

Blackwell swings for the fences

6-1-95 P-D
COLUMBUS

Who is sorry now? Not State Treasurer J. Kenneth Blackwell, that's for sure. Because he's sitting pretty.

Often, and early — as long ago as 1983 — Blackwell, a Cincinnati Republican, said Ohioans should make it harder for the General Assembly to raise state taxes.



Thomas Suddes

That's why, shoulder to the wheel, Blackwell backed an unsuccessful 1983 initiative to require a three-fifths majority of the House and Senate, respectively, to raise taxes, instead of a simple majority.

There are serious arguments pro and con; but in 1983, Ohioans weren't biting. Only 40.8 percent of the voters who trekked to the polls voted yes.

The 1983 initiative carried just three of the 88 counties: Warren (in the Cincinnati suburbs); Marion (northwest of Columbus); and, close to home, Greater Cleveland's Lake County.

Last November, Republicans won Ohio's House for the first time in 22 years. And in February, Blackwell endorsed a three-fifths amendment sponsored by Rep. Michael A. Fox, a Hamilton Republican.

Fox unveiled his plan the very day the Wall Street Journal editorially denounced Voinovich as "the nation's premier GOP tax raiser" and said Fox was appalled that Voinovich opposed his three-fifths amendment.

With the rabbit out of Fox's hat, a Voinovich spokesman said the governor opposed the super-majority concept — and that a change of mind wasn't likely. Then, politically speaking, every slingshot in Voinovich's Riffe Center office was aimed northeast, across Capitol Square, at Blackwell's digs in the Rhodes Tower.

Because Blackwell, appointed treasurer by Voinovich when Democrat Mary Ellen Withrow resigned, was biting the hand that fed him by getting out front on an issue Voinovich opposed. Or so the script read.

But that was then. This is now. Because last week, when House Democrats gave Fox the votes

Voinovich saw the steamroller coming and slid out of its way.

The one committee Democrat who voted no last week was Rep. Daniel P. Troy, of Willowick, even though Lake County voted for the 1983 plan.

Troy said Ohio's ballot could become as bizarre as California's, where referenda rule the roost. And Troy noted that Senate Majority Leader Robert J. Boggs, an Ashtabula County Democrat whose district includes Lake, opposed the 1983 amendment but nonetheless has repeatedly won re-election.

After the committee's vote, Voinovich indicated he wouldn't oppose Fox's proposal because, thanks to a change Fox made, the General Assembly could OK tax hikes if Ohioans then ratified them in a referendum. The governor also wants the three-fifths amendment to cover only major state taxes (income, sales and the like), an ingredient Chef Fox will now add to his recipe.

Trouble is, unless Ohio is deep in a recessionary soup, Ohioans won't pass tax hikes. What's more, this General Assembly, which will be on the ballot at least two years before Voinovich ever will be, is too scared even to ask Ohioans to consider reinstating his penny-a-can soft-drink tax.

So Voinovich's three-fifths switcheroo looks like a fig leaf to cover political nakedness — especially with a U.S. Senate seat beckoning in 1998.

Meanwhile, back at the treasury, the three-fifths groundswell isn't the only recent star glued in Blackwell's rollbook.

Last week, U.S. House Speaker Newt Gingrich and Senate GOP Leader Bob Dole named Blackwell to a National Commission on Economic Growth and Tax Reform, chaired by Blackwell pal Jack Kemp, that will aim to design a "flatter, fairer and simpler" tax code.

Then, to ice Blackwell's cake, conservative columnist Mona Charen recently sang his praises when the American Civil Liberties Union questioned a "moment of silent prayer or reflection" he requested from treasury employees at a Dec. 14 staff meeting. To credential a Republican politician as a Great American, there's nothing like an ACLU rebuke.

All of which, taken together, is why someone may be having moments of silent reflection nowadays — at the governor's office, not the treasurer's.

Suddes is The Plain Dealer's

*Bob McAdam
Bob Pruett*

Task force moving faster on stadiums

By Duane St. Clair
Dispatch Public Affairs Editor

A state task force is moving quickly to give Cleveland and Cincinnati the financial wiggle room to keep pro football teams that are threatening to leave unless the cities build stadiums.

At the urging of Senate President Stanley J. Aronoff, R-Cincinnati, and Paul C. Mifsud, chief of staff to Gov. George V. Voinovich, the Sports Facilities Task Force will devote a meeting Wednesday to local government taxing options.

