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Legislative Update

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CONSTITUENCIES STUNNED AT BREADTH OF BUDGET CUTS IN STRICKLAND 'FRAMEWORK'

Imagining the kinds of program reductions that fixing a \$3.2 billion budget hole requires is one thing.

Seeing it in a spreadsheet, however, was shocking to a legion of various advocacy groups even with Gov. Ted Strickland's plan to patch more than \$930 million of the shortfall with revenue from slot machines.

The Campaign to Protect Ohio's Future declared Monday that the governor's plan "shreds the safety net of essential services for Ohioans."

The Ohio Association of County Behavioral Health Authorities questioned Mr. Strickland's stated aim to "minimize the impact" on key programs for vulnerable citizens while "community based mental health services will be cut by an astounding 34%."

Mr. Strickland last Friday afternoon offered up a "framework" for endgame budget deliberations by proposing some \$2.4 billion in state agency reductions, \$227 million in lower Library Fund Transfers from the general revenue fund, several other budgetary maneuvers and Ohio lottery-operated slot machines at the state's seven horseracing tracks.

Later in the evening he released a spreadsheet detailing, by line item, where more than \$3 billion in cuts would occur in comparison to the Senate passed version of the measure.

Among the governor's gravest hits:

- \$21.3 million (28%) from the Department of Alcohol and Drug Addiction Services' total \$75.8 million biennium budget.
- \$51.2 million (16.5%) from the Department of Aging's total \$309.4 million in biennium appropriations approved by the Senate.
- \$214.2 million (4%) from the Board of Regents' \$5.43 billion.
- \$178.5 million (16.5%) from Mental Health's \$1.07 billion.
- \$45.6 million (6.7%) from the MR/DD's \$680 million.
- \$80.7 million (2.4%) out of Rehabilitation and Correction's \$3.24 billion.
- \$29 million (5.3%) out of Youth Services' \$541.3 million.
- \$1.14 billion (5%) out of Job and Family Services' \$22.37 billion.
- \$4.2 million (20%) from the Ohio Historical Society's \$20 million.

The ODE budget also shows a large reduction - almost \$1 billion - in the main K-12 "foundation" line item, however the pass-through line would be the recipient of all of the slots proceeds from the Ohio Lottery Commission, which under the constitution must send all state gambling profits toward primary and secondary education funding.

One of the few agencies that would actually see a gain under the governor's framework versus the Senate-passed bill is the Department of Development, with a nearly \$5 million biennium increase.

ADMINISTRATION DETAILS SLOTS PLAN, DEFENDS REVENUE ESTIMATES

Gov. Ted Strickland's plan to install video lottery terminals at the state's seven racetracks is similar to a proposal from the Ohio Racing Commission, but offers somewhat rosier revenue projections as a partial cure for the looming \$3.2 billion budget gap.

Spokeswoman Amanda Wurst said the Office of Budget & Management's estimates that the plan would generate \$933 million for the state over the biennium were based on projections that were "reasonable, even conservative." They were informed in part by recent licensing agreements reached in other states, such as Maryland and Pennsylvania.

"But there is no one plan that was selected to be proposed by the governor for the basis of these assumptions," she said. Final revenue projections would depend on negotiations with Ohio's racetracks and the contracting process between the state and VLT vendors.

While the details remain sketchy, the administration's plan varies in some ways from a proposal the Racing Commission floated in March that would yield the state an estimated \$505 million over the biennium.

Among the differences, the administration plan assumes the seven tracks would pay licensing fees of about \$65 million each for a total of \$455 million over the biennium, while the commission proposed \$50 million fees for a \$350 million total.

As for gaming revenue, OBM estimates racetrack slots would generate about \$68.3 million in fiscal year 2010 and \$409.9 million in FY 2011. The commission's plan says the machines would generate a total of \$200 million in FY 2010 and \$440 million in FY 2011, but after the tracks' 50% cut and other expenses, the net effect is about \$20 million and \$135 million respectively.

While the commission's plan is based on each track installing 2,000 slot machines for a statewide total of 14,000, OBM assumed a total of 5,600 to 12,200 VLTs.

Racing Commissioner Tom Zaino, who helped draft the agency's proposal, said his assumptions include \$165 million over the biennium for the state to purchase the VLTs and fund the larger state agency to oversee the gambling expansion. Ms. Wurst did not say whether the governor's plan includes the cost of the machines, which could fall to the individual tracks.

With Magna Entertainment Corp., the owner of Thistledown Race Track, in bankruptcy, Mr. Zaino said he was concerned about the ability of the tracks to obtain sufficient financing to pay large licensing fees due to ongoing problems in the credit market.

"Our license fee was only \$50 million, whereas not too many years ago Pennsylvania's licensing fee was \$200 million. We didn't think we could get anybody to do it for \$200 million now," he said.

If the Kentucky legislature also moves to expand gambling, Ohio revenues will likely decrease, he said. "As the market for slot machines becomes more saturated, obviously it's going to have an impact on revenues."

The commission also assumed implementation of the plan would be bogged down by litigation, he said. "That's another reason why we have such a slow phase-in."

Rob Walgate, vice president of the Ohio Roundtable, confirmed the longtime gambling opponent was considering a legal challenge should the legislature approve the governor's proposal.

"It's definitely something we've discussed," he said. "There's no doubt about it - we don't think they have the authority to trash the constitution and do what they're proposing."

Mr. Walgate was also skeptical about Mr. Strickland's revenue projections.

"The governor thought he could do a lot better on keno than he's done. The previous administration thought they could do a lot better on Mega-Millions," he said. "He's just not being honest."

Moreover, the proposal would open up Ohio to tribal gambling, he said.

Some supporters of a proposed constitutional amendment to authorize four casinos believe the governor's plan would ease passage of their ballot issue as voters will see the door opened to expanded gambling. Alternatively, negative reaction to the governor's plan could galvanize opponents to work to defeat the measure.

Bob Tenenbaum, spokesman for the Ohio Jobs & Growth campaign, said supporters were undeterred by Mr. Strickland's recent support for racetrack slot machines and believes voters would make their decision based on the merit of the ballot issue.

The campaign has not taken a position on the Racing Commission's proposal, but one of the main partners, Penn National Gaming, Inc., owns Raceway Park in Toledo. For its part, the commission officially opposes the casino proposal.

Mr. Tenenbaum said the casino issue would help shore up state finances in the long-term, since it would generate only \$200 million in licensing fees per-facility in the upcoming biennium.

"It would be disingenuous of us to claim there would be tax revenue because the earliest a casino would open would be sometime in late 2011," he said. The plan assumes the facilities would generate \$651 million for the state in the first full year of operation from a 33% tax on the gross casino revenues.

The campaign is on track to submit the necessary 402,000 signatures by the June 1 deadline to qualify for the November ballot, he said.

Mr. Zaino said gambling at both racetracks and casinos could make both plans less commercially viable.

"I'm hopeful that the sponsors of that plan would see this as an opportunity that gaming is being opened up in Ohio and they ought to get on board with this plan and support the governor and avoid using the constitution for their own pecuniary gain," he said.

Mr. Zaino said the governor's support for racetrack slots was "a huge step" toward saving the dying horseracing industry in Ohio.

CONSTITUTIONAL AMENDMENT ON LIVESTOCK STANDARDS COULD SEE ACTION PRIOR TO SUMMER RECESS

A constitutional amendment on livestock farming suddenly rose toward the top of policymakers' list of priorities Monday when Gov. Ted Strickland issued a statement proclaiming his support for the measure.

With companion proposals recently introduced in both chambers (SJR 6 & HJR 2) and the deadline for 2009 ballot issues quickly approaching, the legislature appears ready to approve the measure that would ask voters in November to create the Ohio Livestock Standards Board.

Proponents say quick action to amend the constitution is a necessary response to growing concerns about food safety, but opponents say it's an attempt to thwart a proposal to limit certain animal confinement practices in Ohio. The growing number of concentrated animal feeding operations (CAFOs) in Ohio has focused increased attention on industrial farming techniques.

