





## **BUILD A HIGH-IMPACT, SUSTAINABLE ECONOMIC DEVELOPMENT SYSTEM**



*Building on the system that the GCP has helped create will grow our capability to retain and create jobs and wealth for all residents at scale. The system is composed of five external partner organizations — BioEnterprise, JumpStart, MAGNET, NorTech and Team NEO — along with the Cleveland Plus Marketing Alliance and the GCP's Business Development team.*

*Photo: Donn Nottage*

## Technology, Innovation and Entrepreneurship

Innovation in new technologies has accounted for half of our country's growth in GDP over the last 50 years. Science and technology will play key roles in reversing the current economic downturn and staying ahead of many other countries that continue to gather economic strength. With its rich history in education, research and innovation, Ohio, the state that brought the world "light and flight," will once again become a center of technology and innovation.

Ohio's Third Frontier initiative, which was created to invest in technology, research and innovation, has been successful, in large part, because it is grounded in a merit-based review process, without geographic constraints. Renewing and extending this initiative will enable Ohio to keep pace with competing states and regions to develop and commercialize new ideas and products.

**GOAL: Support renewal and expansion of the Ohio Third Frontier Program in a form that requires awards to be merit-based and without geographic allocations or constraints**



The state's Innovation Ohio Loan Fund (IOLF) provides affordable loans that can be secured by collateral to high-growth, technology-enabled Ohio businesses. Like other capital programs, including the Third Frontier, demand has grown as new technology companies move to Ohio. To date, \$55 million in loans has been authorized to 56 companies; \$10 million in interest has been collected and these companies now employ more than 2,100 individuals. We must ensure that this success continues.

**GOAL: Increase capital available for lending to qualified companies by \$30 million, an increase from the current \$55 million to \$85 million**

Providing a 25 percent state tax credit for making direct investments in qualified technology companies, the Ohio Technology Investment Tax Credit was launched in 1996 and accelerated dramatically after the Third Frontier was enacted. To date, 419 companies have been approved for investment and \$105 million has been invested in Ohio companies that now employ more than 1,800 individuals. Many new angel investment funds have been started in Ohio as a result of this credit and support provided by the Third Frontier. In order to secure our future in this field, the GCP supports increasing the capital available through the tax credit.

**GOAL: Increase budget authorization limits from \$30 million to \$45 million for the Ohio Technology Investment Tax Credit program**

The Ohio Capital Fund (Ohio Venture Capital Authority) was created in 2003 to stimulate the creation and attraction of new venture capital funds that support the development of technology-based businesses. While \$250 million was authorized, only \$150 million was made available through a complex bond structure. This situation has restricted the state's ability to realize the full potential of this fund.

**GOAL: Support changes in the administration of the Ohio Capital Fund that will allow it to grow to the originally contemplated scale of \$250 million**

## Gaming

While voters have rejected attempts to bring gaming to Ohio four times since 1990, the nearby states of Pennsylvania, Indiana, Michigan and West Virginia continue to rely on gaming as a component of their economic development strategies. In light of the state's rapidly growing budget challenges and the potential for more than \$1 billion in revenue, the GCP believes that the governor and state legislators should work together to enact a proposal that puts forth a responsible approach to gaming in Ohio. This should be done without the influence of individuals who may benefit from the outcome.

## State Fiscal Responsibility

Consistent with previous Public Policy Agendas, the GCP will continue to monitor the implementation of critical tax policy changes outlined in HB66 (2004, 126<sup>th</sup> Ohio General Assembly). The GCP will continue to work with the Administration, the legislature and the business community to ensure that the commercial activity tax is stimulating Ohio's economy and that the five-year phase-in of the 21 percent personal income tax reduction is fully implemented.

We realize that the Administration will face difficult decisions during biennial budget deliberations. While we appreciate the complexity of the choices that must be made, we will strongly emphasize that important tax reform policies must not become compromised in reaction to Ohio's fiscal crisis.

