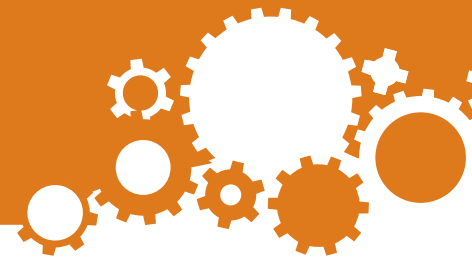


2023-24  
OMA Public Policy **COMPETITIVENESS**  
**AGENDA**



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## Competitiveness Agenda

Manufacturing drives Ohio's economy. It is responsible for approximately \$130 billion<sup>1</sup> of Ohio's Gross Domestic Product – greater than the contribution of any other Ohio private industry sector.

In today's 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 state's economic growth, job creation, and business investment.

Ohio manufacturers need public policies that attract investment and protect the state's manufacturing legacy and advantage. These policies shape the business environment in which manufacturers operate.

### THE OMA'S MAJOR POLICY GOALS INCLUDE::

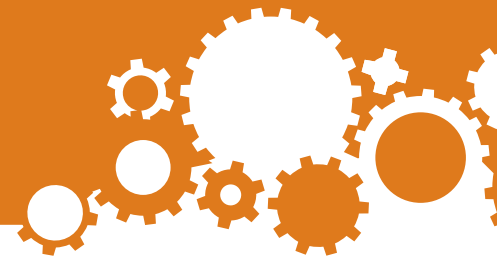
- **An efficient, competitive state tax system;**
- **A lean, productive workers' compensation system;**
- **Access to reliable, economical, competitive energy resources;**
- **A fair, stable, predictable civil justice system;**
- **Science-based, technologically achievable, and economically reasonable environmental regulations;**
- **Modern, job-supporting infrastructure; and**
- **A comprehensive, industry-driven workforce development system.**

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<sup>1</sup> U.S. Bureau of Economic Analysis Q3 2022

# 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 certainty, equity, simplicity, and 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. Moreover, earmarking and dedicating tax revenues should be discouraged as well.

Government should instead continue creating incentives for capital investment in Ohio. Productivity gains, which keep Ohio manufacturers competitive, are driven by capital investments in technology and equipment. Therefore, tax policies that encourage such investment should be a priority.

Ohio's tax structure should be maintained to leverage manufacturing, the state's number one industry and wealth-producing sector. The state should continue to improve its manufacturing climate by removing the sales tax from manufacturing janitorial supplies and services.

Good tax policy also generates necessary revenue to support the essential functions of government. Good budgeting and spending restraint at all levels of government are vital to a competitive tax environment, especially in challenging times.

Major tax reforms approved by the Ohio General Assembly in 2005 – and additional reforms in 2011 through 2015 – significantly improved 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 (CAT).

Going forward, these tax policy improvements must be protected. The tax bases should be protected against erosion caused by new credits and carve-outs that serve only narrow special interests. Where possible and reasonable, tax bases should be expanded and tax rates reduced. Ohio has seen an increase in proposed CAT exemptions and carveouts. While most of these have not come to fruition, leaders must ignore the siren song and maintain the broad base.

Finally, reducing the number and type of taxing jurisdictions would be beneficial. Because of its complex layering of local and state taxes, Ohio's tax system is at a competitive disadvantage.

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

State leaders must work toward aligning state unemployment benefits with employer contributions to build a sustainable Ohio Unemployment Insurance Trust Fund balance. The best solvency plan is one that includes a focus on job creation.

To encourage job growth, unemployment compensation tax rates should be in line with surrounding states, as well as states with which Ohio competes to attract and retain new business.

# PolicyGoal:

## A Lean, Productive Workers' Compensation System

An efficient and effective workers' compensation system benefits workers, employers, and the state's economy. It 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 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 ensure fund solvency and stability.
- The system deploys best-in-class disability management practices that drive down costs for employers and improves service and outcomes for injured parties.
- The system consistently roots out fraud, whether by employers, workers, or providers.

### FUNDAMENTAL PRIORITIES FOR FUTURE ACTION INCLUDE:

- The Bureau of Workers' Compensation (BWC) should continue to reform its medical management system to lower costs 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 best practices in the private health care system.
- The Ohio General Assembly should enact statutory reforms of benefit definitions so the claims adjudication process is more predictable, less susceptible to fraud and manipulation, and less costly for employers and employees.
- The Industrial Commission should record hearings so the hearing process is more transparent and any appeals have a record on which to build.
- The Industrial Commission should create a mechanism whereby employers can file complaints related to the hearings process without the risk of adverse consequences.

### 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 businesses are in the driver's seat and can make decisions about whether an individual can bring a weapon, concealed or otherwise, onto their private property.

# PolicyGoal:

## Access to Reliable, Economical, Competitive Energy Resources

Energy policy can either 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 1.) ensure access to reliable, economical, competitive sources of energy; and 2.) promote policies, regulations, and tariff designs that encourage and allow manufacturers to lower costs through energy management, including efficiency, load management, and behind-the-meter generation.

