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Legislative Update

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MONDAY, MARCH 30 2009

TRANSPORTATION BUDGET WITH RAIL PLAN INTACT PULLS OUT OF CONFERENCE WITH BIPARTISAN BACKING

A House-Senate conference committee gave Gov. Ted Strickland an "all aboard" Monday night for a \$7.6 billion transportation budget that includes his priority plan to start an intercity Amtrak passenger rail system.

Mr. Strickland was provided most of what he asked for - and then some - in the two-year spending plan (HB 2) that cleared the panel on a bipartisan, 6-0 vote at 8:45 p.m.

The House and Senate were scheduled to take up the conference report during Tuesday sessions.

Enactment of the measure is needed by April 1 in order to take effect with the July 1 start of the new fiscal year.

In addition to the \$7.6 billion for the Ohio Departments of Transportation and Public Safety, the bill also includes \$2.2 billion in federal economic stimulus funds for multiple agencies, bringing the total to \$9.8 billion.

The legislation clears the way for ODOT and the Ohio Rail Development Commission to apply for a share of \$9 billion in federal stimulus funds for passenger rail development.

The House had proposed release of any money received through the Controlling Board, while the Senate called for appropriation authority from the General Assembly.

The conference report provides for the Controlling Board, by a "supermajority" vote of 5-2, to release funds received for rail infrastructure improvements.

Approval would be required from at least two members from the House and two from the Senate, meaning the administration would need support of at least one Republican senator on the board where Democrats have a one-vote majority.

Rep. Peter Ujvagi (D-Toledo), the conference chairman, said the administration would have to seek approval from the full House and Senate for appropriation of money to operate the rail system.

Also during the Monday night meeting, the committee:

- Reinserted the budget for the Department of Public Safety that the Senate had removed for proposed inclusion in the main operating budget. A Republican amendment removed a proposed \$5.75 increase in vehicle registration fees as part of a \$106 million annual package of fee boosts to help fund the State Highway Patrol. The \$60 million in revenue was replaced by a series of lesser charges on vanity plates and other items.
- Adopted a Senate proposal to require state and local governments using federal stimulus money for construction projects to reimburse utilities for the cost of relocating service lines. The committee made the section part of temporary, rather than permanent law. The provision was approved 5-1 with Sen. Turner objecting. Mayor Frank Jackson of Cleveland and his counterparts in other cities opposed the provision. Amanda Wurst, Gov. Strickland's press secretary, said the governor shares "the serious concerns of the municipalities" and hoped a compromise would be part of the final version of the bill. Asked about a possible veto, Ms. Wurst said "(He's) interested in reviewing the final legislative language from the conference report before making a decision."
- Approved a modified version of Gov. Strickland's proposal to allow ODOT, through a six-member commission, to build and operate new capacity toll roads.
- Raised to \$18 million a year, from the \$9 million level the House had proposed, payments to fuel distributors and retailers that had totaled \$36 million in each of the last four years. The governor had proposed eliminating the payments entirely.

Earlier in the day, the conference committee - as expected - cut out of the budget Mr. Strickland's proposals for primary enforcement of the seat belt law, and for a pilot project to use automated speed cameras in construction zones of interstate highways.

Also removed was the governor's proposal to create local Transportation Innovation Authorities that could lead to construction of new toll roads and bridges.

Conferees agreed to retain a Senate plan to increase truck speed limits from the current 55 miles per hour to 65 mph, the same as cars. The uniform limit would apply only on interstate highways.

HUSTED PUSHING NEW REDISTRICTING/REAPPORTIONMENT PLAN

State and congressional district boundaries would be drawn by an independent seven-member commission and would require supermajority approval for adoption under a plan to be offered by a Senate Republican.

Sen. Jon Husted (R-Kettering), a potential candidate for secretary of state or other statewide office in 2010, said the proposal creates a bipartisan system of drawing lines regardless of the state's political dynamics after the census is taken.

"We can't change the hyper-partisan ways of government unless we change the system that demands it," the senator said in announcing his proposal. "This change would allow the voters to pick their politicians rather than letting the politicians pick their voters."

The seven members include two appointees of Democratic legislative leaders, two appointees of Republican legislative leaders and three appointees selected jointly by the four legislative leaders.

The plan requires a five-vote majority to adopt a district map, and at least one vote would have to come from each of the three types of appointees.

Sen. President Bill Harris (R-Ashland) welcomed the senator's work on the issue. "It is not easy to take an issue that is inherently political, bring opposing sides together and come up with a thoughtful proposal for the General Assembly to consider," he said, noting that he looks forward to working on ways to change the process.

The resolution also includes guidelines for establishing competitive districts and makes the commission's meetings and data open to the public. It also prevents mid-census congressional redistricting. The Ohio Constitution prohibits mid-census state legislative district drawing.

A separate plan (SJR 4), also offered by two members of the Senate GOP, calls for adding the House Speaker, Senate President and the two legislative minority leaders to the State Apportionment Board.

That proposal, introduced by Sen. Kevin Coughlin (R-Cuyahoga Falls), a gubernatorial candidate, also requires a five-member vote for approval.

OEPA EXPEDITES CERTAIN WATER POLLUTION RULES; GREENS VENT FRUSTRATION WITH SLOW PACE OF REGULATORY OVERHAUL

With a major overhaul of water quality regulations bogged down in the rulemaking process, the state is hoping to expedite certain rules on shoreline projects, dredging in Lake Erie and water use designations.

Last summer the Ohio Environmental Protection Agency proposed sweeping changes to water pollution regulation in several separate rule packages, but the agency said Monday that it would separate certain measures "to allow a few time-sensitive items to move forward."