**GOAL: Support passage of a state budget that meets basic needs but does not compromise the advances achieved through passage of HB66**

## Balancing Business and Labor Issues

With the election of a new president and Democrat majorities in the U.S. House and Senate, union influence, once a dwindling force, has new life and newly elected supporters. In all probability, the 111<sup>th</sup> Congress will once again consider legislation that will make it easier for unions to organize in the workplace. In 2007, the ill-advised public policy of eliminating a "secret ballot" was incorporated into The Employee Free Choice Act. If passed, the bill would have allowed workers to unionize by simply presenting a check-off petition alleging that a majority of the workforce wishes to enter into collective bargaining. Passing this bill would have ended the practice of using federally supervised secret ballots as a method of voting to unionize workers.

Passage would have also required binding arbitration, which would force a government-dictated, two-year contract on a business if an agreement is not reached within 120 days of union certification. This would have resulted in a second elimination of a secret ballot for employees who would lose the opportunity to vote on the agreement. The bill would have also imposed onerous new penalties on employers for violations of the National Labor Relations Act, without corresponding penalties for unions or labor organizers.

**GOAL: Oppose efforts to enact any and all of the provisions of the Employee Free Choice Act**

## Federal Healthy Families Act

In 2008, the GCP and its partners throughout the Ohio business community successfully opposed the efforts of organized labor to amend Ohio's Constitution to mandate that employers in Ohio provide seven days of paid sick leave to their full- and part-time employees. In addition to the competitive disadvantage these mandates would have imposed on Ohio businesses, the burdensome proposal was wrought with administrative provisions that would have increased costs on business operations for employers with more than 25 employees.

Labor advocates have pledged to respond to this setback by pursuing similar legislation at the federal level. With the change in the political landscape at the White House and in the Congress, emboldened labor groups may see the 111<sup>th</sup> Congress as a friendlier environment in which to advocate for this anti-competitive policy.

The GCP will work closely with other business advocacy groups to educate members of Congress on the disadvantages of this and other anti-business proposals.

**GOAL: Work with other business groups to defeat a federal "Healthy Families Act"**

## Legal Reform

With a new Congress and the White House more empathetic to their cause, plaintiffs' attorneys are likely to make a strong push in the 111<sup>th</sup> Congress to expand client rights. As such, we are likely to see both legislation and administrative action on a number of fronts:

- **Federal Preemption.** There will be a strong movement to reverse the Bush Administration's expansion of federal preemption of state law
- **Binding Arbitration.** The plaintiffs' bar is seeking to prohibit mandatory binding arbitration agreements in consumer contracts
- **Medical Malpractice.** This issue may surface in various ways and could be debated as part of an overhaul to our nation's health care system

The GCP will work with our Congressional leaders and the Administration to ensure that they understand the impact potential changes to our legal system will have on our economy. The GCP will advocate to limit potentially negative results.

**GOAL: Oppose enactment of harmful legal reforms related to federal preemption of state law, binding arbitration in consumer contracts, medical malpractice and other harmful reforms**

With the passage of Senate Bill 117 at the end of 2006, and its subsequent affirmation by the Ohio Supreme Court in 2007, Ohio realized important civil justice reforms designed to decrease frivolous lawsuits and increase the level of fairness and predictability for businesses looking to expand existing operations or locate new facilities in Ohio. The GCP will work with the state administration and the leaders of the General Assembly to emphasize the impact that potential changes to our civil justice system may have on the economy.

**GOAL: Help ensure that the state administration and the leaders of the General Assembly understand the impact of potential changes to our civil justice system may have on the economy**



## Environment and Climate Change

Northeast Ohio faces serious environmental challenges that have an impact on the economic vitality of our region and the quality of life experienced by our residents. Among these are water resources, air quality and climate change. The GCP will continue to advocate for cost effective and reasonable solutions to these complex issues that will lead to a high impact sustainable economic development system.



