

Ohio Matters

An Official Publication of *The Ohio Chamber of Commerce*

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By Keith Lake, Vice President, Government Affairs

GENERAL ASSEMBLY FINALLY BEGINNING TO ADVANCE PRO-BUSINESS BILLS

In the cover story of our July/August issue of *Ohio Matters*, we recapped how the first six months of the legislative session went for the business agenda. The headline of the story read, “Playing Defense,” because that’s what the Ohio Chamber was primarily doing from shortly after the introduction of the transportation budget on Feb. 12 until work was finished on the state’s two-year operating budget on July 17.

Following the legislature’s summer recess, lawmakers returned in September to resume consideration of bills. The good news is that, since then, we haven’t had to play nearly as much defense. The bad news is that no pro-business priorities sought by the Ohio Chamber have yet advanced to the governor for his signature.

We anticipate that changing soon, however. Two bills backed by the Ohio Chamber, in particular, are nearing the finish line. The first is House Bill 2, which establishes a new “TechCred” program that will help employers bridge the workforce gap. It reimburses employers up to \$2,000 for workforce training programs that give employees the ability to earn industry-recognized, technology-focused credentials. During the first week of November, the bill was favorably reported out of the Senate committee that had been working it.

The second of these bills is Senate Bill 33, which would increase penalties for those who physically damage or tamper with critical infrastructure projects, including telecommunications networks, railroads, pipelines, electric generating facilities and water sewer



No pro-business priorities sought by the Ohio Chamber have yet advanced to the governor for his signature.

systems. SB 33 has passed the Senate and is awaiting final committee action in the House.

In another positive development in early November, the legislature restored the ability of lawyers and lobbyists to use the business income deduction (BID) in the same manner as any other pass-through entity generating business income.

During the budget debate earlier this year, the House sought to raise taxes on small business owners by \$528 million per year by reducing the amount of business income a pass-through business can deduct, from \$250,000 to \$100,000, and eliminating the flat 3 percent tax rate on any remaining business income. While the Ohio Chamber led the successful charge to stop the General Assembly from passing this plan, a last-minute addition to the budget bill did exclude lawyers and lobbyists from claiming the deduction.

While we appreciate the legislature so quickly reversing itself, the exclusion for lawyers and lobbyists was repealed not because the legislature realized the change was both harmful and unfair, but because there was no easy way for the Ohio Department of Taxation to determine whether someone is a lawyer or lobbyist and thus ineligible to utilize the BID.

Several other Ohio Chamber priority bills are close to being finalized in one legislative chamber and should soon make their way to the other chamber for further consideration. These include bills to shorten the statute of limitations on contracts from eight years to six years; prohibit local governments from imposing a fee or tax on bags, cans, cups, or other packaging used to consume, transport or protect merchandise,

food or beverages; and protect real property owners by requiring local governmental entities to seek local board or legislative approval before a complaint challenging a property’s assessed value is filed.

In addition, House Bill 352, legislation to address a longstanding Ohio Chamber objective — to improve Ohio’s legal climate by restoring balance to our employment discrimination statutes — was introduced on Oct. 1 and has had its first hearing in the House Civil Justice Committee. Ohio’s current employment discrimination statutes are problematic for employers due to their drastic difference from federal law and the laws in other states.

Through the Ohio Chamber’s member-driven committee process, several other ideas for improving the business climate have been proposed, and our advocacy team is currently working to identify lawmakers willing to take the lead on tackling these issues. Another half-dozen or so bills that we’re seeking could be ready for introduction before the end of 2019.

With the holidays quickly approaching, not much time remains on the 2019 legislative calendar, so most of these pro-business bills will carry over into the New Year. 2020 is an election year, however, and legislative activity notoriously slows during an election year. There will be a window of about seven weeks or so prior to the St. Patrick’s Day primary election for lawmakers to act, and then about seven more weeks following the primary until they leave Columbus and head back to their districts to focus on their campaigns.

Most legislators running for re-election want to be able to say they supported policies that will make Ohio more competitive and strengthen our economy. To date, not many will be able to make this claim in 2020. As we’ve outlined here, however, there’s ample opportunity to remedy this between now and next November. 📌

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For more information, visit ohiochamber.com and click on “Learn More.”



¹ Savings based on Q2 2019 UnitedHealthcare analysis for average price comparison between UnitedHealthcare plans in Ohio.
The Ohio Chamber of Commerce Health Benefit Program is a self-funded health benefits program.
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2019, A YEAR IN REVIEW

After a busy 2018 election season, Ohio started 2019 with a new governor, lieutenant governor, secretary of state, attorney general, treasurer and auditor. It also had new faces in the top state departments, as well as 30 new members in the Ohio House and Senate.

The same was true at the Ohio Chamber of Commerce, as the new year brought us several new staff members in our membership department and on the government affairs staff. It's always tough to lose good people, but it shows we have a strong team. The new team members this year were Justin Giaimo, director, External Relations; Justin Zink, director, External Relations; Kevin Shimp, director, Labor & Legal Affairs; Anthony Lagunzad, director, Political & Grassroots Programs; Tony Long, director Tax & Economic Policy; Lillian van Wyngaarden, communications coordinator; and Bill White, director of External Relations. And Stephanie Kromer, who was on the membership team, moved to government affairs, where she is director, Energy & Environmental Policy.

OHIO CHAMBER OF COMMERCE RESEARCH FOUNDATION

The Ohio Chamber of Commerce Research Foundation added a new leader. Justin Barnes took over as the Research Foundation's second executive director. Under his leadership, the foundation continues to release the quarterly Prosperity Pulse survey, which gauges the pulse of Ohio's business leaders. Barnes also added a new Lunch, Learn & Lead program for chamber members and members of the Ohio General Assembly. From that program, the Research Foundation issued a report in June, "Addressing the Benefit Cliff in Ohio." The foundation is currently looking at undertaking a study on Ohio's Unemployment Compensation system.