One of proposed changes would exempt certain Lake Erie projects affecting water quality from the requirement for mandatory public hearings and require hearings only when there is significant public interest, the agency said.

"Many of these projects are for shoreline work being done by individual homeowners. Ohio EPA has held dozens of hearings on such projects that no one attended," the agency said in a news release. There would still be a written comment period.

"If implemented, this change would avoid using taxpayer resources to hold hearings when there is no public interest," OEPA said.

Another proposed rule the agency is hoping to expedite would revise water use designations to reflect the intensity and frequency of recreational use.

Class A waters would be for Ohio's most used canoeing streams and would have criteria comparable to those for beaches, while Class B and C waters would have less stringent criteria similar to the current primary contact level, OEPA said.

The third proposal would restrict disposal of dredge material in the Lake Erie western basin to a maximum of 50,000 cubic yards per applicant for a 12-month duration, according to the agency.

The Ohio Environmental Council supports the three separate rules, but expressed frustration with the slow pace of action on the remaining regulations.

"We are concerned about the reason why OEPA is not moving forward with the entire rule package - water quality standards, antidegradation, 401 certification rules, and stream and wetland mitigation," OEC Director of Legal Affairs Trent Dougherty said in an email.

"These rules have unnecessarily been shelved because of general objections by industry groups, and to our knowledge these groups have not identified any specific rules that are unlawful, unreasonable, or would be unable to be complied with," he said.

"Because of the importance of these four rule packages in protecting the human and environmental health and safety of Ohio, we urge swift approval and implementation of these rules," he said.

TUESDAY, MARCH 31 2009

IN UNUSUAL MOVE, CONFERENCE COMMITTEE RECONVENED TO ADD EMERGENCY INSURANCE BENEFIT TO TRANSPORTATION BILL

Passage of a \$9.8 billion Ohio transportation-stimulus bill hit a speed bump Tuesday. Legislators took the rare step of reconvening a conference panel to insert an emergency clause that was removed for lack of House Republican support.

A six-member conference committee that unanimously reported the bill Monday night is scheduled to reconvene Wednesday.

Its sole task is to reinsert an emergency clause that will extend health insurance coverage for workers who lose their jobs, and use federal stimulus money to pay part of the premiums.

The clause would allow the insurance provision to take effect immediately. Conferees removed it Monday when House Republicans said they could not provide 13 votes necessary to sustain it on the floor.

However, House Minority Leader Bill Batchelder (R-Medina) said Tuesday that Republicans support the extension of COBRA. He said the GOP was notified of the inclusion of the emergency section late Monday afternoon.

"This was not nearly enough time to confer with our members to see if we could provide the additional votes needed to pass an emergency measure. House Bill 2 is certainly a better bill than it was when it left the House and our members do support this measure for COBRA," Rep. Batchelder said in a statement.

"Still, it is mixed into a bill that contains more than \$100 million in fee increases. The increases have been and are a concern for our members. We needed time to explain to our representatives the changes in the bill and to gather each member's position."

"We have now been able to have this discussion and believe that there are enough votes to pass the emergency clause," Rep. Batchelder said.

Governor's View: Gov. Ted Strickland said he supported the legislative action. He said the resulting delay in enactment - which was previously believed necessary by midnight Tuesday - was insignificant.

"I think it would have been highly unfortunate if three months could have passed without Ohioans in need of this kind of assistance to gain health insurance coverage for themselves and their families," Gov. Strickland said.

"So I am pleased to find that they have made this decision. I guess that will give me a little more time to look over the bill before I sign it," he said.

When the governor was presented with his first transportation budget in March 2007, he chose not to sign it. Instead, he signed a veto message concerning one item and returned the legislation to the House, intending to let it become law without his signature.

Mr. Strickland said receiving the current bill on Wednesday would amount to a delay of a few hours. Nearly all of its other provisions cannot take effect for 90 days after enactment.

"My understanding is that that may interfere with the bonding authority for a few hours but it will not interfere with continuing the normal operations of the Department of Transportation. So I don't see that as a problem," he said.

Later on Tuesday, Amanda Wurst, the governor's press secretary, said an April 1 enactment would generate no delay. She said the 90th day would occur June 30, one day before the start of the new fiscal year.

Senate President Bill Harris (R-Ashland) agreed the delay in passage posed no difficulty. He was confident House Republicans would come up with the minimum 13 votes needed for the emergency provision.

"I have no doubt that they will," Sen. Harris said.

He said the conference committee meeting would be limited to action only on the emergency clause.

Utilities-Veto: The legislation (HB 2) includes \$7.6 billion for the Ohio Departments of Transportation and Public Safety.

The bill also includes an additional \$2.2 billion in federal economic stimulus money for several agencies - including an extra \$774 million earmarked for transportation construction projects statewide.

Among its many provisions, the budget advances Gov. Strickland's plan to start a conventional speed Amtrak passenger rail system from Cleveland to Cincinnati, via Columbus and Dayton.

It also raises the speed limit for trucks on interstate highways to 65 miles per hour, the same as passenger cars.

Gov. Strickland said Tuesday he intends to veto a Senate provision in the measure that would require state and local governments using federal stimulus money for construction projects to reimburse utilities for the cost of relocating service lines.

"That provision troubles me greatly. I don't think it's necessary, and I will not likely look upon that provision kindly," he told reporters.

At the same time, the governor said he was not likely to veto the uniform speed limit proposal, but felt "conflicted" about the issue.

