

# CableViews

Ohio Cable Telecommunications Association

Issue 2 2015

## Message from the President



*Ed Kozelek  
President, OCTA Board of Directors  
Vice President of Government Relations,  
Time Warner Cable Midwest Region*

For a third time, the Ohio cable industry has staved off a discriminatory sales tax on our video service product that could have created a huge discrepancy between the taxes paid by cable customers and customers using other multichannel video services, including direct broadcast satellite (DBS). As reported in this issue's Capital Update (p. 3), the proposed tax on cable introduced in the state budget was omitted in the version passed by the Ohio General Assembly and signed into law by Governor Kasich.

While a state sales tax on cable had been floated – and defeated – before, the OCTA and its member allies took nothing for granted this time around and mounted a multi-faceted campaign against a double tax on cable. Working to squelch the proposed tax took a concerted effort – one made possible by OCTA members' support of your state association. With counsel from the OCTA's board of directors, the OCTA staff and its government affairs team delivered an effective message to members of the state legislature, clearly expressing the reasons for our opposition to the tax and countering unfounded claims made by the DBS industry in its efforts to see the tax imposed.

OCTA members participating in a Lobby Day on March 3rd met with over 70 legislative offices, communicating our industry's position on the sales tax issue. Additional meetings were held in the districts of legislative leaders between system personnel and representatives serving their areas. Further, OCTA Executive Director Jonathon McGee and Board Vice President Robert Gessner testified in opposition to the bill in the House Ways and Means Committee. The OCTA supplied written testimony to the full House Finance Committee, and Jonathon testified again before the Senate Ways and Means Committee.

Although the DBS industry lobbied vigorously in the House for the tax on cable services, hoping for the unfair advantage it would give them in the competitive market, our team prevailed. When the House of Representatives struck the language from House Bill 64, the state's two-year budget, DBS adopted a new strategy. In the Senate, DBS asked that either the tax be imposed on cable – whose customers already pay taxes on their video service – or that the state sales tax on DBS be removed. But the Senate concurred with the House, and neither DBS proposal was adopted.

OCTA members turned out for two association events in June: the annual Legislative Reception and Technology Demo on June 2nd and the 2015 Golf Outing on June 15th. Our thanks to all who participated in and sponsored these activities.



***Making a Difference:** OCTA members from around the state traveled to Columbus for the Legislative Reception. Among those meeting with legislators and other elected officials were Mike Bricker and Gordon Waters of Armstrong, Frank Polito of Comcast, Rick Mlcek and Keith Wilkowski of Buckeye CableSystem.*



***Making the Grade:** 2015 Golf Outing 'Low Net' winners Bill McCall, Kelly Rehm, Dave Hoffer and Gary Johns celebrate their victory.*

**Turn to page four for more on these OCTA events.**

Ohio's state legislators heard from the cable industry. They listened, but not just because the industry spoke out on this issue. In part, they listened because the OCTA, and OCTA members, are actively involved in communicating with their elected officials on a regular basis. Time and again, legislators being interviewed for the "Face to Face" feature of this newsletter, have said "Keep doing what you're doing" when we've asked for advice pertaining to the cable industry. Keep communicating, keep educating, and keep active is what they mean. It's good advice, and heeding it continues to serve our industry well in Ohio.

On behalf of the OCTA, we would like to thank House Speaker Cliff Rosenberger, Finance Chair Ryan Smith, Senate President Keith Faber and Finance Chair Scott Oelslager, and the members of both chambers' Finance Committees, for their leadership on issues of importance to the Ohio cable industry.

*Ed K*

# Face *to* Face

## with Speaker Pro Tempore Ron Amstutz

State Representative Ron Amstutz serves Wayne County in Northeastern Ohio, a mix of rural agricultural and smaller industrial communities. He also serves as Speaker Pro Tempore, second to Speaker Cliff Rosenberger (R-Clarksville). Representative Amstutz is a lifelong resident of Wayne County, was raised on a dairy farm and previously served as mayor of the City of Orrville. He also worked for five years in the Orrville office of The Daily Record as a writer, photographer and bureau editor. He earned a bachelor's degree in government communications from Capital University. Representative Amstutz has over 35 years' experience in the legislature, including eight years in the

Ohio Senate, where his primary assignment was Chair of the Ways and Means and Economic Development Committee. In the House his leadership posts have included Chair of the House Finance and Appropriations Committee, Assistant Majority Whip and Chair of the Joint Committee on Agency Rule Review.

