Policy Matters Ohio

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Ohio's LLC loophole: Public dollars, private benefits

Guillermo Bervejillo, PhD

Introduction

Taxes are how the government funds programs that help people live healthy, full lives, no matter their wealth, race or social connections. Though corporate interests and their duly elected attendants would have us believe otherwise, almost everyone can agree that there are certain vital social relations that should not be driven by profit incentives. For example, universal education, emergency services, accessibility services, and the provision of basic human needs should not be reserved only for those who can pay to access them. Moreover, taxes are how private enterprises pay for the elements of society (infrastructure, legal guarantees, etc.) that are indispensable to their economic activities.

And yet, in Ohio, the tax system has been distorted by the concerted effort of a long line of corporate-backed politicians and lobbyists to exploit collective resources for private gain. We have a tax system that rewards the rich for being rich. This system gives breaks to those who can hire accountants or have the time and patience to uncover tax code loopholes, rather than those who respond to the needs of their communities. The business income deduction, more poignantly known as the LLC loophole, is a prime example.

The LLC loophole is a state tax provision that allows individuals who make money from a specific form of business ownership to avoid paying taxes on their first $250,000 of income and to pay a low flat tax rate on income above that. This subsidy is not dependent on job creation nor is it specific to strategic economic sectors or positive social outcomes. It is simply a handout to those who can maneuver their income into a specific legal form. The provision is ostensibly an incentive to small businesses and entrepreneurship but there is little reason or evidence to believe that it achieves anything of the sort. In fact, it is among Ohio's most expensive tax breaks; it disproportionately rewards a small number of high-income individuals; its benefits to small business owners are marginal at best; and it has negligible — if not negative — overall economic impact.

In the following pages we give a brief description of the LLC loophole and its impact to demonstrate that it is a profound obstacle to a more prosperous Ohio.

Policy Matters Ohio

Loopholes and passthroughs

Ohio legislators created the LLC loophole for tax year 2013[1] and fully expanded and phased it in by tax year 2016. As of tax year 2022, the loophole costs Ohio about $1 billion a year in lost tax revenue.[2] The loophole is composed of an income deduction, which by itself is the third-largest tax break in the state,[3] and a flat reduced tax rate on income above that deduction. Over the years, and as a response to the efforts of advocates such as Policy Matters Ohio,[4] some legislators have sought to rein in this handout.[5] But corporate-backed lawmakers and the wealthy Ohioans who benefit most from it have ensured its continuation. It is time to renew scrutiny of this wasteful handout.

What is the LLC loophole?

Ohio's LLC loophole is a tax provision that exempts the first $250,000 ($125,000 for those married and filing separately) of Ohio business income from the state personal income tax and sets a 3% incentivized tax rate on business income above that threshold.* Ohio taxpayers who derive income from their passthrough entities such as sole proprietorships, S corporations, partnerships, and LLCs can claim this deduction and significantly reduce their tax liability. These legal entities are known as "passthrough entities" because their yearly profits are passed on to their owners and taxed as individual income, rather than at the level of the business itself, as in the case with corporate income. And since this income is considered business income, the loophole allows owners of the passthrough entities to avoid paying the personal income tax rates that are applied to most working Ohioans whose income comes in the form of wages. For example, a lawyer who is self-employed via an LLC will be taxed according to standard tax brackets if they pay themselves a salary. If, however, they remunerate themselves in the form of business income, they pay no tax on their first $250,000 of income. In other words, this lawyer can skirt most of their contribution to society by a simple accounting trick.

**The reduced tax rate and the deduction are technically separate provisions in the Ohio Revised Code. Nevertheless, for the purposes of this analysis (and following the convention established by previous studies on this topic) we consider them as a single phenomenon. Personal income above $250,000 is usually taxed at a rate of 3.99%.*

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[1] A tax year represents the calendar year proceeding the year in which taxes were filed. For example, tax year 2021 started January 1st, 2021, and ended December 31st, 2021. The filing deadline for tax year 2021 was in April of 2022.