"I think we all have a tendency to push the limit," Mr. Strickland said. "I'm concerned if the limit is 65 there'll be a tendency to go 70 or 75."

The governor said he would encourage the State Highway Patrol to strictly enforce the new limit. "It's not something that I would plan to veto, but it is a troublesome issue because safety is obviously of paramount importance to the public," he said.

The conference report revises several of Gov. Strickland's initial proposals for fee increases, including elimination of a \$5.75 extra charge for passenger vehicle registrations.

A synopsis of a conference committee amendment shows the measure instead would increase fees for initial reserve license plates from \$10 to \$25, increase the vision screening fee by \$1.75, rather than by \$1 as in the House version; and increase the late fee for motor vehicle registrations and driver's licenses from \$10 as in the House version to \$20.

In addition, the final version reduces to \$3 the executive's proposed \$6 increase for title abstracts, a boost that insurers and trucking companies had opposed. As a result of the change, the price for abstracts showing a driver's record will go from the current amount of \$2 each to \$5 each.

The same amendment also raised to \$18 million a year, from the \$9 million the House had proposed, payments to fuel distributors and retailers under what is known as the evaporation tax allowance. The governor had proposed elimination of the payments.

HARRIS RETURNS TO PRESIDE OVER SENATE; STRAHORN TAKES OATH AS NEWEST MEMBER

Relying on a cane and understandably moving with some caution, President Bill Harris (R-Ashland) returned to the Senate ahead of his own ambitious schedule Tuesday to preside over a voting session.

Sen. Harris has been absent from those duties since Jan. 27 after a serious fall on an icy walkway outside a Columbus hotel resulted in a fractured femur and surgery.

The Senate president had said earlier this month from his home that he hoped to return to the Statehouse for some mid-April meetings on the budget bill.

He not only beat that timetable, but also managed to climb the steps to the podium to preside over Tuesday's session. His chair has been elevated and equipped with cushions.

Senate President Pro Tem Tom Niehaus (R-New Richmond), who has presided in his absence, joked at the start of session that he started up the stairs only to be directed to his desk on the floor.

"We're glad to have you here ahead of schedule," Sen. Niehaus said. "Welcome back." The Senate stood to join in the applause.

"It's great to be back," Sen. Harris said. "I'm a testament that prayer does work. Thank you."

Strahorn Seated: Separately, former Rep. Fred Strahorn took his seat in the Ohio Senate, being sworn in to the 5th District seat that had been held by former Sen. Tom Roberts.

The Dayton Democrat was selected for the appointment just months after term limits forced him from the House, where he served for eight years.

"I'm excited to get back to work as a member of the General Assembly," the senator said. "There's a lot I hope to accomplish on behalf of the people of the 5th District. Education will be one of my priority issues, especially getting parents more involved."

FEDERAL FUNDING ANNOUNCED FOR LAID-OFF AUTO WORKERS, TWO MAJOR ENVIRONMENTAL CLEAN-UP PROJECTS

More than 2,400 former auto industry workers in Ohio will benefit from an \$8.3 million grant announced Tuesday by the U.S. Department of Labor.

The money will go to the Department of Job and Family Services to "provide affected workers with access to dislocated worker services," the agency reported.

Under the grant, workers already certified as eligible for Trade Adjustment Assistance may receive other help including assessments, counseling, case-management, job search, job placement and other follow-up services, USDOL announced.

"Ohio recently has experienced significant dislocations in the automotive industry," Secretary of Labor Hilda L. Solis said in a news release. "Today's grant will provide core, intensive and supportive training services to the affected workers to help prepare them for new jobs in other fields."

The \$8,342,254 grant is expected to aid about 2,428 workers impacted by layoffs at the General Motors Corp. truck assembly plant in Moraine, the Chrysler north assembly plant in Toledo, the GM Lordstown plant in Warren and 12 other supplier companies located in Ohio, the federal agency said. The initial portion of the grant, which comes from the secretary's discretionary funds, is just above \$5 million.

Separately, Energy Secretary Steven Chu on Tuesday announced \$138 million in federal stimulus funds for two Ohio environmental clean-up projects that are part of a total \$6 billion issued to 12 states.

Funded projects include those that accelerate "cleanup of soil and groundwater, transportation and disposal of waste, and cleaning and demolishing former weapons complex facilities."

In the latter category, the former Portsmouth-area nuclear weapons facility is slated to receive \$118 million in funding to "demolish surplus facilities, including electrical switchyard structures, cooling towers, and one pump house; clean up 65 acres of contaminated soils; remove the source of the highest contaminant concentration groundwater plume on site; and prevent further potential groundwater contamination."

Additionally, the "complete remediation of Operable Unit 1 at Miamisburg

S historic landfill will receive \$20 million in funding, the Department of Energy announced.

"These investments will put Americans to work while cleaning up contamination from the cold war era," said Secretary Chu. "It reflects our commitment to future generations as well as to help local economies get moving again."

INTRODUCED IN THE HOUSE

HB 104 ANTENNA ZONING (Stebelton) To codify federal restrictions on local zoning of the antenna structures of amateur radio stations and place the burden of proof for compliance on the zoning authority. En. 303.214, 519.214, and 713.082

INTRODUCED IN THE SENATE

SJR 5 LEGISLATIVE DISTRICTS (Husted) To revise the redistricting process for General Assembly and Congressional districts.

SENATE COMMITTEE HEARING

Health, Human Services & Aging

SB 83 RETIREMENT BENEFITS (Faber) To exclude certain compensation when determining retirement benefits under the Public Employees Retirement System. (1st Hearing-Sponsor) CONTINUED

Shawn Busken, aide to Sen. Faber, outlined the bill that limits the pension benefits provided to many of the state's highest-earning employees.

