

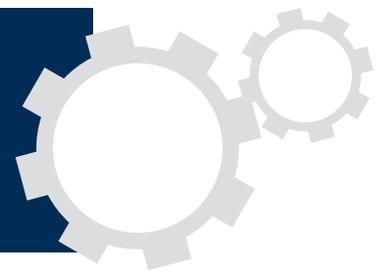


2018-19

OMA Public Policy  
**COMPETITIVENESS**  
*Agenda*

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## Competitiveness Agenda

Manufacturing is responsible for 17% – \$106 billion – of Ohio’s Gross Domestic Product; this is greater than the contribution of any other Ohio industry sector. Manufacturing is the engine that drives Ohio’s economy.

In the competitive domestic and global economies, every public policy decision that affects Ohio’s business climate affects Ohio’s manufacturing competitiveness. In turn, Ohio’s manufacturing competitiveness determines the ability of the state to grow its economy and create jobs.

Ohio manufacturers require public policies that attract investment and protect the state’s manufacturing legacy and advantage. These policies apply to a wide variety of issues that shape the business environment within which manufacturers operate.

### **MAJOR POLICY GOALS INCLUDE THE FOLLOWING:**

- **An Efficient, Competitive Ohio Tax System**
- **A Lean, Productive Workers’ Compensation System**
- **Access to Reliable, Economical Energy Resources**
- **A Fair, Stable, Predictable Civil Justice System**
- **Science-based, Technologically Achievable, and Economically Reasonable Environmental Regulations**
- **A Modern, Job-Supporting Infrastructure**
- **An Adequate, Educated, Highly-Skilled Workforce**

# PolicyGoal:

## An Efficient, Competitive Ohio Tax System

For Ohio to be successful in a global economy, the state's tax system must encourage investment and growth. It must be competitive nationally and internationally. A globally competitive tax system is characterized by (a) certainty, (b) equity, (c) simplicity and (d) transparency. Economy of collections and convenience of payment also are important attributes.

Generally, manufacturers support efforts to broaden the tax base, which enables lower rates. To preserve the integrity of the broad tax base and ensure fairness, credits and exemptions should be reduced and discouraged. Where needed, government incentives are best structured as grants rather than as tax credits. And, in general, earmarking and dedicating tax revenues should be discouraged.

Government should instead create incentives for capital investment in Ohio. Productivity gains, which keep Ohio manufacturers competitive, are driven by capital investment in technology and equipment. Such investment is necessary for Ohio manufacturers to remain competitive and tax policies which encourage investment should be a priority.

Good tax policy also generates necessary revenues to support the essential functions of government. Good budgeting and spending restraint at all levels of government are vital to a competitive tax environment.

Major tax reforms approved by the Ohio General Assembly in 2005 and additional reforms in 2011 through 2015 led to significant improvements to a tax system that was for many years widely regarded as uncompetitive and obsolete. These reforms reduced overall tax rates, eliminated tax on investment, and broadened the tax base, all of which provide more stable and predictable revenues and simplify compliance.

The elimination of the tangible personal property tax, the corporate franchise tax, and the estate tax has strengthened the competitiveness of Ohio's tax system. So has the reduction of the personal income tax rate, as well as the creation of a broad-based, low-rate commercial activity tax.

Going forward, these tax policy gains must be protected. Tax bases should be protected against erosion caused by granting credits and carve-outs to narrow special interests, in order to protect the productivity of the taxes. Where possible and reasonable, tax bases should be expanded and tax rates reduced.

Finally, the state's tax system would also benefit from a reduction in the number and type of taxing jurisdictions. Because of its complex layering of local and state taxes, Ohio's tax system is at a competitive disadvantage compared to other states.

### **ABOUT OHIO'S UNEMPLOYMENT INSURANCE TRUST FUND**

To avoid costly borrowing from federal funds, Ohio's Unemployment Insurance Trust Fund must be made solvent before the next recession. The state must align benefits with contributions to build an adequate unemployment trust fund balance. The best solvency plan is one that also includes a focus on job creation because increased employment not only increases fund contributions but also reduces benefit payouts. For that reason, unemployment compensation tax rates also should be in line with surrounding states and states with which Ohio competes to attract and retain business.