Aronoff said he wants some quick recommendations to send a signal to Mike Brown, owner of the Cincinnati Bengals, that the General Assembly may quickly adopt law changes that will allow local governments to finance at least part of the cost of a new football stadium.

Brown, besieged by a \$36 million tax bill over the estate of his late father, Paul, is being wooed by Baltimore to move the Bengals there. Baltimore, with a stash of money raised from a sports lottery, reportedly wants a commitment by July 1.

At the same time, Cleveland Browns owner Art Modell has proposed a massive revamping of Cleveland Stadium.

Aronoff said he would like to come up with a "cafeteria" of options for local governments to finance stadiums. Possibilities range from multicounty sales taxes to countywide parking taxes to voter-approved alcohol and tobacco taxes on a countywide or regional basis.

The legislature is to be in session through June 30 and is scheduled to return again July 11 for one or two days.

Aronoff said he'd like legislation to be written and possibly passed this summer.

The task force is to complete a report on state participation in sports facility financing. It has helped both Cincinnati and Cleveland, and other cities are clamoring for state aid.

Aronoff projected that the state would provide 12 percent to 15 percent of the cost of a stadium in Cincinnati, about the same as it did for the Gateway stadium and arena project in Cleveland.

The rest would have to come from local taxes and private interests.

Seven of Cincinnati's major corporate leaders pledged to help build a baseball park for the Reds, and those same people "are going to have to stand up for the Bengals" if the football team is to stay in place, Aronoff said.

A source said that a Bengals representative made inquiries with a few Columbus civic leaders about trying to land the Bengals if they abandon Riverfront Stadium, but no interest was shown.

Recently, Brown indicated he would be satisfied with a football-only stadium on the site of Riverfront. Some took that as refurbishing the park and others say he means he wants a new facility.

Civic leaders in Cincinnati and Cleveland are exploring numerous options to finance sports facilities, including using a regional authority to raise the money.

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Aronoff urges quick action on ways to fund stadiums

6-1-93
By BENJAMIN MARRISON

PLANNING DEPARTMENT

COLUMBUS — With the Cincinnati Bengals considering an offer from Baltimore and the Browns' future in Cleveland uncertain, Ohio Senate President Stanley J. Aronoff yesterday implored state leaders to find new ways to help cities finance sports facilities.

And to do so quickly.

"I don't want us to fiddle while Cleveland and Cincinnati are burning," the Cincinnati Republican said after urging members of the Sports Facilities Task Force to decide — next week — how the state can give cities financial tools to build arenas and stadiums.

Aronoff said he wanted the General Assembly to review, and pass by early July, legislation allowing cities to place fund-raising proposals on the ballot.

"I am pushing that we come up with some tools for communities to use, and do it as quickly as possible," Aronoff said. "People in local communities need ... at least a signal that we're discussing this. It may be critical, and I mean critical as in 20 to 30 days."

And as the legislature reviews proposed bills, Aronoff said the task force could continue devising guidelines the state can use in determining whether a city gets state aid and how much.

SEE FUNDING/3-A

Quick action is sought on ways to fund stadiums

FUNDING FROM 1-A

While the list may be expanded, the types of proposals now being considered to help pay for sports facilities are:

✓ Increasing, with voter approval, the sales tax that can be imposed locally from one-half percent to 1.5 percent.

✓ Asking voters to change the Ohio Constitution and allow communities to impose taxes on soda pop.

✓ Changing state law to allow communities to impose unvoted "sin taxes," or surcharges, on alcoholic beverages and cigarettes.

In addition, legislators may be asked to raise the limits on lodging taxes and pass legislation allowing multiple counties to impose a tax to build a facility in one county.

"I rule nothing off the table," Aronoff said "I'd like to give every community as many options as possible. The fact that something works or doesn't work in Cincinnati does not mean I would not support it for another part of the state. One size does not fit all in this."

R. Gregory Browning, the state budget director and Gov. George

'I don't want us to fiddle while Cleveland and Cincinnati are burning.'

STANLEY J. ARONOFF,
Ohio Senate president

V. Voinovich's top policy adviser, said he hoped to limit the menu of options to just a few.

"I don't want the public to think we're going to cook up a dozen ideas cafeteria-style and give the cities anything they want," said Browning, who heads the stadium task force.

Paul Mifsud, Voinovich's chief of staff and a task force member, said the governor wants voters to have a say in what taxes or funding options are imposed.