He said the proposal sets the governor's salary as the maximum salary to calculate pension benefits, noting that it excludes many factors, including overtime pay, accrued leave and other incentives, that can drive salaries higher.

Further, Mr. Busken said the bill addresses the phenomenon of "spiking," a practice that allows public employees to earn higher pension benefit by virtue of their higher pay in the final years of their career.

Mr. Busken said spiking leaves some state retirement systems, particularly the Public Employees Retirement System, with unfunded liabilities. In response to that phenomenon, he said the measure adopts for PERS a State Teachers Retirement System rule regarding final salaries and benefit calculations.

Sen. Faber said the concept has been addressed by the Ohio Retirement Study Council, and added that the bill doesn't go as far as the council recommended.

He said the practice of spiking is a long-term systemic problem for PERS, saying the failure to act will allow the practice to continue, to the detriment of all other members of the system who subsidize the higher earners.

The lawmaker added that the issue is one of many that lawmakers will need to address in regarding retirement system solvency

Insurance, Commerce & Labor

SB 66 VOLUNTEER FIREFIGHTERS (Faber) To provide health insurance benefits to dependents of volunteer firefighters killed in the line of duty. (2nd Hearing-All testimony) CONTINUED

The widow of a volunteer firefighter who died in the line of duty called the legislation "the answer to the prayers of our Ohio volunteer firefighter survivors." Sharon Purdy's husband, Lee, collapsed while operating a pumper at the scene of a house fire in January, 2000 in Spencerville, a small town in Allen County, near Lima.

Ms. Purdy related difficulties she encountered, after her husband's death, in closing their appliance repair business, forcing a credit life insurance company to pay off a vehicle loan, and obtaining death benefits from the Ohio Bureau of Workers' Compensation and the Public Safety Officers Benefit Fund.

"As a volunteer for the National Fallen Firefighters Foundation I work with survivors in Ohio and around the United States," Ms. Purdy said. "Offering health insurance to families of fallen firefighters is not unheard of in the United States. Ten states currently provide health insurance to their survivor families at no cost."

SB 34 GROUP HEALTH INSURANCE (Miller, D.) To require the Department of Administrative Services to create a health insurance program that allows municipal corporations, small employers, and nonprofit corporations or associations to purchase for their employees the same policies or contracts provided to state employees. (1st Hearing-Sponsor) CONTINUED

Sen. Miller said in sponsor testimony the bill is intended to expand accessibility to health care by enabling more people to buy into the state's health care program. He said about 1.3 million Ohioans do not have health care coverage at present, and thousands more are underinsured.

"Even if all the initiatives contained in the budget bill are approved and are successful, the number of uninsured would only be reduced by about 110,000," Sen. Miller said. His proposal would require the Department of Administrative Services to develop a program in which small businesses - those with fewer than 500 employees - could buy health insurance for their workers through the state's health care program.

Sen. Faber questioned whether such an approach would encourage "dumping" employees with serious illnesses from a costly private policy into the state system. Sen. Strahorn asked if any other states already have such a plan. Sen. Miller said Connecticut legislators approved a similar bill, but the governor vetoed it.

WEDNESDAY, APRIL 1 2009

HOUSE, SENATE DELIVER \$9.2 BILLION TRANSPORTATION-STIMULUS BUDGET TO GOVERNOR ON STRONG BIPARTISAN VOTES

Gov. Ted Strickland was expected to add his signature Wednesday to a \$9.2 billion transportation budget that will drive road construction spending to new highs and keep his priority plan for rail passenger service on track.

The General Assembly completed work on the appropriation measure (HB 2) with approval of a conference committee report that underwent a last minute change.

Conferees met prior to floor sessions and added an emergency clause to allow a federally subsidized extension of health insurance coverage for workers who lose their jobs to take effect immediately. It also makes immediately effective other provisions dealing with pharmacy technician background checks and emission testing contracts.

House Republicans who initially withheld support for the emergency provided more than enough votes needed Wednesday. The emergency clause was approved 89-10, and the conference report passed 70-29.

The Senate adopted the report on a 31-2 vote, with Republican Sens. Jon Husted of Kettering and Kevin Coughlin of Cuyahoga Falls in opposition.

The bill was delivered to Gov. Strickland late Wednesday afternoon. The legislation includes \$5.8 billion for the Ohio Department of Transportation during fiscal years 2010 and 2011. An additional \$1.4 billion is included for the Ohio Department of Public Safety, of which the State Highway Patrol is a division.

The bill also includes another \$1.9 billion in federal economic stimulus funds for various agencies during current fiscal year 2009, which ends June 30. Of that amount, \$1.1 billion goes to ODOT for highway construction and transit projects.

As a result, ODOT will oversee over \$2 billion in construction contracts over the next 15 months - a record high amount. The agency is to unveil its summer season projects at several events on Tuesday.

The legislation advances Gov. Strickland's proposal to restore intercity passenger rail service via Amtrak that was discontinued in the early 1970s.

The state has applied for \$250 million in federal stimulus funds to cover capital costs of conventional speed trains along the 3-C Corridor from Cleveland to Cincinnati, via Columbus and Dayton.

Legislators rejected several of Mr. Strickland's other requests, including tougher enforcement of seat belt laws, use of automated cameras to catch speeders in construction zones of interstate highways, and creation of local Transportation Innovation Authorities with power to impose tolls.

