



The Ohio SHRM State Council *Monthly Legislative Report*



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UPCOMING IMPORTANT DATES IN 2013

March 10-13, 2013: SHRM 2013 Employment Law & Legislative Conference in Washington, D.C. Details and registration information available on the [SHRM website](#).

April 23, 2013: 2013 Ohio SHRM Legislative Conference. Sheraton Columbus Hotel at Capitol Square in Columbus, Ohio.

September 18-20, 2013: 2013 Ohio Human Resource Conference: HR – Making Connections that Count. Kalahari Resort in Sandusky, Ohio. Details and registration information available at http://www.ohioshrm.org/hr_conf/

TOP NEWS IN OHIO

Governor's 2013 State of the State Address

Governor John Kasich delivered his third "State of the State" address in Lima, Ohio on Tuesday, February 19. During the speech, Kasich delivered an energized overview of Ohio's turnaround in the last two years and his vision of the coming two years.

He challenged lawmakers to keep their focus on improving Ohio's overall economy as they work through his proposed budget for FY14-15, which includes "big ideas" such as comprehensive tax changes, higher education funding reform, infrastructure rebuilding; K-12 funding changes; Medicaid expansion; and workforce initiatives -- all focused around addressing what he called the "greatest moral purpose" of the day: jobs and jobs creation.

Kasich pressed lawmakers to move quickly on his turnpike bonding proposal, and spent a good deal of time discussing his Medicaid expansion proposal, acknowledging that the program expansion is controversial, but arguing that federal funds can help the state tackle a number of problems including providing health coverage for the poor.

Continuing the tradition he began in 2012 during the "State of the State" address in Steubenville, Kasich awarded the 2013 Governor's Courage Award to the following:

- » **Astronaut Neil Armstrong** a Wapakoneta native who, Kasich said, had the "gift of humility," because even though he walked on the moon, "he knew he stood on the shoulders of thousands of others." His award was accepted by his two sons, Rick and Mark.
- » **Sondra Williams**, an adult with autism, who spent most of her life misdiagnosed and, since learning more about her condition, Autism Spectrum Disorder (ASD), has made it her mission to educate and counsel Ohio's families with autism in their lives.
- » **The faculty and staff of Chardon High School** who, since the shooting there nearly a year ago "have been a shining example of strength and perseverance." Kasich said they "have looked in the black hole" as he had with the sudden death of his mother and father. Superintendent Joseph Bergant and several members of the Chardon High School faculty and staff accepted the award.

[View Governor Kasich's 2013 State of the State Address video](#) | [View full transcript of the speech](#)



TOP NEWS IN OHIO

State & National Unemployment Numbers for December 2012 – January 2013

The U.S. economy added 157,000 new jobs in January and the unemployment rate ticked up to 7.9%, according to the U.S. Department of Labor. The job creation was below analyst expectations of 165,000 and down from a revised 195,000 in December. The unemployment rate was 7.8% in December.

Ohio's unemployment rate fell again in December, dropping to 6.7 percent from 6.8 percent in November, according to the Ohio Department of Job and Family Services. However, the drop came as the state shed 9,400 jobs over the month.

Ohio's Jobs Budget 2.0

On February 4, Governor John Kasich introduced his comprehensive plan for Ohio's 2014-2015 Executive Budget. The proposed plan, titled 'Ohio's Jobs Budget 2.0', focusses on four key budget issues - Revamping Income & Sales Taxes, Medicaid Expansion, School Funding, and the Ohio Turnpike.

Kasich stressed that, in adopting his plan, Ohio would end the current biennium, June 30, 2013, with a nearly \$2 billion surplus. That would mean the state will deposit another \$980 million into the Budget Stabilization Fund at the end of the year, which with the \$482 million already in the fund and the \$400 million from the end of FY12 will bring the total to the statutory 5 percent target.

The proposed budget is based on estimated state-only revenues for FY14 of nearly \$21.3 billion and \$21.8 billion for FY15 for a total for the biennium of nearly \$43.1 billion.

The governor's budget plan was officially introduced into Ohio's General Assembly as House Bill 59 ([HB59](#)) on February 12, 2013.

Tax Cuts/Tax Reform

The personal income tax cut package includes the 7.5 percent cut in TY13, another 7.5 percent cut in TY14 and a 5 percent cut in TY15, bringing the total permanent personal income tax cut to 20 percent over the three years.

In addition, the governor said the budget reduces the state sales tax rate from 5.5 percent to 5 percent, while at the same time extending the sales tax base to all services except for those that can be broadly categorized as related to health care, education and housing. This change in the base affects counties that have "piggy back" sales tax by cutting local tax rates (county and transit authority), which currently average about 1.3 percent across the state. The local rates are cut differentially, depending on the estimated base broadening by county. Tax Commissioner Joe Testa explained that, if the rates were not cut, counties would see significantly increased income. The adjustments are intended to give the local taxing authorities a 10 percent increase in the first year they are in effect. Otherwise, according to Testa, the local entities would see a \$700 million jump in revenues.

