



Ohio Legislative Service Commission

Bill Analysis

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(As Introduced)

Sens. Kearney, Brown, Gentile, Sawyer, Schiavoni, Skindell, Smith, Tavares, Turner

BILL SUMMARY

Small and minority businesses

- Establishes the Small Business Microloan Revolving Loan Program to assist businesses that have fewer than 500 employees and conduct operations in Ohio in meeting capitalization requirements, expanding business operations, and creating and retaining jobs.
- Under the Small Business Bonding Program (SBBP) created by the bill, authorizes the Director of Development Services to execute bonds as surety for small businesses as principals on contracts with the state, a political subdivision, or an instrumentality of either, or any person, as the obligee.
- Establishes the Small Business Development Financing Advisory Board to assist the Director in carrying out the SBBP.
- Authorizes, under certain circumstances, a small business to bid or enter into a contract with the state, a political subdivision, or any instrumentality of either, without being required to provide a bond.
- Sets \$2 million as the maximum amount of any bond that can be issued by the Director under the Minority Business Bonding Program.
- Requires that the Minority Development Financing Advisory Board meet on the second Tuesday of every month.

Workforce development

- Modifies the membership of workforce policy boards.

- Requires the Office of Workforce Development under the Department of Job and Family Services to assist local workforce policy boards in identifying local skill shortages and working with educational agencies to develop programs to meet workforce demands.
- Authorizes the Director of Job and Family Services to make grants to nonprofit organizations for the purpose of carrying out urban jobs programs that offer comprehensive services to eligible youth in urban communities to provide them with a pathway to employment or education leading to employment.
- Requires the Director to award competitive grants to nonprofit or for-profit organizations to fund programs that provide summer employment opportunities for individuals between ages 16 and 21 who reside in an area of high poverty.
- Establishes the Pathways Back to Work Program under which grants are awarded to provide subsidized employment to unemployed, low-income adults, summer and year-round employment opportunities to low-income youth, and work-based training and other educational activities to unemployed, low-income adults and low-income youth.

Eligibility for unemployment compensation benefits

- Allows an individual seeking only part-time work (at least 12 hours per week) to receive unemployment compensation benefits.
- Makes a claimant eligible for unemployment compensation benefits if the Director of Job and Family Services (JFS Director) determines that the claimant was separated from employment because of circumstances directly resulting from domestic abuse or because of specified compelling family circumstances.

Training extension benefits

- Permits a claimant who has exhausted all available unemployment compensation benefits to receive training extension benefits for 26 weeks if the claimant satisfies certain criteria.
- Requires the training program in which the claimant must participate to be eligible for training extension benefits to be approved by the JFS Director and be authorized under the federal Workforce Investment Act.
- Requires the approved training program to prepare the claimant for entry into a high-demand occupation as defined in the bill under specified circumstances.

Short-Time Compensation Program

- Creates the Short-Time Compensation Program.
- Allows an employer who wishes to participate in the Program to submit a short-time compensation plan to the JFS Director for approval.
- Lists requirements that an employer must satisfy to have an approved short-time compensation plan.
- Requires, if an employee covered under a short-time compensation plan who is subject to a collective bargaining agreement, the employer to have the employee's collective bargaining agent approve the plan in writing.
- Specifies that a short-time compensation plan takes effect on the latter of the date the Director approves the plan and the effective date requested in the plan, and expires on the termination date specified in the plan.
- Allows the Director to review the operation of each approved plan and to terminate a plan for good cause at any time, including at the request of an employee covered by the plan.
- Allows a participating employer to modify an approved short-time compensation program as long as any modification conforms to the basic provisions of the plan as approved or to terminate an approved plan.
- Specifies that an employer may not include in the employer's short-time compensation plan any employee employed by the employer on a seasonal, temporary, or intermittent basis.
- Lists eligibility requirements that a participating employee must satisfy in order to receive short-time compensation benefits.
- Requires the Director to pay an eligible employee a weekly benefit equal to the employee's regular weekly benefit amount for a period of total unemployment multiplied by the nearest full percentage by which the employee's wages were reduced under the short-time compensation plan.
- Limits the amount of short-time compensation benefits an employee may receive to 52 weeks and includes other limitations on benefits.
- Allows the Director to require a participating employer to monitor and evaluate the operation of the employer's short-time compensation plan and to report the employer's findings to the Director.



- Requires that short-time compensation benefits paid under the bill be charged to an employer's account, in accordance with current law that specifies how unemployment compensation benefits are to be charged.

Learn to Earn Program

- Prohibits a designated worksite training provider in a learn to earn program from impairing a collective bargaining agreement, using participants to displace, continue to lay off, terminate, or infringe on promotional opportunities of a current employee, or to perform duties as a result of a strike or lockout.

Real property tax exemption for improvements to distressed property

- Exempts from real property taxes, the increased value of distressed residential or commercial property that is remodeled within one year of the owner acquiring title to the property.

Personal income tax; CAT

- Authorizes an income tax deduction or a commercial activity tax (CAT) exclusion for net profits or receipts arising from providing broadband service to rural areas.
- Authorizes a five-year income tax deduction and CAT exclusion for rental income received by a landlord from renting property to moderate-income persons if the property is located in a blighted area or was previously vacant, abandoned, or foreclosed.
- Authorizes nonrefundable income tax and CAT credits for employers that hire and employ certain formerly unemployed persons (\$1,500), veterans (\$2,000), or disabled veterans (\$2,500).

Elimination of various tax credits, deductions, and exemptions

- Eliminates the existing CAT credit for corporations to compensate for the loss of more than \$50 million in unused net operating loss deductions and other deferred tax assets arising from the conversion from the corporation franchise tax to the CAT.
- Eliminates the existing income tax deduction for contributing to the Ohio Tuition Trust Authority's College Savings Program or purchasing tuition units.
- Eliminates the existing income tax credits for contributions to campaigns for state elected office and for grape production equipment purchases.



- Eliminates sales and use tax exemptions for agricultural land tile, portable grain bins, copyrighted motion pictures for exhibition purposes, controlled circulation magazine subscriptions, food service equipment, food vending machines, advertising material, fractional aircraft ownership program purchases, purchases for aircraft repair and maintenance, flight simulators, professional racing motor vehicle team purchases, and electronic publishing equipment.
- Eliminates the \$800 cap on sales or use tax due on purchase of an aircraft under a fractional aircraft ownership program.

Appropriations

- Makes appropriations.

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CONTENT AND OPERATION

Small and minority businesses

Small Business Microloan Revolving Loan Program

Under the bill, the Director of Development Services must adopt rules in accordance with R.C. Chapter 119. to establish a Small Business Microloan Revolving Loan Program. A "small business" is one that has fewer than 500 employees and conducts operations in Ohio. The bill states that the purpose of the Program is to assist small businesses in meeting capitalization requirements, expanding business operations, and creating and retaining jobs.

A microloan cannot exceed \$50,000, and the interest charged on a microloan is to be a fixed rate at or below the market rate in the community in which the microloan applicant is doing business. For purposes of funding the microloans, the bill creates the Small Business Microloan Revolving Loan Fund in the state treasury. Money in the fund is to be used to make microloans to qualified small businesses and to pay the reasonable costs of administering the Program. The Fund consists of money appropriated to it,



money received in repayment of the microloans, and investment earnings on money in the Fund.

The microloans are to be disbursed through the several Ohio small business development centers. As a condition of receiving a microloan, the individual or individuals having control of a small business must have participated in and successfully completed an approved business training program provided by or through a small business development center or the Development Services Agency.

For purposes of administering the Program, the Director must adopt rules that include the following:

- Qualifications to be met by small businesses that seek to receive microloans;
- Application procedures;
- Criteria for reviewing applications and for selecting small businesses that are entitled to received a microloan;
- Standards for determining the amount of a microloan;
- Specifications identifying the purposes to which microloans may be applied, which purposes cannot include the repayment of outstanding debt, and methods through which the use of a microloan can be accounted for;
- Standards for setting the interest to be paid on microloans and for fixing their repayment terms;
- Procedures to be implemented upon default of a microloan;
- Qualifications to be met by, and procedures for approving, the business training programs required to be attended by applicants;
- Any other qualifications, procedures, criteria, specifications, methods, or standards necessary and proper for efficient and successful establishment and administration of the Program.¹

Small Business Bonding Program

Under the Small Business Bonding Program (SBBP) created by the bill, the Director of Development Services may execute bonds as surety for small businesses as principals on contracts with the state or an instrumentality of the state, a political

¹ R.C. 122.084; Section 4.

subdivision or an instrumentality of a political subdivision, or any person as the obligee.² "Small business" is defined as a business operating in Ohio that has no more than \$5 million in annual payroll expenditures.³

The stated purpose of the SBBP is to promote the welfare of Ohio residents by encouraging the establishment and expansion of small businesses; to stabilize the economy; to provide employment; to assist in the development within Ohio of industrial, commercial, distribution, and research activities required for residents of the state, and for their gainful employment; and otherwise to create or preserve jobs and employment opportunities and to improve the economic welfare of Ohio residents.⁴

Small Business Development Financing Advisory Board

The bill establishes the Small Business Development Financing Advisory Board to assist the Director of Development Services in carrying out the SBBP.⁵ The Board is to consist of the following ten members:⁶

--Seven members with knowledge of and experience in industrial, business, and commercial financing, suretyship, and construction, and an understanding of the problems of small businesses. These members are to be appointed by the Governor with the advice and consent of the Senate. Not more than four of these members can be members of the same political party.

--One member of the Senate, appointed by the Senate President;

--One member of the House of Representative, appointed by the Speaker of the House;

--The Director of Development Services or the Director's designee, as a voting member.

The Board must annually elect one of its members as chairperson and another member as vice-chairperson, and must meet on the second Tuesday of each month. Six members of the Board constitute a quorum, and the affirmative vote of six members is necessary for any action taken by the Board.

² R.C. 122.891(B).

