



**WRITTEN TESTIMONY TO THE HOUSE FINANCE COMMITTEE
KENT SCARRETT
HB 602**

JUNE 26, 2018

Chair Ryan, Vice Chair Lipps, Ranking Member Cera, and members of the House Finance Committee, thank you for the opportunity to write in opposition to HB 602.

HB 602 is a preemption that will prevent municipalities from utilizing local research, best practices and data analysis to set local water rates when that municipality develops, installs and maintains water and sewer infrastructure to a neighboring township.

Municipalities do not arbitrarily set rates for extending water and sewer services to townships. When a municipality and a township agree to the municipality extending those services to the township, the municipality alone bears the cost for designing the infrastructure, building it out to the township and then maintaining and updating that infrastructure into the future. These projects can run into the millions of dollars.

Municipalities set their rates for neighboring townships based on this data in order to recover costs. These rates are typically higher than rates for those inside the municipality because it simply does not cost as much to run the water and sewer infrastructure to the residents of the municipality. Rates for both inside and outside the municipality abide by the national standards for determining water and sewer rates. Any resulting rate disparity is merely the result of the fact that it can cost substantially more to serve customers outside a municipality.

Were HB 602 implemented, municipalities would be penalized not only in a reduction of Local Government Funds, but by being rendered ineligible for state water and sewer funds. Municipalities would be forced to bear the cost of expanding the infrastructure with no opportunity for reasonable cost recovery, passing the burden of that cost on to its residents. We urge your opposition to this bill.

Thank you for your consideration.

Sincerely,

Kent Scarrett
Executive Director
Ohio Municipal League