At the same time, legislators added to the bill a uniform speed limit of 65 miles per hour for trucks as well as cars on interstate highways.

Total spending in the bill was reduced from earlier estimates as a result of decisions to transfer about \$340 million into separate legislation dealing with the transportation authorities. Other reductions stemmed from revisions of amounts in the federal stimulus package.

As originally introduced, the governor's proposal recommended \$106 million in annual motor vehicle fee increases to offset projected shortfalls in the State Highway Patrol budget. Legislators reduced those fee boosts to \$86 million in the final version.

House Debate: Rep. Peter Ujvagi (D-Toledo), who introduced the bill on the governor's behalf, said a combination of fees included in the measure would enable the public safety department and patrol to be funded for the next two years.

"We've additionally included a task force that will bring stakeholders together around how most effectively the highway patrol can move forward in the future, and how it best can cooperate with local law enforcement officers," he said.

Rep. Ujvagi said the bill "struck the appropriate balance" between making the strongest case possible in Washington for federal rail passenger funding, while assuring legislative oversight in releasing the money.

"It allows both ODOT and the (Ohio) Rail Development Commission to seek federal dollars for passenger rail. They, however, will then have to return to the Controlling Board for approval of any capital expenditures relating to rail," he said.

Approval from the full legislature would be required for the release of operating funds.

Rep. Bill Coley (R-Middletown) said the budget was in better shape than when it left the House.

"However, I for one cannot support the report from the conference committee because at this time in our state's history I do not believe it's the right time to incur over \$100 million in new taxes and fees, whatever the name you'd like to put over those," Rep. Coley said.

Speaker Pro Tem Matt Szollosi (D-Oregon) said Ohioans facing economic trouble do not want to hear bickering, but instead demand results.

"Despite our caucuses numerous differences, and there are many, and that's fine, the common bond I believe we share is a sincere desire to help. One way to do this is by supporting this bipartisan transportation bill," Rep. Szollosi said.

"Our action today will create jobs and position the state for future prosperity. By supporting this bill we're extending our hand to those who have lost their jobs and are trying to maintain health care coverage for their families," he said.

House Speaker Armond Budish (D-Beachwood) congratulated House members for hammering out a compromise despite some difficulties down the stretch.

"I know this thing heated up, but in the end we came together for a bipartisan effort," he said.

"We made it possible to quickly allocate federal resources that will create jobs and get Ohio's economy moving again. We are also investing in our roads and bridges and protecting Ohioans by avoiding cuts to our safety forces," Rep. Budish said.

Senate Debate: In the Senate, Highways & Transportation Chairman Tom Patton (R-Strongsville) welcomed the proposal that he said will significantly enhance Ohio's transportation system while adding much-needed jobs.

Sen. Patton said the conference committee process may have seemed contentious, but said it centered on "healthy and honest debate" among lawmakers with real concerns about the transportation system.

He observed that the Senate refused to agree with proposals that would have been overly burdensome on drivers - including language providing for primary seat belt enforcement, the use of construction zone speed cameras and increased vehicle registration fees.

Sen. Steve Buehrer (R-Delta) said the Senate withstood pressures to impose "fairly massive" fee increases and other "dubious" proposals that wouldn't have cleared the legislature on their own.

Still, he raised concern about a likely veto of language regarding upcoming utility relocation efforts. "If that provision is vetoed, there will be utility rate increases in the state of Ohio," he said, adding that the higher rates will be paid by those who won't see any benefits from related construction.

Sen. Sue Morano (D-Lorain) lent support for the bill's language regarding unemployment benefits. Noting that her district suffers from abnormally high jobless rates, she said the bill provides support for those who are looking for work.

Sen. Shirley Smith (D-Cleveland) said the bill sets the stage for Ohio to reinvest in a long-ignored passenger rail system. She said passenger rail won't compete with freight rail, and argued that an enhanced passenger system will enhance the freight network. "It is a train that we cannot afford to miss," she said.

Sen. Nina Turner (D-Cleveland) observed that the minority caucus fought to restore funding for the Department of Public Safety and backed efforts for the state to compete for transit funding. She also said Senate Democrats stressed the importance of

the utility relocation issue, arguing that municipalities would have been hurt financially if they were forced to send a portion of their stimulus money to utilities.

Sen. Bill Seitz (R-Cincinnati) said he was "a most reluctant supporter" of the plan, saying lawmakers missed out on key opportunities to improve policies. He said the bill should have allowed joint purchasing efforts by school districts; eliminated "protectionist" language for Ohio companies; cut unnecessary ODPS spending and treated fuel dealers more fairly.

He said the Strickland administration would be to blame for rising gas prices tied to language regarding a fuel evaporation credit. "If you don't think that's going to have an impact at the pump, well, then I welcome you back to economics class," he said.

HOUSE MEMBERS GAUGE SUPPORT FOR MEASURE TO INSTALL SLOT MACHINES AT HORSE RACETRACKS

A bipartisan pair of House members is seeking support in their respective caucuses for a bill that would legislatively authorize slot machines at Ohio's seven racetracks.

Rep. Todd Book (D-Portsmouth) and Lou Blessing (R-Cincinnati) said Tuesday that they were considering jointly sponsoring legislation based on a proposal from the Ohio Racing Commission that would authorize "video lottery terminals" at racetracks to eventually generate nearly \$1 billion a biennium.

"Clearly in this economic environment we have to look at ways to increase revenue to help with the budget situation," Rep. Book said in an interview. "It's just a question of what kind of bipartisan support we can get for that idea? That's what I'm feeling around on now."

