

CableViews

Ohio Cable Telecommunications Association

Issue One 2013

OCTA 2013: The Changing Climate of Cable

Plans are underway for the OCTA's 2013 Annual Meeting, slated for March 20th at the Renaissance hotel in downtown Columbus. This year's conference will focus on the changing climate of cable, exploring how we are meeting the challenges of our ever-more wired and mobile world. Join us for sessions focusing on how cable is broadening and enhancing its products and services, on the brave new world of cable programming, and how cable's workforce communicates in a mobile environment.



*Ohio Attorney General
Mike DeWine*

The day will begin with a Government Affairs breakfast, where Ohio Attorney General Mike DeWine will offer his thoughts on Ohio public policy (and maybe a little politics too). Greta Kim, Sr. Director of Corporate Strategy for Time Warner Cable, will be the featured speaker at the annual business meeting following the breakfast.

Innovation and expansion in the industry will be the focus of the day's first general session. Presenters will share MSO and independent operators' strategies for building new revenue

streams, introducing new broadband services and technologies, enhancing broadband speeds, and developing applications across multiple platforms.

Our 18th Annual Legislative Luncheon will feature a return engagement by BBC World News America lead anchor and Washington correspondent Katty Kay, whose presentation at the 2012 Annual Meeting was warmly received by OCTA members and legislators alike. Ms. Kay, who provides an international perspective on the news from Washington and how it's being received around the globe, will expand on her comments from the 2012 event with a look back at the presidential election and a forecast for the U.S. political climate in 2013.

Time Warner Cable Area Vice President of Operations Shannon Mullen will lead a discussion focusing on the use of new tech-

nologies to lead remote teams. The panel, presented by Women in Cable telecommunications' Greater Ohio Chapter will discuss the best practices of the "who, what, where, when, why, and how" on implementing technology to build your best remote teams in today's market.

The afternoon general session will delve into how the new multi-screen video world affects content consumption, consumer behavior, television economics and the business relationships between programmers and their distributors. Moderator Stewart Schley will be joined by industry research analyst Howard Horowitz; Matt Kenny, VP of Field Sales West for Disney & ESPN Media Networks, and Robert Gessner of MCTV.



*BBC World News America
Lead Anchor
Katty Kay*



*Howard Horowitz
Horowitz & Associates*

In a follow-up session moderated by Stewart Schley, Ohio cable customers will talk about how they watch television, what they love (or not) about new media technologies and devices, and what's on their wish list for services, applications and capabilities delivered by their cable providers.

We hope you'll join us for this great line up of sessions, the Legislative Luncheon and Government Affairs Breakfast, and updates on state and federal legislative and regulatory developments. It's all happening at OCTA 2013 – we look forward to seeing you there!

For agenda updates, secure online registration, hotel reservation, sponsor opportunities and more, visit the Annual Meeting area of www.octa.org.

Face **to** Face

with Assistant Majority Whip Jim Buchy

State Representative Jim Buchy was appointed to the Ohio House of Representatives in 2011 and won election in 2012 to serve a term representing the 84th District, which encompasses Mercer County, as well as portions of Auglaize, Darke and Shelby counties. Representative Buchy was elected by his fellow legislators to serve as assistant majority whip for the 130th General Assembly. Previously, he served in the Ohio House from 1983 to 2000, where he held positions as assistant majority floor leader, majority whip and assistant majority whip. As a member of the Ohio House, he has dealt heavily with issues important to his constituents, such as agriculture, civil and commercial law, state government, elections, small business and economic development. Representative Buchy is the former President and CEO of Buchy Food Service in Greenville. Following his first stint in the House, Buchy served as Assistant Director of the Ohio Department of Agriculture and then on the leadership council and as policy director at the National Federation of Independent Business. He is an alumnus of Wittenberg University.