³ R.C. 122.71 and 122.87.

⁴ R.C. 122.731(A).

⁵ R.C. 122.731(A) and (B).

⁶ R.C. 122.721.



The terms of office for the seven members appointed by the Governor are to be seven years, commencing on October 1 of the first year and ending on September 30 of the seventh year. However, for the original seven members, three are to be appointed for three years and two are to be appointed for five years.

Each member is to hold office from the date of the member's appointment until the end of the term for which the member was appointed. A member is eligible for reappointment. A member appointed to fill a vacancy occurring prior to the expiration of the term for which the member's predecessor was appointed is to hold office for the remainder of the predecessor's term. A member must continue in office subsequent to the expiration date of the member's term until the member's successor takes office, or until a period of 60 days has elapsed, whichever occurs first. Members are entitled to their necessary and actual expenses while engaged in the business of the Board and are to be paid at the per diem rate specified in the bill.

In the event a member appointed by the Senate President or by the Speaker of the House is absent, either of the following persons may serve in the member's absence: the Senate President or the Speaker of the House, whoever appointed the absent member, or a member of the Senate or House of the same political party as the absent member, as designated by the Senate President or the Speaker of the House, whoever appointed the absent member.

The Governor may remove a member appointed by the Governor as provided under current law.⁷

Program operation

The SBBP is to operate in the same manner as the existing Minority Business Bonding Program.⁸

Rules

The Director of Development Services, with the advice of the Small Business Development Financing Advisory Board, must adopt rules under R.C. Chapter 119. to establish procedures for small businesses to follow when applying for surety bonds, and for the review and approval of applications. The Board is to review each application in accordance with the rules and, based upon the bond worthiness of an applicant, refer all qualified applicants to the Director. Based on the recommendation of

⁷ R.C. 122.721.

⁸ R.C. 122.74 and 122.75.



the Board, the Director is to determine whether or not the applicant is entitled to receive bonding. The maximum amount of any bond issued is \$2 million.⁹

The rules adopted by the Director are also to require a small business to pay a premium in advance for the bond. The premium is to be established by the Director, with the advice of the Board, after the Director has received advice from the Superintendent of Insurance regarding the standard market rates for premiums for similar bonds. All premiums paid by small businesses are to be paid into the "Minority and Small Business Bonding Program Administrative and Loss Reserve Fund."¹⁰

Under current law, this Fund is called the Minority Business Bonding Program Administrative and Loss Reserve Fund and consists solely of the premiums charged under the Minority Business Bonding Program (MBBP) and any interest income earned from moneys in the Minority Business Bonding Fund. It is used to pay the expenses of the Director and the Minority Development Financing Advisory Board in administering the MBBP, with the excess serving as a loss reserve to pay claims arising from defaults on the surety bonds underwritten or guaranteed. The bill renames the Fund, requires that premiums collected under the SBBP, and any interest income earned from the moneys in the renamed Minority and Small Business Bonding Fund (see discussion below), be deposited into the Fund, and specifies that the money in the Fund also be used for the administration of, and as a loss reserve for, the SBBP.¹¹

Additionally, the rules must provide for a retainage of money paid to the small business of 15% for a contract valued at more than \$50,000 and for a retainage of 12% for a contract valued at \$50,000 or less.¹²

Technical assistance

The bill requires the Superintendent of Insurance to provide technical and professional assistance as is considered necessary by the Director, including providing advice regarding the standard market rates for bond premiums.¹³

⁹ R.C. 122.891(C).

¹⁰ R.C. 122.891(D).

¹¹ R.C. 122.88(B) and (C); conforming change in R.C. 122.89.

¹² R.C. 122.891(E).

¹³ R.C. 122.891(G).

Total amount of outstanding bonds

The penal sum amounts of all outstanding bonds issued by the Director cannot exceed the amount of money in and available to the "Minority and Small Business Bonding Fund."¹⁴

Under current law, this Fund is called the Minority Business Bonding Fund. It consists of money recovered from defaults on surety bonds underwritten or guaranteed in accordance with the MBBP or other minority business assistance programs, as well as specified unclaimed fund moneys. The bill renames the Fund to the Minority and Small Business Bonding Fund and requires that money recovered from defaults on surety bonds underwritten in accordance with the SBBP be deposited into the Fund.¹⁵

Small Business Unbonded Programs

State contractor

Under the bill, a "small business" – defined as a business operating in Ohio that has \$5 million or less in annual payroll expenditures¹⁶ – may bid or enter into a contract with the state or with any instrumentality of the state without being required to provide a bond, as follows:¹⁷

(1) For the first contract that a small business enters into with the state or with an instrumentality of the state, the small business may bid or enter into a contract valued at not more than \$25,000 without being required to provide a bond, but only if the small business is participating in, or has successfully completed, a qualified contractor assistance program after the effective date of this portion of the bill. A "qualified contractor assistance program" is an educational program or technical assistance program for business development that is designed to assist a small business in becoming eligible for bonding and has been approved by the Director of Development Services for purposes of the bill.¹⁸

(2) After the state or the instrumentality has accepted the first contract as completed and all subcontractors and suppliers on the contract have been paid, the small business may bid or enter into a second contract with the state or with that

¹⁴ R.C. 122.891(F).

¹⁵ R.C. 122.88(A) and (B) and 169.05; conforming changes in R.C. 122.89 and 122.90.

¹⁶ R.C. 122.87.

¹⁷ R.C. 122.891(H).

¹⁸ R.C. 122.891(A)(1) and (2).



particular instrumentality valued at not more than \$50,000 without being required to provide a bond, but only if the small business is participating in, or has successfully completed, a qualified contractor assistance program after the effective date of this portion of the bill.

(3) After the state or the instrumentality has accepted the second contract as completed and all subcontractors and suppliers on the contract have been paid, the small business may bid or enter into a third contract with the state or with that particular instrumentality valued at not more than \$100,000 without being required to provide a bond, but only if the small business has successfully completed a qualified contractor assistance program after the effective date of this portion of the bill.

(4) After the state or the instrumentality has accepted the third contract as completed and all subcontractors and suppliers on the contract have been paid, the small business may bid or enter into a fourth contract with the state or with that particular instrumentality valued at not more than \$300,000 without being required to provide a bond, but only if the small business has successfully completed a qualified contractor assistance program after the effective date of this portion of the bill.

(5) After the state or the instrumentality has accepted the fourth contract as completed and all subcontractors and suppliers on the contract have been paid, the small business may repeat its participation in the Unbonded State Contractor Program upon a showing that – with respect to a contract valued at not more than \$400,000 with the state or with any instrumentality of the state – the small business either has been denied a bond by two surety companies or has applied to two surety companies for a bond and, at the expiration of 60 days after making the application, has neither received nor been denied a bond. A small business cannot participate in the Program more than twice.

Further, if a small business has entered into two or more contracts with the state or with an instrumentality of the state, the small business may bid or enter into a contract with a political subdivision or with any instrumentality of a political subdivision valued at the level at which the small business would qualify if entering into an additional contract with the state.¹⁹

¹⁹ R.C. 122.891(J).

Political subdivision contractor

The bill permits a small business to bid or enter into a contract with any political subdivision of the state or with any instrumentality of a political subdivision without being required to provide a bond, as follows:²⁰

(1) For the first contract that the small business enters into with a political subdivision of the state or with an instrumentality of a political subdivision, the small business may bid or enter into a contract valued at not more than \$25,000 without being required to provide a bond, but only if the small business is participating in, or has successfully completed, a qualified contractor assistance program after the effective date of this portion of the bill.

(2) After the political subdivision or the instrumentality has accepted the first contract as completed and all subcontractors and suppliers on the contract have been paid, the small business may bid or enter into a contract with that particular political subdivision or with that particular instrumentality valued at not more than \$50,000 without being required to provide a bond, but only if the small business is participating in, or has successfully completed, a qualified contractor assistance program after the effective date of this portion of the bill.

(3) After the political subdivision or the instrumentality has accepted the second contract as completed and all subcontractors and suppliers on the contract have been paid, the small business may bid or enter into a third contract with that particular political subdivision or with that particular instrumentality valued at not more than \$100,000 without being required to provide a bond, but only if the small business has successfully completed a qualified contractor assistance program after the effective date of this portion of the bill.

(4) After the political subdivision or the instrumentality has accepted the third contract as completed and all subcontractors and suppliers on the contract have been paid, the small business may bid or enter into a fourth contract with that particular political subdivision or with that particular instrumentality valued at not more than \$200,000 without being required to provide a bond, but only if the small business has successfully completed a qualified contractor assistance program after the effective date of this portion of the bill.

(5) After the political subdivision or the instrumentality has accepted the fourth contract as completed and all subcontractors and suppliers on the contract have been paid, the small business may repeat its participation in the Unbonded Political

²⁰ R.C. 122.891(I).

Subdivision Contractor Program upon a showing that – with respect to a contract valued at not more than \$300,000 with any political subdivision or any instrumentality of a political subdivision – the small business either has been denied a bond by two surety companies or has applied to two surety companies for a bond and, at the expiration of 60 days after making the application, has neither received nor been denied a bond. A small business cannot participate in the Program more than twice.

Oversight annual report

The Director is required by the bill to coordinate and oversee the Small Business Unbonded Contractor programs and the approval of a qualified contractor assistance program. The Director must also prepare an annual report and submit it to the Governor and the General Assembly on or before February 1. The report must include: (1) a summary of the operations and activities of the Unbonded State Contractor Program, the Unbonded Political Subdivision Contractor Program, and the qualified contractor assistance programs, (2) an assessment of the achievements of these programs, and (3) a recommendation as to whether these programs need to continue.²¹

Minority Business Bonding Program; Minority Development Financing Advisory Board

The bill modifies the existing Minority Business Bonding Program by setting \$2 million as the maximum amount of any bond that can be issued by the Director of Development Services under the Program.²² It also mandates that the Minority Development Financing Advisory Board meet on the second Tuesday of every month.²³

Workforce Development

Membership of workforce policy boards

The bill requires that a workforce policy board created by the chief elected officials of a local area additionally include at least one representative of a community college or university branch located within the local area served by the board, unless there are none within that area.²⁴

²¹ R.C. 122.891(K).