"The governor supports the right of the local officials and the citizenry to vote on whatever options suit their individual purposes," Mifsud said, whether it's the proposed parking tax to pay for Cleveland Stadium renovations, or extending and expanding the sin tax that was used to help build Gateway.

State Rep. Patrick A. Sweeney, the West Side Cleveland Democrat and House minority leader, said the panel must stop taking testimony and begin taking action if the Bengals and Browns are to be saved.

"There is a sense of urgency, but I think they [Cincinnati officials] are on a different clock than we are in Cleveland," Sweeney said.

Sweeney said he was told the Bengals had an offer from Baltimore that would expire in about a month. Aronoff said he understood the offer from Baltimore had an upcoming deadline, but did not know the exact time frame. Bengals owner Mike Brown could not be reached for comment last night.

In addition to the pressure from Cincinnati's football team, some of that city's most powerful business leaders announced Tuesday that a new baseball stadium would be built along the Ohio River and said they wanted the state to help pay for it.

Sweeney said he had heard San Antonio had made an offer to Browns owner Art Modell to move the team to Texas, but a spokesman for Modell said the longtime owner had not had conversations with any city about relocating.

Using RTA funds for Stadium picks up support

By STEPHEN KOFF
and TIMOTHY HEIDER
PLAIN DEALER REPORTERS

CLEVELAND — A proposal to finance renovation of the Stadium with money that now goes to the Regional Transit Authority is gaining steam, but political leaders caution that they have not ruled out other options.

The latest proposal is being championed by Cuyahoga County Commissioner Lee C. Weingart. If acceptable to voters, it would result in changing the Stadium's ownership from the city of Cleveland to Cuyahoga County, because a countywide sales tax would be providing more than \$12 million a year, or the largest single share of renovation costs. Weingart says Browns majority owner Art Modell could be asked to manage the renovations — and to pay for all cost overruns.

The county's voters would be asked to repeal a fourth of the 1 percent sales tax that goes to the RTA. County commissioners then would vote to impose a sales tax of the same amount and dedicate part of it — yielding 10 cents on every \$100 in purchases — to pay for Stadium renovations. The remainder of the new county tax revenue would go back to RTA.

City Councilman James Rokakis chairs the council Finance Committee and serves on a committee appointed by Mayor Michael R. White to review a mayoral task force's recommendations for renovating the Stadium. Rokakis said the administration has "no choice but to take [the proposal] seriously. There is nothing else out there."

Rokakis does not favor a financing plan recommended early this month by White's task force of business and civic leaders. The task force estimated the price at \$154 million, plus undetermined costs for such things as lead paint removal and site improvements.

SEE BROWNS/6-A

6-A

THE PLAIN DEALER / WEDNESDAY, MAY 24, 1995

Stadium proposal gains momentum

BROWNS FROM 1-A

It recommended financing the deal with a 15 percent tax on paid, off-street parking in Cleveland, \$2 million a year from the state and \$1.8 million a year from the county.

But county commissioners said the county could not afford to help, partly because its SAFE investment fund lost \$115 million.

And a coalition of downtown business owners has vowed to seek a referendum on the parking tax if City Council votes to impose it. The coalition says the tax would be bad for downtown interests trying to compete with businesses in suburbs, where customer parking is often free.

Weingart's proposal would drastically pare or eliminate the need for a parking tax, and would not cost the county a cent.

The proposal would take a tenth of the \$122.5 million a year that RTA now collects through its 1 percent sales tax. Although RTA has had to cut routes in recent years to cope with declining ridership, Brook Park Mayor Tom Coyne thinks the agency can handle the revenue loss.

"If we can boost ridership with a [renovated] Stadium or with more ridership from the Browns, we might be able to do that," said Coyne, an RTA board member.

RTA Executive Director Ronald Tober says the transit agency cannot afford a cut, especially when it faces what he said is a loss of \$9 million a year in funding due to congressional budget cuts.

The proposed new tax would require the backing of one of the other two county commissioners, Timothy F. Hagan and Mary O. Boyle. It would help to have the blessing of White, who was unavailable for comment yesterday.

Hagan said yesterday that he

had "an obligation to consider any proposal by any of my colleagues." He acknowledged that he had discussed the proposal with Weingart, the mayor and Council President Jay Westbrook.

And Hagan agrees with Weingart, a Republican, that if the county provides the bulk of funding, it should own the Stadium.

But Hagan insisted he would not go forward without the support of his Democratic colleague, Boyle. Without her support, he said, "there is no proposal."

Boyle yesterday reiterated her opposition to the idea because it would divert transit funds. "It's not good for the community," she said.

