GOVERNOR TAKES PUSH FOR BALANCED FEDERAL BUDGET AMENDMENT ON ROAD TO LIMA

Governor John Kasich joined other GOP officials and supporters in Lima Monday to call for a balanced budget amendment proposal, either through congressional action or a states-led Constitutional Convention. U.S. Rep. Steve Stivers (R-Columbus), Senate President Keith Faber (R-Celina), House Speaker Bill Batchelder (R-Medina) and Rep. Matt Huffman (R-Lima) joined Kasich in touting the amendment, which Ohio was the 20th to support through a resolution (SJR 5) passed last week.

Mr. Huffman likened the $17 trillion federal debt to seconds. He said 17 trillion seconds makes up 29,000 years, which he said should put into perspective for people how important it is for the federal government to stop borrowing and spending money.

"We are at the end of the road," he said. There is no more money to borrow and this is a true crisis unless the federal government acts."

Rep. Huffman said invoking Article V of the constitution, which allows two-thirds of the state legislatures to call a convention to propose amendments, may be the only option left.

He said that the Article exists "to reign in and control the federal government."

"It's our job, it's our obligation to do that when necessary," he continued.

Gov. Kasich hopes it never has to come to that, he said. With more states backing the convention route, it's possible Congress will find a way to balance the budget on its own.

However. Gov. Kasich was adamant that having laws in place to govern the budget process are the best way to ensure its balanced, saying that if it weren't for such laws that govern 49 states, even Ohio's biennium budget (HB 59) might not have been approved. Requiring a balanced federal budget "sends a message not just to the Congress, but it sends a message to all the special interest groups that when they go to Washington, it's not just a free party," he said.

Gov. Kasich, who has been mentioned as a potential 2016 presidential candidate, detailed his efforts to pass legislation to requiring a balanced federal budget, beginning with 1979 when he was a state senator and including a doomed 1993 attempt that became well known as the Penny-Kasich bill, which would have cut one cent for every dollar in the budget.

He said he's had a plan since being elected governor in 2010 to revisit the issue once the state's budget was balanced. When he took office, the state carried an $8 billion deficit, and currently there's an extra $1.4 billion in its coiffures, he said, so now is the time to attack the problem at the federal level.

"I waited a long time to get back into this," he said. "I felt we had to get ourselves in a together position and after the passage of the last budget, I said, "Let's do this; let's get this done."

He said he doesn't think it will be "destructive" to host a convention and possibly amend the constitution because 38 states would have to ratify any changes.

Following their statements, the lawmakers gathered at a table featuring a sign that read, "Ohio Can Do it. Why Can't Washington? Balance the Federal Budget Now."

They added their signatures to letters that support the recently passed resolution, which will be sent to President Barack Obama, U.S. Senate Majority Leader Harry Reid and Speaker of the House John Boehner.

Rep Huffman said he has plans to meet next week with legislators from a handful of other states including Florida and Wisconsin to hash out the amendment game plan while Gov. Kasich said he will send out letters Tuesday asking all governors for their support in reaching a balanced federal budget.
BIPARTISAN HOUSE DUO OFFERS PLAN TO PUT MEDICAID SAVINGS TOWARD LGF

Republicans leaders in the Senate are behind a plan to spend $400 million in Medicaid savings for another income tax cut, but at least one House Republican would rather see the money used to reverse recent budget cuts to local governments. Rep. Terry Boose (R-Norwalk) joined Rep. Ron Gerberry (D-Austintown) in pitching their proposal to House members in a co-sponsor request this week, saying it would do more to "serve the public and strengthen Ohio's economy" than using the Medicaid money for a tax cut.

Last month, Sen. Chris Widener (R-Springfield) introduced a plan (SB 210) to use the money for a permanent 4% income tax cut. The bill, which is pending in the Senate Finance Committee, is co-sponsored by Senate President Keith Faber (R-Celina) and every other member of the Senate GOP's leadership team.

The Senate proposal would augment recent income tax cuts included in the biennial budget (HB 59) to reduce the PIT 13% in 2014 and 14% in 2015. It would increase the bottom line total on the GOP-enacted tax cuts to $3.1 billion over the next two years, according to the caucus.

Rep. Boose, a former county commissioner, said his plan to put the Medicaid savings toward the Local Government Fund could advance House Republicans' efforts to overhaul the complex local tax system.

