



# OCMA - STRAIGHT TALK

September, 2005

Volume 104 Issue 09

## President's Farewell Message

By Sean Richards

A Japanese proverb states, "The reputation of a thousand years may be determined by the conduct of one hour." I hope that in my "hour" as the president of the OCMA that I have continued to build upon the history of success set forth by my predecessors.

According to Vernon Law, "Experience is the worst teacher; it gives you the test before presenting the lesson." Two years ago when I was elected president I was very intimidated by the prospect leading such a successful organization. As my term ends I find the task no less daunting, but I take great comfort in the support and respect that has been shown to me by my fellow operators and the staff at the OCMA. I've learned that with the proper encouragement from one's peers even the most overwhelming task becomes easy.

As I leave the post of OCMA president I encourage you to give the incoming President the same overwhelming support that you have given me. I believe that he will make a great president of our wonderful organization.

In closing I would like to thank the Corey family (Paul David & Kim), Judy Martin and the staff at the OCMA office for their help and guidance over the past two years.



**(Editor's Note:** The above is not really a Farewell message inasmuch as Mr. Richards will be moving on to the post of Chairman of the Board. He will continue to serve Ohio's operators and will be available to assist the incoming president.

Sean has been a diligent and conscientious leader. His quiet demeanor masks a keen, analytical mind. He is possessed of a certain dry wit which has been known to effectively defuse potentially tense situations.

As is acknowledged throughout the coin-op community, Ohio has been fortunate in its choice of Presidents since its founding in 1974. Our previous presidents: Don C. Van Brackel, John Elum, Maynard C. Hopkins, Dennis R. Hilligan, James H. Hayes, Richard E. George, Larry A. Van Brackel, Phillip N. Elum, David R. George, Ronald J. Rentz, Joseph T. Cardone, Michael A. Zappa, Rodney L. Stebelton, William Westerhaus, and Dean DiCarlo. Shortly Sean Richards name will be added to this illustrious list.

**Thank you, Sean. OCMA is looking forward to the many more years of dedicated service you will give to your fellow operators!)**

**SERVICE**

**INTEGRITY**

**DEPENDABILITY**

# Tax Reform in Ohio - Part I

Governor Taft signed a budget bill on June 30th, that enacted major tax reform for Ohio. The governor stated that Ohio's tax reform is designed to attract more business and make Ohio more competitive with the surrounding states. Exactly what changes were enacted? Is tax reform good or bad? These are the questions we will try to answer in a two part series. Part I will cover "Commercial Activity Tax", "Corporate Franchise Tax", and "Personal Income Tax". Part II will focus on "Personal Property Tax", "Sales/Use Tax", and "Other Tax Provisions".

## Commercial Activity Tax

The commercial activity tax (CAT) is a tax on a business's gross receipts. The CAT tax replaces the corporate franchise tax and will be phased in over five years as the corporate franchise tax is phased out during the same time period.

All business entities (except financial institutions and dealers in intangibles), including subchapter S corporations will be subject to the CAT tax of .26 percent. Any entity with gross receipts under \$150,000 will not be subject to the CAT, and the first million dollars of an entity's gross receipts is exempt. The minimum CAT tax is \$150.

## Corporate Franchise Tax

With the enactment of the CAT, the corporate franchise tax will be phased out over five years. This change only impacts entities currently liable for the corporate franchise tax. A subchapter "S" corporation will continue to have to file its information return until the phase-out of the corporate franchise tax is complete.

The machinery and equipment (M & E) credit will only be available for purchases of machinery made by a manufacturer before June 30, 2005. Any equipment purchased that qualifies for the credit must be installed by June 30, 2006. The budget bill changes the M & E credit to a grant program that businesses must apply for.

## Personal Income Tax

The good news is that the tax reform lowers personal income tax rates by 21 percent over five years. This rate deduction is across the board for all income levels in Ohio.

Tax reform eliminated the tax deduction for tuition and fees paid for post-secondary education. Previously, Ohio permitted a deduction of up to \$2,500 of un-reimbursed tuition and fees for post-secondary education. Also, the taxation of income from trusts became permanent with the governor signing the budget bill; it was scheduled to expire for trusts beginning in 2004.

Ohio's new budget and new tax reforms took effect on July 1, 2005. Only time will tell if these changes attract new businesses and jobs to Ohio, and help to retain those Ohio already has.

Part II of this two-part series will appear in the October issues of Straight Talk.

## Smoking Ban Update

### OHIO

Newark - By a vote of 9-2 Council passed a smoking ban on September 6th that would exempt those businesses in which 85% or more of their income is from the sale of alcohol.