NEW CHAIRMAN TAKES THE HELM

At this year's Annual Meeting, Jeff Walters, president of CBIZ Accounting & Tax Advisory Services in Akron, was elected chairman of the Ohio Chamber of Commerce Board of Directors. He has been an active member since the 1980s, when he attended his first Ohio Small Business Council (OSBC) meeting. He served as chair of OSBC in 2000 and has been on our board of directors since. Walters will serve a two-year term as chairman.



Annual Meeting speaker Daymond John with former chair of the Ohio Chamber Board of Directors Linda Hondros.



LEGISLATIVE ISSUES

At the start of each legislative session, we develop a list of *Public Policy Priorities* with input from all of our committees. Our *Public Policy Priorities* make it clear to members of the General Assembly what Ohio employers expect from their state legislature. Every chamber member and member of the General Assembly receives a printed copy of our priorities, and they are listed on our website.

As of Oct. 29, 609 bills have been introduced in the House and Senate. Of those, we are following 168. Of those, we supported 25 and opposed 29. One of the bills we supported, SB 57, which authorized the growing of hemp in our state, passed. Also, we have indicated that six of the bills we are following are Key Vote bills and will be included in our Free Enterprise Index.

Every week that the legislature is in session, we publish *Legislative Update* to keep members apprised of what is happening at the Statehouse that could impact their business. If you are not receiving it, please email jfeasel@ohiochamber.com. Our website also contains a bill tracking feature so members can track our priority bills as they move through the legislative process.

OHIO CHAMBER EVENTS

Annual Meeting & Legislative Reception

In May, we changed the format of the Annual Meeting. Our speaker was Daymond John from TV's *Shark Tank*. After he participated in a fireside chat with former Ohio Chamber Chairman Linda Hondros, we created our own



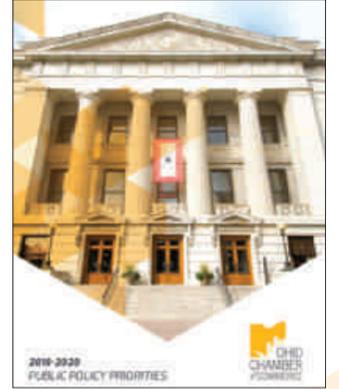
Ohio Chamber of Commerce Chairman of the Board Jeff Walters.



Opioid program with the U.S. Chamber of Commerce



Attendees at the Policy Conference at Salt Fork



Cover of our Public Policy Priorities

Shark Tank experience. We asked our local chamber friends to nominate companies they felt worthy of John's business expertise. Three were selected to come up on stage to present their business pitch and receive advice from John. Afterward, we hosted our always popular Legislative Reception.

Policy Conference

As with every nonelection year for the last 30-plus years, we hosted our Policy Conference at Salt Fork. Ohio native and author of "The Bellwether: Why Ohio Picks the President" Kyle Kondik was the featured speaker. We filled the Salt Fork Lodge and many of the cabins and enjoyed great educational sessions. The 2021 Policy Conference will be Sept. 8-10, 2021.

HR Academy and Lunch and Learns

Our HR Academy webinars and lunch and learns continue to provide free human resources information. So far in 2019, we have hosted six webinars and five lunch and learns, with many approved for CLE, HRCI and SHRM credits.

DOSE OF REALITY OPIOID TOOLKIT

Our Opioid Toolkit continued to get national attention as the U.S. Chamber of Commerce Foundation placed it on its Sharing Solutions website. In July, we hosted a national panel discussion on what employers can do to help combat the opioid crisis. We also partnered with eight local chambers to host informational seminars on opioids in the workplace. Finally, the state chambers in Indiana and Arkansas have adopted our toolkit to meet their

state regulations, and several others are looking at doing the same.

We also added a video, "What's a Recovery-Supportive Workplace Anyway," to help employers transition employees back into the workplace after a successful recovery. Thanks to our partnership with Working Partners and sponsorship with Anthem, we are able to provide this service at no cost to Ohio employers.

OHIO CHAMBER HEALTH BENEFIT PROGRAM

In September, we launched our latest member benefit, the Ohio Chamber Health Benefit Program, which gives eligible small business owners access to a portfolio of health care options. The program is administered by UnitedHealthcare and offers Ohio Chamber members savings of up to 15 percent on health benefits. This program is tailored to companies with two to 50 employees. More information is available at www.ohiochamber.com, then click on the Learn More icon on the page.

It's been a busy year at the Ohio Chamber of Commerce, and it's busy because we are serving more members than ever. As of Nov. 4, we have added 484 members, and we appreciate all of our members, from the ones who have just joined to those who have been with us since 1893. As we look toward 2020, we will continue to be the advocate for Ohio's job creators at the Statehouse, while also providing member benefits that support them. Here's to continued success for all of us. 🍀

TAKE ADVANTAGE OF YOUR MEMBER BENEFITS

As an Ohio Chamber member, you have access to a wide variety of member benefits. We are constantly refining the benefits to align with our member needs. If you have questions about what is available to you as an Ohio Chamber member, please contact us at (614) 228-4201.

LEGISLATIVE

Drawing on the vast experience of the largest business advocacy group in Ohio, our multifaceted governmental affairs experts provide a direct opportunity to shape policy at the state level.

Committees. Members on our eight policy committees play an active role in determining the legislation we follow.

Five subject matter specialists.

Our governmental affairs staff members are knowledgeable in specific issue areas.

Legislative expertise. Since 1893, we have been the voice for business at the statehouse.