²² R.C. 122.89.

²³ R.C. 122.72.

²⁴ R.C. 6301.06.



Local skill shortages

The Office of Workforce Development, under the Department of Job and Family Services, is mandated by the bill to provide assistance to local workforce policy boards to do the following:

- (1) Work with entities as necessary to identify and track local skill shortages;
- (2) Work with community colleges and other educational agencies in the local area served by a board to develop curricula and programs to meet workforce demands, including industry-recognized credentialing;
- (3) Regularly and systematically interview employers in industries experiencing skill shortages to (a) determine what skills are necessary for an individual to gain employment in the industry and (b) quantify and describe those necessary skills to the extent possible.²⁵

Urban jobs programs

The bill authorizes the Director of Job and Family Services to adopt rules to make grants, on a competitive basis, to nonprofit organizations for the purpose of carrying out urban jobs programs that provide a comprehensive set of services to eligible youth in urban communities to provide the youth with a pathway to employment or education leading to employment.²⁶ An "eligible youth" is an individual aged 18 to 24 who is not enrolled in secondary or post-secondary school *or* is or has been subject to any stage of the criminal justice process.²⁷

An application for a grant must contain all of the following:²⁸

- (1) The amount of the grant requested and the proposed uses of the grant funds;
- (2) A description of how the nonprofit organization will fulfill, for participants, goals consisting of:

²⁵ R.C. 6301.021.

²⁶ R.C. 6303.01(B); Section 8.

²⁷ R.C. 6303.01(A)(1).

²⁸ R.C. 6303.01(D).

--Increased long-term employment in unsubsidized jobs. An "unsubsidized job" is an employment position with an employer who pays the wages for the position and does not receive public funds for the creation and maintenance of the position.²⁹

--Reduced recidivism. "Recidivism" is defined as a tendency to return to criminal behavior.³⁰

--Increased attainment of a certificate of high school equivalence or other recognized equivalent of a high school diploma;

--Improved literacy and numeracy; and

--Increased attainment of industry-recognized certificates or credentials, or preparation for entry into an institution of higher education without need for further remediation.

(3) A description of underlying supports for the program, including engaged community partners, staff expertise in youth development, and demonstrated understanding of youth characteristics.

(4) A description of how the program will enable program participants to achieve the following outcomes: (a) creation of caring relationships with peers and staff, (b) creation of goals, such as attainment of employment, admission to or completion of a degree at an institution of higher education, attainment of industry-recognized certificates or credentials, or preparation for entry into an institution of higher education without need for further remediation, (c) participation in opportunities to contribute to the community through service or volunteerism, (d) development of twenty-first century workplace skills, including critical thinking and collaboration, (e) development of a sense of responsibility for the future of an individual, (f) development of plans or strategies to meet the goals of an individual, (g) reduction of risk-taking behaviors, (h) achievement of improved educational outcomes, such as numeracy, literacy, or the attainment of a certificate of high school equivalence, (i) achievement of improved employment outcomes, and (j) reduction of recidivism.

(5) A description of activities to be provided through the urban jobs program that lead to the attainment of industry-recognized certificates or credentials.

An urban jobs program funded by a grant awarded under the bill must provide (1) case management, through an individual responsible for helping participants

²⁹ R.C. 6303.01(A)(3).

³⁰ R.C. 6303.01(A)(2).

navigate the urban jobs program activities, (2) educational services, including skill assessment, reading and math remediation, educational enrichment, services involving preparation and opportunities for attainment of the recognized equivalent of a high school diploma, services that connect to career pathways such as opportunities for attainment of industry-recognized certificates or credentials or for preparation for entry into an institution of higher education without the need for further remediation, and postsecondary education, (3) employment and job readiness activities, including mentoring, community service opportunities, internships, on-the-job training, occupational skills training, personal development, and unsubsidized jobs, and (4) support services, health and nutrition service referral, substance abuse counseling and treatment, and provision of housing assistance, interpersonal and basic living skills, and transportation, child care, clothing, and other assistance as needed.³¹

Summer jobs programs

The Director of Job and Family Services must also adopt rules to create a program to award competitive grants to nonprofit or for-profit organizations, or coalitions of such organizations, to fund programs that provide summer employment opportunities for individuals between the ages of 16 and 21 who reside in an area of high poverty. A recipient of a grant must provide matching funds in an amount equal to at least 20% of the amount of the grant.³²

Pathways Back to Work Program

Purposes of the Program

By awarding various grants in accordance with the bill, the Director of Job and Family Services is to provide subsidized employment to unemployed, low-income adults, summer and year-round employment opportunities to low-income youth, and competitive grants to local entities to carry out work-based training and other work-related and educational strategies and activities of demonstrated effectiveness to unemployed, low-income adults and low-income youth to provide the skills and assistance needed to obtain employment.³³

Subsidized employment opportunities for unemployed, low-income adults

Grants awarded by the Director under this portion of the bill are to be used by local workforce investment boards to provide subsidized employment opportunities to

³¹ R.C. 6303.01(E).

³² R.C. 6303.02; Section 8.

³³ Section 15.03.

unemployed, low-income adults.³⁴ "Unemployed, low-income adult" means an individual who (1) is 18 or older, (2) is without employment, and (3) meets the definition of a "low-income individual" under the federal Workforce Investment Act. If approved in a board's plan and application for funds, however, the board may increase the income level to an amount not in excess of 200% of the poverty line for purposes of determining eligibility for participation.³⁵

To be eligible to receive a grant, a board must submit a plan that includes all of the following:³⁶

(1) A description of:

--The strategies and activities to be carried out by the board, in coordination with employers in Ohio, to provide subsidized employment opportunities to unemployed, low-income adults, including strategies relating to the level and duration of subsidies;

--The requirements the board will apply relating to the eligibility of unemployed, low-income adults for subsidized employment opportunities, which may include criteria to target assistance to particular categories of such adults, such as individuals with disabilities or individuals who have exhausted all rights to unemployment compensation;

--How the funds granted to provide subsidized employment opportunities will be administered by the board;

--The performance outcomes to be achieved by the board and the processes the board will use to track performance, consistent with rules adopted by the Director regarding such outcomes and processes;

--The manner in which activities to be carried out with the grant money will be coordinated with activities under Title I of the federal Workforce Investment Act, the federal Temporary Assistance for Needy Families Program under Part A of Title IV of the Social Security Act, and other appropriate federal and state programs that may assist unemployed, low-income adults in obtaining and retaining employment;

--The timelines for implementation of the activities and the number of unemployed, low-income adults expected to be placed in subsidized employment by quarter.

³⁴ Section 15.04(A).

³⁵ Section 15.01(E).

³⁶ Sections 15.04(C) and 15.07(A).



(2) Assurances that the board will:

--Report the information the Director requires relating to fiscal, performance, and other matters that the Director determines is necessary to effectively monitor the activities being carried out;

--Ensure compliance with the requirements and restrictions, including the labor standards, described in the federal Workforce Investment Act (Section 181), as well as the nondiscrimination provisions of that Act (Section 188).

Not later than 30 days after the effective date of this portion of the bill, the Director is to adopt rules that, among other things, provide procedures for the submission and approval of plans. Plans must be submitted to the Director not later than 30 days after the effective date of this portion of the bill, and the Director must make a determination regarding the approval or disapproval of each plan within 30 days after the plan is submitted. If the plan is disapproved, the Director may provide a reasonable period of time in which the plan may be amended and resubmitted for approval. If a plan is approved, the Director is to grant funds to the board within 30 days after the approval.³⁷

A board may use a variety of strategies in recruiting employers and identifying appropriate employment opportunities, with a priority placed on employment opportunities likely to lead to unsubsidized employment in emerging or in-demand occupations in the local area. Additionally, a board may determine the percentage of the wages and costs of employing a participant for which an employer may receive a subsidy with the grant funds, and the duration of the subsidy, in accordance with guidance issued by the Director. Grant funds also may be used to provide support services, such as transportation and child care, that are necessary to enable the participation of individuals in subsidized employment opportunities.³⁸

Employment opportunities for low-income youth

These grants are to be used by local workforce investment boards to provide summer employment and year-round employment opportunities to low-income youth.³⁹ "Low-income youth" is defined as an individual aged 16 through 24 who is in one or more of the categories specified in Section 101(13)(C) of the federal Workforce Investment Act and meets the definition of a low-income individual provided in section

³⁷ Section 15.04(B), (D), and (E).

³⁸ Section 15.04(G) and (H).

³⁹ Section 15.05(A).



101(25) of the Act. If approved, however, the income level may be increased to an amount not in excess of 200% of the poverty line for purposes of determining eligibility for participation.⁴⁰

To be eligible to receive a grant, a board must submit a plan to the Director that includes all of the following:⁴¹

(1) A description of:

--The strategies and activities to be carried out to provide summer employment and year-round employment opportunities, including linkages to educational activities;

--The requirements the board will apply relating to the eligibility of low-income youth for summer and year-round employment opportunities, which may include criteria to target assistance to particular categories of youth, such as youth with disabilities;

--The performance outcomes to be achieved by the board and the processes the board will use to track performance, consistent with rules adopted by the Director regarding such outcomes and processes;

--The timelines for implementation of the activities and the number of low-income youth expected to be placed in summer and year-round employment opportunities, respectively, by quarter.

(2) Assurances that the board will:

--Report the information the Director requires relating to fiscal, performance, and other matters that the Director determines is necessary to effectively monitor the activities being carried out;

--Ensure compliance with the requirements and restrictions, including the labor standards, described in the federal Workforce Investment Act (Section 181), as well as the nondiscrimination provisions of that Act (Section 188).