Gov. Strickland, who said the measure had support from leaders of the four legislative caucuses, said it would help Ohio farmers to provide high quality, locally grown food.

"The Board will ensure that Ohioans continue to have access to a safe and affordable local food supply and will make our state a national leader in the level of animal care and responsibility," he stated.

Senate President Bill Harris (R-Ashland) said he supports the measure and would like to see the legislature pass it prior to summer recess.

Referring to last week's recall of tainted cookie dough, Sen. Bob Gibbs (R-Lakeville), who is sponsoring the measure in the Senate, said it would help ensure consumer confidence in the food supply.

"This is the industry taking a proactive effort to ensure consumers in Ohio that we're going to continue to have a safe food supply that's affordable and raised here in Ohio," he said. "The industry's not going to tolerate any bad actors out there."

The proposed 13-member panel would develop standards "based on sound science" that would determine practices for food safety, animal confinement, disease management, and bio-terrorism, Sen. Gibbs said. The proposal would encourage consumption of locally produced food.

Dean Vickers, Ohio state director for the Humane Society of the United States, said the measure was a disingenuous attempt by the state's agribusiness lobby to circumvent negotiations on regulating cruel livestock practices in large-scale facilities.

With only one representative from a county humane society and one veterinarian (in addition to the state veterinarian), the board would be stacked in favor of industrial farmers, he said. "Obviously animal welfare is not even remotely their interest here."

The proposal comes as the Humane Society is considering an initiated statute campaign for 2010 that would phase-out the use of battery cages for laying hens, gestation crates for sows, and veal crates for calves, he said.

"We think that even animals raised for food should be able to stand up, to lie down, to turn around and spread their limbs," he said. "Thinking animals should be treated humanely is not a huge, radical idea."

Mr. Vickers said the proposed amendment would taint the constitution with a special favor for agribusiness. "The constitution should be somewhat sacred, as opposed to buying into the interests of special interest groups."

The organization was willing to negotiate with producers, but passage of the Livestock Standards Board amendment "will probably force our hand as far as doing a ballot initiative," he said. HSUS has successfully promoted similar regulations in California, Oregon, Arizona, Maine, Colorado, and Florida.

The Farmers' Union, which generally represents smaller producers, has already had productive discussions with Humane Society on the issue, Mr. Vickers said. However, other agriculture groups have tried to label them "a terrorist organization."

"If they can make us part of a fringe, like some left-wing groups, it will invalidate what we're doing, where if people actually heard the facts, they're more likely to agree," he said.

Sen. Gibbs said he had hoped the Humane Society would support the measure, which would ensure reasonable confinement practices that are safe for animals, while remaining profitable for the farming industry.

"If you stress your animals, they will produce less and they will be more disease-prone," said the former hog farmer.

The Humane Society's proposal is based more on uninformed emotions than scientific rationale, he said. "I have problems with the Humane Society just putting something on the ballot that says we're going to outlaw such practice, with no science behind it."

Sen. Gibbs dismissed criticism that his measure is intended to preserve current livestock confinement practices.

"Some people will say it's the fox watching the henhouse or whatever," he said. "That's really not fair because if consumers don't have confidence in their food supply, than they're not going to buy it. They're going to look for other options."

FUNERAL MASS TUESDAY IN CINCINNATI FOR SEN. BOB SCHULER; VETERAN LEGISLATOR GUIDED ENERGY OVERHAUL

The Senate canceled its voting session and committee hearings for Tuesday in order that members and staff could attend the funeral service of Sen. Bob Schuler (R-Cincinnati), a 15-year veteran of the General Assembly.

Sen. Schuler, 66, died at his home, surrounded by his family, on Friday. He had been in declining health for several months, and recently was hospitalized for treatments related to cancer.

Senate President Bill Harris (R-Ashland) expressed a "tremendous sense of loss" both personally and for the entire Senate.

"Bob was a dear friend, a true public servant and a very good man," Sen. Harris said.

"His experience and common sense approach to the most complex of problems were invaluable to our caucus for the more than six years he served in the Senate," he said.

"Bob had strong opinions and was never shy about expressing them, but he was never one to grandstand. His constituents benefited from his effectiveness," Sen. Harris said.

"I think what we will all miss most about Bob is his disarming sense of humor and his infinite positive outlook. During challenging times for our state when you need to make tough decisions, he was just the kind of man you want in the room with you. My faith tells me he will be," he said.

Gov. Ted Strickland described Sen. Schuler as "a sincere, kind man" who was always available for conversation and dialogue even on matters of disagreement.

"He reached across the aisle, always valuing progress over politics," Mr. Strickland said.

"Sen. Schuler was a committed advocate for the people of Southwest Ohio for a quarter century. He will be greatly missed by all he served and touched," he said.

Gov. Strickland directed that flags be flown at half-staff from sunrise to sunset Tuesday on the Statehouse grounds and all public buildings in Warren and Hamilton counties in honor of Sen. Schuler.

Born June 15, 1943, Sen. Schuler held an A.A.B., Real Estate degree from the University of Cincinnati. He was the owner of Comprehensive Appraisal Service.

His political career began in 1978 with his service on Deer Park City Council, and then as a Sycamore Township trustee. He served four terms in the Ohio House (1993-2000).

In November 2002, he easily won election to the Ohio Senate from the 7th District, succeeding former Senate President Richard Finan (R-Cincinnati). Sen. Schuler was elected in November 2006, with 62% of the vote, to a second four-year term.

Sen. Schuler previously headed the Senate's Energy & Public Utilities Committee, and was lead sponsor of comprehensive energy legislation that restructured the state's electric utility industry. He said at the time that the measure, which went into effect last year, included controls that would help protect consumers from excessive rate increases in the future.

Generally soft-spoken, Sen. Schuler displayed some irritation on at least one occasion in 2006 when a witness at a committee hearing suggested campaign contributions were being traded for legislative decisions. The witness subsequently said he had not intended to offend legislators. Sen. Schuler's response: "You weren't successful in that intent because you offended me."

Chairman Alex Triantafilou of the Hamilton County Republican Party said Sen. Schuler was a legislator who remained true to his conservative GOP principles while managing to work effectively.

"Bob's 'Pasta Parties' became a spring tradition among the party faithful and, true to his conservatism, Bob never asked for more than about \$25 at this annual fundraising event. I attended several and the huge crowds were a testament to how popular Bob was," Mr. Triantafilou said in a weekend blog post.

Former Senate President Stanley Aronoff, who served with Sen. Schuler in the House and preceded him in the Senate, said the Hamilton County legislator was well respected at the Statehouse and by colleagues with whom he worked through the National Conference of State Legislatures, and the Council of State Governments.

"Senator Schuler was a quiet leader - steady, dependable, honest and a 'go-to guy' on many issues, no matter how big or how small," Sen. Aronoff said. "Our Southwest Ohio community will feel his loss in a thousand different ways."

Mr. Schuler is survived by his wife, Shelagh; son Rob Schuler and daughter Sherry Jordan; and five grandchildren.

ENVIRONMENTAL GROUPS RENEW CALL FOR HIGHER FEES, OTHER MOVES TO PRESERVE PROGRAMS

Environmental groups on Monday renewed calls for increased fees on waste disposal and recreational boating to bolster the Ohio Environmental Protection Agency and conservation programs.

Now groups such as the Ohio Environmental Council and the state chapters of the Sierra Club's and Nature Conservancy have to hope their pleas will be heard above the ever-increasing din of budget angst surrounding the State Capitol these days. (*See separate story*)

Those groups and others held a news conference in Columbus to underscore concerns with the Senate-passed version of the budget (HB 1), which removed several fee hikes including some that impact the Ohio EPA and the Department of Natural Resources.

The groups noted Monday was the 40th anniversary of the Cuyahoga River catching fire in Cleveland - an incident that prompted national ridicule and, subsequently, greater state-backed efforts at environmental cleanup.