Private clubs were not given a blanket exemption and are subject to the 85 percent alcohol sales provision. In addition, smoking will be restricted in any place that exposes minors to secondhand smoke, regardless of the proportion of alcohol sales.

An amendment added to the ordinance requires that Heath and Granville enforce their own bans in order for Newark's to take effect.

Granville - Village Council plans to consider whether or not to begin enforcement of its smoking ban on January 1, 2006 at its October meeting. The measure, passed last Spring, banned smoking in all indoor public places. At the October 19th meeting Council will consider amendments to its blanket ban, if the public proposes any between now and then.

Heath - Council has decided to delay discussion on enforcement to see if anyone files for a referendum on Newark's ban. Any challenge to Newark's legislation must be made within 30 days of the September 6 vote.



## Holcomb Appointed as Head of Ohio's Liquor Agents

Upper Arlington Police Chief Dwight Holcomb was named to take control of Ohio's liquor agents. He became Executive Director of the Ohio Investigative Unit (OIC) on August 22nd.

Holcomb has more than 27 years of experience in law enforcement. Prior to becoming Upper Arlington Police Chief, he was a patrol officer, criminal investigator, and a patrol and training section supervisor. He currently is President of the Ohio Association of Chiefs of Police (2005-06) and is a member of the Ohio Amber Alert Steering Committee. He replaces Ed Duvall, who resigned in June amidst several problems involving OIC agents.

Already, Holcomb has stressed the need for more oversight of agents in the field, and has indicated his hope to persuade lawmakers of the need for a 10 percent increase in the unit's 115-person paid staff and to hire up to 12 supervisors.

---

## Tips for a Healthier Winter

1. Schedule a check-up, tests and vaccines.
2. Know your body. What is your blood pressure? What is your cholesterol? Make sure these indicators are within normal limits.
3. Have your blood sugar tested. Diabetes and increased blood sugar can be a factor in the onset of heart disease, especially if you are 50-100 pounds overweight.
4. Get physical. Physical activity reduces your risk of heart attack and makes your heart grow stronger.
5. Improve your eating habits. Load up on fruits and vegetables, limit alcohol intake and avoid fatty foods.

## July Unemployment Falls

According to data released on August 19th by the Ohio department of Jobs and Family Services (ODJFS), Ohio's unemployment rate was 5.7% in July, down from the revised rate of 6.2% in June.

ODJFS Director Barbara Riley noted, "While the number of people working in July increased slightly, the decline in the unemployment rate for the month is primarily due to a decrease in the number of people who were seeking work".

The number of workers unemployed in Ohio in July was 336,000, down slightly from 363,000 in June. The U. S. unemployment rate for July was 5.0%, unchanged from June.

July county unemployment rates ranged from a low of 3.8% in Delaware and Holmes Counties to a high of 9.1% in Meigs County. Rates decreased in 76 counties. Five additional counties had unemployment rates below 4.5% in July: Mercer - 3.9%, Warren - 4.3%, Auglaize and Geauga - 4.5%, and Wayne - 4.5%. Seven additional counties had unemployment rates above 7.5%: Pike - 8.6%, Morgan and Noble - 8.4%, Monroe - 8.1%, Perry and Scioto - 7.8%, and Trumbull - 7.7%.

---

## Ohio Sees Surplus at the End of Fiscal Year

Ohio ended its fiscal year on June 30, 2005 with \$544.2 million in unencumbered (i.e., unobligated) funds, according to the Office of Budget and Management (OBM). As a result, OBM transferred \$394.2 million into the Budget Stabilization Fund, (the so called "Rainy Day" fund) replacing some of the money that had been used in recent years to balance the operating budget.

Based on original estimates, the personal income tax came in almost \$500 million over estimates with the corporate franchise tax raising \$151.6 million more. Non auto sales tax revenues were \$13 million over estimates but the auto sales tax lagged behind, nearly \$51.6 below estimates.

## "TABOR" Amendment Delayed One Year

Even though poll results indicated certain victory this November, Secretary of State Kenneth Blackwell announced that petitions to put the Tax Payers Bill of Rights (TABOR) amendment on the ballot would not be filed in time for this November's election. Instead, the measure will be on the ballot for the 2006 general election. The initiative would tie increases in state and local government spending to population growth and inflation, and return some budget surpluses to taxpayers.

Secretary Blackwell, who serves as honorary chairman of Citizens for Tax Reform, noted, "After consultation with legislative leadership, Ohio Republican Party Chairman Bob Bennett and supporters, the committee decided this issue deserves the widest possible exposure and debate. I intend to be the GOP nominee for governor and expect this amendment to be a major element of my platform of fiscal restraint for government and job creation for the private sector".