Political and grassroots advocacy.

We identify the pro-jobs candidates running for the Ohio House, Senate

and Supreme Court and educate Ohioans about business-related statewide issues.

Access to elected officials. Our office is directly across the street from the statehouse, and we build relationships that bring results.

Online bill tracking. Members can follow the status of the top bills we are following.

Free Enterprise Index ratings. We track how legislators voted on the bills we are following so we know who truly supports the free enterprise system.

INFORMATION

Staying informed is vital to your business. Our diverse communication platforms keep you up-to-date with firsthand information that affects your business in real time.

Ohio Matters. This membership publication is mailed to all members every other month and contains legislative, political and business information.

Legislative Update. Published every Monday when the legislature is in session, this is emailed to all members

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TAKE ADVANTAGE OF YOUR MEMBER BENEFITS

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and members of the Ohio House and Senate.

Chamber Update. This monthly email lets our members know what is happening at the Ohio Chamber of Commerce.

All for Ohio blog. As news is happening at the statehouse, our team members are writing about it and posting it on our www.allforohio.com blog.

HR Academy. We partner with the top human resources attorneys from across the state to bring our members free human resources information in the way of webinars, lunch and learns and Ohio Matters articles.

Social media. The Ohio Chamber of Commerce has a social media presence on Facebook, Twitter, Instagram and LinkedIn, so follow us.

EVENTS

Our events keep you informed and connected, giving you the opportunity to meet and network with fellow members, elected officials and other members of Ohio's business community.

Annual Meeting. Held every spring, this event features a well-known speaker addressing business or political topics. This is followed by our Legislative Reception honoring the members of Ohio's General Assembly.

Policy Conference at Salt Fork.

Held every other year, this event brings together governmental affairs professionals and members of the Ohio Legislature to discuss issues impacting our state.

Educational seminars. In partnership with the Manufacturers' Education Council, educational seminars are held throughout the year

We constantly look for new ways to help our members save money.

on topics such as energy, taxes, health care, etc.

EXCLUSIVES

One of the most common issues we hear from our members is shrinking profit margins. We constantly look for new ways to help our members save money.

Workers' compensation group rating. Savings through our member CareWorks

Cost-saving medical benefits. Including health, dental, vision and group life

SPONSORSHIPS

Membership grants you the opportunity for visibility by presenting featured content directly to fellow member businesses on our diverse channels.

- Branding options
- Articles in Ohio Matters
- Blogs on All for Ohio
- Educational webinars
- Lunch and learns
- Event sponsorships

We are constantly adding new services and improving existing services for the benefit of our members. When new programs are added, we promote them in Ohio Matters, on our website, in social media and Chamber Update. 📢

OHIO'S TECHCRED PROGRAM HELPS PREPARE WORKERS FOR TECHNOLOGY JOBS

In Ohio, it's predicted that the mismatch between jobs and talent will be up to 650,000 open positions by 2028. This means more people need to be trained with in-demand skills in some of the fastest-growing occupations.

In September, Ohio Lt. Gov. Jon Husted launched TechCred, a program that connects businesses with the talent they need and gives employees the ability to earn industry-recognized, technology-focused credentials, preparing them for a job in today's advanced, technology-infused economy. TechCred is a win-win for Ohio — businesses get the talent they need, and Ohioans get the skills needed to gain better opportunities.

There are hundreds of thousands of technology-related jobs, but fewer than half are in the technology industry. The remainder of technology-related jobs are in industries including construction, manufacturing and agriculture. TechCred helps workers in any industry retrain to meet the changing demands of technology.

IBM recently released a study that found that 120 million people worldwide will need to retrain in the next three years in order to be ready to work with automation. TechCred does just that by upskilling and retraining those who are currently employed, or who will be employed, and helps them learn in-demand technology skills.

Through TechCred, businesses can identify the specific qualifications they need and employees they want to upskill toward a more advanced position. In partnership with a



training provider, employers can apply online at TechCred.Ohio.gov. The state will reimburse up to \$2,000 of training upon completion of a credential.

Businesses must identify employees, credentialing programs and training providers who offer the desired programs before submitting an application. Ohio companies interested in investing in their current or prospective employees by connecting them with technology-focused credentials can apply.

An initial list of eligible credentials is provided, but employers can request that a credential be added to the list by submitting an application for TechCred. To qualify for TechCred, credentials must be industry recognized, technology focused and short term.

TechCred was developed in a partnership among the Governor's Office of Workforce Transformation, the Development Services Agency and the Ohio Department of Higher Education. It fulfills a commitment made by Gov. Mike DeWine and Husted to fund the completion of 10,000 micro-degrees each year in order to help close the skills gap for growing technology jobs.

The first application period for TechCred closed on Oct. 31. To learn about upcoming application periods and how to apply, visit TechCred.Ohio.gov. 📢

COMMON SENSE INITIATIVE LOOKS TOWARD NEW TECHNOLOGY TO AID IN REGULATORY REFORM

When agency regulation is seen as an obstacle to a student's innovation and drive, it's time for a change, according to the Common Sense Initiative (CSI), an effort led by Lt. Gov. Jon Husted aimed toward propelling economic growth in Ohio through regulatory reform.

When Aaron Westbrook, a then-student at New Albany High School, needed a prosthetic arm and hand, he created one himself using a 3D printer at his school. It quickly snowballed into the nonprofit Form5 Prosthetics, an organization that creates eco-friendly prosthetics for individuals with congenital and other limb differences using 3D printing.

However, Ohio is one of about 15 states that requires a license to practice prosthetics, and when these regulations posed an obstacle to the nonprofit, the CSI stepped in.