JB: As you know, I had served here previously for nine terms and was term-limited out in 2000. When Representative Zehringer was appointed by Governor Kasich to be Director of Agriculture and had to vacate his seat, I was encouraged to seek the appointment by local officials and people who knew I had the background for the job. That's why I did it.

JM: You mention your previous service between 1983 and 2000. How have things changed in the intervening decade?

JB: We've just taxed and spent more. Government continues to grow. Basically, I was encouraged to come back to help Governor Kasich, Speaker Batchelder and the legislature to right the ship by creating a climate that's conducive to job creation. Because of my previous experience and my business background and the fact that I'd also been assistant director of the Ohio Department of Agriculture, I was encouraged to come back because they thought I could be helpful in turning the state around.



FAST FACTS:

Steak or Bacon? Bacon-Wrapped Filet
Hometown Hero: Annie Oakley
Admired Public Figure: Ronald Reagan

Jonathon McGee: First, congratulations on your election to the 84th Ohio House District and on being named assistant majority whip. You once said you liked staying 'below the radar' – how does being assistant majority whip change that?

Jim Buchy: I'll be under the radar more. I'm already involved in some projects that I wouldn't have been if I weren't in leadership.

JM: What drew you to seeking appointment to the open house seat in 2011, and then seeking reelection?

JM: Your reasons for serving now – are they similar to the reasons that brought you to the Ohio House in 1983?

JB: Yes, sir. I basically got interested in the business of government because of the effect that government has on business.

JM: You bring a historical perspective to your work in the General Assembly – how is that affecting your activities?

JB: Well, it sure has helped, particularly the relationships I had built. I was pleasantly surprised to find when I came back that I still had many friends involved in the process here who were involved when I left in 2000 – association folks like you, and lobbyists, and even department heads and people involved in agencies and government. That's helpful especially when you're trying to research issues and find answers in a hurry for the things that we deal with here.

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Capital Update

BIENNIAL BUDGET BILL CONTAINS DISCRIMINATORY CABLE TAX

With the 130th General Assembly now convened, Governor Kasich’s two-year budget proposal has been introduced as House Bill 59 and hearings have begun on it in the House Finance and Appropriations Committee. As introduced, the budget includes cuts in personal income tax rates and a tax cut for small business owners by providing a deduction from taxable income for the first \$750,000 earned by pass-through entities, such as sub-Chapter S corporations.

The budget also proposes a broadening of the state sales tax to include many previously untaxed services, including cable service. The OCTA is opposed to this provision.

Currently, cable TV service is taxed at the local level through franchise fees paid by cable customers, collected by the cable company, and remitted directly to the local authority. The franchise fee, which operates like a gross receipts tax, can be as high as 5.5% of a cable customer’s service. Satellite TV service is not subject to this tax, or any local taxes, as that is prohibited by federal law.

Imposing a state sales tax on cable services will effectively result in double taxation of cable customers. Adding a state sales tax, currently at 5.5%, plus any applicable county “piggyback” tax (which could be up to an additional 3% depending on the county), on top of the current local franchise fee, could result in a possible 13.5% tax rate on cable service. Satellite service would only be taxed by the state at the sales tax rate, which could result in cable customers paying a rate more than double that paid by a satellite customer. (The Governor’s budget also proposes an across-the-board reduction of the sales tax rate from 5.5% to 5.0%, but that does nothing to lessen the discriminatory burden placed on cable.)

The Ohio General Assembly realized ten years ago that taxing cable service at both the local and state level, when satellite service can only be taxed at the state level, would be inequitable. When the legislature adopted the state sales tax on satellite service, that action in fact served to level the playing field between the video service providers. The United States Supreme Court has upheld this tax structure, declining to hear an appeal by the satellite industry of the Ohio Supreme Court’s ruling that upheld Ohio’s existing tax structure on cable and satellite.

As it did previously, the OCTA will work with our members to ensure that our cable customers are not unfairly subjected to double taxation and that our industry is not placed at a competitive disadvantage by this legislation. The OCTA will keep members apprised of developments throughout the committee process and provide them the tools needed to educate legislators in their districts on this issue.

