



OHIO

September 27, 2017

The Honorable John Eklund
Chair, Ohio Senate Ways & Means Committee
1 Capitol Square, 1st Floor
Columbus, OH 43215

Dear Chairman Eklund:

I am writing on behalf of the nearly 25,000 governing members of the National Federation of Independent Business to express our support for Senate Bill 186, legislation ensuring pass-through entity (PTE) business investors utilizing a professional employer organization (PEO) may avail themselves of the business investor deduction.

By way of background, a typical NFIB/Ohio member employs 25 or fewer and does less than \$2 million in annual sales. Our members come from every industry type, and our organization looks like Main Street in any legislative district across Ohio.

Senate Bill 186 ensures businesses that have elected to utilize the services of PEOs for human resources, payroll, withholdings, etc. are still recognized as stand-alone entities and remain eligible for the business investor deduction and flat three percent rate for income exceeding \$250,000. Small businesses contract with a PEO for a host of reasons including efficiency of operations and compliance with the law, as well as to provide employees with additional benefits they could otherwise not be able to provide.

Senate Bill 186 serves to clarify that all business owners meeting the criteria of the business investor deduction are eligible regardless of whether they contract with a PEO for various services. We believe Senate Bill 186 meets the spirit, and intent, of the business investor deduction.

NFIB/Ohio supports Senate Bill 186 and recommends favorable adoption by this committee. NFIB/Ohio may consider Senate Bill 186 a key small-business vote of the 132nd General Assembly. Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Chris J. Ferruso", is written over a light blue horizontal line.

Christopher J. Ferruso
Legislative Director