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MAKING A BETTER WORLD FOR ALL OHIOANS.

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Proponent Testimony
House Bill 121

Jenn Klein
President, Ohio Chemistry Technology Council

Before the House State and Local Government Committee
April 25, 2017

Chairwoman Anielski, Vice Chairman Hambley, Ranking Member Bishoff, and members of the committee thank you for the opportunity to testify today on House Bill 121 (HB121), legislation that makes common sense improvements as to how scarce state resources are spent on water infrastructure projects. Ensuring Ohioans have access to a broad range of products when constructing and maintaining this important infrastructure will allow state resources to be spent in an efficient, effective manner.

As way of background on the industry, Ohio is the sixth largest chemical manufacturing state in the U.S. and we directly employ over 43,500 Ohioans, making it the second largest manufacturing sector in the state. The industry's average wage in Ohio is over \$80,500 generating over \$3.5 billion in payroll. Every year our industry makes \$1.1 billion in capital investments in Ohio, and exports over \$6.5 billion in products.

The chemical industry converts basic raw materials such as oil, natural gas, air, water, metals and minerals to produce more than 70,000 different chemicals. These chemicals are used to produce plastics, synthetic fibers, lightweight automobile parts, fertilizers, cosmetics, household materials, computers, and many more products. In fact, 96% of all manufactured goods are touched by the business of chemistry.

Members of OCTC play an important role in multiple areas of water infrastructure. Our members make chlorine, water filtration and treatment technologies, orthophosphates that prevent corrosion, additives for concrete pipes, coatings, sealants, and plastic that's wrapped around iron pipes to reduce corrosion. Our members also make the basic plastic resins used in polyvinyl chloride (PVC), polypropylene (PP), and high density polyethylene (HDPE) pipes. As an industry we do not choose winners and losers, we believe that all products should compete and selection should be



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based on what product or products best suit each project. We support legislation that allows for open competition and a level playing field allowing the best product to be chosen for each project.

To be clear, HB121 is explicit in NOT directing any one product to be used. It simply requires that when state money is being spent, an engineer has the ability to use their professional training to evaluate all products they know are appropriate. A public authority then must consider the engineer's professional opinion. At no point does OCTC want to impede or direct the decisions that an engineer may have when determining which products are appropriate for a project. Rather, OCTC supports a level playing field for all appropriate products.

Right now there is not a level playing field across Ohio for all products. Over 1/3 of Ohioans live in jurisdictions that limits the use of all appropriate materials for water and wastewater projects. As subsequent witnesses will testify, limiting the choice of products raises the cost of projects significantly, and unnecessarily. Opening up this market to competition will strengthen Ohio communities by allowing them to determine what the most appropriate material is.

According to the American Society of Civil Engineers (ASCE), the state of Ohio needs \$12.1 billion in investments in drinking water infrastructure and \$14.58 billion in wastewater infrastructure over the next 20 years. That is a total of nearly \$27 billion. The ASCE points out that there are 240,000 water mains break in the US every year (660 per day) and that aging pipes are wasting 14-18% of each day's treated water.

You may have heard that this legislation will lead to increased litigation because open competition will lead to more bids, therefore, more losers. Last year alone Ohio received \$56 million in grants and loans for water infrastructure projects from the U.S. Department of Agriculture, which requires open competition for piping materials. All told, since 2013 Ohio has received more than \$149 million and has not experienced even a single legal challenge to date.

Finally, attached to my testimony is a letter from the American Chemistry Council on behalf of 15 companies that support HB121. Many of these companies have facilities in Ohio and are major employers in the state.

Passing HB121 will allow all of Ohio's communities to enjoy the benefits of open competition. It will ensure that Ohio's taxpayers' dollars are spent in an efficient, effective manner. Finally, it will ensure that those Ohioans employed by chemical companies who supply this industry are not unduly burdened by outdated regulations limiting the use of their products.

Thank you for the opportunity to provide proponent testimony on HB 121. I am happy to answer any questions you may have.