"He was doing something that was helping people," says Husted. "These regulations were made before 3D printing existed. Technology is changing the way people live and do things, and regulations need to change along with it."

With the help of the CSI, changes in Ohio laws were made regarding new technology and prosthetic devices. Westbrook's story acts as motivation for the CSI as it continues its mission to give businesses a voice in the world of regulation.

The CSI reviews rules and regulations to help businesses navigate regulatory obstacles, putting responsibility on state agencies to create reasonable and rational rules that encourage economic growth in the state.

Since its beginning in 2011 under former Gov. John Kasich, the CSI has reviewed about 15,000 state agency regulations, and about 9,000 of those were identified as potential obstacles to Ohio businesses. The regulations identified have since been amended or rescinded. This is why the Ohio Chamber of Commerce has supported CSI legislation since it was introduced, as too many regulations were stifling business growth.

The CSI has reviewed 2,269 rules this year alone, almost doubling the number reviewed by the



organization this time last year. This proactive attitude comes after an overwhelming backlog left by the previous administration. When Husted took over earlier this year, the CSI had a backlog of over 1,200 rules; within the first 100 days, the log had been cleared.

"We hired some good people, and we went to work," says Husted. "We were committed. We cleared the backlog and now we're playing offense to fulfill the promise that the business community wants from government — fewer regulations."

However, the strong voice in the business community and legislature calling for fewer regulations, juxtaposed with the continued passing of bills giving agencies delegation over regulation, led to inconsistent trends for the CSI when reviewing rules.

"You can't keep saying we want fewer regulations and then keep passing laws that require more regulations," says Husted. "We're hoping through the work we're doing we can help rationalize the process."

To minimize the number of erroneous or repetitive rules going through review, the CSI is looking to implement a machine-learning tool, or AI (artificial intelligence) tool, that will help go through the revised and administrative code and identify unnecessary regulations. These regulations could then be brought to the legislature for review.

"We want to be able to use it to put together a priority list that we can take to the legislature and say, 'These regulations are duplicative, they're unnecessary and, if you're really interested in regulatory reform, let's get rid of them,'" says Husted.

The tool is not currently in place and is relatively new among other states. While a few government offices at the state and federal level have explored similar technology, the CSI hopes to be a leader in it and is looking toward the coming year to finalize its acquisition. 📢

COST ANNUAL MEETING: CONNECTION TO STATE CHAMBERS



I was fortunate to attend and participate in the 50th annual meeting of the Council on State Taxation (COST). This organization was created out of concerns about unfair state taxation burdens raised by businesses through individual state chambers of commerce to the Council of State Chambers of Commerce. More on this in a bit. First an illustration of the state tax concerns raised by businesses.

For this article, let us assume you run a baking supply and baked goods company. This company, through several subsidiary companies, has a presence in several states. These subsidiaries conduct manufacturing activities in two states, use distribution facilities in those same states plus two others and the company has retail operations in those four plus four others. Finally, the company employs an outside sales force in two additional states, bringing the company's total presence to 10 states.

Through the magic of Excel spreadsheets and the hard work of the accounting and tax departments, the company is able to determine that the total state and local tax burden is equal to, for illustrative purposes, a standard sized pie that is cooling on a table at the factory. So far, so good. The trouble begins when each of the 10 states, not required to fairly divide the

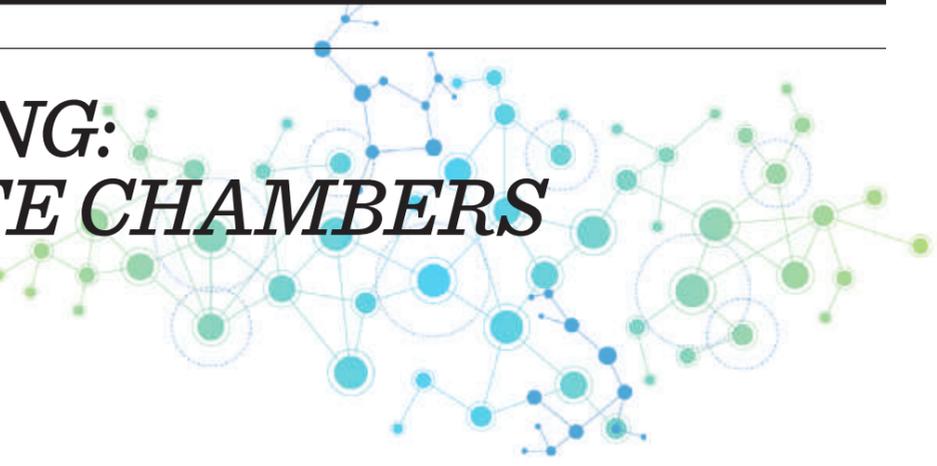
pie under uniform rules, begin to apply their specific rules to divide the pie in a manner that is most advantageous for their state.

In the end, your company may now be required to get a bigger pie tin to enlarge the pie, or more simply, bake a second pie to fulfill the requests of the various states. Remember that the states, in theory, agreed that the total tax burden was the original pie cooling on that factory table.

In tax speak, what has happened is a mismatch of income apportionment rules that may include:

- The use of a rule that forced the combination of subsidiaries
- A rule requirement that the companies file standalone returns
- Requirements to use different apportionment factors (single sales factor, double or triple weighted sales factor, elimination of or use of special weighting for payroll and property apportionment factors)
- The application of special rules that allow the use of a secret alternative apportionment method

As businesses faced this cacophony of rules and regulations, both during tax return audits and then at appeal levels including court filings, they turned to their chambers of commerce for help. The Council of State Chambers decided to create a council of state taxation to



help the business community. This council eventually spun out of the chamber and is now known as COST.

