



Ohio Mayors Alliance Opponent Testimony

HOUSE BILL 163

Keary McCarthy, Executive Director

Ohio House Public Utilities Committee, May 13, 2020

Chairman Callender, Vice Chair Wilkin, Ranking Member Smith, and members of the House Public Utilities Committee, on behalf of the Ohio Mayors Alliance, a bipartisan coalition of mayors in over two dozen of Ohio's largest cities and suburbs, we write again to express our strong opposition to House Bill 163.

Right now, local governments across Ohio are dealing with the worst health and economic crisis we've faced in over a generation. Cities are seeing a perfect storm of rising costs for frontline services to respond to this crisis, while tax revenue sharply declines as a result of the economic downturn. Communities large and small are anticipating revenue declines of epic proportions. In many cases, cities across Ohio have already begun furloughing employees and preparing for layoffs and service reductions.

As we have testified to before, we have several very serious concerns regarding this legislation, including its implications on home rule, the arbitrary and costly litigation it will create, and the significant economic penalties it imposes on municipalities.

As the bill outlines, if after offering water and sewer services to a neighboring jurisdiction and engaging in a mutually agreed upon contract to do so, the neighboring jurisdiction can subsequently file a declaratory judgment against the municipality. If the "defendant municipal corporation" is found to violate a loosely defined set of criteria set forth in the bill, LGF payments would be withheld from that municipality and redistributed to the neighboring jurisdiction. Additionally, the bill would make noncompliant municipalities ineligible for critically important state grant and loan programs related to improving sewer and water services.

Given the economic pressure that communities across Ohio are currently facing, it's hard to imagine that any city would take on the economic liability of negotiating with a community for water services, and potentially being sued later and losing state funding. If cities chose not to extend water services, those neighboring jurisdictions would have few cost-efficient options to provide affordable water to its residents. This is precisely why some communities that contract with larger, neighboring cities for water and sewer services also oppose this bill. Those communities do not want to build and manage their own water and sewer systems.

We urge you to vote no on HB 163. Its economic consequences are as serious as they are punitive and, if passed into law, it would be imposed in the middle of the worst health and economic crisis our country has faced in modern memory. Thank you for your time and thoughtful consideration of these concerns.