*More needs to be done to protect the delicate balance of the Great Lakes' ecosystem.*

## Water Resources

**The Great Lakes represent an enormous competitive and quality-of-life asset. They have helped connect people and enterprises, and have served as both pathway and playscape, resulting in the most economically integrated trading region in the world. Much progress has been made in restoring the Great Lakes over the past 30 years; it is one of the major environmental success stories of our time. Much more remains to be done. If appropriate investments are made, the lakes have the regenerative potential to help drive the revitalization of our region.**

The GCP supports the implementation of the Great Lakes Restoration Strategy and will advocate for adequate funding to address the needs of the Great Lakes, including:

- Aquatic invasive species
- Habitats and conservation
- Coastal health
- Areas of concern that suffer from severe environmental degradation
- Non-point sources
- Toxic pollutants
- Sustainable development
- Indicators and information

**GOAL: Support implementation of legislative proposals contained in the Great Lakes Restoration Strategy**

The GCP recognizes the Great Lakes as an important economic development and natural resource. Unfortunately, this resource is threatened by invasive, nonindigenous aquatic life. Nonindigenous species, brought to the Great Lakes by ocean-going vessels, interfere with the delicate balance of the ecosystem. The federal government should establish programs to protect the Great Lakes from discharges of untreated ballast water from ocean-going vessels.

**GOAL: Work to ensure passage of federal legislation that protects the Great Lakes from discharges of untreated ballast water**

In addition to restoring the Great Lakes, the federal government should support efforts to rebuild the region's water and sewer infrastructure, based on a thorough assessment of regional and state needs and a "fix-it-first" funding strategy that prioritizes existing systems in established communities and enhances the abilities of such systems to address non-point source pollution.

The GCP will closely monitor all air and water quality regulations proposed by the federal government and state governments, and advocate for limiting or eliminating their negative impact on business attraction and economic development.

At the state level, the GCP will work with the Administration on proposed water quality rules that will have an impact on nearly every industry sector in Ohio including manufacturers/industrial water users; electric utilities; sewage treatment plants; agriculture/farming; airports; railroads; real estate developers; coal; aggregate and industrial minerals; road projects; contractors; cities/municipalities; and builders. These administrative rule packages may reflect the most extensive revisions to Ohio's surface water quality rules in 30 years. The GCP will support efforts to ensure that regulations do not negatively impact the state's ability to attract new business and create jobs.

**GOAL: Support efforts to ensure that air and water quality regulations do not negatively impact the state's ability to attract business and create jobs**

In addition to water-related regulatory issues, the GCP will identify and request assistance for other modes of transportation that use an intermodal approach for efficiently moving commodities, especially within the Great Lakes region. Because short sea shipping saves on energy, cuts costs, and drastically reduces emissions, it is an efficient alternative to overland shipping via truck or rail. The federal government, working with appropriate Canadian provinces, should encourage the efficient distribution of goods in the Great Lakes region. To facilitate short sea shipping, the GCP will:

- Advocate for federal and state funding to expand the capacity and capabilities of Great Lakes ports
- Advocate for revisions to the Harbor Maintenance Tax to encourage short sea shipping, and advocate for funding for navigation improvements
- Promote the prompt passage of the Great Lakes Short Sea Shipping Enhancement Act of 2007 or legislation that amends the Internal Revenue Code to exempt from the harbor maintenance tax certain commercial cargo loaded or unloaded at U.S. ports in the Great Lakes-Saint Lawrence Seaway System

**GOAL: Support implementation of legislation that enhances short sea shipping in the Great Lakes**

In addition to supporting efforts to restore the Great Lakes and ensure a healthy ecosystem, legislation and regulation that impact the Great Lakes will remain one of the GCP's highest priorities. Working with the Coalition for Sustainable Water Management, the GCP supported the passage of the Great Lakes-St. Lawrence River Basin Water Resources Compact. Now that Congress has ratified the legislation and the President has signed it into law, Ohio must move forward to pass further legislation that implements the specific requirements of the Compact. The GCP will advocate for implementing legislation on behalf of our members whose businesses, while diverse, depend on water for the survival of their operations and the jobs they provide.