# PolicyGoal:



## A Lean, Productive Workers' Compensation System

An efficient and effective workers' compensation system benefits workers, employers, and the economy of the state and is built on the following principles:

- Safety is the number one priority for Ohio's manufacturers.
- Injured workers receive prompt benefits that are adequate for returning to work quickly and safely.
- Rates are established by sound actuarial principles, so that employers pay workers' compensation rates commensurate with the risk they bring to the system.
- The system is financed with well-functioning insurance mechanisms, including reserving and investment practices that assure fund solvency and stability.
- The benefit delivery system deploys best-in-class disability management practices that drive down costs for employers and improve service and outcomes for injured parties.
- The system consistently roots out fraud, whether by employers, workers or providers.

### **FUNDAMENTAL PRIORITIES FOR FUTURE ACTION:**

The Bureau of Workers' Compensation (BWC) should continue to reform its medical management system to lower cost and improve medical quality through better coordination of care and development of a payment system that creates incentives for best clinical practices. In doing this, the BWC should build on emerging best practices in the private sector health care system.

The Ohio General Assembly should enact statutory reforms of benefit definitions, so that the claims adjudication process is more predictable, less susceptible to fraud and manipulation, and less costly, both for workers and employers.

The Industrial Commission should record hearings, so that the hearing process is more transparent and any appeals have a record on which to build.

### **A WORD ABOUT WORKPLACE GUN POLICY**

Manufacturers remain concerned with weapons violence and the erosion of private property laws at the expense of more relaxed gun rights. Ohio needs to ensure that business is in the driver's seat and can make decisions about whether or not an individual can bring a concealed weapon onto their private property.

# PolicyGoal:



## Access to Reliable, Economical Energy Resources

Energy policy can enhance—or hinder—Ohio’s ability to attract business investment, stimulate economic growth and spur job creation, especially in manufacturing. State and federal energy policies must (a) ensure access to reliable, economical sources of energy, and (b) promote energy efficiency that lowers costs for manufacturers and strengthens grid resiliency.

The OMA’s energy policy advocacy efforts are guided by these principles:

- Energy markets free from market manipulation allow consumers to access the cost and innovation benefits of competition.
- Ohio’s traditional industrial capabilities enable global leadership in energy product innovation and manufacturing.
- Sustainable energy systems support the long-term viability of Ohio manufacturing.
- Effective government regulation recognizes technical and economic realities.

Shaping energy policy in Ohio that aligns with these principles will support manufacturing competitiveness, stimulate economic expansion and job creation, and foster environmental stewardship.

### **ENERGY POLICY PRIORITIES ARE:**

Assure an open and fair electricity generation marketplace, in which competition enables consumer choice, which, in turn, drives innovation.

Reform Public Utilities Commission of Ohio (PUCO) rate-making processes by eliminating electric security plans (ESPs) to protect manufacturers from above-market generation charges.

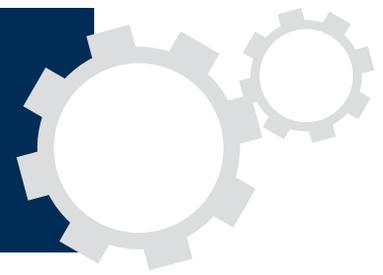
Correct Ohio case law that denies electric customers refunds from electric utilities for charges that are later determined to be improper by the Supreme Court of Ohio.

Design an economically sound policy framework for discounted rates for energy-intensive manufacturers that makes Ohio competitive with other states.

Oppose legislation and regulation that force customers to subsidize uneconomical generation, including nuclear and certain coal power plants.

Support deployment of customer-sited generation technologies, such as cogeneration, energy efficiency and demand-side management, in order to achieve least-cost and sustainable energy resources.