### Fast Facts:

Favorite flavor of Smucker's: Red Raspberry

Political Columnist Followed: Thomas Friedman

Preferred Personal Tech Device: Phone



**Jonathon McGee:** You graduated from Capital University with a degree in government communications. Was it your plan early on to enter politics?

**Ron Amstutz:** No. My interest in politics came early, but the interest in actually serving in government didn't come until later. I was a journalist reporting on government and that really was the pathway that led me to want to do some things; you can't just talk about them. As a journalist all you can do is talk about them, so I decided to run for office so I could act, make things happen.

**JM:** Does your experience as a reporter help you to gather and process information in committee?

**RA:** I think it's made a lot of difference. I do 'think on paper'; as a journalist, you're trying to capture things on paper and use them to communicate to others. That's also important when you're doing legislative work. I think it has made me more analytical.

**JM:** When you were first elected to the House in 1980, your district included Wayne and parts of two other counties. How has that changed?

**RA:** As Wayne County's population where I live has gradually grown relative to the rest of the state the district has shifted. So, by constitutional mandate, it has become a single-county district. It has been for 25 years now, and probably will be for at least another 20.

**JM:** Has the changing composition of your district affected your legislative goals?

**RA:** No, I've had the blessing that my constituents are pretty much on the same page as I am; that's helpful.

**JM:** You've held a number of leadership roles, both in the House and Senate. How have those differed from your role now as Speaker Pro Temp?

**RA:** The way I've been describing it is that I've moved from quarterbacking to coaching. I do less direct running, as in leading a committee; I'm more of an adviser to the committee.

**JM:** You've served extensively on finance and ways and means committees in both chambers. Do you see any differences in how those bodies approach state government funding?

**RA:** I don't think it's something you can differentiate as much between the bodies as you can between session to session and leaders in place in each of the bodies. Over time, I don't think there's any difference between the House and Senate. But there have been times when the House was more conservative in its taxing and spending, and the Senate was a bit more aggressive. I don't think that's the case now, and it has more to do with the consensus and the leadership in the House and Senate in each session.

**JM:** What generated your interest in state taxes and government finance?

**RA:** My first experience was actually as the mayor of Orrville, and one of the things I enjoyed most about that was the chance to approach budgeting from the executive side. That generated my interest in the appropriations side. The interest in the tax side occurred in a couple of stages. In my first session here, my first pick was the Finance Committee. My second choice was Ways & Means Committee; I got my second pick. So I started out in Ways & Means. Then later, when I was in the Senate, we had a big, big tax reform project that I got involved in. I was chair of a committee with an economic

*Continued on page 5*

Cable Views

## Legislative Update

**Biennial Budget:** HB 64, as introduced by the governor on February 2nd, would have expanded the sales tax to include cable service, along with many other items. The sales tax base rate was also proposed to increase by 0.5% from 5.75% to 6.25%. The Commercial Activity Tax (CAT) rate was increased by 23%, and the vendor discount on sales tax collection was substantially reduced. These tax increases were designed to enable the state to further cut the personal income tax rate, and to give small businesses a tax break. The proposed budget also called for an increase of 14% on the Department of Commerce's video service provider assessment.

The House Finance Committee removed the sales tax provisions, along with the business tax increases that were of concern to the cable industry, prior to the House passing its version of the budget in late April.

Following weeks of hearings, the Senate Finance Committee reported a version of the bill which mimicked the House version in respect to the tax issues of concern. The Senate then passed its version of the bill.

A Conference Committee formed to resolve differences between the House and Senate-passed versions of HB 64, and it maintained the current Ohio tax structure and did not place a sales tax on cable service, raise the sales tax or CAT rate, or modify the vendor discount. However, the 14% increase in the Department of Commerce's annual assessment remained in place. The Conference Committee report was subsequently adopted by both chambers, largely along party lines. Governor Kasich signed the bill into law on June 30th.

