

May 20, 2019

The Honorable Larry Obhof  
President, Ohio Senate  
1 Capitol Square, 2<sup>nd</sup> Floor  
Columbus, OH 43215

The Honorable Larry Householder  
Speaker, Ohio House of Representatives  
77 South High Street, 14<sup>th</sup> Floor  
Columbus, OH 43215

Dear President Obhof and Speaker Householder:

We are writing to respectfully request you remove a few provisions included in the proposed Operating Budget. Specifically, the language that reduced the business income deduction (BID) from \$250,000 to \$100,000 and the language that removes the 3% cap on pass-through income above the deduction. The fiscal impact of this budget change is a \$1 billion tax increase on pass-through entities in Ohio, most of which are small businesses.

We are concerned about the negative impact the reduction of the BID will have on our small businesses. We fear taking money out of businesses that they would otherwise use to buy equipment, expand operations, and/or increase wages will be detrimental to Ohio's overall economic growth.

The business income deduction was enacted to create tax parity between pass-through entities and general business C-Corps. Pass-through entities must pay both the Commercial Activity Tax (CAT) and the Individual Income Tax, while C-Corps simply pay taxes on receipts under the CAT. The proposed change in the House-passed budget impacts the parity between Ohio businesses.

These substantial changes were done quickly and unexpectedly. The BID has been in place in its current form since 2015, therefore we believe that such significant changes warrant a more robust analysis.

Thank you for your consideration.

Sincerely,

Ohio Chamber of Commerce  
Greater Akron Chamber of Commerce  
Ashland Area Chamber of Commerce  
Greater Ashtabula Chamber of Commerce  
Central Ohio African-American Chamber of Commerce  
Southwestern Auglaize Chamber of Commerce  
Canton Regional Chamber of Commerce  
Chillicothe Ross Chamber of Commerce  
Cincinnati Regional Chamber of Commerce  
Greater Cleveland Partnership  
Columbus Chamber of Commerce  
Darke County Chamber of Commerce  
Dayton Area Chamber of Commerce

Delaware Area Chamber of Commerce  
Dublin Chamber of Commerce  
Gahanna Area Chamber of Commerce  
Galion-Crestline Chamber of Commerce  
Hilliard Area Chamber of Commerce  
Hispanic Chamber of Columbus  
Hocking Hills Chamber of Commerce  
Eastern Lake County Chamber of Commerce  
Willoughby Western Lake County Chamber of Commerce  
Lancaster Fairfield County Chamber of Commerce  
Lima / Allen County Chamber of Commerce  
Marion Area Chamber of Commerce  
Greater Medina Chamber of Commerce  
New Albany Chamber of Commerce  
Noble County Chamber of Commerce  
Northmont Area Chamber of Commerce  
Pickerington Area Chamber of Commerce  
Richland Area Chamber & Economic Development  
The Chamber of Commerce of Sandusky County  
The Chamber of Commerce of Greater Springfield  
Toledo Regional Chamber of Commerce  
Trotwood Chamber of Commerce

CC: Members of the Ohio Senate, Members of the Ohio House of Representatives