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## HJR 2 Sponsor Testimony

Chairman Vitale, Vice Chair Kick, Ranking Member Denson, and members of the House Energy and Natural Resource Committee, thank you for the opportunity to provide sponsor testimony on House Joint Resolution 2, the Ohio Critical Infrastructure Protection Amendment (OCIPA). This proposed amendment to the Ohio Constitution is designed to protect Ohio's power grid and other critical infrastructure from foreign influence and control. Our goal is to have this issue on the November 2020 ballot.

We have been troubled by the growing trend of foreign entities acquiring or financing some of our country's most critical infrastructure – the power plants, electric transmission lines, oil and gas pipelines, and water treatment plants that are vital to the welfare and safety of Ohioans.

A recent report to Congress by the U.S-China Economic and Security Review Commission has noted the Communist Party of China has used state-backed enterprises as the primary economic tool to advance and achieve its national security objectives.

Current federal law provides some protections to combat this, but we believe Ohio can do more. Energy security in Ohio means economic security for Ohioans. That begins by protecting Ohio's critical infrastructure.

This is an issue overwhelmingly supported by Ohioans. A recent statewide poll found 79 percent of Ohioans surveyed believe foreign companies and individuals should be banned from having majority ownership of critical infrastructure in Ohio, and just this past week, supporters turned in nearly 850,000 signatures proposing this concept.

Under OCIPA, foreign businesses and individuals would be prohibited from having a majority ownership interest in critical infrastructure located in Ohio. Additionally, ownership restrictions bar foreign companies and individuals from holding or acquiring any share of stock or other interests in a corporation or entity, which would grant them access to any of the following:

- Non-public technical information about critical infrastructure;
- Membership or observer rights on the corporation's or entity's board of directors;
- Any other involvement in substantive decision making regarding critical infrastructure or critical infrastructure technology.

The proposed constitutional amendment defines critical infrastructure as any facility located in Ohio that affects the life, safety, health, welfare and economic well-being of the citizens of this state and is any of the following:

- An electric generating facility that meets the following requirements:
  - The facility has a generating capacity of 50 MW or more;
  - The facility is a hydroelectric facility or its primary source of fuel is coal, natural gas or nuclear power;
- An intrastate electric transmission line and any associated facility of a design capacity of 100kV or more
- A water treatment facility;
- A large intrastate gas pipeline;
- An intrastate oil transmission pipeline.

We did not include Ohio's distribution companies because the PUCO already has the ability under Ohio Revised Code to look at any ownership transfer.

Owners of critical infrastructure would be required to disclose to the Ohio Secretary of State information regarding their ownership, governance and other details. This would include disclosure of any nonresident alien whose ownership stake grants them access to nonpublic technical information, decision-making regarding critical infrastructure, or majority ownership.

If the Ohio Secretary of State determines there is foreign ownership, the owner of the critical infrastructure would have one year to divest. The amendment contains an appeals process at the Secretary of State's office if they feel the determination is incorrect.

The threats we face today are more diverse and more sophisticated than ever before in our nation's history. They are no longer just physical threats, as they were during the Cold War. Today's threats are technological and economic.

Ohio can and must do more to protect our critical infrastructure from foreign influence and control. Thank you for your time and attention to this matter, and I would like to turn it over to Representative Callender to speak.