**Telecom Deregulation:** Having failed to obtain passage of its telecom deregulation legislation in the last General Assembly, AT&T was able to have language added to the introduced version of HB 64 to allow incumbent local exchange carriers to abandon basic local exchange service (BLES) obligations under certain situations. This language also provided for more safeguards to customers who could stand to lose service if the telecom provider is allowed to withdraw service, than language seen at the end of 2014. Apart from establishing those safeguards, the language was what the OCTA had previously agreed to with AT&T and protects our interests. These provisions were enacted and signed into law by the governor.

The final language enacted provides that an incumbent local exchange carrier (ILEC) may withdraw or abandon BLES if 1) the FCC allows the ILEC to withdraw the interstate-access component of BLES; 2) the ILEC withdraws that component in an exchange; and 3) the ILEC gave 120 days' notice. If this is met, the law relieves the ILEC of its carrier of last resort obligation with regard to the subject exchange. The BLES customer service requirements would no longer apply in that exchange.

The Act also requires the PUCO to establish a "collaborative process" to address the internet-protocol-network transition with input from stakeholders including ILECs; CLECs that provide BLES and that are affected by the transition; the Ohio Consumers' Counsel; and, at the invitation of the PUCO, other interested parties and members of the legislature. The

OCTA worked with AT&T and the Governor's Office to have a representative of cable added to the process, and this was done in the House.

Importantly, the Act does not affect any contractual obligation, including agreements under the Telecommunications Act of 1996, any right or obligation under federal law or rules, or any state law or rules under Title 49 related to wholesale rights and obligations. The Act also ensures that an ILEC that withdraws BLES is still subject to PUCO oversight for the rates, terms, and conditions for carrier access, pole attachments, and conduit occupancy.

Under provisions of the bill, if a residential customer receives notice from an ILEC that BLES is being withdrawn, and the customer is unable to obtain "reasonable and comparatively priced" voice service after the withdrawal, the customer may petition the PUCO for relief. If the PUCO determines that no reasonable and comparatively priced voice service is available, the PUCO must attempt to identify a willing provider of service. If no willing provider is found, the PUCO may order the ILEC to continue to provide service to the customer for another twelve months, during which the PUCO must evaluate whether an alternative exists. If no alternative voice service is available, the PUCO may extend the order to provide service for another twelve months. After the second twelve month period, the PUCO may order the ILEC to continue to provide a reasonable and comparatively priced service using any technology or arrangement.

## Regulatory Update

**Retail Rules:** The PUCO opened a docket to review its Retail Telephone Rules contained in Ohio Administrative Code 4901:1-6. This review is mandated by Ohio law, which requires agencies to review their rules at least once every five years; these rules are due to be reviewed by November 2015. All comments were filed by February 6th, and we now await an Entry from the PUCO.

**SB 378 Rules:** Late last year, SB 378 was enacted which made changes to Ohio's underground facility protection laws and included provisions for an enforcement mechanism. This enforcement mechanism creates the underground technical committee and is to be administered by the PUCO. The PUCO staff recently released draft rules related to the procedures to be used in the administration of the new law. The OCTA, along with other underground facility owners, filed joint comments in this proceeding. These comments can be reviewed at: <http://dis.puc.state.oh.us/CaseRecord.aspx?CaseNo=15-282&x=16&y=14>

**Ohio 614/380 NPA Overlay:** In 2001, the Public Utilities Commission of Ohio (PUCO) approved an overlay of the 614 NPA. The new 380 NPA will serve the same geographic area currently served by the existing 614 NPA. On January 14, 2015, the PUCO issued its decision that the telecommunications industry should proceed with the implementation of the 614/380 overlay. Permissive 10-digit dialing is scheduled to begin August 1, 2015 with mandatory 10-digit dialing starting January 30, 2016. The effective date for the new 380 NPA is February 27, 2016.



