

## Playing Defense Is Paying Off

Sometimes the best offense is a good defense. With few exceptions during the first six months of the 128<sup>th</sup> Ohio General Assembly the Ohio Chamber and other business advocates have been forced to employ a “good defense.” Whether it’s protecting the tax reforms won in 2005, fighting to keep health care affordable, or combating an onslaught of new regulations and consumer protections, advocating for Ohio businesses has been all about making sure state government actions help, not hinder Ohio’s economic recovery.

### State Taxes

Fortunately, Gov. Ted Strickland, Senate President Bill Harris and House Speaker Armond Budish are in solid agreement on not raising taxes. Like Ohio business leaders, they know it is imperative that the state tax reforms, enacted just a few short years ago, be fully implemented and allowed to work. In a deteriorating economy, raising taxes would surely deepen the pain and slow the recovery. That’s why the Ohio Chamber continues to strongly advocate against tax increases.

### State Budget

Chronic economic retrenchment and soaring unemployment rates are having a devastating effect on state revenue, forcing dramatic cuts in government services to plug budget holes estimated in the billions of dollars. Even though tax increases were removed from the table early on, the recently enacted state budget employs a host of other ways to increase revenue that have high costs and long term ramifications for Ohio businesses. These approaches include new and increased fines, penalties, fees and assessments, as well as state cash transfers, one-time money from the federal government’s economic stimulus fund, and depletion of the state’s rainy day fund.

To fill a \$3.4 billion gap in the 2010-11 state budget legislators reduced spending by \$2.5 billion. The remaining \$900 million will be raised from the placement of video lottery terminals (VLTs) at seven racetracks. However, challenges over the legality of the VLTs and a potential November ballot issue authorizing casinos in four Ohio cities may impede the timeframe for collecting and the amount of VLT revenue. That, along with the anticipated need for additional revenue adjustments, could mean repeated budget correction measures throughout the biennium.

### Health Care

State budgets are notorious for being crammed full of special programs and the 2010-11 budget is no different. One of the governor’s top initiatives – expanding access to health care for more Ohioans – gave rise to several budget provisions that could impact Ohio employers.

The final version of the budget expands coverage under employer-sponsored health plans for dependents up to age 28, extends state COBRA coverage from six months to 12 months and requires employers to provide premium-only cafeteria plans for employees so pre-tax dollars can be used to purchase health insurance. Although intended to help more

uninsured Ohioans' get health care coverage, each of these initiatives has the potential to increase the administrative burden and cost of health insurance for Ohio employers.

Despite opposition from the Ohio Chamber, another health care coverage mandate was inserted in the budget by the Ohio House. It would require employers that provide health insurance to include coverage for autism. Fortunately, the Ohio Chamber was able to convince the Senate to remove the autism mandate from the budget, and the conference committee followed suit - keeping it out of the final version of the budget. The autism mandate is not dead, however, since it exists in a separate bill that could see House floor action later this year.

Ohio's health insurance market is very competitive and as a result rates have been more stable than in other areas of the country. This market stability is also helped by the fact that Ohio legislators have refrained from passing expensive coverage mandates. But once a few interest groups are successful in getting their specific coverage mandates adopted, it will become more difficult to say no.

That's why it was not surprising to see the House Health Committee recommend a second coverage mandate shortly after the autism mandate was inserted in the budget. This mandate would require coverage for diabetes medication, supplies, equipment, nutrition therapy and self education management.

### *Environmental Justice*

Just prior to House passage of the state budget, language was slipped in without any debate that would have added layers of bureaucratic review and required extensive new information from applicants for environmental permits. Fortunately, the Ohio Chamber was able to get the language removed.

This "environmental justice" initiative, would have added burdensome new requirements to an already time-consuming environmental permitting process. Environmental justice programs are aimed at removing environmental burdens that are perceived to be inequitable to certain groups, such as racial minorities and residents of economically disadvantaged areas.

This particular initiative would have required businesses to provide a list of all facilities they operate both inside and outside of Ohio, details regarding any enforcement cases brought against them during the last ten years and any pending cases anywhere in the world. Based upon that information, the person in a newly created position in state government called an advocate for environmental justice would determine whether the applicant is reliable and recommend whether the environmental permit should be issued or denied.

