

GUERNSEY COUNTY COMMISSIONERS

ERNEST R. GARDNER JR.
sgardner@guernseycounty.org

DAVE SAFT
dsaft@guernseycounty.org

DAVID L. WILSON
dwilson@guernseycounty.org

627 WHEELING AVENUE, SUITE 300
CAMBRIDGE, OHIO 43725-2251

(740) 432-9200

1-800-887-0938
Fax (740) 432-9359

May 16, 2017

Chairman Schaffer, Vice Chair Scherer, Ranking Member Rogers, and the members of the House Ways & Means Committee, my name is Dave Wilson and I am the President of the Guernsey County Board of Commissioners.

I want to thank you for the privilege of appearing here today in support of House Bill 105 and, moreover, to share with you the perspective of a small, oil and gas-impacted county. I also want to gratefully acknowledge the efforts of our State Representative Brian Hill as well as State Representative Jack Cera for co-sponsoring this worthy legislation.

Overall, the oil and gas industry has had a positive effect on Guernsey County. At the height of the initial oil and gas "boom", our hotels and motels were full, additional new lodging was constructed, restaurant business was robust, truck sales was brisk and the our sales tax numbers achieved an all-time high.

Now the peak of that boom is long past and those numbers have dropped substantially. The impact on our roads has been substantial. While Road Use Maintenance Agreements (or "RUMAs") were in place while drilling was underway, most have now expired. Even while the RUMAs were in force, the trucks of many oilfield-related vendors did not use the RUMA-designated roads and those companies were unaccountable for the resulting wear and tear.

Today, a constant number of water trucks transporting the waste resulting from the fracking process continue to crisscross Guernsey County, causing further deterioration of road surfaces.

The funds available to our County Engineer and his Highway Department are insufficient to restore and improve these roadways. Roads that once had a solid surface from years of maintained chip and seal have regressed to gravel and stone. The increased cost of emulsion prohibits even basic dust control, leaving homeowners – quite literally - in the dust with homes, structures, vehicles and property covered in brown powder.

Our Engineer has told us that increased fuel efficiency has resulted in lower gasoline and diesel fuel sales, leading to a reduction in fuel tax revenue. The closing of the truck weigh stations along Interstate 70 in Guernsey County resulted in a loss of fine revenue.

"Guernsey County - A rich heritage building a better tomorrow"

This institution is an equal opportunity provider and employer.

While the westbound scale has reopened, the eastbound scale remains closed, robbing potential revenue from both Guernsey County and the State of Ohio.

While we as a Board of Commissioners would love to supply additional roadway funding from our county's General Fund, we are operating under a one-point-two million dollar budget deficit for the second straight year.

Prudent oversight of our county's tax dollars has provided enough carry-over to see us through our budgetary shortfall up until now. However, we have a storm on our horizon that will not only prohibit infrastructure improvements but could likely handicap basic maintenance.

Our biggest problem right now is the loss of the Medicaid MCO sales tax. For Guernsey County, that amounts to over \$720,000 per year and represents nearly 12% of our total sales tax revenue.

As an illustration of the importance of sales tax to Guernsey County, in 2005, Local Government Funds accounted for 7.15% of our General Fund budget. As those dollars dwindled, that number has now dropped to 3.44%. As a result, sales tax now accounts for nearly 44% of our total General Fund budget.

At the same time, new regulations governing the operation of our Sheriff's Office's 9-1-1 call center will add just under \$400,000 to the cost of operation during the first year and just under \$320,000 each year after that.

Those two items will add an additional \$1,040,00 to \$1,120,000 to our current \$1,200,000 deficit.

Another area of crises point in Guernsey County is our jail. While every county in our state – if not the country – has drug-related crime achieving historic levels, Guernsey County is truly unique: we are the only county in the State of Ohio where two Interstate Highways intersect that is not a metropolitan area.

Interstates 70 and 77 are pipelines for drug dealers, many gang-related, from Columbus, Cleveland, Akron-Canton, New York and who knows where else. As a result, our 66-bed jail balloons to over 90 inmates on a frighteningly-regular basis. Furthermore, when constructed in 1994, it had no accommodations for female inmates.

As I write these words, we have 96 in custody and, of those 96, 25 are women. Just accommodating personal hygiene is a challenge, let alone maintaining the safety of both jail staff and inmates. We have the room to expand but not the money.

Economic development is a major challenge for Guernsey County. While our two Interstates should lead to growth, our topography is challenging. Affordable,

developable acreage that is above flood plain and not susceptible to mine subsidence is hard to find.

With the expected construction of the cracker plant in neighboring Belmont County, we have a desperate need for land, facilities and infrastructure to attract the support industries that are expected to arrive. Like everything else, this requires money.

Before I close, please allow me to plant a thought: there has been much discussion of an increase in Ohio's Severance Tax. Instead, why not consider a modest tax on the waste that goes into Ohio's injection wells? According to the Ohio Department of Natural Resources, there are eight injection wells in operation in Guernsey County and those injection wells accept waste from not only Ohio, but from neighboring states, as well.

While I'm not a fan of increasing the tax burden on an industry, if additional taxation is deemed necessary, it would seem that taxing waste would not have a stifling effect on oil and gas *production* and, at the same time, would potentially generate tax revenue from neighboring states.

Considering the volume of waste water truck traffic and the impact on our roads, I feel that it is a measure worthy of consideration.

In closing, let me once again express my gratitude for this opportunity.