# 2015 Legislative Reception and Technology Demonstration

Thanks to Time Warner Cable for providing technology exhibits and hosting displays by student participants in the "Invention Connection", whose projects were supported by TWC's CAMM initiative. Thanks also to the members from

Time Warner Cable, MCTV, Comcast, Armstrong and Buckeye CableSystem who participated in the event. We greatly appreciate their support for the OCTA's legislative efforts and their outreach to elected officials.



*Senator Bill Beagle (R-5) meets 'Invention Convention' winner Ryan Martz of Troy Schools (center)*



*Representatives Bill Reineke (R-88) and Jeffrey McClain (R-87) share a neighborly chat.*

Thanks to all who joined us at The Lakes Golf & Country Club on June 15th for our 2015 Golf Outing. It was a beautiful day on a superb course with a great group of golfers!

## Golf Outing Sponsors & Donors

**Reception:** Time Warner Cable

**Breakfast & Massage Therapy:** Comcast

**Betting Hole:** Precision Broadband Installations

**Beverage Cart:** Cox Communications

**Hole-in-One:** ESPN

Comcast

Buckeye CableSystem

MCTV

Sheppard Mullin

Grant Street Consultants

Byers Minton & Associates

Fox Networks

Outdoor Channel

MAVTV

GLW Broadband Inc.

Turner Network Sales

Armstrong

Davis Wright Tremaine LLP

INSP

American Cable Association

A&E Networks

Ohio Council of Retail Merchants

Strategic Impact Consulting

Van Meter, Ashbrook & Associates

Vorys, Sater, Seymour & Pease

TV One

OUPS

Crown Media Family Network

NBC Universal

Baker Installations

Edge Broadband



*Low Gross Winners  
Charles Miller, Jimmy Lee  
and Nathan Riggie*

*Jonathon McGee congratulates  
Florence Buchanan of Buckeye  
CableSystem, winner of the  
'closest to the pin/women' skill  
prize.*



*Ready for Duty:  
Elizabeth Barrowman,  
Pamela McDonald of  
Time Warner Cable, April  
Barrowman, and Lissette  
Rivera of Cox*

development function, and I made a pitch to the leadership that was forming committees. I said, since we're doing an economic development package in the tax reform, let's put those two functions – economic development and ways and means – together in a committee. I led that committee for three sessions, six years, in the Senate.

**JM:** Has your own philosophy on taxation changed over the years? What is your philosophy now?

**RA:** I think it's developed over the years, but it hasn't changed too much. The best tax policy is fairly simple. You try to keep taxes broad and low, so you try not to have too many detailed special cases. That's the overall objective. As a practical matter, you have to give due consideration to situations that need to be addressed in policy. For example, you might want to encourage some area of development, and a tax would be discouraging, so you give a special credit or treatment. You try not to do that too often. You do tax what you want less of, and you don't tax what you want more of.

**JM:** Has there been a theme to your legislation over the years?

**RA:** Most of my work has been focused on as a team effort, so I haven't carried a lot of personal legislation. I've usually worked on budgets and tax bills. My name might have been on it, but it's really wasn't my bill. When you're carrying a budget bill it's a team approach. It's tripartite between both sides of the legislature and the executive branch. That's where most of my effort has been. Most of my marks, to the extent that they've happened, have tended to be inside those bills.

**JM:** If you had to pick one issue/victory as a defining moment in your time as a legislator, what would it be?

**RA:** I think what I am most excited about – because I'm always looking forward – is something that's developing now and has been for several years. It came out of a really tough set of discussions we had when the federal – I refer to it as the "Unaffordable" Care Act – came down on us and we were trying to figure out what to do about Medicaid. One of the outcomes was a consensus among the members of all four caucuses of the House and Senate that we would work on helping folks to not need Medicaid by improving their situation. To get them to a place in the workforce where they don't need public assistance, or at least not so much assistance. That's continuing to develop. I have introduced a bill on this topic, HB 196, which is a compilation of things that the House sent over to the Senate, and things that we took out of the budget to do more work on that the administration recommended. I don't expect this bill to pass, though. What we're doing is getting a process going that I hope to bring into the conference committee in June so it will be back in the budget. The idea of helping our citizens to move up to a better place is not something you do by passing a bill by itself. We're just catalytic, or sort of convening, more than we are actually driving it; it needs to happen down at the community level. But a lot of what we do at the state happens at the community level.