Interested in receiving monthly updates on legislative and regulatory matters in Ohio? OCTA members can sign up to receive the OCTA’s monthly *Capital Update* broadcast email. Contact mkafer@octa.org to join the distribution list.

Ohio Cable-PAC/PAT Participation					
(January 1 – December 31, 2012)					
Company	Amount Raised	Goal	Company	Amount Raised	Goal
Armstrong Cable	\$2,596	\$2,496	G.L.W. Broadband	\$550	\$400
Buckeye CableSystem	\$6,104	\$10,972	Insight	\$50	\$5,252
Clear Picture	\$800	\$520	Massillon Cable TV	\$15,579	\$2,750
Comcast	\$2,820	\$1,430	Suddenlink	\$0	\$1,400
Cox Communications	\$1,084	\$3,068	TOTAL	\$29,583	\$28,288

Ohio Cable PAC/PAT Individual Contributions

Armstrong Mike Sammon	Pamela Koontz Daniel Penny Jessica Pitzen Sarah Riedeman Charles Riley James Wolsiffer	Cox Communications David Butas Gloria DeMarco Steve Heuser Robert Howley Dan Jakubowski Alex Petrofski Mark Pigman	Mark Preston Stacie Schafer Allan Shockey Craig Smith
Buckeye CableSystem Mike Bilik Laurie Cichy Patrick DeVille John Ducat Bonita Ehrhardt	Clear Picture, Inc. Kelly Rehm		OCTA April Barrowman Maryann Kafer

Thank You
for helping us
reach our goal!



From left: Bob Gessner, MCTV, Representative Ron Amstutz, Kelly Rehm of MCTV



From left: Jim D'Innocenzo, Comcast; Representative Jack Cera; Frank Polito, Comcast; Senator Lou Gentile



Representative Andy Brenner learns about a student's CAMM project.



Representative Ann Gonzales meets students working on a blue-green algae removal project



Ed Kozelek, Time Warner Cable, and Representative Alicia Reece (right) present Pam McDonald with special recognition from the Ohio House on Pam's 30 years of service at TWC



Steve Kruest of Time Warner Cable talks technology with reception attendees

OCTA members enjoyed the opportunity to visit with legislators, staffers and other state officials at the 2013 Legislative Reception on February 5th in Columbus. On display at the event were Samsung 3D TVs, high-speed wireless broadband, mobile applications and HDTV video services and programming. Time Warner Cable, which installed the displays for the event, also showcased its "Intelligent Home" and student projects undertaken in conjunction with the company's "Connect a Million Minds" (CAMM) initiative.

JM: Going into the 130th General Assembly, the focus is going to be on the biennial budget. What are your thoughts on where Ohio was when you came back to the House in 2011 and where we are now as we begin the budget process?

JB: You know, they're talking about falling off the cliff in Washington. Well, Ohio had gone off the cliff. Between 1983 and 2011, when you adjust dollars for inflation in that time span, you'll find that every administration and every General Assembly had spent way above the inflation rate. The thing that put Ohio over the cliff was the fact that the General Assembly, prior to Governor Kasich being elected, opted to take a one-time \$8 billion stimulus from Washington and put it in the general revenue fund for the operation of state government. They knew full well that when the budget process was over that \$8 billion stream was gone; that's just absolutely astonishing. So that's where we were and that's why I came back to help right the ship and stop that kind of mismanagement of taxpayer dollars.

JM: What approach do you favor for addressing the budget?

JB: Well, you know, I'm a butcher by trade and I just love to cut. But seriously, I'm interested in sound money management. Hopefully I'll be able to help work the governor's budget through the process so that the citizens of this state get the best possible management in terms of priorities and the allotment of the dollars that we have available.

JM: What is the one thing that you'd most like to accomplish for the constituents of your home district?