Rep. Book said he agreed with the commission's view that the Ohio lottery could be expanded to authorize slot machines at racetracks without having to change the state constitution. "It's just another form of lottery. And that's what we're testing now to see if enough people agree with that proposition before we do anything."

Some of the details of the Racing Commission's proposal may need to be revised, he said. "But by and large, I thought it was well thought out."

Rep. Blessing predicted less than half of the Republican caucus would support the measure, but there could be a majority of House Democrats willing to back it. "Hopefully we can get to 50 (votes), but right now we don't know yet."

Introducing separate legislation would be more appropriate than trying to amend the biennial budget or other pending proposals, he said.

Rep. Blessing said he views the issue as more of an economic development initiative to preserve the horse racing industry than a potential source of new revenue for the state.

"We've already had one bankruptcy. Our guess is, these tracks are going to go out of business," he said. "There's a whole industry out there - over 1,000 farms that deal with the horses, the hay, all the other things that go into horseracing and these folks are all going to be in deep trouble if something doesn't pass."

Since all of Ohio's neighboring states have already authorized gambling, the state is losing a lot of revenue every day, he said. "I don't like the fact that we have Ohio dollars flowing out every day to every other state and we're not getting a dime of it. It just seems silly."

Speaker Armond Budish (D-Beachwood) said he hasn't seen the slots proposal so he couldn't comment directly to the issue. However the speaker, who has expressed support for expanded gambling in Ohio, said he's willing to consider such a plan.

"I'm not categorically opposed to examining ways to generate more revenue for the state, because in this economic climate we have a very difficult time," he said.

DELOITTE REPORT RECOMMENDS VARIOUS BWC CHANGES

The Ohio Bureau of Workers' Compensation should change its group rating program, require collateral from higher-risk employers and establish new limits on moves in and out of the state insurance fund, according to an independent report released Wednesday.

The report, issued by Deloitte Consulting LLC, was prepared at the request of the General Assembly, which ordered a the review in the wake of scandals that the agency has faced in recent years.

"For more than a year, we have worked closely with Deloitte as they have gathered information for this independent, top-to-bottom assessment of BWC," BWC Administrator Marsha Ryan said.

"This process has afforded us a much-needed opportunity to closely examine the services we provide to injured workers, and the insurance products we offer to 270,000 Ohio employers. Deloitte's recommendations are already providing us with outstanding guidance for resolving challenging issues. The study will serve as a guide for fundamental long term improvements to Ohio's workers' compensation system."

The report says establishment of net asset level and reserve funding policies should be among the agency's highest priorities. Deloitte also said there are substantial opportunities in claim cost controls, and said the agency should prioritize changes to an inequitable group-rating program.

"Although the system currently produces approximately the correct total premium revenue, the premium charged to employers is not allocated to them fairly and equitably according to actuarial principles, and this can be a significant consideration for employers who must decide on the number, types and location of jobs in Ohio, or in other states," the report says in regard to group ratings.

The report also highlights a series of legislative and administrative changes that should be considered for Managed Care Organizations.

BWC said it has already implemented several recommendations, including rate-making changes that have cut base rates by 12%.

"Deloitte's recommendations will continue to help BWC set a solid course for the future," Ms. Ryan said. "We plan to utilize the study findings to implement more insurance industry best practices, strengthen our actuarial functions and bring more transparency and improved customer service to Ohio's workers' compensation system."

FIRSTENERGY SHIFTING BELMONT COUNTY PLANT TO BIOMASS POWER; AGREEMENT REACHED IN DUKE DISTRIBUTION CASE

FirstEnergy Corp. will use biomass fuel sources instead of coal to produce 312 megawatts of electricity at an eastern Ohio power plant, the utility announced Wednesday.

The conversion of the units 4 and 5 at Shadyside's R.E. Burger Plant will make the facility one of the nation's largest biomass power generators, and help meet state law that requires increasing use of renewable fuel sources.

"Retrofitting the Burger Plant for biomass will expand our diverse generation portfolio even further and continue our support of state and federal efforts to increase reliance on renewable energy sources," FirstEnergy President and CEO Anthony J. Alexander "And, the project will provide a new and exciting future for the plant and continued economic support in Belmont County."

Gov. Ted Strickland attended the announcement. "This project will help jump-start the biomass renewable energy industry here in Ohio and also serve as a model for projects throughout the U.S.," he said.

The governor also noted that the \$200 million conversion project will retain jobs at the facility and help draw investment and new jobs to the region.

The units will eventually include a "closed-loop system" that uses an energy crop that is grown specifically as a fuel source. That crop removes as carbon dioxide from the air as it grows, the company said.

The announcement was made as the company reached a deadline to decide the future of the plant, given a court order that raised concerns about the facility's air emissions.

"We deeply appreciate the support we received from state and federal officials, union leadership and plant employees, and our friends in Belmont County in our efforts to keep the Burger Plant open," Mr. Alexander added.

ADOPTED BY THE HOUSE

HR 20 CITIES TASK FORCE (Patten) To create the Compact With Ohio Cities Task Force to help cities compete for residents and jobs, and to stimulate economic growth.

86-13 (Amended)

INTRODUCED IN THE HOUSE

HB 117 LOCAL GOVERNMENT FUNDING (Jones) To require 30% of commercial activity tax revenue to be used indefinitely for local government purposes. Am. 5751.20 and 5751.22

THURSDAY, APRIL 2 2009

GOVERNOR VETOES 13 ITEMS FROM TRANSPORTATION BUDGET, RESTORES \$6 MILLION IN HIGHER FEES FOR OVERWEIGHT TRUCKS

Legislators who thought they had driven a stake through the heart of a \$6 million a year truck fee increase discovered early Thursday that Gov. Ted Strickland revived it with his veto pen.