Weingart said that in recent conversations, Hagan never indicated that Boyle's approval was a prerequisite. Weingart said Hagan had been supportive of the proposal.

Westbrook described Weingart's proposal as "a good effort at looking at a regional solution." But he said questions must be answered, including whether RTA could handle the cut, and there must be "a high degree of consensus."

"At the moment, there is certainly no totally comprehensive proposal," he said.

A statewide task force is addressing ways to pay for stadiums across Ohio. Michael Dawson, spokesman for Gov. George V. Voinovich, said the governor and state Senate President Stanley J. Aronoff of Cincinnati "have said that the state ought to participate in paying for all of these stadiums at about the 15 percent level." In this case, that would supply about \$2 million a year.

Meanwhile, the idea of a parking tax is still alive. There also has been talk about getting the Cleveland-Cuyahoga County Port Authority involved, because it, too, can levy taxes and issue construction bonds.

But the Rev. Sterling Glover,

port authority chairman, said, "No one has spoken with us yet." Weingart said he had spoken Monday with David Modell, son of Art Modell.

Weingart said Modell had called the proposal interesting but had given no indication of whether he would endorse it.

Art Modell has said he might have to consider selling the team if the Stadium is not made competitive with others in the National Football League by the time his lease of the 63-year-old facility expires at the end of the

1998 season.

Spokesman David Hopcraft said Modell did not have an opinion on the Weingart proposal.

"We've said all along that it's not our job and our responsibility and our duty to tell political leadership how they ought to pay for fixing up their own building," Hopcraft said.

As for rumors that the Browns are likely to move to Los Angeles to replace the Rams, who are moving to St. Louis, Hopcraft said Modell and his staff had not talked "to any other city."

o Rio
I & R File

Extending sin tax could fix Stadium, Hagan says

By **STEPHEN KOFF**
PLAIN DEALER REPORTER

CLEVELAND — The tax on alcohol and cigarettes that now helps to pay for Gateway might be extended to the year 2025 to help pay for Stadium renovations that would keep the Browns in town, according to a proposal unveiled yesterday by Cuyahoga County Commissioner Timothy F. Hagan.

Hagan is hoping to persuade Gov. George V. Voinovich and the state legislature to embrace the idea because he needs their approval to keep from having to go to voters to extend the excise tax, which now is set to expire in 2005. He is proposing that the legislature pass a law allowing commissioners to levy so-called sin taxes without a popular vote if the purpose of the tax is to finance a sports facility for a professional team that has signed an agreement to play there.

Hagan estimated that the tax could contribute up to \$100 million toward paying for Stadium



PLAIN DEALER FILE

Jay Westbrook Council president says Hagan's plan is "the most plausible and doable of all the ideas."

renovations expected to cost at least \$154 million. The rest of the construction money would come

from state grants, a possible tax on paid off-street parking in Cleveland — though at a rate lower than the 15 percent proposed recently by a mayoral task force — and from the Browns.

An array of financial issues and political hurdles must be overcome, locally as well as in Columbus, before the proposal could become reality. The mayor's own task force, which earlier this month proposed the parking tax as the financial mainstay of the renovation, has expressed doubt that Hagan's idea can raise the kind of money necessary.

But the idea has the initial backing of key local leaders, including Commissioner Mary O. Boyle, Mayor Michael R. White and City Council President Jay Westbrook.

"I think that, while we have not crunched all the numbers, that kind of approach looks like it could potentially raise the kind of contribution from the county that is necessary," White said yesterday.

SEE BROWNS/4-A

Extending sin tax could fix Stadium, Hagan says

BROWNS FROM I-A

He called it "one of the least harmful or detrimental to the citizens in terms of higher taxes."

Westbrook called it "the most plausible and doable of all the ideas" that have been raised, including the task force proposal that the parking tax be used to pay for the bulk of Stadium renovations and a proposal by Commissioner Lee C. Weingart that would divert a portion of an existing sales tax from the Regional Transit Authority to the sports project.

"I think it's a breath of fresh air," Westbrook said. "It's regional in scope. It's a financing mechanism that has already been identified for sports facility use, and it provides the revenue for the job."

Hagan said that for the sin-tax plan to work, a group appointed by White to evaluate the task force recommendations would have to round out the financing package to yield the necessary construction money.

It is uncertain whether a scaled-back parking tax would be included in such a comprehensive funding package and, if so, whether White would seek to put it on the ballot in November, as he said he would with a 15 percent parking tax, or ask City Council to approve it without voter input.