JB: To continue to grow the pattern that we're in right now, to continue to have a climate that is conducive for job creation. The private sector is the engine that drives the economic train in this country. Where jobs are created, you have income go up in government, you have expenditures go down in government, you have people with money in their pockets, and the economy grows. We've proved that in the two years of the 129th General Assembly.

JM: Is Ohio on the right track for job growth?

JB: Absolutely! We have created over 120,000 new jobs since the governor was sworn in and gone from 48th out of 50 states in job creation to, I believe, Number 4. When you see the rest of the nation's economy, if they'd grown like we have we'd really be humming. We have a foundation laid that we're going to build upon in the 130th General Assembly.

JM: What are your hopes for this General Assembly and this administration as far as its accomplishments after two years?

JB: I'd like to see the unemployment rate continue to decline. I'd like to see more productivity in the development of energy in this state. As you are very aware, we have this tremendous opportunity coming with the Utica and Marcellus shale gas that's going to create thousands of jobs – it already has, and there are more coming. The really unique thing about this situation is that most of this economic upswing is going to be in the historically less economically advantaged area of the entire state, in Appalachia. We're already seeing a positive effect on the economy of southeastern Ohio and eastern Ohio in not only job creation for those folks but opportunities to have really good growth. And the neat thing is that the more jobs we create, the more businesses that expand, the more businesses that come to the state, that's more customers we've got for cable TV.

JM: And we like that. Let's turn to your background and the family business. You mentioned earlier you were a butcher. Tell us about the family business – I understand it goes back to the 1870's.

JB: Yes. Actually, we just sold our company to the Sysco Corporation of Cincinnati. We had been founded by my great-grandfather in 1878 and were a five-generation business. I grew up in that business. We were a packing company that left that side of the industry and phased into being a food distributor, what is known as a broad line food distributor. I'm a butcher and a sausage maker. An EX-sausage maker.

JM: Of course, that brings to mind the old adage about it being best not to see either laws or sausage being made.

JB: My response to that has always been that, being a sausage maker and a lawmaker, sausage making is still a whole lot cleaner than lawmaking.

JM: What advice do you have for the Ohio cable industry?

JB: You do a very good job, particularly as it relates to the process we have here in lawmaking in the Ohio General Assembly that affects your businesses and your customers. I always tell everyone in this business to continue to develop relationships with your legislators. Know your customers, who are obviously interested in your company, who have a direct interest in what we do here from a lawmaking and regulatory standpoint that affects the cable industry. Continue to develop relationships with the people who make those decisions and then do what you can to create more customers, to grow your business. That's what we're all about here, to grow the economy and use common sense in the regulatory process.





Cable Calendar

WICT Senior Executive Summit

www.wict.org

When: March 10-14, 2013
Where: Stanford Graduate School of Business
Palo Alto, CA

The Cable Show 2012

www.thecablesHOW.com

When: June 10-12, 2013
Where: Walter E. Washington Convention Center
Washington, DC

SCTE SEMI Forum Spring 2013

www.scte.org

When: April 10, 2013
Where: TBD
Atlanta, GA

SCTE Leadership Conference

www.scte.org

When: June 26, 2013
Where: Location TBD
Denver, CO

ALEC Spring Task Force Summit

www.alec.org

When: May 2-3, 2013
Where: Oklahoma City, OK

OCTA Annual Meeting

www.octa.org

When: March 20, 2013
Where: Renaissance Columbus Downtown
Columbus, OH

NCSL Spring Forum

www.ncsl.org

When: May 2-4, 2013
Where: Hyatt Regency
Denver, CO

OCTA 2013 Golf Outing

www.octa.org

When: June 3, 2013
Where: Pinnacle Golf Club
Grove City, OH

For all the latest news and events updates, OCTA members can sign up to receive our weekly broadcast email bulletin. Contact mkafer@octa.org to subscribe.

www.octa.org

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