[2] This estimate, which includes the value of the 3% flat tax rate, is based on public data (see footnote 24 for further detail). For information on the Business Income Deduction see: https://bit.ly/3RYLsjw

[3] For top tax breaks see: https://tax.ohio.gov/static/communications/publications/fy22-23taxexpenditurereport.pdf

[4] See for example: https://www.policymattersohio.org/files/research/052219llcloopholeupdate.pdf

[5] In 2019, HB 166, as passed by the Ohio House of Representatives, would have reduced the deduction from $250,000 to $100,000 and eliminated the 3% flat tax rate. The enacted bill replaced those provisions, maintaining the maximum deduction at the same level but added an eligibility restriction that excluded lawyers and lobbyists from the deduction. However, later that same year SB 26 repealed those restrictions, newly defining the income of lawyers and lobbyists as eligible business income. See: https://bit.ly/3aVvmq7 and https://bit.ly/3v3xrHc

At the heart of this issue are passthrough entities themselves. Proponents of the loophole often portray it as primarily benefiting entrepreneurship and small businesses. However, this narrative, knowingly or not, relies on a lack of transparent financial reporting and a mistaken understanding of passthrough entities, their ownership, and their economic characteristics.

What are passthroughs?
A passthrough is a legal economic entity that is not subject to the corporate income tax. Instead, the owners of passthrough entities include their share of profits as part of their taxable individual income. The number of individuals involved in an economic activity, their legal and citizenship status, and the ownership structure determines a passthrough's specific tax-filing classification, which can include sole proprietorships, partnerships, and S-corporations. A limited liability company (LLC) is a legal structure that shelters its owners from a certain amount of legal responsibility. An LLC can be taxed in a variety of ways including the passthrough categories listed above.

Passthrough entities are not necessarily small businesses. In fact, many passthrough entities are not businesses at all. Many passthroughs are legal constructs from which to conduct activities such as hobbies and financial manipulations. Passthroughs can own other passthroughs as well as financial assets, which means they are a venue through which to redistribute capital gains and dividends among often obscure ownership structures. Empirical accountings of registered passthroughs describe entities that "are not substantially different than employees of the firm to whom they provide their services," passthroughs that "are conduits that merely redistribute funds," and passthroughs that claim tax losses "for activity that is properly characterized as a hobby, not a business."[6] Additionally, many passthrough owners are passive investors, meaning they have no operational role or authority over hiring decisions (i.e., "job creation"), even if the passthrough is a business.[7] In other words, many passthroughs, perhaps most, are not mom-n'-pop shops, start-ups, or true entrepreneurship by any stretch of the imagination.[8]

Researchers at the U.S. Department of the Treasury have conducted several in-depth national studies of the economic characteristics of passthrough entities. Using a representative sample of IRS Statistics of Income data for both individual and business tax filings, they show that a key rationale for the LLC loophole is unfounded. Over several studies, using data from 2007, 2010, and, most recently, 2014, they

[6] Prisinzano, R. et al. (2016). Methodology to Identify Small Businesses. The Department of Treasury, Office of Tax Analysis. Technical Paper 4 (update). Found at: https://home.treasury.gov/system/files/131/TP4-Update.pdf
[7] Mazerov, M. (2013) Cutting State Personal Income Taxes Won't Help Small Businesses Create Jobs and May Harm State Economies. Center on Budget and Policy Priorities. Available at: https://bit.ly/3lRrnHs
[8] See also: Glodschlag, N. et al (2017). Just Passing Through: Characterizing U.S. Pass-Through Business Owners. U.S. Census Bureau, CES research papers. 17-69. Found at https://www.census.gov/library/working-papers/2017/adrm/ces-wp-17-69.html

show that more than half of sole proprietorships, about a quarter of partnerships, and about a tenth of S-corps cannot reasonably be categorized as bona fide businesses.[9] Overall, they find that only about 54% of all passthrough entities generate non-negligible income by engaging in "businesslike" activities such as keeping books, paying employees, purchasing inputs, and paying rent or insurance. Furthermore, only about quarter of those 54% reported annual wage-salary expenses of at least $5,000. Overall, according to Treasury data, 86% of passthrough entities — the vast majority — do not create jobs for anyone other than their owners.