The budget also proposes a deduction of 50 percent of the business income for small businesses that are categorized as "pass through entities" such as S corporation owners, partners in partnerships, owners of limited liability companies (LLCs) and sole proprietorships earning up to \$750,000. Thus the deduction is capped at \$375,000 annually. The estimated savings per year for these small businesses is \$600 million to \$650 million.



TOP NEWS IN OHIO

According to Tax Commissioner Joe Testa, the tax cuts in the budget total \$1.4 billion.

Medicaid Reform

Gov. Kasich discussed his plan to seek to expand Medicaid eligibility under the Affordable Care Act in his new budget, but also disclosed high-level negotiations with the Obama administration to ease rules on the expansion, and he promised to pull the plug if federal funding promises are broken.

Kasich's FY14-15 spending plan formalizes previously announced plans to make Medicaid a standalone cabinet agency while merging the Ohio Department of Mental Health and the Ohio Department of Alcohol and Drug Addiction Services.

Kasich's plan includes provider cuts to offset costs of the "woodwork effect," where people now eligible for Medicaid but not enrolled will be driven into the system by the federal health care law's mandate for everyone to obtain coverage. But those providers, hospitals and health plans among them, should also expect to benefit from more business related to the Medicaid expansion, the administration said.

The administration estimates 92,000 children, 88,000 parents and 51,000 seniors will enter Medicaid through the woodwork effect.

The administration also wants to implement an \$8 copay for those earning above 100 percent of federal poverty if they visit the emergency room for non-emergency services. In addition, copays would run \$8 for non-preferred drugs and \$3 for preferred drugs.

State-share Medicaid costs related to the woodwork effect are estimated at \$186 million in FY14 and \$335 million in FY15. But, according to the administration, the coverage expansion actually brings a net decrease of \$23 million in state share for FY14 and \$68 million for FY15, based on full federal support and the shifting of some people off Medicaid and into the exchange.

Total Medicaid spending in the budget is projected to grow 13.2 percent to \$22.4 billion in FY14 and 9.6 percent to \$24.5 billion in FY15.

But Kasich and Greg Moody, director of the Office of Health Transformation, made clear that the expansion decision is predicated on the federal government's assuming all or most of the cost. Thus, the executive budget proposal would codify an automatic reversal of the Medicaid expansion if the federal government changes the funding formula.

Medicaid is expected to cover some of the diagnostic and therapeutic services, such as counseling and inpatient care, that are currently paid for by county addiction and mental health services boards. That will free up county agencies to spend their local levy dollars on non-clinical services meant to help people find stability and employment, such as housing, transportation or job supports. Once Medicaid expansion takes full effect, the administration estimates a \$70 million annual benefit to local services.

To view Governor Kasich's budget documents click [here](#).



HB1 (Ohio Workforce Development Law)

On January 30, Representatives Timothy Derickson (R-Oxford) and Mark Romanchuk (R-Mansfield) co-sponsored HB1. The bill would require a local workforce investment area to use OhioMeansJobs as the local workforce investment area's job placement system, to rename county one-stop systems, and to make other changes to Ohio's Workforce Development Law.

HB2 (Unemployment Compensation Claimant)

On January 30, Reps. Timothy Derickson (R-Oxford) and Tim Brown (R-Bowling Green) co-sponsored HB2, legislation to require an unemployment compensation claimant to register with OhioMeansJobs to be eligible for unemployment compensation benefits and to require a claimant to contact a local one-stop office beginning with the eighth week of filing for unemployment compensation benefits.

HB3 (Health Benefit Exchange)

On January 30, Reps. Barbara Sears (R-Maumee) and Stephanie Kunze (R-Hilliard) introduced HB3, legislation seeking to specify licensing and continuing education requirements for insurance agents involved in selling, soliciting, or negotiating sickness and accident insurance through a health benefit exchange and to make changes to copayments, cost sharing, and deductibles for health insuring corporations.

HB22 (Military Spouse Unemployment Compensation)

On January 30, Representative Connie Pillich (D-Cincinnati) introduced HB22. The bill would permit persons who quit work to accompany the person's spouse on a military transfer to be eligible for unemployment compensation benefits.

HB33 (Industrial Commission Budget)

On February 5, Rep. Robert Hackett (R-London) sponsored HB33, legislation to make appropriations for the Industrial Commission for the biennium beginning July 1, 2013, and ending June 30, 2015, and to provide authorization and conditions for the operation of Commission programs.