"But today, we are in peril of slipping backward," OEC deputy director Jack Shaner said. "Ohio's dire state budget outlook could put that steady progress for environmental cleanup and natural resource conservation at risk."

Topping the list of priorities for the green groups is the reinstatement of fee hikes on municipal waste and construction and demolition debris disposal, and canoes and kayaks. They also seek the return of language they said would preserve the state's Scenic River program by shifting it under the auspices of ODNR's Division of Watercraft from the Division of Natural Areas.

"These are basic services all citizens look to their government to provide," Nature Conservancy Executive Director Josh Knights said. "Access to clean water for people and nature is one of them. We urge the General Assembly to support the governor's proposal to fund clean water services."

The groups noted that with the release of Gov. Ted Strickland's "framework" for a balanced FY 2010-2011 budget, the ODNR Division currently housing the State Scenic Rivers program faces a 26% cut in the first year and a 100% in the second. Other DNR divisions facing double-digit cuts are: Forestry (18%); Geological Survey (29% and 100% in respective years); Parks and

Recreation (11%); and Soil and Water Conservation (18%). The environmental groups said Soil and Water Districts are also slated for a 26% cut under the governor's plan.

Sierra Club program coordinator Brandi Whetstone said government has a responsibility to provide for a safe and clean environment. "Protecting our environment and protecting jobs go hand in hand," she said.

"Green spaces, clean air and safe drinking water are a public right. Ohio must move swiftly in supporting fees on landfill waste and other programs to ensure the continuation of critical Ohio EPA and (ODNR) programs."

WEDNESDAY, JUNE 24 2009

MAJOR DISAGREEMENTS ON SLOTS, OTHER BUDGET ISSUES LINGER AS DEADLINE CLOSES IN

With less than a week before the June 30 deadline to enact a state budget, policymakers offered little Wednesday in the way of information on a conference committee schedule, let alone details on the significant differences of opinion that remain between the GOP-led Senate, Democrat-controlled House and Gov. Ted Strickland.

Bridging the \$3.2 billion gap in the budget (HB 1) aside, the parties, in fact, can't even agree on whether the governor has the authority to move forward on his horseracing slots plan without legislative approval, a tack that Republicans would prefer given widespread distaste within the caucuses for expanded gambling.

Sen. President Bill Harris (R-Ashland) said Wednesday it is unlikely that he will be able to find enough support in his chamber for a budget that includes the "video lottery terminal" plan, saying the governor appears to have the authority to allow the installation at tracks.

"He's following the same argument that he made in keno," Sen. Harris said. "Most of our members would vote to put the issue on the ballot and let the people vote for it, but I don't think it would be very easy to get a majority of our members to vote for it without it being put on the ballot."

"I think the governor probably is taking the right course of action," he added. "As long as he handles that the same way that he handled keno, I think that's acceptable because I don't think that takes a vote."

Speaker Armond Budish (D-Beachwood) said the slots plan would have to be statutory versus administrative because track interests would not be able to muster the multi-million dollar licensing fees if there was a chance that a future governor could reverse a Strickland executive order.

And Mr. Strickland's office late Wednesday released a document titled "Why VLTs need to be done by statute," which included the speaker's contention along with, among other concerns, the argument that an administrative approach could make it more likely that Indian gaming could emerge in Ohio.

As for the other major sticking points, the Big Three state leaders were playing it close to the vest while maintaining hopes of passing a budget by next Tuesday.

While declining to identify any policy agreements that have been reached thus far between the chambers, Sen. Harris said lawmakers were making progress toward meeting the deadline.

The Senate leader acknowledged hearing concerns from many interest groups, including officials who support library funding and continued full support for public employee retirement benefits.

"It's obvious that people are going to be somewhat unhappy," he said. As for the prospect of minimizing the governor's proposed library funding cut, he added, "At the present time, that's what on the table. No one has come to me yet and said where they can find those dollars."

Speaker Budish said when asked about the objections of libraries and others, "When you have a \$3.2 billion deficit there has to be cuts, and we are looking at everything and every possibility. With limited revenue, if you take a cut off the table you need to find money to do that."

Speaker Budish was also mum concerning the private discussions, saying they "remain confidential at the moment."

"I can say we've been working very hard, virtually around the clock, trying to resolve the many and difficult issues we're facing with this budget," he said. "I hope that we will be able to reach an agreement within the constitutional time requirements...but there's a lot of difficult issues remaining to be discussed."

Speaker Budish told reporters he's not concerned with getting enough votes in his 53-member caucus to pass a budget even though a few House Democrats argued publicly on Tuesday for tax hikes in the measure.

"Ultimately we will be together and we will vote for a budget that is strong and makes the best of the economic circumstances," he said.

"I have expressed my view (on taxes) and it hasn't changed," he added. "A tax increase is not on the table."

Responding to a question about the governor's proposal to return the budget plan to his original lower funding levels for nursing homes, Speaker Budish reiterated his support for programs that serve the elderly. "But we have a very limited budget and we're looking at all line items to determine where the \$3.2 billion will come from," he said.

Advocates Rally: While talks progressed behind the scenes, several groups held events in and around the Statehouse Wednesday to try and convince policymakers on various budget proposals.

Ohio Consumers for Health Coverage asked conferees to restore the administration's reduced premium cap on the Open Enrollment Program, a policy change aimed at helping people with pre-existing conditions maintain affordable health insurance coverage. The Senate GOP removed the provision along with

The group provided the example of Gerrie Miller, a citizen with spinal problems who pays \$922 a month under the current open enrollment program. "I've worked my whole life and now find it almost impossible to pay for health insurance, my medical bills and my day-to-day living expenses," the 60-year-old said. "I had the unfortunate luck of getting sick. It could happen to anyone."

AARP Ohio Government Affairs Director Ron Bridges said of the current version of the budget, "While the state budget crisis necessitates some reductions in services, it is unconscionable to leave Ohioans with few options for health care. Fixing unfair insurance rules doesn't cost the state anything, but can make a huge difference for Ohioans with pre-existing conditions."

Kelly McGivern, president and CEO of the Ohio Association of Health Plans, said in response to the news conference that her group "acknowledges that changes to the current program are needed to provide benefits to people with health problems, while at the same time not making health insurance coverage too expensive for those who already have coverage in the individual market. This is a difficult balance to achieve."

"Despite the rhetoric today, health insurers cannot charge consumers 'whatever they want' in the Open Enrollment Program. Ohio law sets the limits to what can be charged," Ms. McGivern added.

"We continue to work with policy makers on options to mitigate the shock of premium increases in the individual market, yet achieve the objective to enroll more consumers. Whatever changes are made to the program must allow for monitoring of the impacts to consumers and to make changes based on the outcome of health care reform debate in Congress."

Separately, a group of unions joined in a news conference to criticize the governor's plan to delay a portion of state pension contributions as part of the budget "framework" he announced last week to resolve the budget gap. The proposed reduction from 14% to 8% of state contributions to the Public Employees Retirement System would save the state an estimated \$162 million over the biennium.

"With a united front, organized labor will continue to advocate for the economic well-being of working families and retirees as a long-term solution to economic stability," Ohio AFL-CIO Chief of Staff Tim Burga said. "Proposals such as the one before us that reduce retirement security, jobs and spendable income serve only to further the recession, erode the middle class and must be opposed."

OCSEA President Eddie L. Parks said, "Tapping pension funds is a lose-lose for the state and for our members. The state will lose in decreased money going to the economy through retiree spending and our members will lose in benefits."

Added Service Employees International Union District 1199 President Becky Williams, "This is a short-sighted proposal which jeopardizes the long-term retirement security of thousands of Ohioans. Any reduction in pension fund resources, inevitably,

increases Ohio's Medicaid and social service costs. Current and future employees will also be burdened with increased healthcare cost, which are currently offset by the pension system."

OPERS CEO Chris DeRose also advised the governor and lawmakers that the system itself opposes the proposal, and would have to consider a lawsuit challenging the action.