**JM:** What might Ron Amstutz be found doing on a summer day off in Wooster?

**RA:** Probably mowing my yard, maybe working in the flower beds or going for a hike.

**JM:** You're known as a bit of a technology buff. How so?

**RA:** Sure. I've been that way from my early days in high school, when I dragged a tape recorder around from class to

class. I rarely listened to the tapes, but it was fun having the technology. I'm interested in it for the purpose of getting work done, facilitating things that I'm trying to do better than I could otherwise do, using it for practical applications.

**JM:** What innovation in your cable TV service do you most enjoy?

**RA:** Internet connectivity, without a question.

**JM:** Do you have any parting advice for the cable industry?

**RA:** Hold on tight, because things keep changing so rapidly in the technology world. Finding space there is going to continue to be a challenge. I think the cable industry has added tremendous value to our quality of life by giving us access to information that's important and valuable. Entertaining, enjoyable, and in many cases life-enhancing.

Read more *Face to Face* interviews online.  
Click on *CableViews* at [www.octa.org](http://www.octa.org)

## Ohio Cable★PAC

Ohio Cable Political Action Committee

### Company Participation

Company	Amount Raised	Goal
Armstrong Cable	\$0	\$2,496
Buckeye CableSystem	\$1,420	\$10,972
Comcast	\$3,750	\$1,430
Cox Communications	\$550	\$3,068
G.L.W. Broadband	\$500	\$400
MCTV	\$18,225	\$3,270
Suddenlink	\$0	\$1,400
<b>Total</b>	<b>\$24,445</b>	<b>\$23,036</b>

### Individual Contributions

<b>Baker Installations</b> Shawn Frazee	<b>East Cleveland Cable TV</b> James Gruttadaurio
<b>Broadband Express, LLC</b> Daniel Kanaan	<b>Erie County CableVision Inc.</b> Nicholas Vitou
<b>Buckeye CableSystem</b> Jeffrey Abbas Mike Bilik Laurie Cichy Bonita Ehrhardt Pamela Koontz Brad Mefferd Rick Mlcek Jessica Pitzen Sarah Riedeman Charles Riley James Wolsiffer	<b>G.L.W. Broadband</b> Kevin Flanigan
<b>Cox Communications</b> Rob Howley Richard Voipe	<b>MCTV</b> Robert Gessner David Hoffer David Howe Paul Ream Kelly Rehm
	<b>OCTA</b> Jonathon McGee
	<b>Vorys, Sater, Seymour &amp; Pease LLP</b> Benita Kahn

*Thank you for your support!*



# Cable Calendar

## SCTE Penn-Ohio Chapter Golf Outing

[www.scte.org](http://www.scte.org)

When: July 15, 2015  
Where: Cranberry Highlands Golf Course  
5601 Freshcorn Rd.  
Cranberry Twp., PA 16066

## 2015 ALEC Annual Meeting

[www.alec.org](http://www.alec.org)

When: July 22-24, 2015  
Where: Manchester Grand Hyatt  
San Diego, CA

## NCSL Legislative Summit

[www.ncsl.org](http://www.ncsl.org)

When: August 3-6, 2015  
Where: Washington State Convention Center  
San Diego, CA

## WICT National 2015 Leadership Conference

[www.wict.org](http://www.wict.org)

When: September 28-29, 2015  
Where: New York Marriott Marquis  
New York, NY

## 29th Annual NAMIC Conference

[www.namic.com](http://www.namic.com)

When: September 29-30, 2015  
Where: New York Marriott Marquis  
New York, NY

## OCTA Annual Meeting

[www.octa.org](http://www.octa.org)

When: October 8, 2015  
Where: Longaberger Alumni House  
Columbus, OH

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[www.octa.org](http://www.octa.org)

50 West Broad Street, Suite 1118  
Columbus, Ohio 43215