In fact, much of the income produced nationwide by passthrough entities can be attributed to financial manipulation and accounting acrobatics. This becomes evident in the literature that attempts to trace the ownership of passthroughs.[10] Certain passthrough entities can hold partial ownership of other passthrough entities, creating endless circles of ownership impossible to disentangle for all practical purposes. A different study by researchers from the Department of the Treasury finds that 20% of passthrough income goes to "unclassifiable partners"[11] and 15% is made through circularly owned partnerships. In total, they found that 30% of passthrough income cannot be traced to a distinct individual.[12] It is hard to say who specifically gains from that 30% of passthrough income but, clearly, this is not the type of economic activity that warrants the use of hundreds of millions of Ohio public resources.

Moreover, according to the researchers from the Department of the Treasury, "the rise of passthroughs accounts for much of the rise in income inequality over the last three decades," largely because "passthrough business income is substantially more concentrated among high-earners" than other forms of corporate profits.[13] Meaning that the income passing through these entities disproportionately ends up in the hands of the wealthy. Also, researchers at the U.S. Census Bureau have found that owners of passthrough entities are more likely to be male, white, and older than the working population.[14] And since passthrough income has long been subject to lesser rates of federal taxation than other forms of income, the combined effect appears to be that passthroughs have facilitated wealth accumulation for high-income individuals and those who are already most benefited by the legacies of racialized and gendered discrimination.

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[9] Figures are from 2014, tables can be found at: https://home.treasury.gov/system/files/131/TP4-Tables-UPDATED-12192018.xlsx
[10] Goldschlag, N. et al (2017). Just Passing Through: Characterizing U.S. Pass-Through Business Owners. Working Papers 17-69, Center for Economic Studies, U.S. Census Bureau. Cooper, M. et al (2016). Business in the United States: Who Owns it, and How Much Tax Do They Pay? Tax Policy and the Economy. 30:1.
[11] Which they define as follows: "Unclassifiable partners are those for which processed information returns do not report the type of entity associated with a particular taxpayer identification number" (Cooper, M. et al, 2016).
[12] Cooper, M. et al, 2016. When business income does pass through to its owners, we are able to get a clearer picture of who benefits from passthrough entities using personal income tax data.
[13] Cooper, M. et al, 2016.
[14] Goldschlag, N. et al, 2017.

Many individuals choose to operate as owners of passthrough entities rather than traditional corporations (C-corporations)[15] because passthroughs provide federal and state tax advantages. Nevertheless, some have erroneously claimed that passthroughs are taxed more than traditional corporations since they are taxed once on their gross receipts and once when they pass on profits to their owners. For example, The Ohio Chamber of Commerce and other business associations repeated this misrepresentation in a letter to the Ohio Legislature in 2019 to oppose limitation of the LLC loophole.[16] It is true that in Ohio, most corporate gross receipts are subject to the Commercial Activity Tax (CAT), but most small businesses in Ohio pay little or no CAT.[17] However, any personal income derived from ownership of a C-Corporation as dividends or capital gains is also taxed at the individual tax filer level. Passthroughs are not unduly taxed.

In sum, there is no clear reason why income derived from that legal construct should be taxed at a lower rate than any other income, as the LLC loophole provides. State policies that incentivize people to funnel their income through passthrough entities is a highly inefficient — perhaps even counterproductive — way of incentivizing entrepreneurship or any economic activity other than wealth accumulation by the already wealthy.

Who benefits from the LLC loophole?

The benefits of the LLC loophole are highly concentrated among high-income individuals. According to Department of Taxation data, the top 10% of those who claimed business income in tax year 2020 — claiming at least $160,000 of business income — received more than half the total value of the deduction: 51.5%. The top 7%, with more than $240,000 of business income, received 39% of the deduction. This is without calculating the additional benefits accrued by those paying the 3% tax rate, which only applies to individuals earning more than $250,000 of business income.