"While we realize the severity of the state's budget situation and understand the extremely difficult decisions that are facing you, a change like this would compromise the solvency of the fund and could threaten the security of our retirees for many years to come," Mr. DeRose wrote.

"Lawsuits have been filed in other states, such as California and North Carolina, regarding the plan sponsor's failure to pay required contributions," he noted. "In both cases, the court found the state was obligated to pay, and make up for lost investment income. Should this proposal become law we will need to consider taking similar action."

Also on Wednesday, Behavioral health care advocates staged a Statehouse rally to underscore the costs that Gov. Strickland's latest proposed cuts to the departments of Mental Health and Alcohol & Drug Addiction Services would have on human lives.

"Behavioral health care has been historically under-funded in Ohio, but these proposed cuts would put lives in danger," Cheri Walter, CEO of the Ohio Association of County Behavioral Health Authorities, said.

"Imagine if 747 jumbo jets crashed into Columbus, Cleveland, and Cincinnati and everyone on board died. That's how many people are dying in Ohio from drug and medication-related deaths every year," she said. "We should be expanding services, not destroying what's left of the safety net."

Gov. Strickland's proposed cuts would reduce spending on behavioral health care by about \$111 million, or about one-third of state funding for community services, the group said. Moreover, Ohio could lose an additional \$27 million from the federal government by violating "maintenance of effort" requirements.

The advocates argue the spending reductions will actually cost more money in the long run by straining emergency rooms, hospitals, homeless shelters, law enforcement, and prison.

The Ohio Association of Community Health Centers delivered more than 1,000 letters to executive and legislative branch leaders expressing concerns about the impact of proposed cuts on their operations.

"These letters personify the people who will be most affected should funding be cut to Community Health Centers; they are representative of the more than 420,000 patients who rely on Ohio's Health Centers for their access to primary and preventive care," said Shawn Frick, the group's president and CEO. "We hope this helps the State of Ohio better understand the consequences of any budget reductions."

LIVESTOCK STANDARDS BALLOT RESOLUTION FLIES THROUGH HOUSE OVER OBJECTIONS; JUVENILE PROTECTION ORDERS ENDORSED

The House on Wednesday responded quickly to the agricultural industry's concerns and brushed aside questions of process and substance in passing, after only one day of deliberations, a proposed constitutional amendment to create a livestock care standards board.

The proposal (HJR 2), expected to also clear the Senate prior to summer recess and appear on the November ballot, was fast-tracked under pressure from the state's influential farming constituencies amid worries that national animal rights advocacy groups were preparing a ballot issue on regulating livestock confinement practices.

While the House version emerged from committee and cleared the floor Wednesday, a Senate companion resolution (SCR 6) cleared committee in the afternoon and is set for action during Thursday's session.

The House version passed the floor 84-13, with the joint sponsors stressing that it would provide for the Ohio agricultural industry to be regulated by Ohioans.

Rep. Allan Sayre (D-Dover) said the proposal is "not just about agriculture issues, but about food safety as well." He said the state should "actively support Ohio farmers that are doing things right" and provide for in-state regulation.

"Agriculture is one of Ohio's top industries and we must do what we can to ensure its long-term viability," the sponsor said. "The current heightened awareness around animal diseases and food safety have opened up a productive dialogue among

industry experts, and all agree that Ohio must take proactive steps to ensure that standards are in place to protect the well-being of our livestock and the safety of our locally grown food supply."

Rep. Margaret Ann Ruhl (R-Mt. Vernon), the other main sponsor and a self-described lifelong farmer, called the measure "a resolution to protect Ohio's families and farms that provides for a "diverse board of individuals from Ohio" to provide oversight.

Opposition was aired by Rep. Michael Skindell (D-Lakewood) and Rep. Tyrone Yates (D-Cincinnati), who questioned the rush to amend the constitution. Both lawmakers also raised concerns about the relative lack of hearings on the proposal as well as its breadth.

"The single committee hearing permitted on this important constitutional measure was not designed to ensure that due diligence is exercised but rather as an effort to placate," Rep. Skindell said. "As a legislator I am embarrassed as to the process in which this body is handling the resolution before us."

Rep. Skindell also complained that the resolution appears to propose the creation of a "fourth branch of government that is not elected" and "completely divests the Ohio General Assembly from its legislative powers relating to the care and well-being of livestock and poultry and food safety."

Rep. Yates said the governor had the authority to create a similar panel through an executive order, or the legislature could pass legislation to the same effect. Putting the proposal in the constitution "will handcuff ourselves and handcuff future legislators," he added.

PUCO ENDORSES DP&L RATE PLAN THAT FREEZES PRICES THROUGH 2012

State utility regulators approved an electric security plan Wednesday that extends current Dayton Power & Light generation rates through the end of 2012.

The plan, which drew support from several key parties, also freezes distribution rates for the same period of time.

"I commend the parties for working together to establish this ESP," PUCO Chairman Alan Schriber said. "The ESP will benefit DP&L's ratepayers by ensuring rate certainty and promoting energy efficiency and demand reduction programs."

Under the agreement, the utility will work on advanced metering and smart grid projects and participate in energy efficiency and demand response programs.

"We are pleased that the PUCO has formally approved our ESP agreement as developed and supported by a diverse group of customer representatives," said Paul Barbas, DPL president and chief executive officer.

Consumers' Counsel Janine Migden-Ostrander also lent support for the action.

"With a continuing recession and household budgets stretched thin, the approval of the rate plan agreement puts into place limits to rate increases, provides energy efficiency measures and helps ensure that DP&L will do its fair share to support and utilize renewable energy resources," she said. "These components are essential as many utilities begin to consider measures to comply with anticipated federal climate change language."

The ESP includes "limited exceptions" for increases, including changes in regulatory and tax laws, storm damages, expenses tied to new climate change laws or regulations and costs involving certain regional transmission issues.

Also signing the agreement were the PUCO staff, Industrial Energy Users-Ohio, Ohio Environmental Council, Dominion Retail, Ohio Hospital Association, City of Dayton and Honda of America MFG.

CASINO BACKERS TO FILE PETITIONS AS PARTISANS DEBATE GOVERNOR'S SEPARATE VIDEO SLOTS IDEA

Backers of a casino gambling proposal said they would file petitions Thursday to place the proposed constitutional amendment before Ohio voters in the Nov. 3 general election.

Separately, groups for and against installation of video slot machines at Ohio's seven horse racetracks called briefings to discuss Gov. Ted Strickland's proposal to OK the devices to help balance the pending state budget bill.

Scheduling of the three gambling related events came Wednesday as the General Assembly wrestled with the governor's video slots plan.

Casinos: The amendment from the Ohio Jobs & Growth Committee would authorize the operation of full-service casinos in Cleveland, Columbus, Cincinnati, and Toledo.

Casino advocates need valid signatures of 402,275 registered voters, who represent five percent of the 2006 gubernatorial vote in 44 of the state's 88 counties. The committee faced a July 1 deadline to file the petitions it has been circulating.

The committee contends the gambling initiative would create 20,000 jobs and at least \$1 billion in private investment; generate \$200 million in licensing fees; and produce \$651 million annually in tax revenues shared statewide.

Track Slots: Eight statewide trade associations scheduled a news conference Thursday to discuss the horse track video slots proposal that Gov. Strickland hopes would close almost one-third of a \$3.2 billion biennial budget hole.

Advocates include the Ohio Council of Retail Merchants, Association of Convenience Stores, Grocers Association, Restaurant Association, Petroleum Council, Homebuilders Association, Wholesale Beer & Wine Association - and the Ohio Harness Horsemen's Association.

Three hours after that event - and in the same hotel - a group already formed to oppose the casino ballot issue will outline its opposition to Gov. Strickland's plan for racetrack slots as well.

President David Zanotti of the American Policy Roundtable and others are to participate in that briefing.

In 2006, voters rejected a statewide ballot issue that would have provided for slot machines at the seven horse tracks, and for the development of two casinos in Cleveland.

Voters have rejected three other gambling measures over the last 18 years.