In the beginning, the primary focus was fighting the unfair tax burdens assessed against multistate businesses in the halls of various state legislatures and in the court rooms, both state and federal. It has been a long and arduous fight, and it continues to this day.

Since its humble beginnings, COST has expanded its scope of services. COST has grown into a great resource for the entire state and local tax community. It now provides educational opportunities for tax practitioners, continues its legislative advocacy, adds its voice in the court rooms with amicus briefs and publishes general research tools for use by its members. If any reader would like to attend the basic or advance SALT (state and local tax) school, please let me know.

The publications from COST help answer questions that arise during legislative debates, such as the impact of taxing business inputs, the calculation of the percentage of state taxes raised from business versus

individuals and the determination of the corporate and pass-through business state income tax burdens to find the effective tax rates, to name a few. This year, the COST scorecard on Real Property Valuation Administration gave Ohio a grade of D+. This scorecard is a great tool as the Ohio Chamber advocates for changes to the real property statutes to improve the Ohio score that, in turn, creates a better business climate for Ohio.

In conclusion, I personally look forward to the Thursday legislative update calls, the opportunity to present Ohio legislative activities at regional COST meetings held at member company sites and networking with other state chambers at the annual COST conference. Meeting with colleagues across the country is an excellent way to stay up to date on news, trends and court decisions.

In the end, COST is a great partner and ally of the Ohio Chamber as we champion free enterprise and economic competitiveness and advocate for a state tax burden that does not grow beyond the pie cooling on that factory table. 🍷

OHIO EXCELS WORKS TO STRENGTHEN EDUCATION AND CREATE NEW WAYS FOR BUSINESSES TO GET INVOLVED



Many Ohio businesses large and small can take justifiable pride in their long-time advocacy for the quality of education in Ohio. The business community's support for education excellence took a major step forward in October 2018 with the creation of Ohio Excels, a statewide, education-focused consortium of business leaders. Ohio Excels seeks to bring the unique voice of the business community to state education policy discussions affecting students of all ages, including students in early childhood, K-12 and higher education.

The past year has been a busy and exciting time for Ohio Excels.

- Ohio Excels partnered with the Governor's Office of Workforce Transformation to host the Aim Hire Conference to start conversations about bridging the gap between Ohio's education and workforce systems.
- Ohio Excels led a coalition of business and education partners to develop and successfully advocate for new, long-term high school graduation requirements.
- Ohio Excels took charge of a statewide effort to close the skills gap and increase the educational attainment of Ohio's students and workforce.

Ohio Excels is looking to build on these achievements in its second

year and find new ways to bring the education and business community together to help prepare students for success. There are two areas where this work can start right away — high school graduation requirements and postsecondary attainment.

NEW HIGH SCHOOL GRADUATION REQUIREMENTS

Passage and implementation of the new graduation requirements meet a long-sought goal of Ohio education, civic and business leaders — everyone with a stake in quality education and the preparation of young Ohioans for higher education and careers. Graduating seniors in the class of 2023 (this fall's ninth graders) will be the first to be fully affected by the new requirements, while students in the classes of 2021 and 2022 will have additional graduation options as schools make the transition.

These new requirements will allow a high school student to earn an Ohio diploma by completing their required coursework, demonstrating competency in mathematics and English language arts and preparing for college or a career. This plan calls for additional supports for students, reduces the amount of state testing, adds non test-based avenues to earn a diploma and ensures that graduating students are better prepared to succeed after high school.

The new requirements also emphasize career preparation.

“Approximately 30 percent of high school graduates go on to complete college, so it is critical for students and Ohio's economy that students are prepared to be successful in an in-demand job,” says Lisa Gray, president of Ohio Excels.

The new requirements allow students to use options like industry credentials, apprenticeships, internships and technical assessments to show they are ready to graduate.

These options give more students greater flexibility. However, students will need the business community to get involved even more for the graduation requirements to be successful.

“If your business wants to help prepare local students and develop a talent pipeline, now is the right time to engage your local school district to see how you can work together to increase student success,” says Kevin Duff, director of Policy and Research at Ohio Excels.

EDUCATIONAL ATTAINMENT TO PROVIDE A WELL-PREPARED WORKFORCE

Ohio's gap between job requirements and jobseeker qualifications has created an urgent need to increase Ohio's attainment — the number and percentage of Ohioans who have a

postsecondary degree, certificate or some other postsecondary credential of value in the workforce. Ohio's attainment rate is much too low, leaving too many job openings unfilled and Ohio at a competitive disadvantage compared to other states. Left unaddressed, this skills gap will only widen.

Ohio Excels is leading a coalition of nearly 40 state and regional organizations to focus on one goal — increasing the number of Ohioans earning a postsecondary degree or credential. In the coming year, this coalition will hold regional conversations on what skills employers need and how businesses can collaborate with educators to help close the skills gap. Keep an eye out this spring and summer for nearby events.

The debut year of Ohio Excels has seen impressive progress toward meeting our commitment to improve education in Ohio.

“The goal for Ohio Excels' second year is to get even more business leaders connected to educators at the state and local level so we can prepare students to meet the demands of our evolving economy,” says Gray.

For more information about Ohio Excels or how to get involved, visit www.OhioExcels.org, call (614) 897-0431 or email info@OhioExcels.org. 🍷

LEGISLATIVE APPOINTMENTS FILL HOUSE AND SENATE VACANCIES

In between elections, especially at the state and local level, there isn't a lot of attention on seat vacancies and appointments that occur outside of election season. When election season and the attention that comes with it arrives, constituents sometimes find themselves choosing whether or not to re-elect an incumbent representative whose name they haven't seen on the ballot before. Here's a list of the Ohio Legislature seats that have been vacated and the new individuals holding those seats.