Citizens for Tax Reform will submit more than 500,000 signatures and will exceed county distribution thresholds in 69 Ohio counties. State law requires 322,899 valid signatures for a constitutional amendment, reaching qualifying thresholds in 44 counties.

---

"Too many people spend money they haven't earned to buy things they don't want to impress people they don't like."

-Will Rogers

## “Black Box” Controversy Continues



In the June edition of Straight Talk we reported that some auto manufacturers are including “black boxes” in their new vehicles. Since then, we have learned that North Dakota has barred the use of “black box” information by insurance companies who use the information to set insurance rates for drivers. The boxes can be used to monitor vehicular speed, braking and steering efficiency, even whether a driver was wearing a seat-belt.

The North Dakota legislation also requires that consumers be informed both by auto dealers and information in car and truck manuals about the recording device and its capabilities. Despite such restrictions, it seems likely that the use of this technology will spread, and it could become a factor in employee evaluations if driving is part of an employee’s job. “Black box” information is likely to turn up in personal injury litigation as well. OCMA will continue to monitor this innovative tool.

---

## Storm Relief Funds Continue to Roll In

On September 23rd, Incredible Technologies presented AMOA’s Katrina Relief Fund with a \$50,000 matching funds check. Jack Kelleher, AMOA Executive Vice President said the AMOA-KRF continues to grow beyond its goal of \$100,000. Plans are being finalized as to how the funds are to be administered/distributed.

The AAMA’s Coin-op Rehabilitation Fund also continues to grow as member donations augment AAMA’s initial \$50,000 and Firestone Financial’s \$10,000 contributions. AAMA President Mike Rudowicz has stated that although requested contribution levels are \$500, \$1,000, and \$2,500, gifts of any amount are appreciated. He also noted that several applications for no-interest loans to rebuild coin-op businesses have been received. He announced the Executive Committee has approved its first loan to Play Meter Magazine whose offices were in a New Orleans suburb.

---

## AMOA Announces Innovator Award Winners

During AMOA’s Expo September 15-17, in Las Vegas the association awarded its third annual Innovator Awards to four manufacturers: (1) Benchmark Games for its “Ticket Station”, (2) Incredible Technologies, a previous two-time award winner, for its Golden Tee Live (this time for its cashless payment options), (3) Merit Entertainment for its “Ion” touch-screen platform, and (4) UltraCade Technologies for its video simulator “Breeders’ Cup—Tournament Edition, which now offers a new collection report system.

OCMA congratulates these four firms and encourages all coin-op manufacturers to participate in this friendly competition. Only through continual upgrading and innovation can the industry maintain a strong presence in today’s economy.

# Is Gasoline Really Expensive ?

How many times in the last few months have we complained about the “ever-rising” cost of a gallon of gasoline? You, like most of us are probably complaining (although it may be silently) every time you go to the pumps.

Actually, when compared to many other things, the cost of a gallon of fuel is still relatively inexpensive. Take a few moments, review the following list, then let us know what you think.

As costly as gasoline seems, it’s interesting to compare the average cost per gallon to some other commonly used items.

Sticker Shock	
	Costs per Gallon
Coca-Cola.....	\$2.84
Gatorade.....	\$5.20
Evian Water.....	\$5.60
Orange Juice.....	\$6.64
Crisco Oil.....	\$7.74
Snapple.....	\$10.32
Scope Mouthwash.....	\$27.20
Shampoo.....	\$40.44
Olive Oil.....	\$51.04
Real Maple Syrup.....	\$57.08
Jack Daniel’s Bourbon.....	\$101.12
Visine Eye Drops.....	\$995.84
Nasalrom Nasal Spray.....	\$2,615.28

Plus, compare gasoline to other items like ice cream. It’s not uncommon to pay more than \$3 for a sundae. And, what do you pay for that morning latte?

Perhaps rising gas prices will be the “wake up” call our nation needs in order to develop a genuine energy policy.

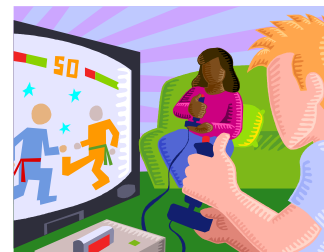
# Violent Video Law

In late July, Illinois Governor Rod Blagojevich signed HB 4023 (The Safe Games Illinois Act ) into law. This measure prohibits the sale or rental of violent or sexually explicit video games to minors. The Governor was quoted by the Chicago Tribune as stating “These are the games that undermine the values that we as parents want to teach our children, the values we find in the Bible. We are teaching them with these games the very things we would put them in jail for as adults.”

