

**“Tax Extenders and Small Businesses as Employers  
of Choice”**

**Testimony of**

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**Before the**

**Subcommittee on Economic Growth, Tax and Capital Access  
Committee on Small Business  
United States House of Representatives**

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**The Honorable Trent Kelly, Chairman  
The Honorable Judy Chu, Ranking Member**

Good morning Chairman Kelly, Ranking Member Chu and members of the subcommittee. Thank you for the invitation to provide testimony today on the important issue of strengthening our nation's small businesses.

My name is Jason Duff, Founder and CEO of Bellefontaine Ohio Properties, Ltd. As background, I am a third generation family business owner, and founder of several businesses. My grandparents and parents were small business owners. I started my first business when I was eight years old, when I sold candy bars. In my earlier years I have also sold custom greeting cards, made-to-fit shoes, stamps, coins and beanie babies.

Bellefontaine Ohio Properties purchases and remodels storefront buildings on Main Street. We attract, recruit and start new businesses in our community. To date, I have purchased and renovated fourteen different historic buildings in Downtown Bellefontaine. My passion is to build and grow smart, vibrant and entrepreneurial communities.

Bellefontaine, Ohio now has a multitude of diverse stores and businesses due to these revitalization efforts. These businesses – a gourmet pizza shop, bakery, hair salon, CrossFit gym, several new antique stores, and a brewpub, for example - have helped to give new life to downtown Bellefontaine. Construction has also begun on eight new loft apartments above the Main Street storefronts of Bellefontaine.

Bellefontaine is community that other communities are taking note of in terms of approaches and best practices towards restoring small town Main Streets and downtown areas. I am proud to say that our work to rejuvenate Bellefontaine has all been accomplished in the past four years.

### **Human Capital is Our Foundation**

While growing assets on my balance sheet is important, I find that the greatest asset to my company is my employees. So recruiting and hiring talented employees is a very important piece of our success.

On this front, I must compete with businesses of all sizes to find the

talented employees I need to operate effectively and productively. I am committed to building a team of people who love their community and allow my employees flex time to run and serve public office, serve on local service organizations like Rotary and Kiwanis and the time they need to raise their families.

Providing employees with key benefits – like workplace flexibility – truly make us and other small businesses an “employer of choice.” In small businesses like mine, employees can more quickly learn critical and well-rounded skills, provide ideas and feedback that are more quickly implemented in operations, and in the end feel appreciated and valued by their employer. Such attributes, combined with innovative benefits, add greatly to our staying power and ability to grow.

### **Why the Tax Extenders are Important**

Small businesses play a crucial role in the vitality of job growth in a local community like Bellefontaine. When we are healthy and growing, we provide consistent, quality and skilled job opportunities. When we invest in renovating a commercial storefront, for example, we hire local carpenters, plumbers, and electricians. Many of our renovation projects have contributed to direct job growth in local trades. We also work with local companies to purchase cabinetry, flooring and light fixtures. These investments in hiring local businesses equate to new tax dollars that benefit local municipalities, schools and service organizations.

As you are aware, key tax measures – like enhanced Section 179 expensing and bonus depreciation - that are part of the “tax extenders” have expired and were only made retroactive very late in 2014 *for that year*. For 2015, businesses like mine have been planning and operating under the outdated Section 179 expensing level of \$25,000. The uncertainty of bonus depreciation also affects my investment decisions.

Bonus depreciation is a benefit that has influenced smart decisions for my business. I have purchased new equipment vs. used because of bonus depreciation and the new equipment is more efficient, reliable and cost effective in the long term. I believe that these investment incentives are making a positive impact in keeping small businesses

competitive.

I cannot tell you how important it is for my businesses, and for the economic health of my local community, that entrepreneurs and risk-takers like me have practical and stable expensing levels established so that we can invest with confidence. Being able to plan our investment strategies and opportunities will not only strengthen our businesses, but local communities and job growth as well.

My business model centers on investment in order to restore and rehabilitate buildings so they are suitable for modern businesses that customers would like to visit, and spaces that entrepreneurs can adequately compete and operate in. As noted above, this investment has helped to launch new businesses and spark a downtown micro-economy revival in Bellefontaine. Stability and certainty when it comes to investment incentives in the tax code is critical for me in terms of planning, taking risks, and moving forward with projects. For example, and as noted above, expensing allows me to confidently invest in equipment to help start new businesses and improve the efficiency and competitiveness of my operations. One small example is the purchase of new freezers and coolers that are more energy efficient for our restaurants.

With a stable and enhanced Section 179 provision and certainty on bonus depreciation, I am able invest more capital in projects. Again, these projects start new small businesses that in turn provide valuable contributions to my community. These new businesses create jobs, increase property values and grow local tax revenues.

I am also able to encourage investment in areas that have traditionally been challenged by the dominance of the Internet, or large international corporations. Again, investment is central to risk-taking, growth, revitalization and competitiveness. The impact of a permanent, enhanced Section 179 expensing provision and bonus depreciation would be powerful for my business and community. I can only imagine what the impact would be for our broader economy if all small businesses were provided the certainty of the enhanced and permanent expensing limits.

Here is my basic advice to make government work better for small business owners and to encourage entrepreneurship:

**Make permanent the incentives.** Making permanent the more robust levels of Section 179 expensing, as well as bonus depreciation, will provide small businesses with practical and needed tools to grow, invest and work harder. This type of stability and certainty is critically important.

**Make the tax code simpler.** Simplifying the tax code would reduce complexity and costs for entrepreneurs. The more time and money we have to invest in our businesses, the stronger our enterprises will become. Small businesses like mine compete with larger businesses and in a competitive global marketplace. Tax relief, simplification and certainty will boost the competitiveness of small businesses in Bellefontaine and throughout the United States.

**Be clear. Provide clarity to small business owners.** Give us an opportunity to know and understand the rules so we can plan for the future. Provide clear instructions so we can focus on the growth of our businesses to invest with confidence. Not only does this include clarity when it comes to taxes and tax compliance, but for all rules and regulations as well.

**Make a long-term commitment.** Businesses forecast and plan far into the future. A smart tax code would mirror effective business planning. Investment thrives when it is encouraged and when there is certainty.

Thank you for the opportunity to share my experiences and views with you today. It is truly an honor to be able to do so, and I look forward to your questions and our discussion.