In 1990, they turned down a proposal to authorize licensing of a casino resort hotel in the City of Lorain as a pilot project, and to divide the state into casino districts under certain circumstances.

In 1996, establishment of riverboat casino gambling was defeated.

And last November, a constitutional amendment to develop a casino near Wilmington, with revenue distributed to all counties, was rejected.

CHAMBERS' STUDY: TAX REFORM PLAN BRINGING STATE BENEFITS

The state tax reform plan enacted in 2005 is helping draw new businesses to Ohio and helping existing businesses create and retain jobs, according to a study commissioned by a coalition of chambers of commerce.

The study indicates that the tax plan is also helping to keep businesses considering other locations in the state.

"As the nation wrestles with a tough economy, it is satisfying to see that Ohio made a very wise move five years ago when the decision was made to update and reform our business tax code," said Carol Caruso, senior vice president for government advocacy at the Greater Cleveland Partnership. "This is good and smart business for every resident of the state, because healthy companies mean jobs for Ohioans."

The report shows that Ohio has recorded an increase in business start-ups over the last three years, including a doubling of private investments from 2006 to 2008.

During the past three years, the report shows that Ohio companies invested more than \$22 billion in the state, producing more than 67,000 jobs. Those jobs have produced in excess of \$2.6 billion, it said.

The report was drafted by Underwood & Associates for metropolitan chambers in Columbus, Youngstown-Warren, Canton, Greater Akron, Toledo, Dayton and Cincinnati and the Ohio Chamber of Commerce.

PASSED IN THE HOUSE

HJR 2 LIVESTOCK STANDARDS (Sayre) Proposing to enact Section 1 of Article XIV of the Constitution of the State of Ohio to create the Ohio Livestock Care Standards Board. 84-13 (Earlier amended and reported from committee)

HOUSE REFUSES TO CONCUR IN SENATE AMENDMENTS

HB 15 BWC BUDGET (Sykes) To create the Deputy Inspector General for the Bureau of Workers' Compensation and Industrial Commission Fund; to make other changes to the Workers' Compensation Law; to make appropriations for

the Bureau of Workers' Compensation for the biennium beginning July 1, 2009, and ending June 30, 2011; and to provide authorization and conditions for the operation of the Bureau's programs. 45-52 (Conferees: Dodd, Bolon & Wachtmann)

REFERRED TO HOUSE COMMITTEE

Environment & Brownfield Development:

HB 236 HOUSEHOLD SEWAGE (Newcomb) To revise the Household Sewage and Small Flow On-Site Sewage Treatment Systems Law, to establish the Household Sewage Treatment System Revolving Loan Program and the Household Sewage Treatment System Grant Program in the Department of Health, to amend Section 120.05 of Am. Sub. H.B. 119 of the 127th General Assembly and to repeal Sections 120.01 and 120.02 of Am. Sub. H.B. 119 of the 127th General Assembly, to make appropriations, and to declare an emergency.

HOUSE COMMITTEE HEARING

Ways & Means

HB 218 UTILITY TAXES (Winburn) To modify the tax valuation of public utility tangible personal property used to generate electricity from renewable resources. (2nd Hearing-All testimony-Possible amendments & vote)

CONTINUED-AMENDED

The panel adopted a series of amendments to the bill. They would: apply the provisions to new project construction as of Jan. 1, 2010; apply the same treatment of other power generators to rural electric companies; add hydroelectric facilities to the bill; and provide for a sunset of the provisions in 2014.

Rep. Yates asked if any such tax code change had ever sunset in Ohio. The chairman said he was unsure.

Rep. Morgan questioned why the amendment process ensued while testimony was outstanding on Wednesday and there were no plans to report the bill that day. Chairman Letson said he wanted to advance deliberations on the measure, which is slated for further committee action later in the fall. The chairman said he would be surprised if the proposal ends up in the budget.

Two Champaign County citizens testified in opposition to the proposal, saying the tax break effort should have been made public before citizens signed leases for the siting of wind turbines.

"Then came HB218," said Julia Johnson, a lifelong resident of the county's Union Township. She said reducing the tax burden for the facilities would unduly subtract from what was sold to residents as a boon for local taxing districts.

"Wouldn't it have been more ethical to inform the people before they decided to sign leases?" she said. "Those were people who felt the sacrifice would help the community and the schools."

Similarly, Diane McConnell of Union Neighbors United said her citizen group "opposes a reduction of taxes for wind developers. We believe they have been given enough perks at both the state and federal level and we in Champaign County and the state of Ohio should not be penalized and made to subsidize wind investors because the wind companies decided to put their projects in a low wind state (36th in the nation)."

Terrence O'Donnell, representing Ohio Advanced Energy, asked the panel to consider additional incentives for the solar power industry. "We believe the Ohio tax code equally disadvantages solar as well," he said, because current tax law did not anticipate the differences between the various technologies. In particular, he said, solar energy project investments are nearly entirely in infrastructure because the power source itself is free. Therefore, a tax that hits only the equipment unduly impacts such technologies, he said.

"I don't see this as a subsidy or special treatment," Mr. O'Donnell said. "We don't think (the tax code) works for alternative energy."

Barbara Shaner, associate executive director of the Ohio Association of School Business Officials, relayed to the panel some concerns with the bill that are also shared by the Buckeye Association of School Administrators, the County Commissioners' Association of Ohio, the Ohio School Boards Association and the Ohio Township Association.

"We believe local governments and schools have already made great concessions for purposes of encouraging alternative energy use in Ohio," she said in noting past reductions of tax rates for utilities as well as law changes for the siting process.

"Ohio has already taken responsible steps to allow for alternative energy options to be developed. We believe the mandates for transitioning to these options should be allowed to work. Local governments cannot afford to concede any more in the way of local revenues in order to make alternative energy companies viable."

Howard Fleeter, of the Education Tax Policy Institute, provided the panel with an analysis of the bill's provisions, saying "the proposed local tax benefit for Ohio wind generators would provide a subsidy in addition to the federal subsidy." The federal tax credit for a \$200 million wind generation facility, he said as an example, would be \$60 million.

"The proposed local tax benefit for wind generators would amount to an additional subsidy on a \$200 million facility approximately equal to an average \$1 million per year based on current law, or roughly \$30 million over 30 years," Mr. Fleeter said. "Based on estimates about the amount of power actually sold by the wind generators, a local tax subsidy of this magnitude would mean a reduction of one-half cent per KWH if it were passed onto consumers."

"Furthermore, the enactment of a tax break for one type of electric generating equipment will invite claims for equal treatment by the owners of other kinds of generating equipment," Mr. Fleeter added. "At stake for Ohio's schools and local governments is a total of more than \$100 million in current taxes on generating equipment."

THURSDAY, JUNE 25 2009

BWC PANEL DROPS PRIVATIZATION STUDY COMMITTEE, RETAINS DRUG-FREE, WORKFORCE SAFETY DISCOUNT PROGRAMS

The House and Senate struck a series of policy-related deals Thursday evening, approving a conference report that is likely to form the final two-year spending plan for the Bureau of Workers' Compensation. Conferees on the bill (HB 15) removed a Senate-added provision to create a study committee on opening the workers' compensation industry to private insurers, but retained the chamber's language that allows employers to qualify for multiple premium discounts, depending on their participation in workplace safety and drug-free workplace programs.

The conference panel also kept in place a Senate-passed provision that requires the BWC to offer construction companies a cap on their experience modification ratings for the next year as the agency shifts to a new employer rating system.

Sen. Steve Buehrer (R-Delta) amended the drug-free workplace provision to authorize premium discounts of at least 3% for participating individual and group employers. Similarly, he amended the workplace safety program to establish a minimum 2% discount and declare that the BWC cannot end that discount at any time in the future.

Conferees also accepted a Senate provision that expands the Labor-Management Government Advisory Council from 12 to 14, after Rep. Linda Bolon (D-Columbiana) added another member who would be appointed by the governor with the consent of the Senate.