Not later than 20 days after the effective date of this portion of the bill, the Director is to adopt rules that, among other things, provide procedures for the submission and approval of plans. Plans must be submitted to the Director not later than 30 days after those rules are adopted. The Director must approve or disapprove a

⁴⁰ Section 15.01(D).

⁴¹ Sections 15.05(C) and 15.07(A).



plan within 30 days after it is submitted. If the Director has not made a determination within that time period, the plan is to be considered approved. If the plan is disapproved, the Director may provide a reasonable period of time in which the plan may be amended and resubmitted for approval. If a plan is approved, the Director is to grant funds to the board within 30 days after the approval.⁴²

The funds granted are to be used to provide (1) summer employment opportunities for low-income youth, with direct linkages to academic and occupational learning, as well as supportive services, such as transportation or child care, necessary to enable the youth to participate and (2) year-round employment opportunities for low-income youth, with priority given to out-of-school youth who are high school dropouts or who are recipients of a high school diploma or certificate of high school equivalence but are basic skills deficient and unemployed or underemployed.⁴³

In administering the grant funds, a board is required to give priority to (1) identifying employment opportunities that are in emerging or in-demand occupations in the local workforce investment area or in the public or nonprofit sector that meet community needs and (2) linking year-round program participants to training and educational activities that will provide an industry-recognized certificate or credential.⁴⁴

Work-based strategies of demonstrated effectiveness

The Director is to award these grants on a competitive basis to eligible entities.⁴⁵ An eligible entity includes a "local chief elected official,"⁴⁶ in collaboration with the local workforce investment board for the local workforce investment area involved, which may include a partnership with such officials and boards in the region and in the state, or an entity eligible to apply for an Indian and Native American grant under the federal Workforce Investment Act (Section 166). An eligible entity may also include, when in partnership with such officials, boards, and entities, employers or employer associations; adult education providers and postsecondary educational institutions, including community colleges; community-based organizations; joint labor-

⁴² Section 15.05(B), (D), and (E).

⁴³ Section 15.05(F).

⁴⁴ Section 15.05(G).

⁴⁵ Section 15.06(A).

⁴⁶ Section 15.01(A).

management committees; work-related intermediaries; or other appropriate organizations.⁴⁷

The grants awarded under this part of the bill are to be used to support strategies and activities of demonstrated effectiveness that are designed to provide unemployed, low-income adults or low-income youth with the skills that will lead to employment as part of or upon completion of participation in such activities. These strategies and activities may include any of the following:

(1) On-the-job training, registered apprenticeship programs, or other programs that combine work with skills development;

(2) Sector-based training programs that have been designed to meet the specific requirements of an employer or group of employers in that sector and where employers are committed to hiring individuals upon successful completion of the training;

(3) Training that supports an industry sector or an employer-based or labor-management committee industry partnership, which training includes a significant work-experience component;

(4) Acquisition of industry-recognized credentials in a field identified by the local workforce investment area as a growth sector or demand industry in which there are likely to be significant job opportunities in the short-term;

(5) Connections to immediate work opportunities, including subsidized employment opportunities, or summer employment opportunities for youth, that include concurrent skills training and other supports;

(6) Career academies that provide students with the academic preparation and training, including paid internships and concurrent enrollment in community colleges or other postsecondary institutions, needed to pursue a career pathway that leads to postsecondary credentials and high-demand jobs;

(7) Adult basic education and integrated basic education and training models for low-skilled adults, hosted at community colleges or at other sites, to prepare individuals for jobs that are in demand in a local area.⁴⁸

⁴⁷ Section 15.06(C).

⁴⁸ Section 15.06(B).

An eligible entity seeking to receive a grant must submit to the Director an application that does all of following:⁴⁹

--Describes (1) the strategies and activities of demonstrated effectiveness that the eligible entities will carry out to provide unemployed, low-income adults and low-income youth with the skills that will lead to employment upon completion of participation in the activities, (2) the requirements that will apply relating to the eligibility of unemployed, low-income adults or low-income youth for these activities, which may include criteria to target assistance to particular categories of adults and youth, such as individuals with disabilities or individuals who have exhausted all rights to unemployment compensation, (3) how the strategies and activities address the needs of the target populations and the needs of employers in the local area, (4) the expected outcomes to be achieved by implementing the strategies and activities, and (5) how the strategies and activities will be coordinated with other federal, state, and local programs providing employment, education, and supportive activities.

--Provides (1) evidence that the funds provided may be expended expeditiously and efficiently to implement the strategies and activities, (2) evidence of employer commitment to participate in the funded activities, including identification of anticipated occupational and skill needs, (3) assurances that the grant recipient will report any information the Director requires relating to fiscal, performance, and other matters that the Director determines is necessary to effectively monitor the activities being carried out, and (4) assurances that the use of the funds will comply with the requirements and restrictions, including the labor standards, described in the federal Workforce Investment Act (Section 181), as well as the nondiscrimination provisions of that Act (Section 188).

In awarding these grants, the Director is to give priority to applications submitted by eligible entities from areas of high poverty and high unemployment, as defined by the Director, such as public use microdata areas as designated by the U.S. Census Bureau. The Director is also to administer the grant program in coordination with other appropriate agency heads.⁵⁰

Funding

The bill creates in the state treasury the Pathways Back to Work Fund. The Fund is to consist of all moneys appropriated by the General Assembly and moneys received from the United States or any federal agency for purposes of the Pathways Back to

⁴⁹ Sections 15.06(D) and 15.07(A).

⁵⁰ Section 15.06(E) and (F).

Work Program. Moneys in the Fund are available to the Director of Job and Family Services only for the administration of the Program. Any balances in the Fund do not lapse, but are continuously available to the Director for expenditure.⁵¹

Reporting requirements

The Director of Job and Family Services may require the reporting of information relating to fiscal, performance, and other matters that the Director determines is necessary to effectively monitor the activities carried out with funds provided under the Pathways Back to Work Program. At a minimum, grantees and subgrantees must provide information relating to all of the following:⁵²

--The number of individuals participating in activities provided with the funds, the demographic characteristics of those individuals, and the number of individuals who have completed their participation;

--Expenditure of the funds;

--The number of jobs created pursuant to the activities carried out under the Program;

--The following performance outcomes: (1) for adults participating in activities funded under the Program, entry in unsubsidized employment, retention, and earnings, (2) for low-income youth participating in summer employment activities, work readiness skill attainment using an employer validated checklist, placement in or return to secondary or postsecondary education or training, or entry into unsubsidized employment, (3) for low-income youth participating in year-round employment activities, placement in or return to post-secondary education, attainment of a high school diploma or a certificate of high school equivalence, attainment of an industry-recognized credential, and entry into unsubsidized employment, retention, and earnings, (4) for unemployed, low-income adults participating in activities funded under the Program, entry into unsubsidized employment, retention, and earnings and the attainment of industry-recognized credentials.

The Director may establish any additional requirements deemed necessary to ensure fiscal integrity, effective monitoring, and the appropriate and prompt implementation of the Program. The information required to be reported to the Director

⁵¹ Section 15.02.

⁵² Section 15.07(B).

must be provided to the appropriate committees of the General Assembly and made available to the public.⁵³

Eligibility for unemployment compensation benefits

Part-time work

Under continuing law, in addition to satisfying other eligibility requirements (see "**Background – unemployment compensation**," below) and unless an exception applies, to remain eligible for unemployment compensation benefits, a claimant must be able to work, be available for and actively seeking suitable work, and must not refuse an offer of suitable work.⁵⁴ Although "suitable work" is not generally defined for purposes of the Unemployment Compensation Law, the Director of Job and Family Services (JFS Director), who administers and enforces the Law, considers a claimant available for suitable work if the claimant is ready and willing to work any shift of any occupation consistent with the claimant's prior training and experience. An individual must search for full-time employment.⁵⁵

Under the bill, a claimant cannot be denied regular unemployment benefits due to failing to satisfy the requirement regarding availability for work, failing to actively search for suitable work, or refusing to accept suitable work, solely because the claimant is seeking only part-time work. "Seeking only part-time work" means the claimant is willing and able to work at least 12 hours per week.⁵⁶

Family circumstances

The bill allows a claimant who is otherwise qualified (see "**Background – unemployment compensation**," below) to be eligible for unemployment compensation benefits if the claimant was separated from employment due to circumstances resulting from domestic abuse or a compelling family circumstance, as discussed below. Currently, a claimant is ineligible if the claimant quit work to marry or because of marital, parental, filial, or other domestic obligations.

If a claimant is found to be qualified under the domestic abuse or compelling family circumstance exceptions described below, and if the claimant was previously employed by a contributory employer (most private sector employers), the benefits are

⁵³ Section 15.07(D) and (E).

⁵⁴ R.C. 4141.29(A)(4) and (D).

⁵⁵ Ohio Department of Job and Family Services, Unemployment Compensation FAQ's, http://jfs.ohio.gov/unemp_comp_faq/faq_elig_maintain2.stm#AbleToWork (accessed September 20, 2013).

⁵⁶ R.C. 4141.29(G) and (M), with conforming changes in R.C. 4141.241 and 4141.291.

paid from the mutualized account in the Unemployment Compensation Fund and are not charged to the employer. The mutualized account is a separate account in the Fund that is primarily used to pay benefits when an individual employer's account cannot be charged for those benefits for a variety of reasons. If the employer was a reimbursing employer (most public sector employers and nonprofit organizations), the employer pays the benefits by reimbursing the Fund.⁵⁷ (See **COMMENT 1**.)

Domestic abuse

Under the bill, a claimant is eligible for waiting week credit and for unemployment compensation benefits if the JFS Director finds that the claimant left work voluntarily or was discharged because of circumstances directly resulting from domestic abuse. In order to qualify the claimant must fulfill one of the following criteria:

(1) The claimant reasonably fears future domestic abuse at or en route to the workplace.

(2) The claimant needs to relocate to avoid future domestic abuse.

