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June 27, 2023

Representative Bill Roemer  
Chair, Ohio House Ways & Means Committee  
77 South High Street, 11<sup>th</sup> Floor  
Columbus, OH 43215

Dear Chairman Roemer:

I am writing on behalf of the 20,000 governing members of the National Federation of Independent Business (NFIB) in support of House Bill 200. House Bill 200 will allow a resident credit for pass-through entity taxes paid to another state, while requiring any federal tax deduction to be added back. This bill will bring Ohio in line with nearly every other state that permits a pass-through entity level tax.

Ohio, along with many other states, enacted a work-around to the \$10,000 cap on the state and local tax (SALT) deduction implemented during the Tax Cuts and Jobs Act of 2017. Senate Bill 246, which passed nearly unanimously in the 134<sup>th</sup> General Assembly, allows taxes to be imposed on a pass-through entity instead of on the individual bypassing the SALT cap. This important policy has been implemented in dozens of other states and allows business owners to lower their tax liability.

However, Ohio did not institute a resident credit to coincide with the SALT cap workaround, like nearly every other state that has enacted a pass-through entity tax. This makes Ohio less competitive. House Bill 200 will address this issue by allowing individuals who pay a pass-through entity tax in another state to get a credit on their Ohio taxes, essentially avoiding being taxed twice on the same income. To alleviate the impact of federal tax deductions, the bill requires an add-back of taxes deducted from an individual's federal taxes.

House Bill 200 will ensure Ohioans that are subjected to the pass-through entity tax of another state are able to deduct these taxes on their Ohio returns. This puts Ohioans on par with nearly every other state that has a pass-through entity level tax. House Bill 200 is sound policy, and we recommend its passage.

Sincerely,

A handwritten signature in blue ink, appearing to read "Chris J. Ferruso".

Christopher J. Ferruso  
State Director