Several trade groups within hours challenged the law in court. These groups include the Entertainment Software Association, Video Software Dealers, Association, and the Illinois Retail Merchants Association, all claiming the law is unconstitutional. The law would penalize store clerks with fines of \$1,000, and also require retailers to place parental-warning labels on qualifying games.

The AAMA and AMOA, as well as others, believe the law will be challenged on the basis of the federal appeals court ruling that concluded a challenge brought by the amusement game industry against a similar law targeting similar games in Indianapolis, IN. That law was overturned as unconstitutional with a decision that granted First Amendment protection to video games.

The Illinois law will go into effect in January, 2006. It does not address arcade games. (See the June, 2005 edition of Straight Talk for more information on this law.)



## New Dollar Coin Receives Senate Committee Approval

After passing the House earlier this year, the U. S. Senate Banking Committee met in late July and approved S. 1047, the Presidential Dollar Coin Act. Now, the measure moves on to the full Senate for what is hoped to be quick consideration and approval.

The Act authorizes a series of new dollar coins portraying the likenesses of each U. S. President, similar to the commemorative state quarters.



Hopefully, this new Dollar Coin will have a better fate than its several predecessors.

---

## Breeder's Cup Receives Approval

The Washington State Gambling Commission has granted approval to UltraCade Technologies to operate its Breeder's Cup Tournament Edition game, including the game's Tournament Network throughout the state.

Soon after this approval was granted, the state's gambling commission agents requested a formal review of the game to verify that the game did not violate state gambling laws. Following the review and confirming test results, the game was certified as a "game of skill".

## AMOA Taps Two From Ohio

We are pleased to announce that two OCMA members were recently elected to three-year terms on the AMOA Board of Directors at the 2005 AMOA Expo. They are: Kerry Shaffer and Michael A. Zappa.

Kerry is Vice President of Shaffer Amusement Company (Dayton). A business started by his father in 1953. He has been actively involved in the industry for 25 years. In addition, he served on the OCMA Board of Directors in 1996-97 and on several OCMA committees.

Kerry and his wife Nia are the proud parents of four daughters - Shannon, Jordyn, Samantha and Alex.

Mike is Vice President of Lorain Music (Crestline) a company that has been in business for more than 50 years. Mike has been actively involved in the industry for over 25 years. In addition, he has served OCMA as a Director, Vice President and President. He is currently a Director and chair of the Scholarship Committee.

Mike and his wife Darlene are the proud parents of two daughters - Brittany and Maria and a son, Michael.

In addition to Mike and Kerry, two other OCMA members who serve AMOA are recently elected Vice Presidents: Andy Shaffer (Shaffer Services, Columbus) and Jeff Reed (BJ Novelty, Covington, KY).

OCMA congratulates these four outstanding operators and wishes them well as they assume their new posts with AMOA.



# OCMA - STRAIGHT TALK

OHIO COIN MACHINE ASSOCIATION  
3757 Indianola Ave.  
Columbus, OH 43214-3753  
614/784-9772 \* FAX 614/784-9771

E-mail [ocma@the-ocma.org](mailto:ocma@the-ocma.org)  
Web site [www.the-ocma.org](http://www.the-ocma.org)

## **STRAIGHT TALK**

Official Publication of the  
Ohio Coin Machine Association

### Executive Committee

Sean Richards	President
Dewey Laughlin	1st Vice President
Michael Fowler	2nd Vice President
James Bremer	Secretary
Rodney Stebelton	Treasurer
Dean DiCarlo	Board Chair

### Directors

James Comella	Phillip Elum
David A. George	Andy Shaffer
Larry Van Brackel	William Westerhaus
Michael Zappa	

### Staff

David Corey	Executive Vice President
Judith Martin	Executive Director
Kimberly Corey	Administrative Assistant

## 2006 Calendar of Events

January 9	OCMA Pool Committee	Columbus
March 31-April 2	OCMA Dart Tourney	Canton
April 27-30	OCMA/VNEA Pool Tourney	Canton
May 25-June 3	VNEA Pool Championships	Las Vegas
June 30	Deadline for submitting Scholarship Applications	
August 3	OCMA Golf Outing	Columbus
August 3	OCMA 32nd Annual Meeting and Dinner	Columbus
Sept. 27-29	AMOA Expo	Las Vegas

School Is Now In Session,  
Please Drive Safely!



**SERVICE**

**INTEGRITY**

**DEPENDABILITY**