



TESTIMONY BEFORE THE OHIO HOUSE ENERGY AND NATURAL RESOURCES COMMITTEE

H.B. 422

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On behalf of the
OHIO MUNICIPAL LEAGUE

NOV. 1, 2017

Chair Landis, Vice-Chair Hagan, Ranking Member O'Brien and members of the House Energy and Natural Resources Committee, my name is Brian Barger and I am testifying on behalf of the Ohio Municipal League. I appreciate the opportunity to offer testimony today in support of H.B. 422.

The League represents the collective interests of Ohio's cities and villages before the General Assembly. Of Ohio's 931 municipalities, 733 of them are members of OML.

The need to invest in infrastructure is certainly a much talked about subject today. But, infrastructure includes more than bridges, streets and highways. It also includes the critical services that you do not see, such as water and sewer lines and systems. The American Society of Civil Engineers estimates that in the next twenty years, Ohio will need to invest more than \$12 billion in water systems and more than \$14 billion in wastewater systems. Again, these numbers are just for Ohio.

There are only a few ways in which municipalities can fund these needed and often time mandated, improvements: (1) raise water and sewer rates; (2) obtain the money from the state or federal government; or (3) go to the bond market. Raising rates is very unpopular, state and federal grant money is not going to come close to solving the problem, and many of the smaller to middle sized municipalities simply do not have the bonding capability.

Another way in which municipalities may meet the challenge of maintaining and improving their water systems is through a public-private partnership or outright sale to a private utility. And, there are a number of municipalities in Ohio that have done just that.

Selling all or part of the system unlocks a great deal of latent capital that may be put to better use, whether that is paying down debt, making other infrastructure improvements, or investing in economic development or other municipal initiatives and services..

Importantly, H.B. 422 does not force a municipality to sell if the elected officials do not want to move forward. A sale or lease occurs only if both parties want to enter into an agreement. At that point, H.B. 422 simply provides an objective process to value water and wastewater systems.

Again, the OML supports H.B. 422 as it provides another tool by which municipalities may ensure services to the residents of the municipality and the citizens of Ohio. Thank you for the opportunity to testify today and we urge the Committee to support this important legislation.