Meanwhile, the overwhelming majority of business income claimants receive negligible benefits from the loophole. More than half (58.7%) of those who claimed business income in tax year 2020 —representing roughly 381,000 tax returns — claimed less than $20,000 and received less than 7.6% of the total value of the deduction. That means that the majority of those benefited by the loophole receive a

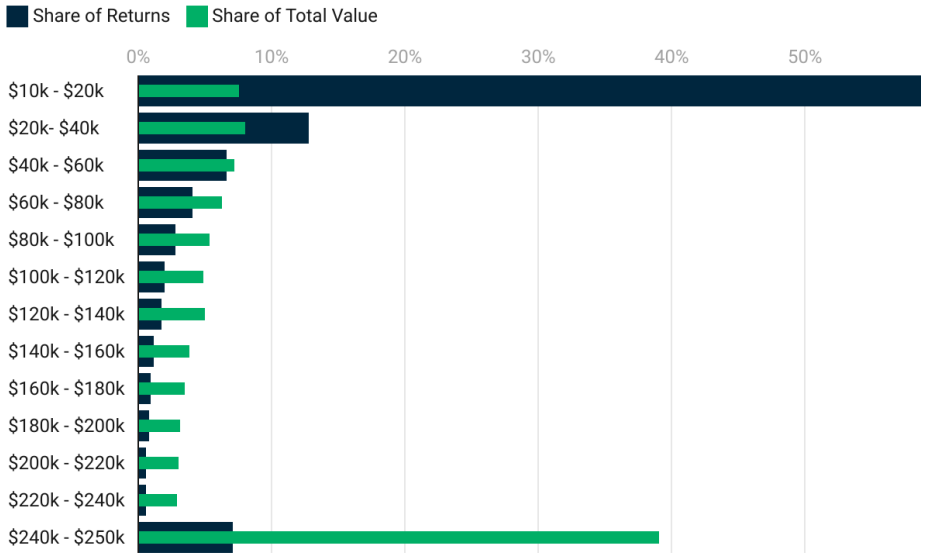
[15] C-corporations are a tax-filing classification that is taxed at an entity level and therefore is subject to federal corporate income taxes. They do not pass on their profits to their owners as business income. Instead, they distribute dividends. Ohio does not levy a corporate income tax.
[16] https://ohiochamber.com/wp-content/uploads/2019/10/Trade-Association-Letter-Business-Income-Deduction.pdf
[17] Businesses with less than $150,000 in taxable gross receipts are exempt from the CAT and beyond that, the first $1 million in taxable gross receipts are charged a flat $150 fee. See: https://tax.ohio.gov/help-center/faqs/commercial-activity-tax-cat

tax break worth less than $1,000 — a negligible amount when it comes to business decisions. About 85% of business income earners claimed less than $100,000 in profit from their passthrough entities, which means that they got a tax break of less than $4,000: a significant amount for a low-income household, and a significant amount of money when pooled together with other public dollars, but not anywhere near the resources needed to hire employees or significantly expand entrepreneurial endeavors.

Figure 1

Wealthy individuals benefit most from the LLC loophole

Distribution of claimed business income by income bracket, tax year 2020



Source: Ohio Department of Taxation

For example, compare two owners of LLCs: one that earns $450,000 in business income and another that earns $20,000. In the very conservative scenario where neither owner has additional personal income (and holding constant other deductions), if the loophole did not exist, the owner of the first LLC would pay $16,663.12 in taxes and the second owner would pay $0 in taxes.[18] Under our current tax system, with the LLC loophole in place, the second individual still pays $0. However, the wealthy owner of the first LLC now pays only $6,000 in taxes, meaning they weasel out of paying $10,663.12 purely because of an accounting trick. That amount of money, $10,000, is not nearly enough to create a job and, for such a wealthy individual, it is a relatively meaningless amount — but when added up, these giveaways siphon off a huge amount of public resources. The top 10% of business

[18] Households making less than $25,000 per year do not pay personal income taxes in Ohio. Following the 2021 Ohio taxation schedule. See: https://tax.ohio.gov/static/forms/ohio_individual/individual/2021/pit-it1040-booklet.pdf

income earners in 2020, making at least $160,000, claimed more than $16 billion in business income (excluding income above the $250,000 of the deduction). These 68,500 tax filings received an average tax cut of at least $8,000 each,[19] adding up to more than $551 million in forgone taxes in tax year 2020.