Sen. Buehrer adjusted Senate-passed language to direct the bureau to provide information on estimated discounts and premium rates by September 1 and set the actual rates by January 1. The change becomes effective for the premium year beginning July 1, 2010.

He also drew support for an amendment that clarifies the Senate's intent involving the Superintendent of Insurance's authority to regulate non-BWC insurance that insures or indemnifies employers.

The conference report, which drew support from all six members, also

- Increases an initial transfer of funds for the agency's Deputy Inspector General and directs the Inspector General to ask the Controlling Board for cash transfer and appropriation authority, if necessary. (Senate)
- Establishes new requirements on the House speaker's and Senate president's appointments to the Workers' Compensation Council. The change also addresses the duration of terms of WCC members. (Senate)
- Directs the BWC administrator to give employers filing for coverage the first time a list of all groups participating in group rating programs and a list of all premium discount programs offered. (Senate)
- Requires certified health care providers to offer the same rates and services for employers in the medical-only program. (Senate)
- Requires the administrator, if notified of mergers, to provide notice to organizations that sponsor and the involved third-party administrators. (Senate)
- Deletes references to lump sum settlements and handicap reimbursement activities. (House)
- Includes municipal power agencies in the types of public entities that can be self insured. (Senate)

WEEKEND BUDGET CONFERENCE PLANNED AMID EXPECTATIONS OF A DEAL

The House-Senate conference committee to resolve differences on the biennium budget and patch a \$3 billion-plus revenue hole is slated to begin Saturday morning, with final session votes on the controversy-laden plan expected as early as Monday.

Senate President Bill Harris (R-Ashland) said he hoped the conference process on the bill (HB 1) could be completed over the weekend to facilitate a Monday session vote.

"Under ideal circumstances they would like to have three days," he said of the time needed for the Legislative Service Commission to process the conference report and merge its hundreds of legislative changes into the nearly 3,500-page document.

"I'm confident if we were to do a conference committee and get it finished sometime on Saturday that LSC would be able to have the documents to us so we could have session on Monday," Sen. Harris told reporters after Thursday's session.

He said it remained his intention to have a full budget plan on the governor's desk by July 1 to avoid the complications inherent with an interim spending bill.

A few hours later, Chairman Rep. Vernon Sykes (D-Akron) announced that the conference panel, which has met just once to hear the gloomy downgrade of revenue estimates for the biennium, would reconvene at 9 a.m. Saturday in Statehouse Room 313. A 10 a.m. Sunday meeting was set on an "as-needed" basis.

Gov. Ted Strickland had indicated earlier Thursday that an agreement might be near on the FY 2010-2011 spending plan.

"I think it is very possible, even likely, that we will have a budget on time. That's what I think," he said in an interview.

Mr. Strickland said he had been meeting with legislative leaders almost daily, and sometimes several times a day.

"I told Senator Harris I'm pretty much staying around the office, I'm available, you know, give me a call, come see me, whatever," the governor said.

Mr. Strickland said the administration had not drafted an interim budget for use in the event an agreement was not reached.

"But we have put more than sufficient thinking into that issue in case it becomes necessary. So we're not ill-prepared," he said.

The state's key policymakers were still keeping it close to the vest Thursday regarding details of the agreements, which have been weeks in the making during behind-the-scenes negotiations that the Big Three have kept secret under a gag agreement.

With library stakeholders on Thursday being the latest group to stage a Statehouse protest rally against planned cuts, and the key policymakers remaining in lockstep over avoiding tax hikes in the measure, little if any news is expected to be good over the weekend for government program advocates.

Along with deploying revenue from slot machines, Gov. Strickland's proposed budget "framework" announced last Friday includes some \$2.4 billion in government spending cuts from the measure's current total of about \$53.6 billion.

Among the other groups that have loudly voiced opposition to the proposed reductions in recent days were advocates for government-funded services regarding mental health, early learning, foodbanks, nursing facilities, child protection, welfare aid and other programs for the poor.

On Thursday, Joel Potts, executive director of the Ohio Job and Family Services Directors' Association, announced that "for the next three days he will be living on the food stamp allotment of \$3 per day."

Mr. Potts asked the governor in a news release to join him in the experience and see "if just for a brief period, what one in eight Ohioans go through every day."

"Based on Ohio's continued record growth in the food stamp program, OJFSDA projects that this summer we will be serving a record 1.5 million Ohioans, of which seventy-five percent are seniors, children or disabled individuals," he added.

Gov. Strickland has proposed reducing funds for foodbanks compared to House- and Senate-approved levels.

In other recent budget developments, Senate Minority Leader Capri Cafaro (D-Hubbard) expressed support for cutting back nursing home funding to levels as proposed by Gov. Strickland in his framework.

"I share the views of the Ohio Business Roundtable, AARP Ohio and many others that we should undertake a fundamental reform of Ohio's long-term health care system. While that goal cannot be accomplished overnight, the General Assembly can make a good start by adopting Governor Strickland's proposed spending on nursing homes in the next biennial budget.

Meanwhile, Sen. Harris and other Senate Republicans on Thursday continued to maintain that Gov. Strickland could and should order the Ohio Lottery Commission to operate slot machines at the state's seven horseracing tracks.

The lawmaker reiterated that the "video lottery terminal" plan should be implemented the same way that the lottery was expanded to include keno - and not legislatively - and brushed aside the administration's legal and policy arguments to the contrary.

SENATE ENDORSES ITS VERSION OF LIVESTOCK TREATMENT AMENDMENT

A unanimous Senate voted Thursday to place a constitutional amendment regarding livestock care and treatment on the November ballot, but more legislative action is needed to formally move the plan before Ohioans this fall.

The chamber voted 32-0 for the resolution (SJR 6) that establishes a 13-member panel that would set animal care standards based on scientific evidence.

Sponsoring Sen. Bob Gibbs (R-Lakeville) said the proposal is needed to implement guidelines for the well being of livestock and poultry, and to address food safety concerns.

The senator amended the resolution on the floor to specify that future legislatures would have ultimate control over the proposed board.

Mr. Gibbs said the proposed panel won't be dominated by major agribusiness operations, but will include representatives of several organizations, including consumer groups, academia and family farmers. The members, he said, have a broad range of interests and expertise.

Sen. Gibbs observed that many Ohioans are far removed from how food is produced, adding that the amendment will give them confidence in how livestock is raised.

He noted that industry leaders already follow best practices in raising animals, saying they recognize that stressed animals don't produce as well and are more likely to contract diseases.

Sen. Jason Wilson (D-Columbiana) said the proposal helps Ohio keep control of agriculture, and puts experts in the field in charge of developing key standards.

On Wednesday, the House overwhelmingly approved its version of the proposal (HJR 2), creating a situation in which one chamber will have to approve the other's plan to get the measure before voters.

Separately, the chamber voted unanimously for a measure (SB 106) that updates state laws regarding the savings statute and estate and trust proceedings. Sen. Steve Buehrer (R-Delta) said the measure also updates laws involving the termination of small guardianships.

Senators also adopted a resolution (HCR 24) that establishes a committee to review the state's fast-changing auto industry.

Sen. Tom Niehaus (R-New Richmond) said the panel will look for ways to enhance the state's climate for manufacturers, dealers and suppliers.

Sen. Minority Leader Capri Cafaro (D-Hubbard) said the panel will play an important role in retaining a major auto industry presence in the state. The lawmaker said the issue is particularly important in her district, which includes a major General Motors assembly plant in Lordstown and a large Delphi supply operation.

CASINO BACKERS FILE PETITIONS FOR NOV. 3 BALLOT; TRADE GROUPS PRAISE GOVERNOR FOR TRACK SLOTS AS OPPONENTS PLEDGE LAWSUIT

Ohio business groups galloped to the support Thursday of Gov. Ted Strickland's "courageous decision" to rely on video slot machines to help balance the state's next budget and rescue its horse race industry.

Not so fast, opponents of the plan said three hours later. They promised to file a lawsuit against Mr. Strickland if the video lottery terminals were installed - and said Ohio should find a new governor "who will obey the law and honor election results."

