

Troy, Daniel

From: Roland, Robert E. [reroland@day-ketterer.com]
Sent: Tuesday, April 27, 2010 12:07 PM
To: Troy, Daniel
Subject: Roland's suggestions
Attachments: Wall Street Journal - Jobs Poaching Article.pdf
Dan:

I realize this is somewhat late, but I wanted to mention a few areas that I think should make it into the Commission's report to the Legislature.

- **Consolidation of construction service providers.** I have been involved in the construction industry and know first hand about the problems that contractors face when dealing with too many administrators of the Building Code. Ron Becker's testimony was right on point
- **Prevailing Wage issues.** I realize that, as you have mentioned during our meetings, this has been studied to death, and I suspect that special interest groups make this a very highly charged political issue, but I think we ought to at least make mention of the deleterious effect that these laws have on business expansion in Ohio.
- **Prohibitions against Use of Tax incentives to Steal Businesses From Neighboring Governmental Units.** This is close to my heart because I have seen it happen repeatedly—the people are the loser because the end result is not an increase in jobs, but rather a net decrease in tax revenue for the REGION. I would recommend legislation to prohibit the offering of incentives for businesses that move across County or Municipal lines, unless it can be shown to a reasonable standard of certainty that the business would otherwise move outside of the State. The attached Wall Street Journal Article gives me confidence that I am on the right track here and the Commission would be remiss not to deal with the issue.

That's it for me. There are obviously many other issues to be considered for inclusion, but I trust that our fellow Commissioners have already mentioned most of the issues in their suggestions. See you on Friday.

Rob

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Obama Administration Presses Cities, States to End 'Jobs Poaching'

The Obama administration wants cities and states to push a more regional approach to economic development instead of using tax breaks and other incentives to poach jobs and businesses from each other, according to [this story on Stateline.org](#).

The story notes that the administration believes the current system of economic development — where businesses often use the carrot of jobs and investment to play neighboring cities off each other in hopes of weaning tax breaks — is destructive to the recovery.

One example given is that of Ohio and Michigan, both of which have been smacked by the decline in auto manufacturing. Rather than allow the states to fight each other to attract similar jobs or industries (say, green-technology jobs) the story notes the administration recently gave \$25 million to an Ohio plant that will make batteries for electric vehicles built in Michigan. "Federal officials say that the northern Ohio-southern Michigan region is poised to repackage itself as a clean-energy center," Stateline notes.

Cities and states have tried for decades to end poaching via regional agreements, with limited success. This [Journal article](#) about incentive "clawbacks," noted that a group of cities in Northern Ohio put together an antipoaching agreement where cities share tax revenue to discourage poaching. Various cities, states, counties and regional governments have passed similar measures.

Yet poaching continues, and the cottage industry of economic consultants that act as agents for companies seeking tax breaks. [This RTE post](#) noted how officials in Ohio were inflamed when they heard that money from the \$787 billion stimulus program might be used to lure Dayton, Ohio institution **NCR Corp.** to the Atlanta area.

The issue of poaching has gotten even more contentious as local governments grapple with the worst budget gaps in a generation. Along with deep cuts in services, many cities and states have raised taxes to ease budget gaps — prompting others, including President **Barack Obama's** hometown, to whistle at out of state businesses.

Just one week after Oregon voters passed a broad tax increase on residents and businesses, Chicago mayor **Richard Daley** [said he wanted to poach Oregon businesses](#). "It will help [Chicago's] economic development immediately," Daley told the Chicago Sun-Times. "You'd better believe it. We'll be out in Oregon enticing corporations to relocate to Chicago. I'll be very frank. I make no bones about that."