The impact of the LLC loophole

At this point, it should be clear that passthrough entities are not quite what proponents of the LLC loophole want us to believe they are. If the figures described above are any indication, as much as a third of any additional income captured by passthroughs will be secured by accounting schemes and other opaque financial initiatives. A good bit more will go to lobbyists, lawyers, accountants, dentists and other white-collar and contract workers that, while useful to society, are by no means the mom-n'-pop shops that are supposedly benefiting from this deduction. In fact, some of this truth was acknowledged by lawmakers in taxable year 2015 when they changed the official name of the loophole from the "small business investor income deduction" to the "business income deduction." Similarly, the vast majority of these passthroughs are not job creators and will not meaningfully pass on the value of the deduction to anyone but the owners themselves. All this begs further investigation into what the true impact of the loophole has been.

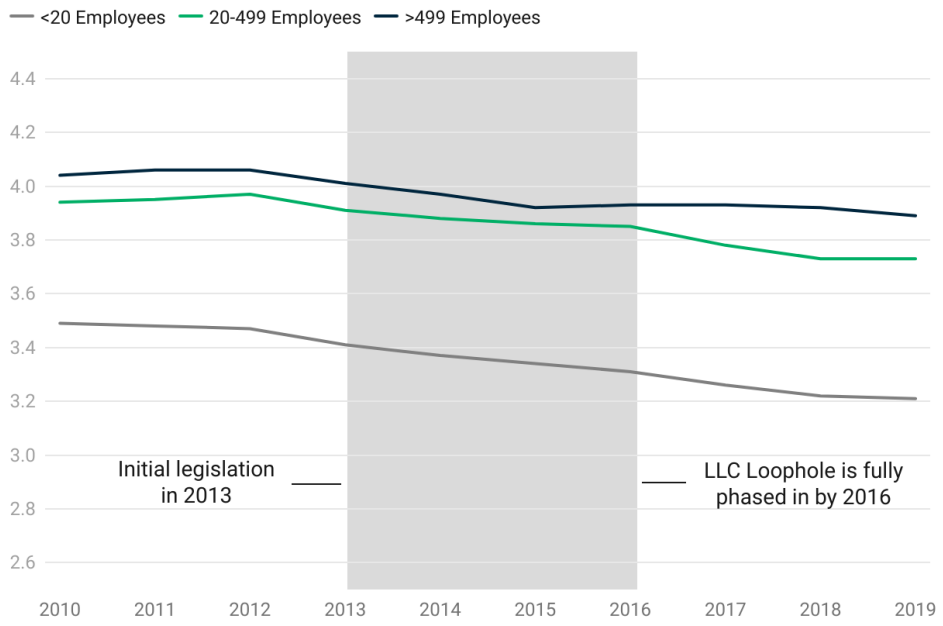
There is no clear relation between the loophole and increased job growth or economic progress in Ohio. And it has cost the state billions of dollars over the course of the past decade — dollars that could have been used instead to better educate Ohioans, improve public health, provide transit options, and support all manner of other public services.

[19] This figure represents the average of the minimum amount of taxes that would be owed by these households (meaning that the household has no additional income other than that business income) if it were not for the LLC loophole. It is not an estimate of the deduction received by these households, since that is determined in the context of other deductions and tax circumstances.