Downtown property owners previously threatened to seek a referendum on a 15 percent parking tax, saying it would drive tenants out of downtown to suburbs where most parking is free. Alvin Krenzler, a retired federal judge who is a leader of the downtown opposition, said yesterday that a scaled-down tax still might be fought.

White, who said yesterday that a parking tax as low as 5 percent might be insufficient under Hagan's plan, said he hoped to have a financing package for the city-owned Stadium by mid-June, when City Council goes into recess.

Voinovich has not seen Hagan's proposal. "It's something that we would take a serious look at," said his spokesman, Michael Dawson.

The General Assembly's top Republican, Senate President Stanley J. Aronoff of Cincinnati, said the legislature was open to a variety of sports-facility financing ideas.

"I don't rule anything off the table," said Aronoff, who is also wrestling with trying to keep both baseball's Reds and football's Bengals happily housed in his hometown.

A Voinovich-appointed task force is looking for ways the state can help fund sports facilities across Ohio. Toledo, Columbus,

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MICHAEL R. WHITE,
mayor of Cleveland

Akron and Cincinnati also are looking for money to build stadiums or arenas.

Under current Ohio law, voter approval would be required to implement a countywide sin tax for a stadium project. Cuyahoga County voters narrowly approved the sin tax for the Gateway complex in 1990. The measure, which expires in 2005, taxes cigarettes at 4.5 cents per pack, hard liquor at \$3 per gallon, beer at 16 cents per gallon and wine and mixed beverages at 32 cents per gallon.

Ohio's top fiscal overseer, state Budget Director R. Gregory Browning, who reports to Voinovich and chairs his sports task force, said Ohio's current political climate might give rough Statehouse sledding to any sin-tax proposal that does not provide for voter input.

"Given the times, [legislators]

are probably more interested in permissive authorization, with a vote of the people," Browning said.

Weingart, the lone Republican among the three Cuyahoga County commissioners, said he shares such concerns. But Hagan and Boyle could outvote Weingart. Boyle has refused to go along with Weingart's own Stadium proposal to use part of the RTA sales tax to fund renovations.

If the legislature permits unvoted sin taxes for sports facilities, the next step would be to ask the state to issue revenue bonds and lend the proceeds to the renovation project. This is the part of the plan that might prove to be the trickiest.

Normally, bonds are repaid with revenue from a dedicated source, in this case, a tax on ciga-

rettes and alcohol. But in Cuyahoga County, that tax is tied up until July 31, 2005, paying for \$117 million worth of Gateway construction. How would bondholders be paid between the late 1990s, when renovations would start in preparation for a new Browns lease in 1999, and 2005?

Hagan said he would ask the state to make its contribution of about \$25 million up front. That, combined with early receipts from a parking tax and a possible short-term loan from the state, would allow bond payments to begin before 2005, cutting interest costs, he said.

It also might be possible to set up a repayment schedule to bond holders that starts out low in the beginning year and gets larger later, minimizing the state's need to put up a lot of cash.

But one bond authority says that either way, there could be problems: If the state lends a large sum, the project would owe less interest immediately for the bonds, but more to the state; the alternative method of rising repayments of bonds usually requires a higher rate of long-term interest.

Either way, said Paul Komlosi, senior vice president of McDonald & Co. Securities Inc., the county could wind up paying so much interest that out of a \$100 million bond issue, only \$24 mil-

lion to \$29 million would be available for construction. Komlosi was an adviser to the mayor's Stadium task force, which considered a sin tax but ruled it out as too costly and insufficient.

"It's not an efficient way to raise the kind of dollars we're talking about, because of the delayed revenue stream and the diminished revenue stream," Komlosi said.

"We didn't see it as a huge source of funds," added Joseph Roman, who headed the task force's working group, "and obviously it has some huge logistical issues associated with it."

But Hagan said the critics were wrong, and that Tim Offermatt, the former financial adviser to Gateway who now works for A.G. Edwards, recently found Hagan's method of funding credible.

"With all due respect to Joe [Roman], he hasn't a clue as to what he's talking about," Hagan said.

Steven C. Letsky, director of accounting for County Auditor Timothy McCormack, said Hagan's sin-tax projections seem on target. The tax now produces about \$16 million a year.

Hagan and White discounted the chance that Congress might outlaw smoking some day.

Plain Dealer Columbus Bureau reporter Thomas Suddes contributed to this article.

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