



State Representative Mike Duffey, 21<sup>st</sup> District

**Sponsor Testimony – Rep. Duffey**  
**HB 602 (Duffey, Lanese): “The Clean Water Fair Pricing Act”**  
**Ohio House – Finance Committee – May 22, 2018**

Chairman Smith, Vice Chair Ryan, members of the committee, thank you for the opportunity to present testimony for HB 602, “The Clean Water Fair Pricing Act,” legislation to address Ohioans’ growing concerns regarding unfair and discriminatory municipal water and sewer pricing.

Few members of this committee likely know that cities in Ohio routinely charge township residents 50% or more in higher prices (sometimes twice as much) for water and/or sewer services, even if the township resident is closer and less or the same cost to serve. You also likely do not know that cities are withholding basic health needs like water and sewer as a means to force annexation or even forcing “pay for play” without requiring annexation but instead demanding a permanent income tax revenue share, without offering services in return.

As a result, these communities have few if any options. Most communities do not have the direct access to water necessary to create their own water and sewer treatment systems. And even if they did, they generally could not afford to do so. It also would not be in the public interest.

The result is many townships refuse to connect, leaving residents with backyard septic systems that are a known cause of river pollution and public well pollution. Or if they have city water and/or sewer, they are doomed to pay higher prices with no ability to vote on the rates or challenge their fairness in any manner.

These practices are untenable, jeopardize our environment, put public health at risk and put communities at an economic disadvantage for job creation. What company is going to locate its business in a township where water rates are twice as high? These situations are quite simply abusive monopolies that are unregulated by the Public Utilities Commission or the Ohio EPA.

Under the “Clean Water Fair Pricing Act”, any municipality in Ohio that *accepts state funding* for water and sewer system upgrades would, as a condition of that added funding, *be prohibited from discriminating against customers based solely on where they live.*

If a city does not want to rely upon state and/or federal money, then they may charge whatever price they wish. But the State of Ohio would also not be involved in allocating state taxpayer dollars to cities who choose to openly discriminate against other State of Ohio taxpayers. There would be no ‘second class citizens’ when it comes to state-funded water and sewer systems.

According to the Columbus Dispatch, some residents in low-income, often minority neighborhoods (average household income \$18,000/year) currently pay upwards of \$592 more for water than in a luxury apartment downtown within the city limits. This is plainly immoral.

Mr. Chairman, as you know, this proposed legislation is similar to an amendment I sponsored in the most recent state budget. That amendment passed this committee, as well as both the Ohio House and the Ohio Senate. Unfortunately, it was later vetoed by Governor Kasich one day after

Columbus announced that it might attempt to withhold water from a proposed Foxconn plant. I am pleased to say Rep. Gary Scherer, who represents that area, is now a co-sponsor of this bill.

It is worth noting that proposed development never came to fruition and in fact would not even have been affected by the amendment I sponsored, except insofar as to prohibit Columbus from charging Foxconn a higher price for water if it were located in Pickaway County. This of course is something Columbus would not have opted to do anyway if it wished to support that project.

In the year since that veto, Rep. Lanese and I have met with the administration about this issue and had many encouraging conversations, including most recently with Ohio EPA Director Butler. After some discussion, the governor's office ended up suggesting to us that we introduce a stand-alone bill; this bill is our response. It is safe to say we likely would not have introduced this bill without the administration's encouragement. And here in the House, Pro Tempore Kirk Schuring similarly encouraged us to introduce this stand-alone bill. So that is why we are here.

Across Ohio, townships are passing resolutions in support of HB 602 because this has been a problem that has been festering in large and small communities alike. This past year, a fight between the City of Toledo and its suburbs boiled up so much that the suburbs considered seeking water from Detroit – seriously, Detroit! Today, the region is considering a possible regionalization of the system that would equalize rates and provide for shared governance. That is common sense.

In many regions of the state, townships and villages are being railroaded by neighboring communities that have cornered the market on water and/or sewer services – all the while using state taxpayer dollars to build the very systems they use to bully their neighbors. It needs to stop.

Under HB 602, cities could still charge normal rates based on usage, cost to install a system, commercial rates that are different than residential, actual costs to operate and any other reasonable factor that is not based solely on where the taxpayer lives. This law would be similar to other laws enacted by the legislature that prohibit cities from hiring only city residents as firefighters, police officers, as well as city efforts to discriminate against outside residents in contracts for roads, etc.

Mr. Chairman, this legislation would not affect cities in Ohio that already use a regional approach to water and sewer system rates – and therefore do not charge 'outside' residents a higher price. It would only impact Ohio cities that engage in the practices I describe as predatory and unfair.

Thank you for the opportunity to present sponsor testimony, Mr. Chairman. Rep. Lanese also has testimony to share before we answer questions from the committee.

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