Figure 2

Ohio's share of employment continued to decline despite the LLC loophole

Ohio share of national employment by firm size, 2010-2019



Source: Business Dynamics Statistics – Census Bureau

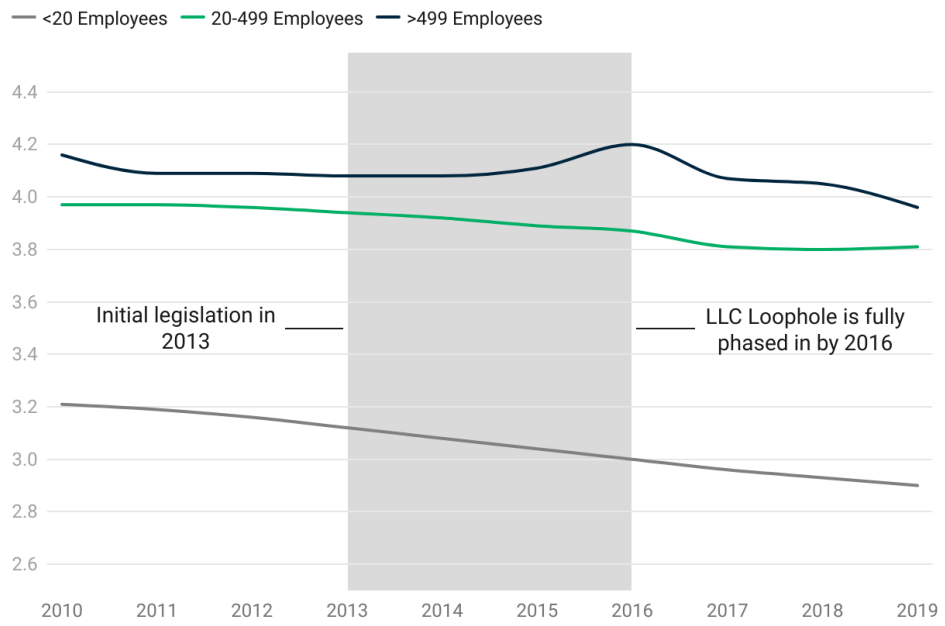
The LLC loophole has not made a dent in Ohio's declining share of the national economy. Figures 2 and 3 show that Ohio's share of employment and number of business establishments have steadily declined relative to the rest of the country over the past two decades. This is true for small, medium and large firms. According to the Bureau of Labor Statistics, Ohio's share of total private employees has dropped from 3.94% in 2012 to 3.73% in 2021.[20] Figure 4 shows that Ohio has long lagged the national average when it comes to net job creation. In effect, the data show that the billions of dollars handed out to passthrough business owners over the years has not led to a significant increase in job creation or new businesses.

[20] Current Employment Statistics accessed 7/01/2022 available at: https://www.bls.gov/data/

Figure 3

Ohio's share of establishments continued to decline despite the LLC loophole

Ohio's share of national establishments by firm size, 2010-2019

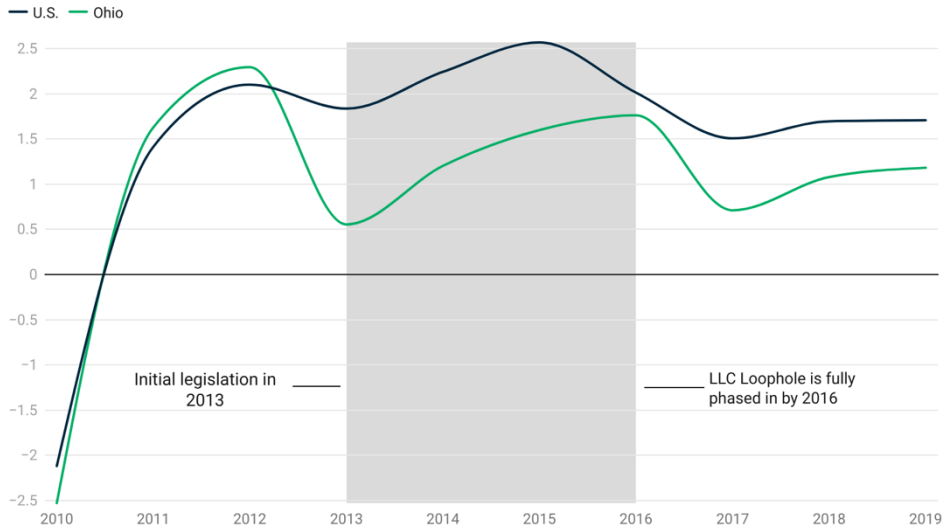


Source: Business Dynamics Statistics – Census Bureau

Figure 4

Ohio creates jobs at a slower rate than the nation as a whole

Rate of net job creation, Ohio v. the United States 2010-2019



Source: Business Dynamics Statistics – Census Bureau

None of this is overly surprising. The loophole does not promote economic activity that could produce jobs or strategically foster economic vitality in Ohio. In fact, there is ample evidence that these types of breaks do not produce sustainable or equitable economic growth. The monumental failure of the 2012 Kansas experiment, when Gov. Sam Brownback made deep cuts to the state's personal income tax (including taking business income tax rates to zero), is proof enough. The maximalist agenda translated to sluggish economic growth and lagging job creation and after five years the Kansas legislature repealed the tax cuts.[21]

Business owners respond to market demand and to economic circumstances that are contingent on state programs and public investment, not to marginal gains in the tax code.[22] Moreover, the fastest-growing young businesses, which invest their cash flow in research, marketing, and new facilities — rather than providing business income to their owners — benefit very little from this type of tax break in their early years.