(3) The claimant reasonably believes that leaving work is necessary for the safety of the claimant or the claimant's family.

The JFS Director must, when determining if a claimant has experienced domestic abuse for the purpose of receiving unemployment compensation benefits, to require the claimant to provide documentation of domestic abuse that may include police or court records or other documentation of abuse from a shelter worker, attorney, member of the clergy, or medical or other professional from whom the claimant has sought assistance.

The JFS Director is required to keep confidential any documentation or evidence of domestic abuse acquired by the JFS Director in determining benefits, unless the claimant gives written consent for disclosure.⁵⁸

Compelling family circumstances

Under the bill, a claimant is eligible for waiting week credit and for unemployment compensation benefits if the JFS Director determines that the claimant

⁵⁷ R.C. 4141.294 and 4141.29(D)(2)(c) and (I).

⁵⁸ R.C. 4141.294(B).

was separated from employment due to compelling family circumstances. "Compelling family circumstances" includes three scenarios.⁵⁹

First, a claimant is eligible for benefits for a compelling family circumstance if the claimant was separated from employment with the claimant's employer because of the claimant's illness or disability and, based upon available information, the Director finds that it was medically necessary for the claimant to stop working or change occupations. An illness qualifies if the illness is verified and necessitates the care of the ill person for a period of time that exceeds the amount of time an employer will provide paid or unpaid leave. A disability qualifies if the disability is verified and the disability necessitates the care of the disabled person for a period of time that exceeds the amount of time an employer will provide paid or unpaid leave. Qualifying disabilities include mental and physical disabilities, permanent and temporary disabilities, and partial and total disabilities.

Second, a claimant is eligible for benefits for a compelling family circumstance if the claimant was separated from work due to an immediate family member's illness or disability. Qualifying illnesses and disabilities are the same as those described immediately above. An "immediate family member" is a claimant's spouse, parent, or child under the age of 18.

Third, a claimant is eligible for benefits for a compelling family circumstance if the claimant's spouse was transferred or employed in another city or state, the family is required to move to the location of that job, the location is outside the commuting distance of the claimant's previous employment, and the claimant separates from employment in order to move to the new location with the claimant's spouse.⁶⁰

Training extension benefits

A claimant who otherwise is eligible for regular benefits is eligible to receive training extension benefits if the JFS Director determines that the claimant satisfies all of the following criteria:

(1) The claimant is unemployed.

(2) The claimant has exhausted all rights to regular benefits, all rights to extended benefits, and all rights to benefits fully funded by the federal government.

⁵⁹ R.C. 4141.294(C).

⁶⁰ R.C. 4141.294(A).

(3) The claimant is enrolled in a training program approved by the JFS Director or in a job training program authorized under the Workforce Investment Act of 1998.⁶¹

(4) The claimant is making satisfactory progress to complete the training as determined by the Director.

For purposes of (3) immediately above, if the Director determines that the claimant separated from a declining occupation or has been involuntarily and indefinitely separated from employment as a result of a permanent reduction of operations at the claimant's place of employment, the training program must prepare the claimant for entry into a high-demand occupation. A "declining occupation" is either of the following occupations:

(1) An occupation in which a lack of sufficient current demand in a claimant's labor market area exists for the occupational skills for which the claimant is qualified by training and experience or current physical or mental capacity, and the lack of employment opportunities is expected to continue for an extended period of time;

(2) An occupation for which a seasonal variation in demand exists in the labor market and a claimant has no other skills for which a current demand exists.

A "high-demand occupation" is an occupation in a labor market area where work opportunities are available and qualified applicants are lacking as determined by the use of available labor market information.⁶²

Under the bill, the weekly benefit payable to a claimant for training extension benefits is equal to the amount of unemployment compensation benefits for which the individual has previously determined to be eligible, less any currently allowable deductions. Additionally, the amount of a claimant's weekly training extension benefit is reduced by the amount of any similar stipend or other training allowances for nontraining costs received by the claimant for the week that the weekly training extension benefit is due to the claimant. A "similar stipend" is an amount provided under a program with similar aims as the program described in the bill, such as providing training to increase employability.

The total amount of training extension benefits payable to a claimant is equal to 26 times the claimant's average weekly benefit amount for the most recent benefit year. A claimant who is receiving training extension benefits cannot be denied those benefits

⁶¹ 112 Stat. 936, 29 U.S.C. 2801 *et seq.*, as amended.

⁶² R.C. 4141.302(A) and (B).

because the claimant may not satisfy the requirement to be able to work and available for suitable work or to be unable to obtain suitable work.

The Director must charge any training extension benefits paid pursuant to the bill to the mutualized account and cannot charge an employer's account for any training extension benefits paid to a claimant. This appears to apply to both contributory and reimbursing employers (see **COMMENT 1**).⁶³

Short-Time Compensation Program

The bill creates the Short-Time Compensation Program under which an employer who participates in the Program reduces the number of hours worked by the employer's employees in lieu of layoffs. Under the bill, an employer who wishes to participate in the Program must submit a plan to the JFS Director that satisfies the requirements listed in the bill (see "**Plan requirements and approval**," below).⁶⁴

Current law creates the SharedWork Ohio Program, which similarly allows a participating employer to reduce the number of hours worked by the employer's employees in lieu of layoffs.⁶⁵ (See **COMMENT 2** below.)

Plan requirements and approval

The bill requires the JFS Director to approve a short-time compensation plan if an employer submits a plan in which the employer does all of the following:

(1) Identifies the specific affected unit or units to which the plan will apply, including the number of full-time or part-time workers in each unit and the percentage of workers in each affected unit who are to be covered by the plan (see "**Definitions**," below);

(2) Identifies the employees in the affected unit by name, Social Security number, the employer's tax identification number, and any other information required by the Director to identify plan participants;

(3) Identifies the normal weekly hours of work for each employee in the affected unit or units identified in the plan;

⁶³ R.C. 4141.302(C) and (D).

⁶⁴ R.C. 4141.50.

⁶⁵ Current R.C. 4141.50 to 4141.56.



(4) Includes the percentage by which the hours of each employee in the affected unit or units will be reduced, which must be between 10% and 60%;

(5) Includes a certification by the employer that if the employer provides fringe benefits, the employer will continue to provide fringe benefits to participating employees under the same terms and conditions as though the employee's normal weekly hours of work had not been reduced or to the same extent as other employees not participating in the Program (see "**Definitions**," below);

(6) Includes a certification by the employer that implementation of a short-time compensation plan and resulting reduction in work hours is in lieu of temporary layoffs and includes an estimate of the number of layoffs that would have occurred absent the ability to participate in the plan;

(7) Agrees in writing to do all of the following:

(a) Furnish the Director reports relating to the plan's operation as the Director requests under the Program's monitoring provisions (see "**Monitoring and Reporting**," below);

(b) Allow the Director access to all records necessary to approve, disapprove, or evaluate the plan;

(c) Follow any other directive that the Director determines is necessary to implement the plan and that is consistent with the requirements for plan approval.

(8) Describes the manner in which the plan will be implemented;

(9) Includes a plan to give advance notice, if feasible, to an employee whose normal weekly hours of work will be reduced under the plan and, if advance notice is not feasible, provides an explanation of why that notice is not feasible;

(10) Identifies any week during the plan's effective period for which the employer regularly provides no work, such as a holiday or other regularly scheduled plant closing;

(11) Includes a certification by the employer that the employer's participation in the plan and the plan's implementation are consistent with the employer's obligations under applicable federal and state laws;

(12) Includes a proposed effective date for the plan and a termination date, which must be no later than 12 calendar months after the proposed effective date;

(13) Includes any other provisions added to the application form by the Director that the U.S. Secretary of Labor determines to be appropriate for purposes of a short-time compensation program.

An employer is prohibited from including in a short-time compensation plan any employee who is employed by the employer on a seasonal, temporary, or intermittent basis (see "**Definitions**," below).⁶⁶

If an employee the employer covers under the plan is subject to a collective bargaining agreement, the employer must have the employee's collective bargaining agent approve the plan in writing. The written approval must include a statement as to whether the agent believes the implementation of the plan is consistent with federal law. The employer must submit that approval to the Director with the employer's proposed plan.⁶⁷

Not later than 30 days after the Director receives a short-time compensation plan, the Director must approve or deny that plan and must send a written notice to the employer stating whether the Director approved or denied the plan. If the Director denies approval of a plan, the Director must state the reasons for denying approval in the written notice sent to the employer. A decision by the Director to approve or deny approval of a proposed plan is final, but an employer who has submitted a plan that is denied approval may submit another plan for review by the Director 15 days after the date of the denial.⁶⁸

Effective dates of the plan

An approved short-time compensation plan takes effect on the later of the date the JFS Director approves the plan or the date specified in the plan as the effective date. An approved plan expires on the termination date specified in the plan unless it is terminated earlier by the Director or employer under "**Termination of an approved plan**," below (see **COMMENT 3**). After a short-time compensation plan expires or is terminated, a participating employer may submit a new application to participate in a short-time compensation plan.⁶⁹

⁶⁶ R.C. 4141.51(A) and (B).

⁶⁷ R.C. 4141.50(A).

⁶⁸ R.C. 4141.51(C).

⁶⁹ R.C. 4141.52(A) and (E).

Modification of an approved plan

The bill allows a participating employer to modify an existing approved short-time compensation plan to meet changed conditions in the participating employer's business. Any modification must conform to the basic provisions of the plan as it was approved by the JFS Director. Before implementing a plan modification, the participating employer seeking the modification must report the proposed modification in writing to the Director. An employer is not required to request approval of a plan modification if the change is not substantial, but the employer must report any change to the Director promptly and in writing. The Director may terminate a plan if the employer fails to comply with this requirement. If the Director determines that a proposed modification is substantial, and the employer has not requested approval of the plan modification, the Director must require the employer to request a modification to the plan. In any event, if the Director determines that the proposed change will result in a substantial modification of the plan, the Director must reevaluate the plan with the proposed modification to determine whether the plan continues to satisfy the requirements for approval (see "**Plan requirements and approval**," above).

