



**THE WHOLESALE BEER AND WINE  
ASSOCIATION OF OHIO**

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House Bill 166  
Ohio Senate Finance Committee  
The Honorable Matt Dolan, Chairman  
May 23, 2019

Testimony of the Wholesale Beer and Wine Association of Ohio  
re: Business Income Deduction (BID)  
Jacob C. Evans, Counsel for Legislative Affairs

Chairman Dolan, Vice Chair Burke and Ranking Minority Member Sykes, on behalf of Ohio's beer and wine wholesale distributors, I appreciate the opportunity to express their concern with language in Amended Substitute House Bill 166 regarding the Business Income Deduction (BID). My name is Jacob Evans and I serve as Counsel for Legislative Affairs with the Wholesale Beer and Wine Association of Ohio (WBWAO). The members of the WBWAO are family owned beer and wine wholesale distributors, many in their third or fourth generation of family leadership, and employ roughly 5,000 Ohioans.

As you are aware, Am. Sub. HB 166 includes language that reduces the business income deduction available to pass through entities. The three changes to the BID include a lowering of the maximum deduction from \$250,000 to \$100,000; increasing the tax rate for income above the maximum deduction from 3% to 5%; and, making the change retroactive to January 1, 2019. We would respectfully request that the Senate remove this change and keep the existing BID in place.

Simply as a matter of perspective, a wholesale distributor in Ohio, with approximately 235 employees, since 2016 has invested roughly \$3 million in new tractors and trailers, \$4 million in building renovations and expansion, increase wages by 7% and will face an additional \$43,500 in increase fuel costs next year with the upcoming fuel tax increase. This is all in addition to always climbing \$2.6 million annual health insurance cost with the company covering 93% of all cost. Similar reinvestments have been made by the overwhelming majority of our members.

In short, these businesses have used the BID reduction to fund and grow their operations, including benefits passed on to employees. The BID reduction to our members means a continued investment in Ohio's economy through purchases, construction costs and employee wages and benefits.

We would respectfully ask that the BID reduction be reinstated to its current form.

Thank you for your time and I would be happy to try to answer any questions.