our members. On the contrary, we think we are a pretty good teammate. Dealers employ over 40,000 people in Ohio, annually collect north of \$1 billion in sales tax on behalf of the state and local governments, pay a considerable amount of commercial activity and other business-related taxes, and are very active in communities across Ohio. Dealers want to grow their businesses, and the BID will continue to aid in that pursuit.

On behalf of the dealers in your districts and throughout Ohio, we ask that you remove the BID changes in House Bill 166.

Thank you for your consideration. I will be happy to entertain any questions.