The Director must approve or deny the modification in writing within 30 days after a modification request is received and must promptly communicate the decision to the employer. If a proposed modification is approved, the Director must notify the employer of the effective date of the modification. Approval of a modified plan does not affect the plan's original expiration date.⁷⁰

Termination of an approved plan

The bill allows the JFS Director to periodically review the operation of each employer's short-time compensation plan to assure that no good cause exists for termination of the plan. The Director may terminate a short-time compensation plan for good cause at any time, including upon the request of an employee in an affected unit identified by the plan. A termination order must be in writing and must specify the reasons for the termination and the effective date of the termination. "Good cause," under the bill, includes any of the following reasons:

- (1) An employer's failure to comply with the assurances given in the plan;
- (2) An employer's unreasonable revision of the productivity standards for an affected unit;

⁷⁰ R.C. 4141.53.

(3) An employer's violation of any criteria on which approval of the plan was based;

(4) Circumstances tending to defeat the intent and effective operation of the employer's short-time compensation plan.

An employer also may terminate a short-time compensation plan at any time by providing written notice to the Director. Upon receipt of the termination notice, the Director must promptly notify each member of the affected unit of the plan's termination date. If a plan is terminated, an employer may submit a new application to participate in a short-time compensation plan.⁷¹

Monitoring and reporting

Upon request of the JFS Director, a participating employer must monitor and evaluate the operation of the participating employer's short-time compensation plan. The participating employer must report the employer's findings to the Director.⁷²

Payment of short-time compensation

Eligibility

An individual is eligible to receive short-time compensation benefits for a week in which the individual satisfies all of the following requirements:

(1) The individual is employed as a member of an affected unit subject to a shared-time compensation plan that was approved prior to that week and is in effect for that week;

(2) The individual is able to work and is available for the individual's normal weekly hours of work with the short-time compensation employer, including by participating in training that is approved by the JFS Director to enhance job skills (including employer-sponsored training or training funded by the federal Workforce Investment Act of 1998);

(3) The individual's normal weekly hours of work have been reduced by between 10% and 60% and the individual receives a corresponding reduction in wages;

(4) The individual has been employed by an employer or employers subject to the Unemployment Compensation Law in at least 20 qualifying weeks within the

⁷¹ R.C. 4141.52(B) to (E).

⁷² R.C. 4141.54.

individual's base period and has earned or been paid remuneration at an average weekly wage of not less than 27½% of the statewide average weekly wage for those weeks (\$230 for 2013);⁷³

(5) The individual has been subject to a short-time compensation plan for at least one week prior to the week for which the short-time compensation benefits are to be paid or otherwise satisfies the waiting period requirements of current Unemployment Compensation Law for the individual's benefit year;

(6) The individual otherwise satisfies the requirements of the Unemployment Compensation Law and is not otherwise disqualified from receiving unemployment compensation benefits (see "**Background – unemployment compensation**," below).

Although individuals seeking short-time compensation benefits under the Program must satisfy the current law requirements to obtain unemployment compensation benefits, certain requirements are modified or waived by the bill for employees participating in the Program. The Director cannot disqualify an individual for short-time compensation benefits for a week because the individual is unavailable for work, is not actively searching for work, or refuses to apply for or to accept work with another employer, unless the individual fails to satisfy the requirement in the bill that the individual be able to work and available for the individual's normal weekly hours of work with the short-time compensation employer. The bill also specifies that an individual who is a participating employee under a short-time compensation plan in a week is "unemployed" for that week for purposes of the Unemployment Compensation Law.⁷⁴

Amount of short-time compensation benefits

The JFS Director must pay an employee who is eligible for a weekly short-time compensation benefit in an amount equal to the participating employee's regular weekly benefit amount for a period of total unemployment as described in continuing law, multiplied by the nearest full percentage of the reduction of the employee's normal weekly hours of work under the short-time compensation plan. The Director must round the amount of a short-time compensation benefit that is not a multiple of one dollar to the next highest dollar amount.⁷⁵

⁷³ Ohio Department of Job and Family Services, *Unemployment Compensation FAQ's*, http://jfs.ohio.gov/unemp_comp_faq/faq_elig_definitions1.stm (accessed September 20, 2013).

⁷⁴ R.C. 4141.55(A), (B), and (C).

⁷⁵ R.C. 4141.55(D).



But, an individual who is eligible for a weekly short-time compensation benefit is instead eligible to receive a reduced short-time compensation benefit for any week in which both of the following occur:

(1) The employee performs work for a short-time compensation employer and another employer.

(2) The individual's combined hours of work in the week do not exceed 90% of the individual's normal weekly hours of work with the short-time compensation employer.

The reduced short-time compensation benefit amount is calculated by multiplying the employee's regular weekly benefit amount for a period of unemployment, as described in continuing law, by the nearest full percentage by which the employee's combined hours of work are less than the individual's normal weekly hours of work with the short-time compensation employer.⁷⁶

The bill authorizes the JFS Director to pay short-time compensation benefits from the Unemployment Compensation Fund (the fund from which unemployment compensation benefits are paid).⁷⁷

Training

Under the bill, an individual participating in a short-time compensation plan may participate in training to enhance job skills if the training is approved by the JFS Director, including training sponsored by the participating employer or funded under the Workforce Development Act of 1998.⁷⁸

Disqualifying factors

The JFS Director is prohibited under the bill from paying a participating employee for any week during which the participating employee performs paid work for the participating employer that exceeds the reduced hours established under the employer's short-time compensation plan.

Also, under continuing Unemployment Compensation Law the total unemployment compensation benefits to which an individual is entitled in any benefit

⁷⁶ R.C. 4141.56(A)(2).

⁷⁷ R.C. 4141.09.

⁷⁸ R.C. 4141.55(F).

year, whether for partial or total unemployment, or both, cannot exceed the lesser of the following two amounts:

(1) An amount equal to 26 times the individual's weekly benefit amount determined in accordance with continuing law;

(2) An amount computed by taking the sum of 20 times the individual's weekly benefit amount for the first 20 base period qualifying weeks plus one times the weekly benefit amount for each additional qualifying week beyond the first 20 qualifying weeks in the individual's base period.⁷⁹

Under the bill, any short-time compensation benefits paid to an individual must be deducted from the total benefits available to the individual for the individual's benefit year, as described above. Additionally, the bill prohibits a participating employee from receiving short-time compensation benefits and regular unemployment compensation benefits that, when combined, exceed the maximum total benefits payable to the participating employee in a benefit year under continuing law. The bill specifies that an individual who has received all of the short-time compensation benefits and regular unemployment compensation benefits available in a benefit year is an individual who has exhausted regular benefits under continuing law and is entitled to receive extended benefits under the Unemployment Compensation Law if the individual is otherwise eligible to receive those benefits.

The bill also prohibits a participating employee from being paid short-time compensation benefits for more than 52 weeks, regardless of whether the employee has received the total maximum benefits payable to that employee during the employee's benefit year. Additionally, an individual who receives short-time compensation benefits is not entitled to receive partial unemployment compensation benefits provided under continuing law (see "**Background – unemployment compensation**," below).⁸⁰

The bill prohibits an individual who is otherwise eligible to receive short-time compensation benefits from receiving those benefits for any week in which the employee performs work for a short-time compensation employer and another employer and the individual's combined hours of work in the week exceed 90% of the individual's normal weekly hours of work with the short-time compensation employer.⁸¹

⁷⁹ R.C. 4141.55(E) and R.C. 4141.30(D), not in the bill.

⁸⁰ R.C. 4141.55(E) and (G).

⁸¹ R.C. 4141.56(A)(1).

Regular and partial unemployment compensation benefits

An individual who is not provided any work during a week by the individual's short-time compensation employer or any other employer, and who is otherwise eligible, must be paid benefits for being totally unemployed for that week. Similarly, an individual who is not provided any work by the individual's short-time compensation employer during a week, who works for another employer during that time, and who otherwise meets continuing law eligibility requirements, may be paid benefits for being partially unemployed for that week.⁸²

Charging of benefits

Any short-time compensation benefits paid to an individual pursuant to the bill must be charged to an employer's account in accordance with continuing law requirements for the allocation of regular unemployment compensation benefit charges among employers.⁸³

Rulemaking

The bill allows the JFS Director to adopt rules as the Director determines necessary, including additional plan requirements, to administer the Program in accordance with any guidance issued by the U.S. Secretary of Labor with respect to the Program. These rules are adopted pursuant to the Administrative Procedure Act.⁸⁴

Definitions

The following definitions apply to the Short-Time Compensation Program portion of the bill:

"Affected unit" means a definable group of two or more employees, including a department or shift, designated by an employer to participate in a short-time compensation plan.

"Fringe benefit" means health insurance or a defined benefit plan or defined contribution plan, as those terms are defined in federal law, which is an incident to employment in addition to the cash remuneration earned.

⁸² R.C. 4141.56(B) and (C).

⁸³ R.C. 4141.57.

⁸⁴ R.C. 4141.50(B) and R.C. 5101.09(A), not in the bill.

Employment on an "intermittent basis" means employment that is not continuous but may consist of periodic intervals of weekly work and intervals of no weekly work.

"Normal weekly hours of work" means the number of hours in a week that an employee normally works for an employer, not to exceed 40 hours and not including hours of overtime work.

"Participating employee" means an employee who works a reduced number of hours under an approved short-time compensation plan.

Employment on a "seasonal basis" means employment in which individuals are hired primarily to perform services in an industry that, because of climatic conditions or because of the seasonal nature of such industry, it is customary to operate only during regularly recurring periods of 40 weeks or less in any consecutive 52 weeks.

"Short-time compensation benefit" means an unemployment compensation benefit that is payable to an employee participating in a short-time compensation plan.