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:

- Protect customers and markets by repealing House Bill 6 subsidies for coal power plants (OVEC).
- Ensure an open and fair electricity generation marketplace in which competition enables consumer choice, which 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.
- Oppose legislation and regulation that force customers to subsidize uneconomical generation, including certain coal-fired power plants.
- Encourage electric tariff and rate designs that encourage and allow for manufacturers to lower costs through energy management, including efficiency, load management, and behind-the-meter generation.
- Encourage fair and reasonable power siting regulations that allow new Ohio generation facilities.
- Support deployment of customer-sited generation technologies, such as co-generation, energy efficiency, and demand-side management, to achieve least-cost and sustainable energy resources.
- Restrict unfettered supplemental transmission investments with new riders.

# PolicyGoal:

## A Fair, Stable, Predictable Civil Justice System

For manufacturers to invest and grow in Ohio – and 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 two decades. The primary aim of the state should be to preserve those tort reform improvements in areas such as punitive damages, successor liability, collateral sources, statute of repose, and public nuisance. This will protect consumers without unduly burdening businesses, while also positioning Ohio as an attractive state for business investment.

# PolicyGoal:

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

### EFFECTIVE ENVIRONMENTAL STANDARDS AND REGULATIONS SHOULD DO THE FOLLOWING:

- Provide clarity, predictability, and consistency;
- Follow scientific consensus;
- Allow for common-sense enforcement; and
- 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 solid waste reduction and recycling. Industry is an enormous consumer of recycled materials, such as metals, glass, paper, and plastics; therefore, manufacturers are strong advocates for improving recycling systems in Ohio and nationwide.

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.

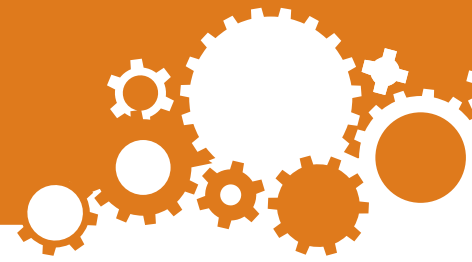
With respect to Ohio's waterways, the state should continue to engage with the manufacturing community for solutions to nutrient loading issues and develop non-point source solutions as stringent as manufacturing-point source solutions.

In designing state implementation plans for new federal regulations, the Ohio Environmental Protection Agency should use a transparent process of stakeholder involvement, supplemented by investment in independent research to determine the least costly, most scientifically sound, and technologically feasible implementation plans.

Manufacturers are committed to ensuring that products are developed, manufactured, and distributed safely. Federal and state government should work collaboratively with manufacturers to ensure a measured and scientific approach to the regulation of PFAS chemicals, which are used by a broad range of industries to manufacture products. Innovation, safe product development, and affordable consumer choice should be encouraged, while unnecessary barriers are avoided.

# 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 update and expand 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.

The state also must continue to support the development of natural gas 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 other markets. 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, as well as rules and regulations, that safely provide greater flexibility and efficiency in truck movements.
- 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:

## A Comprehensive, Industry-Driven Workforce Development System

A robust economy requires a diverse population of workers with technical skills who can think critically and work collaboratively. Sustained growth in manufacturing productivity will require not only a new generation of tech-savvy, flexible workers, but also a nimble and aligned workforce development system positioned to respond to businesses' rapidly evolving needs.

### WORKFORCE DEVELOPMENT POLICY PRIORITIES INCLUDE:

- Focusing state government and industry efforts on industry sector partnerships, guided by the OMA's Workforce Leadership Committee. The committee's mission is to identify industry-specific workforce priorities, set standards for collaboration, and align funding streams to minimize duplication of workforce programs and services.
- Expanding the use of earn-and-learn programs including but not limited to pre-apprenticeships, cooperative education, internships, and both flexible and registered apprenticeships. Earn-and-learn programs enhance talent recruitment and retention by offering workers meaningful, competitively paid opportunities to develop skills and advance along a career pathway.
- Accelerating the development of a statewide innovation / Industry 4.0 education and workforce development environment. State-level investments in equipment, curriculum, and classroom instruction must support the investments made by Ohio businesses as they incorporate innovation in manufacturing processes.
- Expanding the use and offsetting the cost of nationally portable, industry-recognized, "stackable" credentials in all sectors of manufacturing. Credentials validate foundational and technical competencies and help manufacturers keep up with constantly evolving technology innovations. Providing workers with industry credentials also creates a path to earning college credit and completing degrees at Ohio institutions of higher education.
- Growing a diverse and inclusive workforce through structures and processes that support hiring and retaining women, people of color, veterans and transitioning military, restored citizens, and other underserved or hidden worker populations. The workforce needs to reflect the communities in which we do business, and our collective recruitment efforts need to address barriers such as childcare, transportation, food insecurity, and the cost of higher education.

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

For more information about the services and activities of the OMA, contact us at (800) 662-4463 or OMA@OHIOMFG.COM or visit OHIOMFG.COM.



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