Cuts to the LGF and other state assistance to political subdivisions in recent years have limited Republicans' ability to get cooperation from local partners to improve the municipal income tax system, he said. Legislation that recently cleared the chamber (HB 5) didn't go far enough, he added.

"One of the things we hear from local governments is: we don't care if it's good tax policy or not anymore because we don't have any money and there's no way that we could agree to something, even if it's going to be a good tax policy, if it's going to cost us money," he said in an interview.

"So after thinking about House Bill 5 and our travels around the state, and being an ex-local government guy myself, I think it's time we give them a little bit of the money back that we took from them a couple years ago, hopefully build up the local economy a little bit," he said.

"And then it will allow us to review our local government tax policies and see if there isn't something that we can make it a little bit better and work a little more cooperatively than what happened in House Bill 5."

Rep. Boose said he still believes that reductions to the LGF last session were necessary to shore up the multi-billion dollar budget deficit. However, he viewed the cut as temporary, he said.

While Democrats have hammered away on Republicans for cutting local governments over the past few years, Rep. Boose said he believed tying his LGF proposal to a potential overhaul of local tax policies might help garner support in his caucus.

"Whether it's the full $400 million or part of that $400 million, I'm not sure. But I think I might be able to persuade a few people on my side of the aisle," he said.

The Medicaid savings comes from the Controlling Board's recent move to expand the program, which the administration estimates will save about $404 million in reduced hospital payments, prison health care costs, sales tax revenue offsets, and other cost-saving impacts.

Rep. Gerberry said Republicans' move to cut the LGF by 50%, accelerate the tangible personal property tax cut, and eliminate the estate tax has "really caused great hardship."

Senate Republicans' proposed 4% income tax cut only equates to about $28 for the average Ohioan, he said. "I think the tax increases that communities are having in counties and townships are all far exceeding the money that the average Ohioan would receive."

The Democrat said support from a Republican on the issue gave him hope that the measure could pass, but acknowledged he wasn't overly optimistic.

"Rep. Boose understands local government as well as anybody on the Republican side of the aisle and he appreciates what the cuts have meant to local government," he said.
Rep. Gerberry said the joint sponsors gave a Wednesday deadline to cosponsor the bill before they formally introduce it in the House.

Mike Dittoe, spokesman for Speaker Bill Batchelder (R-Medina), gave no indication of the speaker's position on the bill. "The speaker looks forward to discussing the proposal with the caucus," he said.

**SB58 ACTION TOPS LIST AS HOUSE, SENATE PREPARE FOR BUSY WORK WEEK AHEAD OF END-OF-YEAR HOLIDAY BREAK**

After a quiet Thanksgiving week, the Ohio General Assembly will be back in full swing as December commences and the holiday recess nears. With House and Senate sessions scheduled for Wednesday, committees plan to work on bills that legislative leaders eye for floor votes before the end of the year.

Among the key bills to see action prior to the end of the year are Medicaid reform measures, which House Finance Chairman Rep. Ron Amstutz (R-Wooster) said are in line for revisions. Speaker Bill Batchelder (R-Medina) has placed priority on measures addressing graduation requirements and veterans' issues but has yet to set a timeline for their movement.

Asked about other bills that he would like to dispense of by the end of the year, the speaker said last week that election law changes that have been initiated by the Senate are also among his priorities. The Senate meanwhile could wrap up work next week but has tentatively scheduled itself for session the second week in December.

"Depending on what the House sends over for us to concur, there aren't any pressing pieces of legislation that have to be done by next week," spokesman John McClelland said in an interview, noting a caucus meeting is scheduled for Tuesday when any outstanding bills would be discussed.

Senate Democrats may also decide on leadership changes triggered by the statewide candidacies of two members of the caucus: Senate Minority Leader Eric Kearney (D-Cincinnati) and Sen. Nina Turner (D-Cleveland), the Senate minority whip.

Possibly the most controversial measure slated for movement next week is Sen. Bill Seitz's (R-Cincinnati) legislation (SB 58) to ease utilities' compliance with mandates to procure 12.5% of their electricity from renewable resources and cut customer consumption 22% by 2025.

The sponsor, who also chairs the Senate Public Utilities Committee hearing the bill, had delayed action last week. The bill is up for possible substitute version, amendments and a vote on Wednesday morning and could see action on the floor later in the day.

While utilities have coalesced in support, opponents have in the interim issued reports on the benefit of renewable energy requirements for customers and launched an ad campaign against the bill.