# PolicyGoal:



## A Fair, Stable, Predictable Civil Justice System

For manufacturers to invest and grow in Ohio, and to compete globally, Ohio's civil justice system must be rational, fair and predictable. Manufacturers must be free to innovate and pursue market opportunities without fear of unreasonable exposure to costly lawsuits, while injured parties must have full recourse to appropriate measures of justice.

The OMA supports policy reforms that protect consumers without overly burdening businesses, while also positioning Ohio advantageously relative to other states. The association encourages policymakers to evaluate all proposed civil justice reforms by considering these questions:

- Will the policy fairly and appropriately protect and compensate injured parties without creating a “lottery mentality”?
- Will the policy increase—or decrease—litigation burdens and costs?
- Will the policy promote—or reduce—innovation?
- Will the policy attract—or discourage—investment?
- Will the policy stimulate—or stifle—growth and job creation?

Ohio has made great strides in reforming its civil justice system over the past decade, and longer. The primary aim of the state should be to preserve those tort reform gains, in areas such as punitive damages, successor liability, collateral sources and statute of repose, which are protecting consumers without unduly burdening businesses, while positioning Ohio as an attractive state for business investment.

# PolicyGoal:



## Science-based, Technologically Achievable, and Economically Reasonable Environmental Regulations

### EFFECTIVE ENVIRONMENTAL STANDARDS AND REGULATIONS:

- Provide clarity, predictability and consistency
- Are based on scientific consensus
- Provide for common sense enforcement
- Incorporate careful cost-benefit analysis as part of the policymaking process

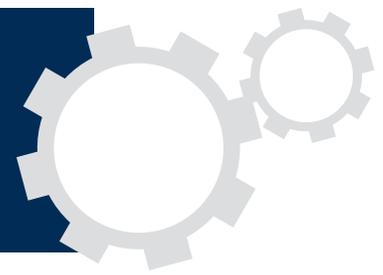
Manufacturers urge policymakers to exercise restraint in establishing state environmental regulations that exceed federal standards, and to avoid doing so altogether without clear and convincing evidence that more stringent regulations are necessary. At the same time, manufacturers understand that fair and reasonable regulations must be balanced with responsible stewardship of our natural resources.

Manufacturing leads the way in innovation in solid waste reduction and recycling. Industry is an enormous consumer of recycled materials, such as metals, glass, paper and plastics; manufacturers thus are strong advocates for improving recycling systems in Ohio and the nation.

The state should expand opportunities for industry to reuse non-harmful waste streams. Beneficial reuse policies can result in less waste and more recycling of industrial byproducts. Likewise, Ohio should continue to expand recycling programs that provide feedstock for the state's industrial processes.

The Ohio Environment Protection Agency, in designing state implementation plans for any new federal regulations, should use a transparent process of stakeholder involvement, supplemented by investment in independent research to determine least cost, scientifically sound and technologically feasible implementation plans.

# PolicyGoal:



## A Modern, Job-Supporting Infrastructure

Modern infrastructure is critical for today's advanced manufacturing economy. To remain competitive and maximize the economic benefits of Ohio's manufacturing strength, the state must invest in updating and expanding Ohio's multi-modal transportation infrastructure, including roads, bridges, rails and ports. Continued investment in these resources is critical to providing Ohio manufacturers with flexible, efficient, cost-effective shipping options.

Ohio's transportation infrastructure fund is declining at a time when traffic is increasing, construction and maintenance costs are escalating and fuel efficiency is climbing. Coupled with a fixed per gallon fuel tax that has not been adjusted since 2002, Ohio may not be able to sufficiently support its transportation infrastructure unless a long-term budget mechanism is created.

The state also must continue to support the development of a pipeline infrastructure that delivers the abundant energy resources from the Utica and Marcellus shale formations to Ohio manufacturers in all parts of the state and markets outside the state. This infrastructure produces a job-creating competitive advantage for Ohio.