Yet even while it fails to produce broadly shared benefits for all Ohioans, the loophole is wildly burdensome on state resources. According to publicly available data, the deduction and the flat 3% business income tax rate cost almost $1 billion per year[23] — even after successive rounds of income tax cuts have made the relative value of the loophole decline over time. Which is to say, over the years Ohio policymakers have missed out on countless opportunities to improve public education, foster public health, update infrastructure, and create the prosperous community that could be a true basis for renewed economic vitality. So, while the giveaway has had no significant positive impact on the state as a whole, there is reason to believe that it has had a negative impact in the form of wasted resources and missed opportunities.

[21] Mazerov, M. (2018). Kansas Provides Compelling Evidence of Failure of "Supply-Side" Tax Cuts. Center on Budget and Policy Priorities. Available at https://bit.ly/3oghc5R
[22] On this point see https://research.upjohn.org/up_workingpapers/289/ and https://bit.ly/3IRrnHs
[23] The Department of Taxation did not provide a current calculation of the total cost of the loophole. According to the Department's communications officer, the last time the value of the BID and the 3% rate was calculated was for taxable year 2017. The figure was $1,171.2 million (Correspondence with Gary Gudmundson 1/5/22). The most recent Tax Expenditure report gave a figure of $656.2 million for fiscal year 2022 but did not include the value of the flat tax rate, see: https://bit.ly/3PmerMn. Using the Department of Taxation's data on claimed business income, and assuming relatively proportional business income growth across income levels, we calculated an estimate of the growth of business income since 2017. We then deflated our estimate to account for recent reductions in income tax rates.

In response to an Ernst & Young analysis

In April of 2021, The Ohio Chamber of Commerce Research Foundation commissioned a report titled "Analysis of Ohio's Business Income Tax Incentives," on the economic impact of the Ohio Business Income Deduction (BID).* The report, written by Ernst & Young (EY), purports to show the impact of the BID since the provision went into full effect in taxable year 2016. The report and its econometric analysis are deeply flawed, and its results should be dismissed.

The authors give the results of four fixed-effects multivariate regressions that ostensibly provide evidence to suggest the relation between a change in the effective taxation rate of business income and a series of indicators of state-level economic activity. The estimates provided by the report are highly suspect because, among other flaws, they depend on an unrealistic assumption of the economic significance of taxes. The analysis does not account for the fact that any reduction in state revenue will necessarily lead to a reduction in services provided by the state (all else held equal). If, for example, teachers are laid off because aid to school districts is reduced, for instance, the economy suffers. Conditions are not held constant, so the comparison made by the model (between a situation with the BID and without it but with no change in state services) is fallacious.

Moreover, this conceptual oversight introduces a methodological flaw into the analysis. This is because several of the "independent" control variables in the analysis (such as state-level educational attainment and share of working-age population) are driven by, or dependent on, state activity and investment. This means that the underlying data likely exhibit an important degree of interdependence (multicollinearity) and, therefore, the resulting econometric coefficients are unreliable. Put simply, under layers of obfuscating econometric speak, EY is mobilizing an unrealistic set of assumptions that render their results inoperable.

Unsurprisingly, the results suggest that (even in this deeply flawed model) the positive impact of educational attainment (which is largely the result of state and local taxation) is more statistically significant than that of changes in the effective taxation rate of business income. Unfortunately, we do not have access to the report's data** so we cannot confirm their statistical validity.