Trips to Columbus will begin early in the week for some lawmakers as the House Education Committee holds another rare Monday night hearing in addition to its regular Wednesday evening meeting.

Legislation passed by the House last week related to tax laws (HB 311) is set for hearings in the Senate Finance Committee on both Tuesday, pending referral, and Wednesday, when it could get a vote.

The bill sponsored by Rep. Terry Boose (R-Norwalk) contains an emergency clause and would allow a taxpayer eligible to claim a portion of a corporation franchise tax credit for 2014 for rehabilitating historic buildings to instead get that credit at the end of tax year 2013 before the CFT expires, among other changes.

A bill to transfer Ohio State University property to a facility for autistic individuals (SB 201) is up for a vote and possible amendments in the House State & Local Government Committee. Sponsor Sen. Kevin Bacon (R-Columbus) has said enactment before the start of the year would allow the Step by Step Academy to realize cost savings.

**GROUPS SAY PUCO ORDER CLEARS WAY FOR SHIFTING MORE CLEANUP COSTS TO CUSTOMERS**

Consumer advocates say a recent decision from the Public Utilities Commission of Ohio weakens century old restrictions on letting utilities charge customers for things not directly related to the provision of service.

Earlier this month, commissioners ruled 3-2 that Duke Energy Ohio could recover nearly $60 million from customers to pay for cleaning up two polluted manufactured gas plant sites that were defunct since the 1960s. The properties are included in plans to renovate the Brent Spence Bridge in Cincinnati.
While the law requires a facility to be "used and useful" to utility customers to be eligible for recovery, the PUCO found that Duke's environmental remediation costs were a necessary cost of doing business due to federal regulations that make the company liable for cleaning up the sites.

None of the parties that opposed Duke's request have yet asked for a rehearing, but the case appears likely to be litigated further based on strong reactions from some customer groups, who say the order could transcend gas utilities to electric companies with polluted fly ash dumps from coal-fired power plants.

Sam Randazzo, general counsel for the Industrial Energy Users-Ohio, which was not a direct party to the Duke case, said the ruling could open the door for all kinds of utilities to seek recovery for a wide variety of costs.

"Beyond just manufactured gas plants, the commission is essentially saying that it can rewrite the law, and once you start moving in that direction people will be encouraged to see how far they can take that proposition for other things," he said, rejecting the PUCO's rationale that Duke's cleanup costs were legitimate business expenses.

"There is no rationale. The commission just wanted to give them the money," he said. "The commission violated a very fundamental principal of ratemaking."

The Duke decision won't be lost on other utilities seeking to shift more costs to their customers, Mr. Randazzo said.

"They've already started lining up," he said, noting that Columbia Gas of Ohio filed an amicus brief in the case. "You can well expect that they will be right behind Duke."

Columbia Gas of Ohio spokeswoman Shana Eiselstein said the utility has "no immediate plans to seek recovery for this type of remediation."

Asked about long-term plans to recover cleanup funds, she said, "At the appropriate time we would consider seeking recovery of prudently incurred business expenses associated with manufactured gas plants remediation. But we can't predict or speculate when that would occur."

Columbia has identified eight former manufactured gas plant sites, she said. Cleanup work is complete on two of them.

Ohio Consumers' Counsel spokesman Marty Berkowitz said PUCO decisions are generally precedent for outcomes in future cases.

"The decision to allow Duke to charge customers for essentially all of its $56 million to clean up its polluted manufactured gas sites is a precedent - albeit a bad precedent for consumers," he said. "Other utilities certainly will notice it for purposes of their future requests to charge Ohioans for cleaning up their own polluted manufactured gas sites."

Mr. Berkowitz said there were about 90 other manufactured gas plant sites around the state.

Uncertainty surrounding the ramifications of the case could encourage lawmakers to return to the issue. Earlier this year, Gov. John Kasich vetoed an amendment from the biennial budget (HB 59) that would have allowed recovery if a former plant site was used to provide service in the past.

Senate Public Utilities Committee Chairman Sen. Bill Seitz (R-Cincinnati), who offered the amendment, said a more limited version that he intended to add to the budget would have helped allay concerns that the PUCO order sets a precedent for utilities to charge customers for all sorts of things.