Mr. Strickland signed into law a \$9.2 billion, two-year transportation-economic stimulus budget that ensures a record-high road and bridge construction program and sets the stage for Amtrak intercity rail passenger service.

The governor vetoed 13 boxed text items from the measure (HB 2), one of which had been previously announced.

Mr. Strickland said earlier this week he would strike a Senate proposal under which local governments using economic stimulus money for construction projects would have to reimburse utilities for the cost of relocating service lines.

Mayor Frank Jackson of Cleveland, his counterparts in other cities, and the Ohio Municipal League opposed the provision.

Gov. Strickland said in his veto message that in return for use of public right-of-way, existing law does not require the state or local governments to reimburse utilities for such relocation expenses.

"This veto continues current Ohio law and ensures that funding received through (the American Recovery and Reinvestment Act) is used to its fullest potential in constructing infrastructure and creating jobs," the governor said.

One of the surprise vetoes involved an attempt of Senate Republicans to freeze at current levels permit fees that the Department of Transportation charges the trucking industry for moving oversize or overweight cargos.

The Senate provision would have blocked a rate increase scheduled for July 1 from taking effect, leaving the fees at their March 1 level.

Gov. Strickland said the current fee structure was established through the traditional rules process, and balances industry needs with the impact that overweight vehicles have on roads.

"This (legislative) provision deprives the department of revenues that are necessary to maintain operations and preserve the Ohio transportation system," he said.

Had the provision remained in the budget, it would have cost ODOT about \$6 million a year in revenue that is earmarked for the highway fund.

The permit fees apply to companies that haul steel or other cargo weighing more than 80,000 pounds, or those that exceed length and width limits.

Senate Reponses: Sen. Tom Patton (R-Strongsville), chairman of the Senate Highways & Transportation Committee, said he was surprised at the veto of the permit fee increases.

Sen. Patton said legislators had tried to reduce the increase based on its potential impact on economic development and business.

"He's the governor. I respect that. He has the pen, and he'll use it when he sees fit," Sen. Patton said in an interview.

At the same time, he indicated the experience could have application in future budget negotiations.

"All in all, one of the lessons we learned here is when you're negotiating with House Democrats, they're going to get two bites at the apple," Sen. Patton said. "The second bite of the apple is if the governor vetoes what you thought you gained in negotiations."

He emphasized that he was not suggesting Democrats had made concessions in budget talks with prior knowledge that the governor would resolve the matter through a veto.

"Democrats negotiated in good faith," Sen. Patton said. "It's the governor's right to veto."

Sen. Stephen Buehrer (R-Delta), who served with Sen. Patton on the budget conference committee, said he worked to freeze the permit fees and to require ODOT to adopt an annual overweight vehicle permit for truckers.

"These key provisions, which received strong support from Republicans and Democrats in the General Assembly, were designed to preserve needed funds for the maintenance of highways and bridges in Ohio without burdening our state's freight industry with heavy fee increases that could lead to higher prices for Ohio consumers and additional job losses across the state," Sen. Buehrer said in a news release.

He said the governor's decision to veto both provisions had disrupted the balanced approach to the movement of freight.

"Ohio has lost more than 200,000 jobs over the past two years, and the governor's ill-advised approach could cost our state more jobs near the Port of Toledo and other areas of the state that rely on Ohio's freight industry," Sen. Buehrer said.

Items Struck: Gov. Strickland also vetoed from the bill provisions that would have:

- Required ODOT to establish speed transition zones on highways where the posted limit decreased 20 miles per hour or more.
- Prohibited ODOT from erecting a guardrail or other barrier that would block or interfere in any manner with the only right-of-way to a parcel of property.
- Required ODOT to permit construction of a curb cut on Ohio Route 91 in Lake County.
- Required ODOT to erect two signs on the Ohio Route 33 bypass approaching Lancaster directing motorists to the city's museum district.
- Modified terms of bids for a vehicle emission inspection program and thus delayed the process for two months.

Mr. Strickland had no objection to a provision allowing him to name two public members to an Ohio Highway Patrol Mission Review Task Force, one of them to serve as chair.

However, he vetoed a section that would have restricted his appointment to someone "not affiliated with any law enforcement agency or public safety force or agency of any kind."

"This language unnecessarily restricts executive authority in appointment members and selecting a chair of the task force," Gov. Strickland said.

HUSTED SEEKS GOP NOMINATION FOR SECRETARY OF STATE WITH CALL FOR CHANGE IN ELECTIONS OVERSIGHT

Former House Speaker Jon Husted on Thursday made official what had been widely expected: he intends to seek the GOP nomination for Secretary of State in the 2010 election - running on a platform of change.

Sen. Husted (R-Kettering), with his wife Tina and daughter Katie at his side, formally declared his candidacy at Ohio Republican Party headquarters.

"Ohio can and must do better. If we're going to solve the larger problems the state faces we need to do more than change the occupants in the office, we need to change the system. The citizens must trust the elections system if we expect them to trust their elected leaders," Mr. Husted said.

"Every candidate for secretary of state says that they're going to ensure fair and impartial elections, but my commitment doesn't end there. I'm going to change the system," he said.

Sen. Husted said he wants to ensure that legislative and congressional districts are fairly drawn, and that gerrymandering of districts is halted.

"No longer will the politicians pick the voters, but the voters will pick their public officials," he said.