HB34 (Workers' Compensation Budget)

On February 5, Rep. Robert Hackett (R-London) sponsored HB34. The bill seeks to allow the Administrator of Workers' Compensation to pay for specified medical benefits during an earlier time frame, to make changes to the Health Partnership Program, to eliminate the \$15,000 Medical-Only Program, to make other changes to the Workers' Compensation Law, and to make appropriations for the Bureau of Workers' Compensation for the biennium beginning July 1, 2013, and ending June 30, 2015; and to provide authorization and conditions for the operation of the Bureau's programs.

HB37 (SharedWork Ohio Program)

On February 6, Reps. Mike Duffey (R-Worthington) and Gary Scherer (R-Circleville) co-sponsored HB37, legislation to create the SharedWork Ohio Program and to declare an emergency.



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HB55 (Unemployment Eligibility – Military Spouse)

On February 12, a number of House Representatives co-sponsored HB55. The bill would permit persons who quit work to accompany the person's spouse on a military transfer to be eligible for unemployment compensation benefits.

HB59 (Biennial Budget)

On February 12, Rep. Ron Amstutz (R-Wooster), chair of the House Finance and Appropriations Committee, sponsored HB59, the Governor's FY14-15 Executive Budget Proposal. The bill intends to make operating appropriations for the biennium beginning July 1, 2013, and ending June 30, 2015; and to provide authorization and conditions for the operation of state programs.

HB63 (Tax Credit – Oil and Gas Production)

On February 14, a number of representatives co-sponsored HB63, legislation seeking to establish a nonrefundable commercial activity tax credit for companies involved in horizontal well drilling or related oil and gas production services that hire Ohio residents or dislocated workers who have enrolled in or completed a federally registered apprenticeship program.

SB8 (Unemployment Compensation Benefits – Military Spouse)

On February 12, Senator Frank LaRose (R-Copley) introduced SB8. The bill would permit persons who quit work to accompany the person's spouse on a military transfer to be eligible for unemployment compensation benefits.

SB14 (Unemployment Compensation Law)

On February 12, Senator Eric Kearney (D-Cincinnati) introduced SB14, legislation to authorize programs and tax credits to encourage the hiring of unemployed individuals, to make changes to the Unemployment Compensation Law, to authorize grants and tax credits for the rehabilitation of distressed areas and the expansion of broadband connections to rural areas, to create a revolving loan fund and a bonding program for small businesses.

SB25 (SharedWork Ohio Program)

On February 12, Senators Bob Peterson (R-Sabina) and Frank LaRose (R-Copley) co-sponsored SB25, legislation to create the SharedWork Ohio Program and to declare an emergency.

SB45 (Private Electronic Accounts Access)

On February 19, Senator Charleta Tavares (D-Bexley) introduced SB45, a bill seeking to prohibit employers, employment agencies, personnel placement services, and labor organizations from requiring an applicant or employee to provide access to private electronic accounts of the applicant or employee.



SHRM LEGISLATIVE TRACKING

No active legislation for the following areas: Labor Relations;

Employment Law

- SB45** PRIVATE ELECTRONIC ACCOUNTS ACCESS (TAVARES C) To prohibit employers, employment agencies, personnel placement services, and labor organizations from requiring an applicant or employee to provide access to private electronic accounts of the applicant or employee.
Current Status: 2/19/2013 - Introduced
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_SB_45

Healthcare

- HB3** HEALTH BENEFIT EXCHANGE (SEARS B, KUNZE S) To specify licensing and continuing education requirements for insurance agents involved in selling, soliciting, or negotiating sickness and accident insurance through a health benefit exchange.
Current Status: 2/13/2013 - SUBSTITUTE BILL ACCEPTED, House Health and Aging, (First Hearing)
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_3
- SB9** INSURANCE AGENTS EDUCATION REQUIREMENTS (BACON K) To specify licensing and continuing education requirements for insurance agents involved in selling, soliciting, or negotiating sickness and accident insurance through a health benefit exchange
Current Status: 2/13/2013 - Referred to Committee Senate Insurance and Financial Institutions
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_SB_9

Unemployment Compensation

- HB2** UNEMPLOYMENT COMPENSATION CLAIMANT (DERICKSON T, BROWN T) To require an unemployment compensation claimant to register with OhioMeansJobs to be eligible for unemployment compensation benefits and to require a claimant to contact a local one-stop office beginning with the eighth week of filing for unemployment.
Current Status: 2/12/2013 - House Manufacturing and Workforce Development, (Second Hearing)
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_2
- HB22** MILITARY SPOUSE UNEMPLOYMENT COMPENSATION (PILLICH C) To permit persons who quit work to accompany the person's spouse on a military transfer to be eligible for unemployment compensation benefits.
Current Status: 2/13/2013 - House Commerce, Labor and Technology, (First Hearing)
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_22
- HB37** SHAREDWORK OHIO PROGRAM (DUFFEY M, SCHERER G) To create the SharedWork Ohio Program and to declare an emergency.
Current Status: 2/13/2013 - House Commerce, Labor and Technology, (First Hearing)
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_37