House District 97 – Rep. Adam Holmes – R (Muskingum, Guernsey)

Rep. Holmes filled the vacancy left by former Rep. Brian Hill, who originally left his House seat for a Senate seat vacated by former Sen. Troy Balderson, who now represents the 12th Congressional District in Congress. Hill vacated the 20th Senate District seat earlier this year for a private sector job. After his appointment, Holmes has remained as CEO of Frueh Enterprises, a mechanical and industrial contracting company based in Zanesville. He is also a veteran and graduate of the U.S. Naval Academy.

House District 3 – Rep. Haraz Ghanbari – R (Wood)

Rep. Ghanbari filled this open seat when former Rep. Theresa Gavarone took the appointment to the 2nd Senate District seat earlier this year. Ghanbari served in the U.S. military in both the Navy and Army over 17 years and continues to serve in the Navy Reserve.

House District 77 – Rep. Jeff LaRe – R (Fairfield)

Rep. LaRe filled out the 77th House seat after former Rep. Tim Schaffer took the appointment to the 20th Senate seat. LaRe came to the House from the private sector, where he runs a private security firm out of Pickerington.

House District 89 – Rep. DJ Swearingen – R (Erie, Ottawa)

Rep. Swearingen was appointed to the 89th House Seat when former Rep. Steve Arndt retired this past summer. Swearingen is a lawyer at Wickens, Herzer, Panza out of Sandusky. His firm primarily provides legal counsel to family and privately owned businesses.

House District 63 – Rep. Gil Blair – D (Trumbull)

Another lawyer, Rep. Blair filled the 63rd seat when former Rep. Glenn Holmes took an appointment in Gov. Mike DeWine's administration. Blair formerly was a municipal court judge and assistant county prosecutor in Trumbull County.

House District 76 – Rep. Diane Grendell – R (Geauga, Portage)

Rep. Grendell replaced former Rep. Sarah LaTourette, who left office for a private sector job early this past summer. Grendell previously served in the Ohio House from 1992 to 2000, as well as an Ohio Appeals Court judge for 18 years.

House District 93 – Rep. Jason Stephens – R (Lawrence, Gallia, Jackson, Vinton)

Rep. Stephens took the 93rd House seat appointment after former Rep. Ryan Smith left to take on the role of president of Rio Grande University. Stephens was serving as Lawrence County auditor when he was tapped to fill the seat, and he is a licensed insurance agent who owns his own agency.

House District 29 – Rep. Cindy Abrams – R (Hamilton)

Rep. Abrams took the 29th House seat when Rep. Bill Blessing was appointed to the 8th Senate District seat this past fall. Abrams is a former police officer and was serving on the Harrison City Council when she received the appointment.

Senate District 20 – Sen. Tim Schaffer – R (Fairfield, Pickaway, Hocking, Athens, Morgan, Muskingum, Guernsey)

Sen. Schaffer was appointed to the Senate from the House to fill out the remaining term for former Sens. Troy Balderson and Brian Hill.

Senate District 14 – Sen. Terry Johnson – R (Clermont, Brown, Adams, Scioto)

Sen. Johnson is a retired veteran and practicing medical doctor from Scioto County who replaced former Sen. Joe Uecker, who stepped down for a DeWine administration role. Johnson previously served in the Ohio House for eight years.

Senate District 8 – Sen. Louis "Bill" Blessing – R (Hamilton)

Sen. Blessing was appointed to the 8th Senate seat from the House after Sen. Lou Terhar retired from the legislature this past fall. Blessing is an electrical engineer.

RING IN THE NEW YEAR WITH THE NATION'S LARGEST BUSINESS TAX CONFERENCE THIS JANUARY



The nation's largest business tax conference is back to ring in the new year. The Manufacturers' Education Council's 29th Annual Business Tax Conference is Tuesday and Wednesday, Jan. 28-29, 2020. Attended by more than 15,000 corporate tax directors, CFOs and tax professionals over the years, it offers an invaluable opportunity to speak with and learn from top leaders in the tax industry and gain insights on issues impacting the world of tax today.

Tax experts from Ohio, Michigan, Kentucky, Indiana and Pennsylvania will serve as key leaders by offering information on major business tax issues. The Ohio Department of Taxation's new leadership team will serve as some of the lineup speakers, including Tax Commissioner Jeff McClain, Deputy Tax Commissioner and Chief Legal Counsel Sarah O'Leary, as well as leaders from neighboring states, including Commissioner Daniel Bork at Kentucky's Department of Revenue and Commissioner Adam J. Krupp from the Indiana Department of Revenue. Business leaders from Ohio and nearby states will also serve as expert voices and featured presenters at the conference.

The conference will shed light on topics including the massive impact of technology on the tax field. Workshops discussing best practices for how to successfully implement technology tools and solutions for businesses and how to use cloud-based services and handle electronic information will discuss how to stay competitive in today's technology-driven world.

Other key tax topics include major national issues in business taxation, such as the taxation developments in California, New York, New Jersey and Oregon, as well as how states' marketplaces are continuing to respond 18 months after the U.S. Supreme Court's landmark ruling in *South Dakota v. Wayfair*. Topics also include audit insights and best practices for compliance in sales tax, taxation issues impacting manufacturers, construction contractors, nonprofit organizations and health care and information on employment taxation and taxation of pass-through entities. There will be sessions geared toward both experienced and beginner professionals, so there is something for everyone.

Following last year, the conference will again feature two optional ethics and professionalism workshops for CPE and CLE credits for state tax professionals. The first session, "Ethics & Professionalism for Tax Professionals – Ethical Challenges in the Era of Stretching the Truth," is 7 to 8 a.m. Wednesday, Jan. 29. The second session, "The Art of the Deal ... How to Negotiate Rulings & Agreements Ethically," is the same day, 3:15 to 4:15 p.m.

