

Week in review

September 2, 2011 -- Our top "4" subjects you should know

1. Third Frontier Advisory Board discusses focus group findings

The Ohio Third Frontier Commission and Commission's Advisory Board met Monday and reviewed the final report from the technology/industry focus group, which outlined recommendations for targeting emerging industries in Ohio. According to the group, these areas include:

- Advanced materials
- Business software and enterprise computing
- Energy storage
- Fuel cells
- Health information technology
- Medical technology
- Propulsion power management
- Sensing and automation technologies
- Situational awareness and surveillance systems
- Solar photovoltaics

JobsOhio Interim Chief Investment Officer, Mark Kvamme, encouraged consolidation of some areas before sending the Advisory Board's recommendations to the Commission, which is expected to occur in late September.

The Advisory Board will also consider additional grant opportunities with awards as low as \$5,000 per project. Kvamme said that Third Frontier funding should net a positive return on investment to the state.

The JobsOhio regional economic development organizations collectively received \$24 million in funding during the Third Frontier Commission meeting to fulfill their roles as JobsOhio partners. Grants were awarded to:

- Cincinnati USA Regional Chamber
- Columbus2020!
- Dayton Development Coalition, Inc.
- Ohio Appalachian Business Council
- Regional Growth Partnership
- Team NEO

The Commission also recommended awards for nearly \$30 million in funding through the following programs:

- Biomedical
- Medical Imaging
- Advanced Materials
- Research and Development Center Attraction
- Targeted Industry Attraction

2. Prison, turnpike and economic development privatization updates

The Department of Rehabilitation and Correction this week announced the sale of the Lake Erie Correctional Institution in Conneaut, Ashtabula County, to the Corrections Corporation of America, a Nashville company for \$72.7 million.

Language included in the recently-passed biennial budget authorized the sale of up to five state prisons. State evaluators ultimately agreed it was not in Ohio taxpayers' best interest to sell additional prisons at this time. The administration announced it will also convert a vacant Marion juvenile facility into an adult prison and combine it with the state-run Marion's North Central Correctional Institution. The Management and Training Corporation (MTC) will operate the complex for an estimated savings of \$3 million.

Additionally, the North Coast Correctional Treatment Facility in Lorain County, which MTC now operates, will become another state operation by merging with Grafton Correctional Institution. Overall, the department estimates the changes will save the state \$13 million each year and add 702 prison beds, which will help to ease prison crowding.

The Ohio Department of Transportation (ODOT) said it will need additional time to analyze the results of its request for letters of interest to help the administration devise a plan to lease the Ohio Turnpike, indicating 14 letters of interest were submitted. ODOT had previously planned to announce a shortlist of bidders this week, but will now announce its decision on September 23.

Director Jerry Wray said the department will study the proposals closely before making any decisions, saying the governor made it clear to him that Ohio will only pursue a turnpike lease if it is in the best interest of Ohioans. The budget bill authorized a turnpike lease pending legislative approval. Consultants will evaluate the impact of leasing the road and develop several privatization options to consider. The company would also assist the administration with the bidding process, should the decision to move forward occur.

State Senator Mike Skindell (D-Lakewood), Representative Dennis Murray (D-Sandusky) and ProgressOhio, a liberal organization re-filed a lawsuit challenging the constitutionality of Governor Kasich's newly-formed economic development group, JobsOhio this week. The lawsuit had formerly been dismissed by the Ohio Supreme Court on jurisdictional grounds.

The lawsuit argues that the enacted legislation creating JobsOhio confers corporate powers and allows Ohio to take an equity stake in a private corporation, which the legislators argue, is unconstitutional. The legislators plan to file a motion for a restraining order to halt operations of the economic development entity, which continues to hold regional meetings throughout the state. Legislation is likely to be considered this fall that would provide a framework for which functions should remain within the state agency structure and which functions should transfer to JobsOhio.

3. House study committees meet

The newly-formed Tax Structure, Workforce Development, and Technology in State Government Study Committees have each held their inaugural meetings. Tom Zaino, managing member of McDonald Hopkins' Columbus office and former Ohio Tax Commissioner, was asked to give testimony to the Tax Structure Committee regarding the history of Ohio's Commercial Activity Tax. The committee also heard from the Department of Taxation regarding Ohio's Sales and Use Tax.

The Technology in State Government Study Committee heard testimony from the Department of Administrative Services Director Bob Blair, in which he indicated the administration plans to consolidate information technology services, which could save the state millions of dollars and result in a reduction of IT staff.

Members of the Workforce Development Study Committee heard testimony from chambers of commerce and technical schools regarding Ohio's unemployed and unemployable workforce. The committee discussed companies that have difficulty finding a skilled workforce that is qualified for jobs in manufacturing and other industries.

The study committees will continue to hold meetings throughout the month and will accept public testimony.

4. New House member chosen to lead State Government Committee

Majority Floor Leader Matt Huffman (R- Lima) will replace former Rep. Robert Mecklenborg as Chair of the House State Government & Elections Committee. Mecklenborg resigned his seat earlier this month. Rep. Huffman is serving in his third term and also chairs the State Government Subcommittee on Redistricting, which is holding hearings on the topic of Congressional redistricting.

Additionally, House Republicans announced this week that they are accepting applications for Mecklenborg's replacement in the 30th House District, which includes part of Hamilton County. The candidate chosen to fill the vacancy will likely be sworn in on September 13 or 14.

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