Earlier this week, Sen. Husted said he intends to introduce legislation that would create a bipartisan, seven-member commission to oversee the drawing of district boundaries. An enhanced five-vote supermajority would be required for adoption of a plan.

He called Thursday for changing oversight of the election system, based on models now working in other states and the advice of county election officials.

"It will be a bipartisan decision making process leading to nonpartisan outcomes," Sen. Husted said.

"This will build confidence in our election system, providing stability and clarity for local elections officials, and minimize the political games that the campaigns and the political parties play in the days leading up to the election," he said.

"In fact, I may be the first person in Ohio history to run for an office with a plan to eliminate it," Sen. Husted said.

Moments later he qualified the statement when asked if it meant he would not seek a second term in the office.

"Let me be clear. I'm putting this together so that we can eliminate the need for it. I don't have a plan to specifically eliminate the office because that has to be done by the voters. The constitution establishes the office of the secretary of state," Sen. Husted said.

"What I'm saying is that instead of this partisan system that we have, that when one side wins they control the decision making process, I really want to change all that so that we have a bipartisan making process and that we can get past the controversies and the antagonism that we've had over the last two presidential election cycles," he said.

In introducing his family, Sen. Husted said his wife and "two of my three children" were joining him, a reference to his daughter "and the one we have on the way. So we're expanding the family." The senator's son, Alex, who is in the eighth grade, was in school.

Last week, Franklin County Commissioner Marilyn Brown said she would seek the Democratic Party nomination for secretary of state.

Mr. Husted and Ms. Brown want to succeed Democratic Secretary of State Jennifer Brunner, who is seeking the party's nomination in 2010 for the U.S. Senate. Incumbent U.S. Sen. George Voinovich (R-Cleveland) is retiring.

TREASURER KICKS OFF SAVINGS INCENTIVE PROGRAM AT COLUMBUS BANK

Ohio Treasury deposits into local banks will leverage larger interest payments on citizens' savings accounts under a program launched Thursday by State Treasurer Kevin Boyce.

Under the SaveNOW program, originally championed by Attorney General Richard Cordray, the state dedicates \$25 million of the \$600 million Linked Deposit Program set-aside from its investment portfolio toward encouraging citizens to open savings accounts. In exchange for the state fund deposits, banks agree to boost the average interest on savings accounts of 0.15% by 3.25%.

Mr. Boyce, in announcing the program kick-off at a PNC Financial Services Group/National City branch in Columbus, called it a "fantastic deal for our citizens and a helpful boost to our economy during some very challenging times."

"It will be yet another way the Ohio Treasury will be able to strategically invest in the people of Ohio, by encouraging saving, ensuring increased financial security, and providing opportunity through the provision of a continuing financial education," Mr. Boyce said.

PNC, which purchased the distressed National City during the financial market collapse, plans to offer the program at all of its 440 branches in the state.

"PNC and National City have long histories of providing our communities with the financial products, resources, and advice they need to succeed," said Mike Gonsiorowski, the bank's regional president. "In order to build financial wealth and stability over time, it's critical for consumers to understand how to most effectively manage their money and develop healthy savings habits"

Mr. Boyce's office said three other banks are participating in the SaveNOW program: Wayne Savings in Wooster, Liberty Savings in Wilmington and MainSource Savings in Troy.

More information on the program, which also includes a personal finance education component, is available on the treasurer's website.

WIRELESS, INTERNET-BASED PHONE SERVICES TAKING LANDLINE MARKET SHARE, REPORT SAYS

The state's local service telecom providers have lost 1.2 million lines over the last three years as Ohioans have increased their use of wireless and Internet-based phone services, according to a report released Thursday.

The Ohio Telecom Association said the loss of lines continues a trend that started in 2001.

"Ohioans are taking full advantage of competition and alternative technologies when it comes to accessing phone service," OTA President Charles R. Moses said.

Mr. Moses said competition builds opportunities for all service providers to develop new services. "Traditional Ohio telecommunications providers are an active part of the changing service landscape, and will continue to gain ground in providing service beyond home phone lines."

The OTA report indicates that the number of Ohio broadband subscribers has increased from 1.9 million to 5 million from 2005 to 2008, and that about 95% of Ohio homes have access to broadband service.

Ohio is home to 9.1 million wireless subscribers who are served by 11 competitors, the report says. OTA noted that 15% of homes have eliminated landline services altogether.

In terms of costs, average monthly communications bills are at \$220, the largest portion of which (\$85) covers wireless service. Local service averages \$39 per month, with video costs at \$55, Internet costs at \$35 and long-distance expenses at \$10.

LAWMAKERS: STATE POLICY FALLING BEHIND TECHNOLOGICAL ADVANCES

State policies have not kept pace with technological advances over the past five years, according to the results of a survey of Ohio lawmakers.

Not one of the 36 lawmakers responding to the Technology for Ohio's Tomorrow survey said policy has kept up with changes in the industry.

Legislators also raised concerns about a need for more research and development of new technology, broadband deployment and shifting the manufacturing sector to focus on new technology.

By a 19-13 margin, responding lawmakers said the state should not regulate the wireless and broadband industries more closely.

Nearly 95% of respondents said they have used e-mail to communicate with constituents and two-thirds say they use social networking sites like Facebook, MySpace and Twitter to interact with people in their districts.

Nearly all lawmakers who responded said they use a mobile communications device, largely for e-mail and text messaging.

Technology for Ohio's Tomorrow has an advisory council that includes communication firms, higher education, health organizations and the Ohio Chamber of Commerce. It has 3,000 supporters from almost 300 Ohio cities.

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