Established in the early 1990s by the Ohio Chamber of Commerce and the Ohio Department of Taxation, the Business Tax Conference continues to serve as a must-attend event for those in the taxation world, giving industry leaders and professionals valuable insights on tax developments at the federal, state and local levels while also providing the ability to earn educational credits.

For more information and to register for this event, go to www.mecseminars.com and click on the "Taxation & Business" tab at the top of the page.

2020 SEMINARS

Presented by the Manufacturers' Education Council and the Ohio Chamber of Commerce

29th Annual Ohio Tax Conference

Tuesday, Jan. 28

Wednesday, Jan. 29

Held at the Hyatt Regency in downtown Columbus

29th Annual Sustainability & EHS Symposium

Tuesday, March 24

Wednesday, March 25

Held at the Sharonville Convention Center in Cincinnati

24th Annual Ohio Energy Management Conference

Tuesday, Feb. 18

Wednesday, Feb. 19

Held at the Columbus Renaissance Hotel in downtown Columbus

For more information on these highly regarded seminars, including agendas and registration information, please go to www.mecseminars.com.



By Jim Yates and Sarah Pawlicki, attorneys Eastman & Smith Ltd.

PREPARING FOR THE DOL'S WHITE-COLLAR EXEMPTION SALARY LEVEL INCREASES

The Department of Labor's regulations increasing salary levels for employees exempt from the Fair Labor Standards Act's overtime provisions are effective Jan. 1, 2020. The salary level will increase to \$684 per week (equating to an annual salary of \$35,568) from the currently enforced salary level of \$455 per week (\$23,660 annually).

The increase is significantly less than the Department of Labor's 2016 attempt to increase the salary level to \$913 per week (\$47,476 annually). That rule was invalidated by a federal court and prompted the current administration to revise the rule. The Department of Labor's new rule formally rescinds the 2016 rule.

To qualify for an exemption to the Fair Labor Standards Act's overtime requirements, in addition to meeting the increased salary level, an employee must be paid on a salary basis — a predetermined and fixed amount not subject to reductions based on the quality or quantity of the work performed — and the employee must satisfy the duties tests for the administrative, executive or professional exemption, referred to as white-collar exemptions. Paying an employee on a salary basis in excess of the new salary level does not establish an exemption without the employer demonstrating that the employee meets all of the required duties tests of the specific exemption claimed.

The only exception to meeting all of the duties tests is that a highly compensated employee (HCE) need only meet one of the duties tests of any of the white-collar exemptions to be classified as an exempt employee. As of Jan. 1, 2020, an HCE is an employee who is paid a salary of at least \$107,432. (The currently enforced HCE salary level is \$100,000.)

The final rule does not change the duties tests or the salary basis test and does not address compensable after-hours compensation. The rule also does not provide for automatic increases to the salary level which, along with more than doubling the salary level, formed the basis of many employer objections to the 2016 rule. Instead, the Department of Labor committed to updating the salary level "more regularly in the future." (The last update was 2004.)

Furthermore, employers may count nondiscretionary bonuses and incentive payments (including commissions) toward the salary level — but only up to 10 percent, or \$3,556.80. If an employee does not earn enough in a nondiscretionary bonus or incentive payments (to be paid on an annual or more frequent basis), the new rule permits an employer to make a catch-up payment to satisfy the salary level for the preceding year.

For most employers, the current rule will be significantly less impactful than the invalidated 2016 rule, as far fewer employees currently classified as exempt will fall under the new \$35,568 salary threshold, compared to the \$47,476 salary level contained in the 2016 rule. However, employers still need to review salary levels for all exempt employees to ensure compliance with the new salary level.

For employees with salaries lower than the new requirement, employers need to implement strategies to maintain the exemptions or reclassify employees as nonexempt and consider workplace ramifications of those decisions, such as the impact on employee morale. Options include reclassifying those employees as nonexempt, converting their salaries to hourly wages and paying overtime, maintaining the exemption by increasing the salaries of the affected employees and establishing a bonus or incentive program in compliance with the new rules that would likely increase the salary of currently exempt employees above the new salary level. All options have both advantages and disadvantages and may lead to additional changes related to compensation and pay-related policies and procedures. Finally, employers should review all current exemptions and update related documents, including job descriptions, relevant handbook provisions, organizational charts, payroll, and time tracking policies and plans.

For more information regarding the implementation of strategies to comply with the new rule, tune in to the Ohio Chamber's webinar on this topic, presented by Eastman & Smith Ltd., on Tuesday, Dec. 10, 2019.

Jim Yates and Sarah Pawlicki are Members of Eastman & Smith Ltd.'s Labor and Employment practice group and SHRM Certified Senior Professionals who represent employers in labor and employment matters. 📧

OHIO CHAMBER OF COMMERCE TEAM MEMBERS

Our team members are here to serve you! Give us a call at (614) 228-4201, or email us, as we are here to help.

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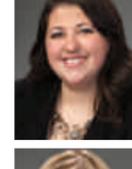
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Benefit Administrators, Powell
Benefit Mall, Worthington
Bj&D LLC, Fairborn
Broadcast Sports International LLC, Hanover
Brown & Brown of Ohio LLC, Perrysburg
Busha-Okeson Insurance, Beachwood
Business Benefits Insurance Solutions, Ft. Mitchell, Kentucky
Capital City Group, Columbus

We welcome the following new members to the Ohio Chamber of Commerce. These companies joined the Ohio Chamber between Sept. 20 to Nov. 4, 2019. We look forward to working with all of these companies as they are #allforohio.