Although the Ohio Chamber was successful in removing the environmental justice provisions from the state budget, their advocate, Rep. Tracy Heard (D-Columbus), plans to move forward with separate legislation. The Chamber will continue to work with Rep. Heard to help convey the expensive obstacles the legislation creates for Ohio businesses and its negative impact on the state's economy.

## Consumer Protections

Every level of government is responding to the credit crisis. That's why the Ohio Chamber is closely watching actions taken by the Ohio General Assembly to ensure they don't result in unworkable programs or cause further damage to credit markets.

Not surprisingly, one policy area popular with some state lawmakers is providing government assistance to individuals who are subject to home foreclosures. Several bills along these lines were introduced in the Ohio House, but the one of greatest concern is House Bill 3, introduced by Rep. Mike Foley (D-Cleveland).

As introduced, the bill imposed a six-month moratorium on mortgage foreclosures, twice as long as the proposed federal moratorium, and authorized Ohio judges to modify existing mortgage agreements, including reducing the principal amount and interest rates. The Ohio Chamber urged lawmakers to make changes to the moratorium and judicial modification provisions saying they will delay an already lengthy foreclosure process and do more harm than good to communities and credit markets. As a result of the Chamber's advocacy, the judicial modification provision was removed from the bill before it was approved by the House. The bill is now before the Senate where further work to remove objectionable provisions will occur.

Another bill the Ohio Chamber was able to get amended prior to House passage prohibits credit card marketing on college campuses. As introduced by Rep. Matt Lundy (D-Elyria) the bill included a number of provisions that made it unworkable. While agreeing with Rep. Lundy's goal of ensuring that college students learn to use credit responsibly, the Chamber worked with him to remove unworkable requirements and improve provisions that encourage more financial literacy education.

## Human Resources

Government's reach into the workplace to regulate how an employer interacts with employees often results in expensive requirements that affect both an employer's efficiency and flexibility. Although the goal of such regulation may be understandable, the "one size fits all" approach rarely accomplishes it in the most reasonable manner. A number of bills are pending in the Ohio House that fit this description.

The first one to get serious consideration is House Bill 176, introduced by Rep. Dan Stewart (D-Columbus). It prohibits an employer with 15 or more employees from discriminating on the basis of "sexual orientation" and "gender identity."

The Ohio Chamber won important amendments to the bill during committee deliberations that simplify the requirements and make compliance easier. The Chamber is also urging lawmakers to add a number of other provisions to the bill that will make Ohio's civil rights laws more consistent with federal laws. To date those provisions have not been added and the bill is still awaiting House floor action.

### Workers' Compensation

Participation in a workers' compensation group rating program, like the one sponsored by the Ohio Chamber, is the best way for employers to achieve savings on their premium. That's why the Ohio Chamber is fighting hard to preserve this and other important cost-saving programs.

The Chamber is leading a coalition aimed at protecting premium discounts for group and non-group eligible employers and finding new ways to help companies control their workers' compensation costs. As a result of the coalition's efforts, group rating and other discount programs are still intact, but the battle to preserve these significant cost-saving measures is far from over. The coalition is heading into a new round of discussions with the Bureau of Workers' Compensation on employer rates and discounts for 2010 with a goal of finalizing a plan by this fall. Early resolution will help employers budget and plan for future workers' compensation costs.

### Regulatory Reform

It is well-documented that states with reasonable regulatory climates are more competitive. At the urging of the Ohio Chamber's Small Business Council (OSBC), Ohio has recently taken several steps toward an improved regulatory climate.

Last year, Gov. Strickland signed an executive order to ensure the implementation of "common sense" business regulations. Shortly after, the legislature convened a bi-partisan task force that traveled around Ohio taking testimony on ways to streamline business regulations. As a result of the work of the task force, two bills have been introduced that reflect different regulatory reform approaches.

Senate Bill 3, introduced by Sen. Keith Faber (R-Celina) gives a joint House-Senate body the ability to invalidate state agency rules if they adversely impact small businesses. It was passed by the Senate and is pending in the House.

House Bill 230 introduced by Rep. Mike Moran (D-Hudson) places much of the governor's executive order in statute. It also expands an Ohio EPA program that helps businesses comply with regulations without being penalized for violations found during operational reviews.

OSBC is strongly urging lawmakers to pass these bills and take other actions to help improve Ohio's regulatory climate.