Employment on a "temporary basis" means any employment where an employee is expected to remain in a position for only a limited period of time or is hired by a temporary agency to fill a gap in the employer's workforce.⁸⁵

Learn to Earn Program

Under continuing law, a "learn to earn" program is any program established by the Department of Job and Family Services that offers a structured, supervised training opportunity to an eligible unemployment compensation claimant with a designated worksite training provider. If a learn to earn program participant is otherwise eligible for unemployment compensation benefits, the participant continues to receive those benefits during participation in the program. A participant may participate in a program for a period not to exceed 24 hours a week for a maximum of six weeks.⁸⁶

The bill places restrictions on designated worksite training providers for purposes of a learn to earn program. Under the bill, a training provider cannot use a participant to displace any employee employed by the training provider as of the date the provider participates in the program, including for any partial displacement, such as a reduction in the hours of nonovertime work, wages, or employment benefits.

⁸⁵ R.C. 4141.01(EE) to (II) and 4141.51(B).

⁸⁶ R.C. 4141.293(A), (C), and (E).



Additionally, the bill prohibits a training provider from permitting a participant to perform work activities related to any job for which any of the following circumstances apply:

(1) Another individual is on layoff from the same or any substantially equivalent position.

(2) The training provider has terminated the employment of any employee or otherwise reduced the training provider's workforce with the intention of filling or partially filling the created vacancy with the work activities to be performed by a program participant.

(3) A strike or lockout is occurring at the worksite that is the designated worksite for a claimant participating in the program.

(4) The position is created in a manner that infringes in any way upon the promotional opportunities of individuals currently employed by the provider as of the date of the employer's participation in the program.⁸⁷

The bill prohibits a training provider, by means of assigning work activities under the program, from impairing an existing contract for services or a collective bargaining agreement. Under the bill, the training provider cannot undertake any activity that would be inconsistent with the terms of a collective bargaining agreement without the written concurrence of the labor organization that is signatory to the collective bargaining agreement.⁸⁸

Background – unemployment compensation

The Unemployment Compensation Law specifies certain conditions that an individual must meet and procedures the individual must follow in order to qualify for unemployment compensation benefits. It also outlines conditions under which an individual who loses a job is disqualified from receiving benefits and specifies conditions under which that individual may remove the disqualification. Generally, an individual qualifies for benefits if the individual files a valid application for benefits, makes a proper claim for benefits, registers at an employment office, and is available and actively searching for work.

An application for determination of benefit rights is valid if all of the following apply to the individual:

⁸⁷ R.C. 4141.293(F).

⁸⁸ R.C. 4141.293(G).

(1) The individual is unemployed;

(2) The individual was separated from employment for a nondisqualifying reason;

(3) The individual previously was employed by an employer or employers who are subject to the Unemployment Compensation Law in at least 20 qualifying weeks within the individual's base period;

(4) The individual earned or had been paid during those qualifying weeks remuneration at an average weekly wage of not less than 27.5% of the statewide average weekly wage (recalculated each calendar year; currently \$230 for 2013⁸⁹).

A "qualifying week" generally is any calendar week in an individual's base period with respect to which the individual earns or is paid remuneration in employment subject to the Unemployment Compensation Law.

An individual's "base period" is the first four of the last five completed calendar quarters immediately preceding the first day of the individual's benefit year. If an individual does not have sufficient qualifying weeks and wages in the base period to qualify, the individual's base period is the four most recently completed calendar quarters preceding the first day of the individual's benefit year, which is referred to as the "alternate base period."

An individual's "benefit year" is generally the 52-week period beginning with the first day of the week with respect to which the individual first files a valid application for determination of benefit rights.⁹⁰

Under continuing law, an individual is "partially unemployed" in any week if, due to involuntary loss of work, the total remuneration payable to the individual for that week is less than the individual's weekly benefit amount.⁹¹ Benefits are payable to each partially unemployed individual otherwise eligible on account of each week of involuntary partial unemployment after the specified waiting period. Those benefits are in an amount equal to the individual's weekly benefit amount less that part of the remuneration payable to the individual with respect to such week that is in excess of

⁸⁹ Ohio Department of Job and Family Services, Unemployment Compensation FAQs: Establishing Eligibility for Unemployment Compensation Benefits, http://jfs.ohio.gov/unemp_comp_faq/faq_elig_definitions1.stm (accessed September 20, 2013).

⁹⁰ R.C. 4141.01(O)(1), (Q), and (R).

⁹¹ R.C. 4141.01(N), not in the bill.

20% of the individual's weekly benefit amount (and the resulting amount rounded to the next lower multiple of one dollar).⁹²

Real property tax exemption for improvements to distressed property

The bill exempts from real property taxes, beginning with tax years on or after the bill's effective date, the increased value of distressed residential or commercial property that is remodeled within one year of the owner acquiring title to the property. The exemption applies for each tax year subsequent to the remodel until the tax year immediately following the tax year in which the owner transfers title to the property to another person.⁹³

Only property that was or is used exclusively for residential or commercial purposes and that is vacant, abandoned, foreclosed-upon, or located in a blighted area may qualify for the exemption.⁹⁴ "Remodel" means any change to any such property for the purpose of improving the structural soundness, making it more habitable, or improving its appearance.⁹⁵

Personal income tax; CAT

Tax incentives for providing rural broadband services

The bill creates an income tax deduction and a commercial activity tax (CAT) exclusion for taxpayers providing broadband service to rural areas of Ohio. The bill prohibits a taxpayer from claiming both the income tax deduction and the commercial activity tax exclusion for the same taxable year and corresponding tax period.⁹⁶ Eligible taxpayers may begin taking the deduction or exclusion for taxable years or tax periods beginning on or after the effective date.⁹⁷

⁹² R.C. 4141.30(C), not in the bill.

⁹³ R.C. 5709.29; Section 17.

⁹⁴ Under continuing law, "blighted area" means "an area in which at least 70% of the parcels are blighted parcels and those blighted parcels substantially impair or arrest the sound growth of the state or a political subdivision of the state, retard the provision of housing accommodations, constitute an economic or social liability, or are a menace to the public health, safety, morals, or welfare in their present condition and use." R.C. 1.08, not in the bill.

⁹⁵ R.C. 5709.29(A)(4).

⁹⁶ R.C. 5747.01(A)(10) and (S)(16) and 5751.01(F)(2)(kk).

⁹⁷ Section 18.



"Broadband service" is any technology identified by the federal government as having the capacity to transmit data to enable a subscriber to the service to originate and receive high-quality voice, data, graphics, and video. "Rural area" generally means any area of the United States that is not contained in a city or town with a population in excess of 20,000.⁹⁸

Income tax deduction

The bill creates an income tax deduction that allows an individual, trust, estate, or owner of a pass-through entity to deduct a fraction of the taxpayer's net profit from providing broadband service in Ohio from the taxpayer's adjusted gross income.⁹⁹ The deduction is calculated based on the share of the taxpayer's original cost of tangible personal property purchased for providing broadband services that is deployed in a rural area and installed after the effective date, relative to the taxpayer's original cost of tangible personal property used for providing the service in the state as a whole and installed after the effective date. The resulting fraction is multiplied by the taxpayer's net profit, or distributive or proportionate share of net profit for a pass-through entity owner, attributed to providing broadband service in Ohio, and the resulting product is the amount of the deduction.

Commercial activity tax exclusion

The bill also creates a CAT exclusion for a fraction of taxable gross receipts realized for providing broadband services in Ohio. The exclusion is calculated similarly to the income tax deduction and is also based on the share of the taxpayer's original cost of tangible personal property purchased for providing broadband services that is deployed in a rural area and installed after the effective date, relative to the taxpayer's original cost of newly installed tangible personal property used for providing the service in the state as a whole and installed after the effective date. The resulting fraction is multiplied by the taxpayer's gross receipts from providing broadband service in Ohio, and the resulting product is the amount of the exclusion.¹⁰⁰

Deduction for qualified residential rental income

The bill authorizes qualifying landlords to deduct certain residential rental property income from the landlords' Ohio adjusted gross income (for income tax purposes) or gross receipts (for commercial activity tax purposes).¹⁰¹ To be eligible for

⁹⁸ 7 U.S.C. 950bb.

⁹⁹ R.C. 5747.01(A)(10) and (S)(16).

¹⁰⁰ R.C. 5751.01(F)(2)(kk).

¹⁰¹ The bill does not specify that the deduction cannot be used regarding both the income tax and CAT.



the deduction, a landlord must convert real property that is vacant, abandoned, foreclosed-upon, or located in a blighted area and that is not in use as residential real property to rental property on which is located one or more dwelling units leased or otherwise rented to tenants solely for residential use. The rental income is not deductible unless the rental property is leased or otherwise rented exclusively to individuals or families whose annual incomes do not exceed 120% of the median income for the county in which they live.

If all of the qualifications are met, the landlord may deduct the income received from the lease of the qualifying residential rental property in the taxable year. The landlord may continue to deduct such income for the four succeeding years.¹⁰²

Tax credit for hiring unemployed individuals

The bill authorizes a nonrefundable tax credit against either the personal income tax or the CAT for an employer that hires and employs an unemployed veteran, disabled veteran, or other individual. The credit equals \$2,000 per unemployed veteran, \$2,500 per unemployed disabled veteran, or \$1,500 per other unemployed individual.¹⁰³

Credit eligibility

To qualify, an employer must employ the unemployed individual for at least 35 hours per week for six consecutive months, unless the employee is terminated for good cause. The employer must also withhold or deduct income tax from the employee's compensation and remit it as required by law. The employer must hire the employee during the credit eligibility period, which begins on the bill's effective date and ends on the earlier of (1) the last day of the sixth year after that effective date or (2) the last day of the first 6-month period after that effective date in which the state unemployment rate was 6% or less. When hired, the employee must have been unemployed for at least six months during the one-year period preceding the date the employee is hired. If the employee is not a veteran, the employee must also not have been a student enrolled at least half-time in an educational program for more than six months during that preceding one-year period.

