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## Senate Has No Luck With Emergency Clauses

The Senate passed two bills Tuesday but rejected the emergency clauses that were attached to both bills.

The first bill (**SB124**-Spada) exempts certain adjudicatory agencies from the operation of the Sunset Review Law. The agencies that would receive the exemptions are: Adult Parole Authority, Board of Tax Appeals, the Controlling Board, the Department of Youth Services Release Authority, the Environmental Review Appeals Commission, the Ethics Commission, Ohio Public Works Commission, the Self-Insuring Employers Evaluation Board, the State Board of Deposit and the State Employee Relations Board.

The bill also augments the membership of the Ohio Subrogation Rights Commission to include two small business representatives. The bill passed 29-3 but the emergency clause failed 19-13.

The second bill, **HB25**-Wagner, was managed on the floor by Sen. David Goodman (R-Bexley).

The bill is a reintroduction of **125-HB494**. It addresses a state officer or employee who in a civil action is alleged to lack immunity from personal liability to participate in the proceeding to determine his or her immunity.

The bill simplifies a Court of Claims process and would allow state employees to advocate their position during hearings. The bill comes from a recommendation by the Ohio Supreme Court in the case of **Johns v. University of Cincinnati Medical Associates, Inc.**, where the Court ruled that the Court of Claims has exclusive jurisdiction regarding immunity determination proceedings and added "while excluding state employees from participating in the immunity determination proceedings does not violate constitutional protections, we suggest that the General As-

sembly consider amending ORC 2743.02 to permit state employees to participate."

An amendment was added to the bill which would correct an oversight in **125-SB133** which dealt with Ohio's retirement systems. The amendment gives the retirement boards affected the ability to fill the retiree members' positions so that a vacancy does not occur for a certain time period.

However, with the failure of the emergency clause, this will not be the case.

When asked why Democrats had failed to support either emergency clause, Senate Minority Leader C.J. Prentiss said, "It has been explained to us over and over that the Senate rules won't be broken and I want to abide by all rules ... I believe the single subject rule was not applied and the emergency clause is supposed to be used only when the peace, public health, safety or welfare of Ohioans is threatened. These bills did not meet the test."

## Prentiss Introduces Minimum Wage Bill

Senate Minority Leader C.J. Prentiss (D-Cleveland) gave sponsor testimony and held a press conference Tuesday to ask the Legislature to raise Ohio's minimum wage.

She told the panel that the current federal minimum wage of \$5.15 per hour has not been increased by Congress in nearly eight years and thus has not kept pace with inflation.

The minimum wage in Ohio is \$4.25 and has not been increased since 1990, making Ohio one of only two states with a minimum wage lower than the federal rate. Fifteen states and the District of Columbia have passed laws mandating minimum wages greater than the federal level of \$5.15.

When Congress passed the minimum wage law, Ohio was one of two states that chose a tiered sys-

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tem. The current minimum wage (\$4.25) applies to those companies with gross incomes of \$500,000 or less while the federal law applies to companies with incomes over \$500,000.

Prentiss also said if the minimum wage of \$5.15 had kept pace with inflation, the current rate would be nearly \$8.00 per hour. In 2004, an employee working full time at a minimum wage of \$5.15 earns \$10,712 a year -- \$5,378 below the 2005 poverty level for a family of three and \$8,638 below the poverty level for a family of four.

Prentiss' bill -- **SB11** -- proposes to increase the basic state minimum wage to \$6.15 on Jan. 1, 2006 and to \$7.15 one year later. It also proposes to increase the minimum wage payable to certain tipped employees to \$3.07 from \$2.13 on Jan. 1, 2006 and \$3.57 one year later. It also requires the basic state minimum wage to be adjusted on September 30 every year by increasing the wage by the rate of inflation for the 12 months prior to September 1, according to the consumer price index.

To illustrate her point that raising the minimum wage could actually save companies money, Prentiss pointed to Wal-Mart and Costco.

Prentiss called Wal-Mart "the archetype low-wage employer" that must hire 600,000 new workers each year just to maintain current employment levels of 1.4 million. The company has estimated that it costs \$2,500 per worker to test, interview and train a new employee.

She said Costco starts workers at \$10 an hour and pays an average of \$15.97. She said Costco has lower turnover, higher productivity and less theft than Sam's Club with its lower average wages. She said 21 percent of workers leave Wal-Mart within their first year, while at Costco just six percent of workers quit in the first year. She referred to an article in the April 2004 issue of Business Week which said that even with higher salaries, labor cost as a percentage of sales are lower at Costco than at Wal-Mart because workers are more productive.

She ended by saying, "Ladies and gentlemen by all standards, paying a person who works 40 hours a week \$10,000 a year is not the right thing to do."

## **Zelman Says House Budget May Create Bigger Phantom Revenue Problem**

Susan Tave Zelman, superintendent of public instruction, expressed appreciation for the House-passed budget Tuesday, but said the Ohio Department of Education (ODE) is concerned about how local shares are calculated, a lack of new money for testing, the "inadvertent" reduction of money for intervention, and the Ohio Choice Scholarship Program.

Speaking to the Senate Finance Committee, Zelman said that the House-passed budget bill directs ODE to make two additions when calculating a school district's local share -- abated property value under a tax increment financing district (TIF), and payments received by the district in lieu of taxes under other tax-exemption programs.

When House Speaker Jon Husted (R-Kettering) was asked about the new provisions later in the day, he said the House Finance Committee had discovered that "school districts were receiving hundreds of millions under the table" in the form of payments from local economic development programs. "We were shocked," Husted said.

But Zelman said the provisions are likely to "create additional phantom revenue problems for school districts because they may not actually be collecting such payments. These provisions also will increase the local share of funding."

In addition, Zelman said, it is unfair to make these changes for districts that have already signed property tax abatement agreements. [\(continued\)](#)