Separately, backers of full-service casinos turned in petitions with more than 850,000 signatures to place before voters in the Nov. 3 election a constitutional amendment authorizing gambling centers in Cleveland, Columbus, Cincinnati and Toledo.

Business-Slots: The Ohio Council of Retail Merchants topped a list of eight trade associations backing Mr. Strickland's plan to install thousands of video slots at the state's seven tracks.

John Mahaney, council president and chief executive officer, applauded legislative leaders and the governor for doing all they could to fund the upcoming biennial budget without a tax increase.

Mr. Mahaney traced his support to visits at casinos in Indiana and West Virginia where most of the cars in parking lots were from Ohio.

"It occurred to me that Ohioans have already expressed their moral view of gambling by going to other states to do it, taking with them an estimated \$450-to \$500 million dollars a year," he said at a news conference.

"So if they're going to gamble it would seem reasonable to allow them to do it in Ohio. We keep the money here," he said.

"There is no moral high ground here. The people have voted with their feet and their cars," Mr. Mahaney said.

Voters in 2006 rejected a statewide ballot issue that would have provided for slot machines at the seven horse tracks, and for development of two casinos in Cleveland.

Mr. Mahaney drew a distinction between that and other past gambling ballot issues, and the governor's proposal that would not require a statewide vote.

"They have voted primarily against casinos, and that primarily because you had certain people who wanted to write themselves into the state constitution," he said.

"If it's done right, and it will be, the state of Ohio will control everything, tell you ... what the state's cut is going to be, what hours you can operate. It'll be totally state controlled, which it should be," he said.

"That's a different thing than the way it was before where you had individuals trying to write themselves into the constitution. That is what people were turned were turned off on," he said.

In addition to the estimated \$933 million that track slots would generate, supporters said the plan would rescue the struggling standardbred horse industry, and create about 24,000 construction and permanent jobs at new track facilities.

Also supporting the governor's proposal: the Ohio Association of Convenience Stores, Ohio Grocers Association, Wholesale Beer and Wine Association of Ohio, Ohio Restaurant Association, Ohio Petroleum Council, Ohio Harness Horsemen's Association, and Ohio Homebuilders Association.

Mr. Mahaney said the council had no position at present on a potential constitutional amendment on the Nov. 3 ballot that would authorize development of four casinos.

Gambling Opponents: Later on Thursday, the American Policy Roundtable assailed Gov. Strickland's track slots proposal and pledged lengthy legal action that would tie it up in court.

David Zanotti, the group's president and CEO, challenged the governor's assumption that racinos could be authorized via the Ohio Lottery through either executive order or legislative action.

"What will the people of Ohio think if this governor overturns the results of four elections and trashes their constitution in the process? At the end of the day it's about the rule of law," said Mr. Zanotti.

He said if the governor wants lottery casinos he should seek approval of a constitutional amendment. The same organization filed suit over Ohio's participation in the multi-state Mega Millions game, and lost.

However, Mr. Zanotti said different arguments would surface in a court case over slot machines.

"There's a big difference between a racino and a pull ticket," he said. "I'd be happy to have a legal definition. If the courts in Ohio are going to say 'lottery' means anything, then at least we have some legal definition other than politicians making it up as they go along."

Opponents said that because Mr. Strickland, in their view, had proposed to violate the constitution and defy the results of four statewide elections, the state should find a new chief executive.

"I think what the people of Ohio really need is a new governor," Mr. Zanotti said at a news conference. "He has forfeited his credibility as governor."

Rep. Ron Amstutz (R-Wooster), who joined opponents at the briefing, said he believes there is a good chance the track slots plan would be included in the budget, and a good chance that it would cost some legislative support.

"It's a poison pill for my vote," said Rep. Amstutz, who is a member of the conference committee working on the budget (HB 1).

Mr. Zanotti also is co-chair of the Vote No Casinos political action committee. It opposed a gambling issue on last November's ballot, and will oppose another that backers are trying to place before voters this fall.

Four Casinos: The Ohio Jobs & Growth Plan delivered boxes of petitions to the secretary of state's office Thursday with signatures of over 850,000 persons on behalf of a four-city, casino development project.

Backers need valid signatures of 402,275 registered voters who represent five percent of the 2006 gubernatorial vote in 44 of the state's 88 counties.

Charlie Luken, the casino committee chairman who previously was Mayor of Cincinnati and a member of the U.S. House, said the proposal would create 20,000 jobs, generate \$650 million in tax revenue per year, and yield \$1 billion in private capital investment.

"As a former mayor, I can tell you that putting something in this location in Cincinnati, Ohio, would make people interested in the future of Cincinnati stand and cheer. And I would expect the same is true in Cleveland and in Columbus and in Toledo," he said.

Standing in front of a group of union members carrying signs of support, Mr. Luken doubted the potential authorization of racetrack slots would have a significant impact on the casinos.

"Clearly if there were several thousand slot machines in Ohio besides ours it would affect our projections, but we don't think very much. So right now we consider the issues separate, and we're moving forward, and we're really not interested in what's going on in the Statehouse in terms of this proposal," he said.

Mr. Luken also discounted claims that the ballot issue would authorize four casinos, but would not require them to be built.

"The question of whether we'll build them is something that's been floated by opponents and it's really a strange one. We have two of the most reputable folks in business behind this. They say they will do it. Our lawyers tell us they have to do it. And we are committed to do it," he said.

Mr. Luken referred to Penn National Gaming, Inc., the Pennsylvania operator of casinos and horse tracks - including Raceway Park in Toledo. Penn National defeated a rival casino issue on last November's ballot in Ohio.

The other primary backer is Dan Gilbert, majority owner of the NBA Cleveland Cavaliers, operator of Quicken Loans Arena in Cleveland, and chairman of Quicken Loans.

Secretary of State Jennifer Brunner's office said it would send the petitions to county election boards to verify the signatures for validity and sufficiency in the coming weeks. The deadline for making that determination is July 21.

July 1 is the deadline for constitutional amendments or laws proposed through initiative petitions to be submitted. The General Assembly has until Aug. 5 to file constitutional amendments proposed through joint resolutions.

Church Opposition: As with past gambling issues, the Ohio Council of Churches immediately voiced its opposition to what it described as "casino predators who wish to make billions of dollars at the expense" of Ohioans.

Tom Smith, the council's public policy director, said casino backers were offering 33% of gross casino revenues, while keeping 67% for themselves.

"Do they seriously believe that Ohioans won't ask can't we get a better deal than that? Their home state, Pennsylvania, is receiving 55% of their gross revenues and they must compete with other casinos for the business," Mr. Smith said in a news release.

"Their actions and their proposal are immoral. But Ohio voters will see through this ballot issue, just as they have through the four other ones that have been defeated in the past," he said.

PASSED IN THE SENATE

SJR 6 LIVESTOCK STANDARDS (Gibbs) Proposing to enact Section 1 of Article XIV of the Constitution of the State of Ohio to create the Ohio Livestock Care Standards Board. 32-0 (Amended)

REFERRED TO SENATE COMMITTEE

Reference:

HJR 2 LIVESTOCK STANDARDS (Sayre) Proposing to enact Section 1 of Article XIV of the Constitution of the State of Ohio to create the Ohio Livestock Care Standards Board.

FRIDAY, JUNE 26 2009

CITIES TASK FORCE TO CONSIDER WAYS TO REFOCUS TAX INCENTIVES TOWARD URBAN REVITALIZATION

Finding ways to shift state tax incentives away from sprawling suburban toward the state's deteriorating urban cores is a central goal for the Ohio Cities Task Force, the chairman said Thursday.

Much of the state's tax incentive programs encourage too much "greenfield" development in affluent suburbs rather than helping companies redevelop urban "brownfields," Rep. Mike Foley (D-Cleveland) said in an interview.

"The original purpose of these things was very narrow and limited to help out distressed areas and it's just been growing like a mushroom since its inception," he said in an interview.