Cincinnati Kitchens Inc., Maineville
Cleveland Ballet, Bedford Heights
Columbus Asphalt Paving, Gahanna
Computers Universal Inc., Fairborn
Crawford Mechanical Services, Columbus
CT5 Logistics, Hamilton
Digestive Endoscopy Center LLC, Kettering
Donald Didion II, Bellevue
Facebook, Menlo Park, California
Falcon Enterprises Inc., Dublin
H.W. Martin & Son Co., Hebron
Haughn & Associates, Dublin
Hummel Group Inc., Orrville
Infinite Vapor USA LLC, Toledo
Irvin-Alan Excavating Inc., Maineville
JD Weaver, LLC dba Zoupl, Westerville

Marsh & McLennan Agency, Dayton
Miami Woodworking Inc., Maineville
New Millennium Painting, Westerville
Northpointe Cabinetry LLC, Zanesville
Oswald Companies, Cleveland
Preferred Benefits Planning Inc., Westerville
RL Engle Agency, Washington Court House
Robert L Fry & Associates Inc., West Jefferson
Roche Diabetes Care Inc., South San Francisco, California
Roth Construction Columbus, Hilliard
Savage & Associates, Maumee
Schweller Electric LLC, Paulding
Scott Wesley Construction LLC, Gahanna
SCORE International, Hilliard
Sense Diagnostics Inc., Cincinnati

Sheakley UniService, Cincinnati
SK Truck Service LLC, Sidney
Steam Brite LLC, Fairborn
Strategic Business Services Agency, Worthington
The Ashley Group, Sandusky
The Cincinnati Air Conditioning Co., Cincinnati
The Fedeli Group, Independence
Todd Associates Inc., Beachwood
U.S. Employee Benefits Services Group, Dayton
Wally's Landscape, Streetsboro
Waypoint Benefit Solutions, Dublin
WM. Brockman & Sons Inc., Dayton
Zito Insurance Agency, Mentor



EDUCATION AND WORKFORCE GO HAND IN HAND

When you think of education policy, you might think, “What does that have to do with my business and my day-to-day struggles to make a profit?”

Well, it has a lot to do with business success, as education is directly tied to our workforce. We have two committees that continue to follow education legislation – the Education & Workforce Development Committee and the Ohio Small Business Council. And this fall, there has been movement on several education/workforce bills that we support.

House Bill 2 creates Ohio’s TechCred Program and is one of our Key Votes this legislative session. The votes for the bill will be included in our Free Enterprise Index. The legislation has bipartisan support.

TechCred assists employers with filling existing workforce vacancies within their companies and allows employers to “upskill” their current employees. The program reimburses employers for costs associated with current or prospective employees earning microcredentials. Even though the newly created program is up and running, HB 2 codifies the process and provides more guidelines as to how the program will be administered.

We also support House Bill 4, an Industry Credentials bill. HB 4 requires

the Governor’s Office of Workforce Transformation to act as a liaison between the business community and the Ohio Department of Education (ODE) or Chancellor of Higher Education (ODHE) with regard to industry-recognized credentials or certificate programs. Although this is already going on between businesses and ODE or ODHE, we believe that codifying this process will be helpful.

We also support Senate Bill 181, another workforce and education bill. This bill requires ODHE to create a template for workforce-education partnership programs between an institution of higher education and an employer. It has the potential to assist employers with filling those workforce shortages in a potentially creative manner. There is also the potential to drive down the burden that student loans put on individuals pursuing higher education – a win-win for all involved.

During the last legislative session, we supported Ohio’s new graduation requirements, OhioMeansJobs Readiness Seal for high school graduates and a financial literacy class as a high school graduation requirement.

Ohio employers depend upon a well-educated, prepared workforce, which is why we support legislation that strengthens the talent pipeline. You can

get involved in your own communities by becoming active on your local school district’s Business Advisory Council.

We supported the establishment of these councils in the last biennial budget, as they foster cooperation among schools, businesses and the communities they serve. Business Advisory Councils are made up of regional business leaders who are familiar with business and industry needs. The members partner with school district leaders to plan and carry out the council’s work. Business leaders interested in serving on their local school district’s business council should contact their local school district or career technical center.

We know the quality of our labor pool is a high priority for Ohio’s job creators, which is why we place such an emphasis on it. If you would like additional information on the education and workforce legislation that we are following, please contact Director of Small Business & Workforce Policy Kevin Boehner at kboehner@ohiochamber.com, or (614) 629-0924.

Andrew E. Doehnel

EDITORIAL POLICY

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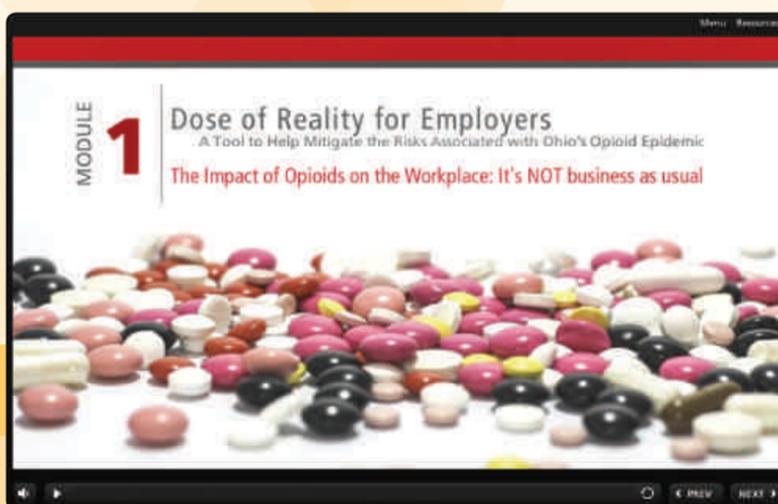
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