### **INFRASTRUCTURE POLICY PRIORITIES INCLUDE THE FOLLOWING:**

Support the creation of an Ohio Division of Freight to focus regulatory attention on the logistics needs of manufacturers.

Support state and federal legislation, rules and regulations that safely provide greater flexibility and efficiency in truck movements.

Provide for funding sustainability of Ohio's transportation budget.

Support technology and workforce solutions that address the shortage of truck drivers.

Ensure Ohio's freshwater ports remain competitive and state-of-the-art in functionality. Advocate for appropriate facility maintenance including dredging to ensure navigability.

Preserve access to, and provide responsible management of, Ohio's sources of water.

Protect cyber infrastructure to safeguard data used by manufacturers and their customers and suppliers.

# PolicyGoal:

## An Educated, Highly Skilled Workforce

A robust economy requires a reliable supply of workers who have the technical knowledge and skills required to meet global standards for quality, and who are able to think critically and work collaboratively. Sustained growth in manufacturing productivity will require not only a new generation of globally competent workers, but also workers willing to embrace lifelong learning to keep pace with technological advancements and global competition.

### **WORKFORCE DEVELOPMENT POLICY PRIORITIES INCLUDE THE FOLLOWING:**

Focus state government and industry efforts on industry-led regional sector partnerships, guided by a statewide OMA-led Workforce Leadership Committee. The committee will identify industry-specific workforce priorities, set standards for collaboration, align funding streams to minimize duplication of workforce programs and services, and evaluate program and service efficacy.

Provide financial support for sector partnerships that have 1) demonstrated industry leadership in their organizational structure and, 2) gained meaningful commitments by way of financial and volunteer contributions to ensure they are truly demand-driven.

Expand the use of cooperative education, internships and apprenticeships. Experiential learning programs enhance talent recruitment and retention because participating students are exposed to company-specific, real-world job expectations and experiences. Students develop job-specific and management skills by working closely with company staff members who serve as their mentors/supervisors; participating companies benefit from reduced recruitment and training costs.

Expand the use of the National Association of Manufacturers' 'Manufacturing Skills Certification System.' This system of nationally portable, industry recognized, "stackable" credentials is applicable to all sectors of the manufacturing industry. The credentials validate foundational skills and competencies needed to be productive and successful in entry-level positions in manufacturing environments. Credentials can be earned from both secondary and postsecondary educational programs.

Incentivize K-12 and two- and four-year higher education institutions to coordinate outcomes-based education and training programs. Multiple on- and off-ramps for entry-to leadership-level careers will be mapped to real industry needs and jobs. Industry-recognized credentials and certificate programs will be standardized across institutions to increase stackable and transferable credentials from classroom to workplace. Investment in demand-driven training programs will offer internal pathways to retain incumbent workers and allow them to acquire new skills as jobs shift.



Support statewide “Making Ohio” manufacturing image campaign, managed by the OMA, to create a consistent, positive perception among audiences of Ohio manufacturing career opportunities and pathways.

Urge state agency administrators to accurately measure and communicate the outcomes of recruitment and training efforts while protecting individual privacy concerns. Having systems in place to produce these data will allow policymakers and industry leaders to better understand outcomes and create more informed policies.

Address the school funding disincentive for school districts to refer students to career and technical centers, a vital source of the skill training needed to fill the manufacturing workforce pipeline.

Ensure schools have career counselors whose sole focus is career planning – not just college planning – and equip them with an understanding of the career opportunities within manufacturing and the various options for acquiring the skills necessary for success; task them with sharing this information in meaningful ways with students, parents, teachers, and others within the districts to better inform student career path choices.

Provide meaningful professional development opportunities for educators to have exposure to industry and be able to incorporate real life exercises into lesson plans and classroom activities.

Ensure career counselors within the network of OhioMeansJobs centers have a modern and accurate understanding of manufacturing career pathway opportunities to be able to share with adult job seekers and career switchers.



**The mission of  
The Ohio Manufacturers'  
Association is to protect and  
grow Ohio manufacturing**

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