The GCP will advocate for implementation of a decision-making standard that reflects Ohio's legislation, the Congressional Record and the Coalition's interpretation.

Another significant issue relates to grandfathering existing water withdrawal levels. The Compact requires states to register all existing withdrawals of more than 100,000 gallons per day. An initial measurement of daily water usage will become a baseline by which future withdrawal increases will be regulated. Ohio's ratifying legislation requires approval from the state for new or increased water usage. The approval process, like the ratifying legislation, should be based upon a processing systems capacity rather than current withdrawal rates. Maintaining this provision is essential to protect the value of existing investments in water infrastructure such as plants, pipe installation, etc.

**GOAL: Work with the Great Lakes Compact Implementation Advisory Committee to ensure that new or increased water usage permits are based upon processing capacity rather than current withdrawal rates**

Further, as the Ohio General Assembly works to implement the Compact, the GCP will advocate for:

- **Threshold Limits.** The Compact requires states to establish an approval process for new or increased withdrawals within the basin. While the Compact establishes a default threshold of 100,000 gallons per day (gpd), it allows the states to identify a more reasonable threshold limit. Other states, Michigan, Pennsylvania and Indiana for example, have set threshold amounts of at least one million gpd. In order to remain competitive, it is imperative that Ohio establish a threshold amount equal to, if not greater than, surrounding states.
- **Terms and Conditions.** The Compact provides a standard of review and decision to ensure that states consider a variety of factors before issuing an approval of a new or increased withdrawal above the set threshold. However, it does not require states to go beyond those provisions. Ohio should be careful about placing additional terms and conditions on the approval. Adding unnecessary stipulations could considerably slow down the approval process and create burdensome requirements. Approvals should be kept simple and written in plain, understandable terms.
- **Assessing Significant Adverse Impact.** The Compact allows states to issue an approval for a withdraw if *the withdrawal or consumptive use will be implemented so as to ensure that the proposal will result in no significant individual or cumulative adverse impacts to the quantity or quality of the waters and water dependent natural resources and the applicable source watershed.*

**GOAL: Support implementation of standards within the Great Lakes Compact that recognize the basin as a whole**

Lastly, the GCP will work to ensure a timely withdrawal approval process, equitable fees and appropriate return flow regulations that focus on water quantity.



## Air Quality

**Without effective policies that reduce regional pollution, Great Lakes metropolitan areas, such as Cleveland, will not be able to meet federal air quality standards by the deadlines specified by the United States Environmental Protection Agency (EPA) in a cost effective or timely manner.**

Federal air quality standards for ozone and fine particulate matters established by the EPA continue to threaten Northeast Ohio's ability to attract and retain businesses. The EPA's regulatory requirements limit Northeast Ohio's ability to locate new or expand existing businesses that generate air pollution. These restrictions place the region at a competitive disadvantage to other areas in Ohio and the nation that already meet these air quality standards.

Coal-fired power plants produce emissions that contribute to the area's inability to meet air quality standards. The EPA enacted the Clear Air Interstate Rule (CAIR) to reduce emissions from power plants through a "cap and trade" program. CAIR effectively balanced the need for reductions with the need to avoid dramatic increases in electricity rates that could damage our economy. In December 2008, a federal court instructed the EPA to overhaul the CAIR program, which could lead to more stringent reductions and higher rates.