Under the bill, an individual qualifies as a veteran if the individual was not serving extended active duty in the United States Armed Forces during the 60-day period preceding the date the individual was hired and if the individual either (1) served on active duty for more than 180 days and did not receive a dishonorable discharge or separation or (2) was discharged or released from active duty due to a

¹⁰² R.C. 5747.01(A)(32) and (S)(15) and 5751.01(F)(2)(jj).

¹⁰³ R.C. 5747.61, 5747.98, 5751.55, and 5751.98.



service-connected disability. A veteran qualifies as disabled under if the bill if he or she receives compensation for a disability recognized by the U.S. Department of Defense or Department of Veteran Affairs as service-connected.

The employer must claim the credit for the taxable or calendar year that includes the six-month anniversary of the employee's hiring or, if the employee was terminated for good cause before that date, the date of termination. Only one credit may be claimed (1) on the basis of the same unemployed individual and (2) under the income tax or CAT but not both.¹⁰⁴

Tax Commissioner report

Within two years after the bill's effective date, the Tax Commissioner must submit a report on the tax credits authorized in the bill to the legislature. The report must provide an overview of the effectiveness of the credits, evaluate the costs and benefits of the program, and provide information on the following: (1) the number of the credits authorized, (2) the number of employers that claimed a credit, (3) the fiscal impact of the credits on the state budget, and (4) any other relevant information. The Commissioner may request other appropriate state agencies to assist in the preparation of the report.¹⁰⁵

Supporting information

The Tax Commissioner may require an employer that receives a credit allowed under the bill to furnish any information necessary to support a claim for the credit. The employer may not receive the credit unless such information is provided.¹⁰⁶

Elimination of various tax credits, deductions, and exemptions

Commercial activity tax

For tax periods beginning on or after the effective date, the bill eliminates a CAT credit that authorized corporations that became subject to the CAT to compensate for the loss of more than \$50 million of unused net operating loss deductions and other deferred tax assets arising from the conversion from the corporation franchise tax to the CAT.¹⁰⁷

¹⁰⁴ R.C. 5747.61(A) and (B) and 5751.55(A) and (B).

¹⁰⁵ R.C. 5747.61(C).

¹⁰⁶ R.C. 5747.61(D) and 5751.55(C).

¹⁰⁷ R.C. 5751.53 and 5751.98; Section 18.



Income tax and corporation franchise tax

The bill eliminates a personal income tax deduction for contributions made to the Ohio Tuition Trust Authority's College Savings Program or purchasing tuition units. The deduction is limited to \$2,000 annually for each beneficiary.¹⁰⁸

The bill also eliminates the following personal income tax credits:

- The credit for contributions to campaign committees of individuals running for statewide executive or judicial office or for the General Assembly or State Board of Education. The credit equaled the lesser of the amount of the individual's combined contributions or \$50 (\$100 for joint filers).¹⁰⁹
- The credit for purchases by grape producers of property, plants, or equipment used to produce grapes. The credit equaled 10% of the purchase, installation, or construction price of the property, plants, or equipment.¹¹⁰

The bill eliminates references in the Revised Code to the following currently expired credits:

- An income tax and corporation franchise tax credit for an investment in a certified ethanol plant.¹¹¹
- An income tax and corporation franchise tax credit for retail dealers selling alternative fuel.¹¹²

The bill's elimination of income tax and corporation franchise tax credits, or references thereto, and income tax deductions applies for taxable years beginning on or after the effective date.¹¹³

¹⁰⁸ R.C. 5747.01(A)(10) and 5747.70.

¹⁰⁹ R.C. 5747.29 and 5747.98.

¹¹⁰ R.C. 5747.28 and 5747.98.

¹¹¹ R.C. 5733.46, 5733.98, 5747.75, and 5747.98.

¹¹² R.C. 5733.48, 5733.98, 5747.77, and 5747.98.

¹¹³ Section 18.



Sales and use tax

The bill eliminates sales and use tax exemptions allowed for purchases of the following items:

- Agricultural land tile and installation services for such tiles;¹¹⁴
- Portable grain bins and installation services for such bins;¹¹⁵
- Copyrighted motion pictures used for exhibition purposes;¹¹⁶
- Magazines distributed as controlled circulation publications. A magazine is distributed as a "controlled circulation publication" if the magazine is free to the recipient, has at least 24 pages, consists of at least 25% editorial content, is issued at regular intervals four or more times a year, and is not owned or controlled by an entity that distributes the magazine as a means to advance the entity's business interests.¹¹⁷
- Food service preparation, storage, or cleaning equipment. Under current law, the exemption applies to purchases by a "food service operation," which is any location where food is served in individual portions or served for a charge or required donation.¹¹⁸
- Automatic food vending machines that preserve food with a shelf life of 45 days or less by refrigeration and dispense it to the consumer;¹¹⁹
- Newspaper inserts, catalogues, coupons, flyers, gift certificates, or other advertising material that prices and describes tangible personal property offered for retail sale;¹²⁰

¹¹⁴ R.C. 5739.01(B)(5) and 5739.02(B)(30).

¹¹⁵ R.C. 5739.01(B)(5) and 5739.02(B)(31).

¹¹⁶ R.C. 5739.01(B)(8).

¹¹⁷ R.C. 5739.02(B)(4). The bill also purports to repeal the exemption for magazine subscriptions, which was repealed in Am. Sub. H.B. 59 of the 130th General Assembly.

¹¹⁸ R.C. 5739.02(B)(27).

¹¹⁹ R.C. 5739.02(B)(35).

¹²⁰ R.C. 5739.02(B)(35).



- Equipment, such as telephones and computers, and certain advertising material sold to direct marketers;¹²¹
- Items and services purchased under a fractional aircraft ownership program;¹²²
- Parts, equipment, and services used to repair or maintain aircraft or avionics systems;¹²³
- Full flight simulators that are used for pilot or flight-crew training, and parts and services used to repair or maintain such flight simulators;¹²⁴
- Motor vehicles, parts, and repair services purchased by a professional motor vehicle racing team. A professional racing team includes any organization that conducts a motor vehicle racing business for profit, employs at least 20 full-time employees, and races one or more vehicles in at least ten competitive professional racing events each year.¹²⁵
- Equipment used in electronic publishing. "Electronic publishing" is the provision of research publications to primarily businesses or governments in an electronic format.¹²⁶

The bill eliminates a provision that limits the sales or use tax due on purchases of aircraft under a fractional aircraft ownership program to \$800.¹²⁷ The bill also rearranges portions of R.C. 5739.01 and 5739.02.¹²⁸ The elimination of sales and use tax exemptions and the rearrangement of provisions takes effect on the first day of the first month after the act's effective date.¹²⁹

¹²¹ R.C. 5739.02(B)(35).

¹²² R.C. 5739.01(KKK) and 5739.02(B)(44).

¹²³ R.C. 5739.02(B)(49).

¹²⁴ R.C. 5739.02(B)(50).

¹²⁵ R.C. 5739.02(B)(38).

¹²⁶ R.C. 5739.02(B)(42)(o).

¹²⁷ R.C. 5739.025.

¹²⁸ R.C. 5739.01(TT) and (KKK) and 5739.02(B)(2)(c), (30), (31), (35), and (38).

¹²⁹ Section 19.

COMMENT

1. Unemployment compensation is funded through a federal-state partnership. If a state's unemployment compensation fund is depleted, federal law allows a state to apply to the U.S. Department of Labor to receive a three-month "advance" for the payment of unemployment compensation benefits.¹³⁰

If a state has received a federal advance, the state is more restricted than usual when it comes to making changes to its unemployment compensation system. Essentially, a state cannot take any action, whether legislative, administrative, or judicial, that results or will result in either (1) a reduction in the state's unemployment tax effort or (2) a decrease in the net solvency of the state's unemployment compensation system.¹³¹ Since Ohio has received an advance from the federal government, and if that advance remains outstanding after specified deadlines have passed, the General Assembly may, in a practical manner, be limited in the unemployment legislation it enacts. Whether the bill will be subject to such a practical limitation will depend upon the U.S. Secretary of Labor's determination whether the bill results, or will result, in a net decrease in the solvency of Ohio's Unemployment Compensation Fund.

2. Substitute H.B. 37 of the 130th General Assembly created the SharedWork Ohio Program. Sub. H.B. 37 took effect July 11, 2013. Similar to this bill's Short-Time Compensation Program, the SharedWork Ohio Program allows a participating employer to reduce the number of hours worked by the employer's employees in lieu of layoffs and provides benefits to qualifying employees who have their hours reduced. Although the two programs are similar, many differences exist between the two programs. These differences may need to be reconciled through the committee process.

Some of the differences between the SharedWork Ohio Program, as enacted by H.B. 37 of the 130th General Assembly, and the Short-Time Compensation Program, as contained in the bill, include the maximum amount by which an employee's hours may be reduced, the manner in which claims for benefits are submitted under the respective programs, and the manner in which employer accounts are charged for benefits under the respective programs. Additionally, S.B. 14 requires an employer to report to the JFS Director on the plan's operation and requires a collective bargaining agent to approve a plan, when applicable. Sub. H.B. 37 does not contain similar requirements. Conversely, Sub. H.B. 37 has more requirements for a plan to include to obtain approval than S.B. 14

¹³⁰ 42 United States Code (U.S.C.) 1321 and 20 Code of Federal Regulations (C.F.R.) 606.4.

¹³¹ 20 C.F.R. 606.21(a).



and requires the JFS Director to prepare reports regarding the SharedWork Ohio Program.

3. In what appears to be a drafting error, division (A) of R.C. 4141.52 under the bill provides that the effective date specified in the plan does not apply if the JFS Director terminates the plan prior to that date. Division (D) of that section allows for an employer to prematurely terminate the plan, but the bill does not explicitly state that the termination date specified in the plan does not apply in that circumstance.

HISTORY

ACTION	DATE
Introduced	02-12-13

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