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- HB55** UNEMPLOYMENT ELIGIBILITY-MILITARY SPOUSE (PILlich C, TERHAR L) To permit persons who quit work to accompany the person's spouse on a military transfer to be eligible for unemployment compensation benefits.
Current Status: 2/20/2013 - House Commerce, Labor and Technology, (Second Hearing)
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_55
- SB8** UNEMPLOYMENT COMPENSATION BENEFITS-MILITARY SPOUSE (LAROSE F) To permit persons who quit work to accompany the person's spouse on a military transfer to be eligible for unemployment compensation benefits.
Current Status: 2/13/2013 - Referred to Committee Senate Commerce and Labor
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_SB_8
- SB14** UNEMPLOYMENT COMPENSATION LAW (KEARNEY E) To authorize programs and tax credits to encourage the hiring of unemployed individuals, to make changes to the Unemployment Compensation Law.
Current Status: 2/13/2013 - Referred to Committee Senate Finance
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_SB_14
- SB25** SHAREDWORK OHIO PROGRAM (PETERSON B, LAROSE F) To create the SharedWork Ohio Program and to declare an emergency.
Current Status: 2/13/2013 - Referred to Committee Senate Commerce and Labor
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_SB_25

Workers' Compensation

- HB33** INDUSTRIAL COMMISSION BUDGET (HACKETT R) To make appropriations for the Industrial Commission for the biennium beginning July 1, 2013, and ending June 30, 2015, and to provide authorization and conditions for the operation of Commission programs.
Current Status: 2/12/2013 - House Insurance, (First Hearing)
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_33
- HB34** WORKERS' COMPENSATION BUDGET (HACKETT R) To make appropriations for the Bureau of Workers' Compensation for the biennium beginning July 1, 2013, and ending June 30, 2015; and to provide authorization and conditions for the operation of the Bureau's programs.
Current Status: 2/12/2013 - SUBSTITUTE BILL ACCEPTED, House Insurance, (First Hearing)
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_34

Workforce Development

- HB1** OHIO WORKFORCE DEVELOPMENT LAW (DERICKSON T, ROMANCHUK M) To require a local workforce investment area to use OhioMeansJobs as the local workforce investment area's job placement system, to rename county one-stop systems, and to make other changes to Ohio's Workforce Development Law.
Current Status: 2/12/2013 - House Manufacturing and Workforce Development, (Second Hearing)
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_1



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HB63 TAX CREDIT- OIL AND GAS PRODUCTION (CERA J, O'BRIEN S) To establish a nonrefundable commercial activity tax credit for companies involved in horizontal well drilling or related oil and gas production services that hire Ohio residents or dislocated workers.
Current Status: 2/20/2013 - Referred to Committee House Ways and Means
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_63

Misc.

HB59 BIENNIAL BUDGET (AMSTUTZ R) To make operating appropriations for the biennium beginning July 1, 2013, and ending June 30, 2015; to provide authorization and conditions for the operation of state programs.
Current Status: 2/21/2013 - House Higher Education Subcommittee, (Second Hearing)
State Bill Page: http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_59

OTHER NEWS IN STATE, LOCAL & FEDERAL GOVERNMENT

Class Action Suit Alleges BWC Owes \$860 Million for Overcharged Premiums

Following his agency's Feb. 12 budget hearing before the House Insurance Committee, Bureau of Workers' Compensation (BWC) Administrator Stephen Buehrer commented that the outcome of the class action suit *San Allen Inc. et. al. vs. Stephen Buehrer*, where attorneys representing small businesses say BWC owes more than \$860 million in refunds for overcharged premiums, actually has no impact on the FY14-15 budget. He said that the bureau has reserved funds in the State Insurance Fund to cover the "worst case scenario."

National Federation of Independent Businesses

On February 12, the National Federation of Independent Business (NFIB) laid out its platform for Ohio's 130th General Assembly in testimony before the House Economic and Regulatory Reform Committee, naming rising health care costs and state mandates, local income tax redundancies, and workers' comp reform among its top priorities.

Ohio Chamber of Commerce – Policy Priorities for the 130th General Assembly

The Ohio Chamber of Commerce recently released its list of policy priorities for the 130th General Assembly, all of which it says are aimed at "fostering economic freedom." Those priorities include the following: **affordable energy** -- "maximize the economic potential of Ohio's domestic energy resources and cultivate a diverse portfolio of energy sources and technologies"; **business costs** -- "unleash the job-creating potential of Ohio employers by reducing the cost and complexity of doing business in the state"; and **government mandates** -- "provide businesses with the freedom and flexibility to operate and innovate without intrusive government mandates."

To see the Chamber's entire 2013-2014 Policy Priorities report click [here](#).