"Everything is precedent for everything else. But at the same time I tend to agree with the PUCO's decision and I tend to agree that a carefully crafted amendment can be sufficiently limited to manufactured gas plants, and then we'll have deal with the merits of these other environmental issues at another point in time," he said.

However, Sen. Seitz said he had no plans to take up the issue in his proposal to overhaul Ohio's green energy law (SB 58), which is awaiting amendments and a vote in the Senate Public Utilities Committee.

Mr. Randazzo said the fact that two of the five commissioners voted against the Duke order shows that the legal view is "way out of the mainstream" and gives him some hope that the PUCO might reconsider the matter in a rehearing.
However, given the fact that the "used and useful" statute was debated, the PUCO is unlikely to reverse itself on the fundamental issue in the case, he added. The commission's rulings can be appealed to the Ohio Supreme Court.

"Generally we've been through a period of time where the Public Utilities Commission of Ohio has been doing things like this across a broad range of issues that are now before the Ohio Supreme Court," Mr. Randazzo said.

LEGISLATIVE COMMITTEE SCHEDULES BEGINNING 12/02/2013
Tuesday, December 3
House State & Local Government, (Chr. Blair, T., 466-6504), Rm. 121, 2 p.m.
HB 277  ANNEXATION (Stautberg, P.) To require that the state or a political subdivision real estate owner be included in determining the number of owners needed to sign a petition for an expedited type-II annexation, unless the real estate is a road or road right-of-way, to make other changes regarding that type of annexation, and to change for regular annexations the time at which to determine whether the required number of signatures were obtained. (3rd Hearing-All testimony)

HB 4  LOCAL GOVERNMENT GRANTS (Stautberg, P.) To establish the Local Government Performance Measurement Grant Program. (3rd Hearing-All testimony-Possible amendments & substitute)

HB 289  DEVELOPMENT ZONES (Schuring, K.) To require subdivisions to obtain written approval from owners and lessees of real property located within a proposed or existing joint economic development zone (JEDZ) or joint economic development district (JEDD) before approving, amending, or renewing the JEDZ or JEDD contract, to require that income tax revenue derived from a JEDZ or JEDD approved, amended, or renewed after the bill's effective date be used to carry out the JEDZ or JEDD economic development plan before being used for other purposes, and to institute contiguity requirements for which subdivisions may create a JEDZ or JEDD (4th Hearing-All testimony)

House Financial Institutions, Housing & Urban Development, (Chr. Adams, R., 466-8114), Rm. 017, 3:30 p.m.
HB 223  FORECLOSURE PROCESS (Grossman, C., Curtin, M.) To expedite the foreclosure and transfer of unoccupied, blighted parcels and certain abandoned properties and to make other changes relative to residential foreclosure actions. (3rd Hearing-Opponent)

Wednesday, December 4
House Public Utilities, (Chr. Stautberg, P., 644-6886), Rm. 121, 10 a.m.
HB 302  ENERGY SOURCES (Stautberg, P.) To modify the alternative energy resource, energy efficiency, and peak demand reduction law. (5th Hearing-All testimony)

House Ways & Means, (Chr. Beck, P., 644-6027), Rm. 116, 3 p.m.
HB 335  GREEN FLEET LOANS (Butler, J.) To create the Green Fleets Loan Guarantee Program to guarantee the repayment of loans made to governmental entities and private businesses to fund the conversion of all or a portion of their fleet vehicles to run on natural gas fuel; to apply the motor fuel tax to compressed natural gas; to authorize a temporary exemption from the motor fuel tax for purchasers of propane and compressed natural gas; to require the inspection of certain natural gas vehicles; to create a weight limit exemption for compressed natural gas vehicles; and to clarify the regulatory authority of the Fire Marshal with regard to filling stations dispensing gaseous fuel. (2nd Hearing-Proponent)

HB 219  ECONOMIC DEVELOPMENT (Butler, J.) To authorize tax credits for contributions of money to economic and infrastructure development projects undertaken by local governments and nonprofit corporations. (2nd Hearing-Proponent & opponent)

House Judiciary, (Chr. Butler, J., 644-6008), Rm. 121, 4 p.m.
HB 162  RETIREMENT SYSTEM OFFENSES (Dovilla, M., Anielski, M.) To add extortion and perjury and certain federal offenses to the offenses committed by a public retirement system member while serving in a position of honor, trust, or profit that may result in forfeiture of retirement system benefits or the termination of retirement system disability benefits. (3rd Hearing-All testimony-Possible substitute)