To their credit, the authors are forthcoming about some of the report's limitations. They explain that cross-state analyses are difficult (one might say specious) when political juridical definitions are involved. Every state has its own taxation system with varying categories of taxable activities and rates of taxation. Local and municipal taxation structures introduce even more variability into interstate comparisons. The authors clarify that none of these factors can be accounted for in EY's econometric analysis. In fact, the key variable in the analysis, the marginal rate of taxation on business income, is cobbled together from 50 different taxation schedules, many of which have no specific category for business income. The variable and the report as a whole should be treated with a high level of skepticism.

*Available at https://ohiochamberfoundation.com/economic-impact-bid/

** We have made repeated attempts to contact the Chamber of Commerce to obtain their data and confirm their results to no avail.

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Recommendations and conclusion

Lawmakers should scrap the LLC loophole The LLC loophole is an expensive handout to wealthy Ohioans. It contributes to economic inequality, and, in draining resources from needed state-provided social and economic services, it is an obstacle to a thriving Ohio. The LLC loophole should be abolished.

At the very least, lawmakers should restrict who gets the tax break
The incentive should only be available to those who actually run businesses and hire workers. Passive investors, hobbyists, and other passthrough owners who are not meaningfully engaged in business activity should be excluded. Ohio could emulate Oregon, which requires that those receiving the incentive "materially participate"[24] in the business and employ at least one qualifying in-state worker.[25] For this to be possible, lawmakers must require accurate and transparent reporting of the forms of business activity claiming this deduction. Currently, Ohio does not collect this type of data.[26] It is hard to say how much these qualifications would reduce the cost of the loophole, but it would be a step in the right direction.

In fact, even the Tax Cuts & Jobs Act of 2017, passed under President Trump, requires filers to meet a minimum of eligibility criteria to receive the federal passthrough income tax break. This tax break, like Ohio's LLC loophole, is a handout to the rich. According to the Joint Committee on Taxation, by 2024 61% of the tax break will go to the richest 1% of U.S. income earners.[27] And yet, it has provisions that require the qualifying income to be associated with a U.S. trade or business. This means that income sources such as capital gains, dividends, and interest are excluded.[28] Also, the deduction decreases in size for those in businesses involving "health, law, accounting, actuarial science, performing arts, consulting, athletics, financial services, investing and investment management, trading, dealing in certain assets or any trade or business where the principal asset is the reputation or skill of an employee or owner."[29] These requirements are by no means foolproof, but if they were adopted by Ohio, some of the most egregious forms of legal tax avoidance could be disrupted.

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[24] Oregon law, which follows the definition of material participation established by the Internal Revenue Service, requires that the taxpayer be involved in the operations of the activity on a basis which is "regular, continuous and substantial." See https://www.law.cornell.edu/uscode/text/26/469
[25] See: https://www.oregon.gov/dor/forms/FormsPubs/schedule-or-pte-fy-instructions_101-365-1_2021.pdf
[26] For tax year 2020, BID claimants had to report their NAICS industry code. However, that rule was rescinded in 2021 and the data collected has yet to be made public (Correspondence with Department of Taxation Communications Officer 1/5/22).
[27] Center on Budget and Policy Priorities, March 2019. Pass-Through Deduction Benefits Wealthiest, Loses Needed Revenue, and Encourages Tax Avoidance. Available at: https://bit.ly/3PmbawE.
[28] For definition see: https://www.irs.gov/newsroom/qualified-business-income-deduction
[29] Internal Revenue Service, Tax Cuts and Jobs Act, Provision 11011 Section 199A — Qualified Business Income Deduction FAQs, at https://www.irs.gov/newsroom/tax-cuts-and-jobs-act-provision-11011-section-199a-qualified-business-income-deduction-faqs

The revenue gained by abolishing or significantly constraining the LLC loophole could be used to invest in Ohio's future. There are significant funding needs across a range of social services and throughout the state. These collective resources could contribute to improving public transportation, building out a clean energy infrastructure, funding excellent public schools in all communities, helping working families afford childcare and improving health outcomes for all Ohioans. At Policy Matters, we welcome discussion of incentive structures that foster equitable and sustainable development across the state. The LLC loophole does none of those things. It disproportionately rewards a small number of high-income individuals, its benefits to small business owners are marginal at best, and it has negligible — if not negative — overall economic impact. State lawmakers who seek a more prosperous Ohio should make it a priority to close the LLC loophole.