"If we're giving incentives, it should have some other public purpose," he said, citing examples of projects that would enhance public transportation development or use energy efficiency technology and existing public utility infrastructure. "It's not just doing greenfield development."

The panel heard an overview of the state's tax incentives from Steve Shoney, of the Department of Development, who said the administration had planned to push for changes that would simplify and target the multiple and duplicative programs toward the neediest areas. However, growing budget challenges effectively delayed the effort.

The application process for the Job Creation Tax Credit is very burdensome and often discourages potential investment, Mr. Shoney told the committee. And the numerous variations of tax increment financing, community reinvestment area, and enterprise zone programs are unnecessary and counterproductive.

"It's way too complex and doesn't serve any public policy," he said. "It serves the purpose of the people trying to make money off the system, in my opinion."

Chairman Foley said there was a general agreement that the state's incentive programs were too unwieldy and unfocused to achieve their purpose. However, getting consensus from the panel, which includes representatives from suburban districts, business groups, and various local governments could prove a difficult.

The task force will meet every two weeks until the Sept. 30 deadline to submit a report, he said.

In addition to reviewing the state's tax incentives, the task force will review quality of life issues, such as control of liquor permits, and efforts to increase efficiencies among local governments.

"We've got so many towns right around the same urban core that are providing the same services. Is there ways to encourage efficiencies and savings by consolidating services? It's definitely an urban issue," he said.

BUDISH APPOINTMENTS TO LOCAL GOVERNMENT STUDY COUNCIL RILE CO-CHAIRMAN

Speaker Armond Budish recently named three new members to a panel charged with recommending changes to local government - a move that doesn't sit well the co-chairman, who is standing by the former speaker's appointments.

During a Friday hearing of the Commission on Local Government Reform & Collaboration, Co-Chairman Daniel Troy, a Democratic Lake County commissioner, took issue with Speaker Budish's (D-Beachwood) decision to suddenly name three new members.

Speaking in an interview, Mr. Troy said the Attorney General's Office believes the appointments are invalid since the three members named by the former speaker have not resigned or given any indication they would do so.

"We're going to proceed with business as usual because, in fact the members of the commission who were appointed under the statute are still members of the commission," he said.

Former Speaker Jon Husted's appointments were Martin Jenkins, of the Organizational Resource Group, Montgomery County Commissioner Dan Foley, and former Republican Rep. Larry Wolpert, who sponsored the original bill creating the panel (HB521, 127th General Assembly).

Mr. Troy said he just found out about the appointments of Rep. Kathleen Chandler (D-Kent), Rep. Timothy DeGeeter (D-Parma), and Rep. Margaret Ann Ruhl (R-Mt. Vernon) weeks after they were made.

"It's a legal thing, but then it's a courtesy thing too. We've been working for six months. We're not getting paid for this," he said. "It's kind of bizarre, but then isn't everything down here this month?"

Budish spokesman Keary McCarthy said the speaker named the new members as part of his normal appointment-making responsibilities.

"The statute does not speak to the length of terms for members of the commission, but it gives the speaker authority to appoint," he said, noting the law authorizes him to name two majority members and one recommended by the minority leader.

"We are also going to work and communicate with the chairmen of the commission continues its good and positive work," he added.

Apart from disagreement over who sits on the panel, many of the traditional tensions between Ohio's multiple local government entities have surfaced, Mr. Troy said.

Nonetheless, the panel has made some progress over the past six months in reviewing barriers to increased efficiencies, he said.

The commission is focusing on three main areas: incentives for greater collaboration among different local government entities; how to simplify and improve the local tax structure; and alternative forms of service delivery.

"That's the one that's going to be difficult," Mr. Troy said about the subject of alternative forms of local government. While some members see the need to reduce the number of duplicative offices and jurisdictions, others don't.

"I looked at this commission as an opportunity to deal with an issue that I've been a little frustrated by, having been a legislator and now a commissioner - we're operating on now antiquated statutes that made sense 120 years ago," he said in an interview.

"I sense I got a few members in here that their job is to play defense. They're here to protect," he said.

Economic realities make the multiple layers of government and officials unaffordable in some parts of the state, he said.

"It ain't like it was before folks. There are communities out there that can't exist anymore," Mr. Troy said. "They can't ask for another percent municipal income tax. There's nobody working in the town anymore, you're going to tax what?"

Nonetheless, the commission is working diligently to research options and develop recommendations in time for its June 2010 deadline, he said.

New Website: As part of the commission's attempt to seek a wide range of views on local government, it launched a website where individuals can submit their recommendations.

Research and the commission's working documents are also available on the website, which is being maintained by Miami University's Center for Public Management & Regional Affairs.

"There have been a wide variety of successful collaborative efforts in different areas of the state. We think we can learn from those and share that information with other local governments," said Co-chair Anita Lopez, who is the Lucas County auditor.

In addition to public input, the commission signed a \$140,000 contract with Ohio State University's John Glenn Institute for six research papers on various projects.

FEDERAL GOVERNMENT GIVES OHIO \$38 MILLION FOR CLEAN ENERGY PROGRAM

State and federal officials on Friday announced the delivery of \$38.4 million in stimulus funding designed to speed development in renewable and energy efficiency in Ohio.

Matt Rogers, U.S. Department of Energy senior advisor, said the award is only part of the \$96 million total that Ohio is slated to get through State Energy Program funding included in the American Recovery and Reinvestment Act. Nationally the stimulus bill appropriated \$3.1 billion for the initiative.

Gov. Ted Strickland's energy advisor Mark Shanahan told reporters during a conference call that the funding would "lay the foundation for an energy-based economy that Ohio needs to come out of the recession and begin its recovery."

He said the state has allocated the full \$96 million into several different programs:

- \$35 million for renewable energy development, which includes both deployment of new technology and assistance for manufacturers working in the sector.
- \$30 million for banking on new energy financing for loans to supply chain manufacturers and deployment projects.
- \$15 million to help manufacturers increase the energy efficiency of their operations.
- \$8 million for energy efficiency retrofitting of commercial and residential buildings.
- \$500,000 to begin developing Ohio's strategy to prepare for federal limits on carbon dioxide emissions.

Mr. Shanahan said the administration would use the remaining 7% of the funds for administering the program and providing technical assistance to applicants "to make sure the best use possible is being made of the money."

He estimated the \$30 million loan program could leverage an additional \$100 million through partnerships with venture capitalists and banks.

AGENCY BRIEFS: TOURISM INDUSTRY NETS 452,000 JOBS

Ohio's tourism industry was responsible for 452,000 full-time equivalent positions that paid more than \$10 billion, according to a report conducted on behalf of the Ohio Tourism Division.

The report from Longwoods International shows that total sales increased by 2.3% last year, generating \$39 billion in economic activity.

"We are delighted to see growth in Ohio tourism sales and revenue for 2008 - a sign that people are experiencing and sharing the Ohio story," said Interim Department of Development Director Lisa Patt-McDaniel. "These findings illustrate the vibrant and diverse tourism attractions that Ohio has to offer."

DOD said the state hosted 172 million visits last year, and 35 million of those trips included a stay overnight.

"Increased spending on fuel and other transportation costs, combined with increased spending on recreation and entertainment, offset declines in the business travel sector," said State Tourism Director Amir Eylon.

Mr. Eylon said strong marketing messages will improve the state's ability to draw leisure travelers, particularly with people more focused on regional travel opportunities.

Federal Stimulus Funds: Vice President Joe Biden said Ohio has met a federal government goal to obligate at least half of the federal stimulus highway funds by June 29.

The administration said Ohio has dedicated \$338.8 million, or 51.7%, of the allocation.

"Our number one priority with the Recovery Act is getting folks back to work - and there is no better way to do that in these early days than by putting shovels in the ground and jump-starting projects like these that create jobs and boost local communities," Vice President Biden said. "By delivering on these projects ahead of schedule and under-budget, we have been able to do even more than we expected -- create more job opportunities more quickly, with more dollars left over to put toward more projects that put people back on the job."