In addition to coal-fired power plants, transportation vehicles are also responsible for Northeast Ohio's air quality—not just local vehicles, but vehicles throughout Ohio and the Midwest region. The GCP has participated in programs that accelerate reductions from motor vehicles as a means of reducing pressure on local businesses to come up with greater emission reductions. The GCP has been actively seeking reductions from diesel engines through voluntary programs. Although federal regulatory requirements have been developed that will put in place more stringent emission limits for diesel vehicles, these standards will take years to fully implement because of slow fleet turnover. The GCP has actively participated in the Ohio Diesel Coalition and

**GOAL: Support establishment of a reasonable and cost-effective program that will balance air quality needs with the economic impact that results from rising electricity rates**

the Midwest Clean Diesel Leadership Initiative to secure federal and state funding to pay for retrofits, repowers and replacement of diesel engines. With nearly \$20 million in funds, Ohio's Diesel Emission Reduction Grant (DERG) program is the largest in the Midwest. The DERG program was only funded through state fiscal year 2008-2009. The GCP will advocate for the continuation of the program to accelerate emission reductions from diesel engines in Ohio and reduce the regulatory burden on our manufacturing sector.

**GOAL: Support continuation of the Diesel Emission Reduction Grant (DERG) program**



*Projected emission trends indicate that the demand for fossil fuel such as gasoline and coal, is expected to increase greatly with predicted growth of the U.S. and global economies. The GCP will have a balanced approach to control greenhouse gas emissions, which severely impact our economy.*

## Climate Change

Combating climate change will require innovative solutions to address one of the greatest challenges ever faced by our nation and our region. A global response and national action is needed to slow, stop, and reverse greenhouse gas (GHG) emissions in a way that promotes sustainable economic growth and does not severely impact our economy.

The Administration has stated that passage of climate change legislation is a top priority; Congress may give serious consideration to a bill beginning in 2009. As federal legislation is developed, the GCP will advocate for a balanced approach to control GHG emissions without severely impacting our economy. Serious consideration should be given to federal legislation that would create a cap and trade program that could cost-effectively reduce the nation's GHG emissions.

Even without Congressional action, regulation of GHGs may become a reality under the Clean Air Act, either through rulemaking efforts by the EPA or as a result of litigation. Regulation of GHG under the existing framework of the Clean Air Act would lead to devastating impacts on our economy and reduce our national competitiveness. The GCP will advocate for rulemaking or amendments to the Clean Air Act that would avoid such consequences.

**GOAL: Support a balanced approach to slow, stop and reverse greenhouse gas emissions in a way that promotes sustainable economic growth and does not severely impact our economy**



## Energy

Ohio has a large stake in the future of advanced and alternative energy development because of its existing power generation base (sixth largest electric generating state in the United States), its large coal industry and its support of advanced and alternative energy in fuel cells, solar, biofuels and wind generation. We also have a significant knowledge base in the platform technologies required to solve some existing barriers to commercializing both generation and carbon dioxide capture technologies. Ohio has taken an early initiative in advances in novel generation technologies and energy management technologies such as fuel cells, wind and solar energy, and advanced photovoltaics. Alternative fuel technologies are also thriving in Ohio based, in part, on the state's strength in agriculture and polymer sciences.

We recognize, however, that these technologies alone cannot supply the demand for electricity that is projected in the short- and medium-term. Ohio has numerous coal-fired power plants throughout the state that must also be considered in the creation of our energy future. In order to convert to clean coal technology in a timely manner, the industry needs regulatory certainty and incentives to facilitate and accelerate the deployment of carbon capture and storage (CCS).

Another area of focus that can be implemented in the near term is energy efficiency. One of the most immediate steps that can be taken by the federal government is to consider policies that will tighten building codes and standards, as well as appliance efficiency standards. Consideration should also be given to providing incentives or funding to retrofit public buildings to ensure maximum efficiency.

The GCP and its technology partner, NorTech, will work with state and federal lawmakers to find solutions to our energy crisis that recognize the importance of all these technologies and strike the right balance between technologies that are currently available with those of the future.



*Alternative and advanced energy technologies, such as fuel-cell energy that powers this Crown lift truck, will play a key role in finding solutions to the state's energy crisis.*

*Photo courtesy of Crown Equipment Corp., New Bremen, Ohio*



## Mixed Sources

Product group from well-managed  
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Printing sponsor: Consolidated Graphics Group, Inc.

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