

House Finance Committee - Subcommittee

April 11, 2019

Chairman Hoops, Members of the Subcommittee, thank you for the opportunity to testify today at this hearing. My name is Ann Aquillo and I'm the Vice President of Corporate Affairs for The Scotts Miracle-Gro Company. I am truly honored to testify today on the budget bill. ScottsMiracle-Gro is located just up the road in Marysville, Ohio - a place we've called home for more than 150 years.

As you may know, The Scotts Miracle-Gro Company is the world's largest marketer of branded consumer products for lawn and garden care. Our brands are the most recognized in the industry. Scotts®, Miracle-Gro® and Ortho® brands are market-leading in their categories, as is the consumer Roundup® brand, which is distributed in the U.S. by Scotts and owned by Bayer. We are partners with Bonnie Plants®, the largest marketer of edible gardening plants in retail channels. The Company's wholly-owned subsidiary, the Hawthorne Gardening Company, is also a leading provider of nutrients, lighting and other materials used in the hydroponic growing industry.

Our business is focused on growing things and water is a critical natural resource for gardeners to achieve success in creating their gardens and landscapes. Recognizing this, we have taken action to help improve water quality, and have conducted additional work on water conservation. Achieving clean, abundant water supplies is a challenge much broader than what our company can solve alone, but we are doing our part to help ensure clean waterways through our products and our partnerships.

At ScottsMiracle-Gro, we use innovation to make our planet a better place. The lawn and garden industry that exists today came from this commitment. We were part of this effort in the following ways - from becoming the first company to sell grass seed to consumers (1903) to the first company to sell water soluble plant food for gardening (1951). Over the years, we brought many 'firsts' to the market for consumers who participated in the lawn and garden category. We were even the first national lawn and garden company to remove phosphorus from maintenance lawn fertilizers (2011).

We knew that this step, along with many other efforts we had made to improve our products, enhance our communications with consumers and partner with NGOs, would not change the outcome. Consumers use less than 6% of the fertilizer sold in the United States. But we knew it was the right thing to do and it was our small piece of the complex puzzle that was, and continues to be an effort to improve water quality here and in other parts of the world.

And that commitment is what led our company to establish the formation of The Scotts Miracle-Gro Foundation in 2017. The first major action of this foundation was signing on as the presenting sponsor to the George Barley Water Prize.

The Barley Prize, a \$10 million incentive competition to find a new technology or process capable of removing phosphorus from freshwater supplies in a cost-effective and scalable way, is an effort from one of our NGO partners: The Everglades Foundation.

Modeled after the incentive prizes that encouraged Charles Lindbergh to make the first nonstop transAtlantic flight and that led to the invention of fire extinguishers and commercial hydraulic turbines, The George Barley Water Prize offers a \$10 million award to the team that can develop an effective and affordable method to remove phosphorus from waterways on a large scale. The Prize is named after the late George Barley, one of the two founders of The Everglades Foundation.

According to the World Resources Institute, more than 15,000 freshwater bodies in the United States alone are affected by phosphorus pollution. Runoff from man's long-standing use of phosphorus-based fertilizers is so extensive, scientists believe, that even if its use were to be eliminated altogether, there is so much of the mineral already stored in water and soil that it would continue to be a serious pollutant, creating algae blooms for decades, if not centuries, to come.

After more than two years of testing technologies in laboratories and in the cold climate Lake Simcoe (Ontario) watershed, we announced the four finalists for The Barley Prize late last year in Toronto. These groups will now set up their systems for another real world test near Lake Jesup in

Florida. At the conclusion of this stage, we will know if one of these teams has reached the goal and developed the technology to address legacy phosphorus loading and leave our waterways in better shape than we found them.

You may ask, “Why would a fertilizer company get involved with this effort?” We are using that juxtaposition of unique partners in a common challenge and the considerable market presence of our company and its brands to bring visibility to this effort. It’s already paying off as we’ve seen a lot of interest and dialogue on this prize in many national and regional media outlets since we announced our partnership over a year ago. (Highlight news guides from The Barley Prize to committee)

So, as you’ve noted from my comments, ScottsMiracle-Gro is committed to creating clean, abundant water supplies for gardeners everywhere. That’s why we were so excited to see the announcement from Governor DeWine for the H2Ohio Fund and are supporting the inclusion of this language in the pending budget proposal before this committee. We applaud the Governor’s leadership on this important issue.

We also think that the H2Ohio Fund would be a great way to get the State of Ohio to join The George Barley Prize effort. Under Purpose #2 of the H2Ohio Fund, money shall be used to “fund cooperative research, data gathering and monitoring, and demonstration projects related to water quality priorities.” The work being done through the Prize is some of the most thoughtful, rigorous and innovative being done in this space. It’s why our company decided to partner on this project and to lend our dollars and our resources to advance this effort.

Just last year, The State of Florida, another state faced with many water quality challenges, announced their \$1 Million commitment to the prize. *We are respectfully asking this committee to approve an amendment which would commit \$250,000 each year to support The Barley Prize from the H2Ohio Fund to also gain a seat at the table on the important learnings from this process and prize.*

The Prize's work has the potential to deliver an effective solution for Ohio's waterways by offering cost-effective methods to remove excess phosphorus at critical loading points and in large-scale water treatment

processes. This, along with Ohio's ongoing efforts to reduce the amount of nutrients entering waterways, can help to ensure the health and safety of Ohioans' water resources. Adding innovation to Ohio's efforts, such as the Barley Prize, would be yet another tool for improvement in our waterways.

Water quality and conservation is our number one environmental priority at Scotts. The challenge of water is still front and center for us and we've embraced it and want sincerely to help solve the problem. Using the bright light of innovation - whether through the work of our many dedicated researchers towards product improvements or through partnering with outside groups on efforts like The Barley Prize - will point the way to a better day for all citizens and the waters of our state.

Thank you for your kind attention to my comments. I would be happy to answer any questions.