

Ohio Senate Finance Committee
Interested Party Testimony
House Bill 166

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Good morning Chairman Dolan, Vice Chair Burke, Ranking Member Sykes and members of the Senate Finance Committee. I am Tracy Freeman and I am the Director of Federal and State Government Relations for the Nature Conservancy in Ohio. Thank you for the opportunity to provide written testimony as an interested party on HB 166, the FY2020-21 biennial budget.

The Nature Conservancy is a global organization with chapters in all 50 states and projects in over 70 countries. We are a non-partisan, science-based organization that seeks to conserve the lands and waters on which all life depends. We work collaboratively with businesses, farmers, sportsmen groups, government and local communities to develop pragmatic solutions to conservation challenges, including land conservation, water quality, and air pollution. More than 65,000 Ohioans are Nature Conservancy supporters and we own and manage over 20,000 acres of nature preserves throughout the state. We invite any of you to visit our open preserves and enjoy the unique places that make Ohio a great place to live, work and play.

House Bill 166 as introduced demonstrates strong, ambitious, and fiscally responsible leadership by the Governor and the General Assembly to improve our water quality and enhance and protect our natural resources. There were changes made in the House version related to the Governor's proposed H2Ohio fund which I outline later in this testimony.

The Nature Conservancy supports the budget proposals for critically important agencies such as Ohio EPA, Ohio Department of Natural Resources and the Ohio Department of Agriculture. We are excited to be a partner with the Administration, the General Assembly and other key stakeholders in many of these efforts and offer additional comments on the following key provisions:

- **H2Ohio Fund** – We applaud the Governor for his vision and commitment to investing \$900 million dollars over 10 years to ensure safe and clean water for our state. This fund will direct state resources and leverage additional public and private resources to protect our critically important natural resources – Lake Erie, the Ohio River and the inland waterways that feed these treasures. We are especially appreciative of the recognition that significant funding needs to be directed to targeted wetland restoration, which is a long-lasting and effective mechanism for reducing flooding and filtering waters. TNC is very appreciative of the engagement and interaction demonstrated by the Administration and the General Assembly on this fund and we urge your support. We appreciate the House including language developed with TNC and other stakeholders to include an Advisory Council to ensure that funds are spent wisely. Currently the funding is distributed to the agencies with very little structure. We have had excellent communication with the Administration and are grateful for that. While we support the ideas presented by the ODA, ODNR and OEPA to use this funding, there are no requirements, rules, etc. to ensure it is a well-thought out, environmentally effective and collaborative effort between the state and affected stakeholders. We recognize there may be an interest in

modifying the House's version of the proposed Council structure language. There are options to compromise on the structure which may be accepted by multiple stakeholders. The goal of this Advisory Group or Council is to recommend agreed-upon action steps to each agency, bring forth new and updated science and technology, and keep communication open.

We are most concerned however, that the House-passed version deviated from the original proposal to fully fund H2Ohio at \$900 million with surplus revenues over the next two fiscal years. Instead, the House only allocates the \$86 million in FY 20 resulting in a fund with no sustained or secure revenue source moving forward. It appears that the recently-introduced HB 7 is an approach to provide long-term funding for H2Ohio through an innovative, yet not fully understood, system involving the sale of securities issued as special obligations, real estate investments, loan repayments and other components. We are pleased to see the commitment from the House to secure long-term water quality funding. In our initial review of HB 7 we found benefits such as a defined stated purpose "To provide for the protection, preservation, and restoration of the water quality of this state's lakes and rivers", the irrevocable and permanent nature of this Trust, codification of the transfer of a portion of the state's surplus funding, the inclusion of the H2Ohio Advisory Board and the requirement for the ODA, OEPA and ODNR to develop annual plans for any fund expenditures they receive. We are still reviewing that bill and determining how this proposed funding structure would work. There may be a way to combine the best of both proposals as they do appear to be complementary in many ways.

Regardless, we are supportive of securing sustained and dependable funding for this work as these types of improvements take time. Relying on one-time surpluses and future general revenue funds results in too much uncertainty and an inability to adjust and improve the program over time. Restoring wetlands, which function as nature's kidneys and are scientifically proven to reduce phosphorus and nitrogen, is a multi-year endeavor beginning with identifying optimal locations, securing property, designing the best-performing type of wetland, construction and then monitoring for success.

- **Lake Erie Commission** – We support the funding for each fiscal year and are very pleased to see the leadership role taken by the new Director related to the H2Ohio fund and toward the previously-defined goal (in the FY18-19 budget) of coordination of existing monies used for water quality.
- **Ohio Sea Grant** - Sea Grant plays a pivotal role as a credible source of research and information on water quality issues in Ohio by applying sound science to educate the public on the complex issues related to the health of Lake Erie. We support continued and expanded funding for this very important work.
- **Heidelberg University Water Quality Lab, Ohio State University** - We support the continuation of funding for Heidelberg's critical work on water quality and monitoring and would request your consideration of the request for the addition of funding for research, monitoring and education at The Ohio State University Cooperative Extension and Agriculture Research and Development Center. Other academic institutions statewide are also part of this effort and there is a very positive level of cooperation and communication in this area which we want to see continue.
- **Department of Natural Resources:**

- **AEP ReCreation Lands** – We support this request and are pleased the House retained this language which will allow the state to invest in the future of outdoor recreation by protecting a large and contiguous area in eastern Ohio to provide hunting, fishing, hiking and camping for us, our children and grandchildren. As Director Mertz testified, Ohio ranks very low (between 45 and 50th) nationally on the amount of public land available. Data consistently shows the value of recreational spaces for the economy and environment. We also support the proposed increase in license fees that help to fund the Division of Wildlife.
- **Division of Natural Areas and Preserves** – We strongly support the proposal to re-establish this Division and move the Scenic Rivers Program back under its auspices. DNAP is the Division most knowledgeable, qualified and experienced at managing our most unique and imperiled species and ecosystems. These significant natural features are like “living museums” or “heirlooms of the state” which help us *recollect, understand and appreciate* our past, *place our present in context* and *plan for the future*. As DNAP manages these unique areas of our state they use the Ohio Natural Heritage database -first created by The Nature Conservancy. This database repository contains the most accurate and current information available on the location, number and status of rare species and unique natural features. Developers, even more than naturalists, depend on this database to inform their decisions about where to build roads, pipelines and other critical infrastructure to avoid unintended negative impacts on our most significant natural features.
- **Division of Forestry** – We support the 7% (over both fiscal years) recommended increase in this Division’s budget and would like to work with the General Assembly and the Agency to look at ways to further increase the revenue available for the important work this Division does. The responsibility of managing our public forests and helping private woodland owners is important for ecology as well as the economy. The threats to Ohio forests grow every year with the arrival of new pests and pathogens that include invasive plants and other species, such as the Asian long-horned beetle and the newly discovered beech leaf disease.

We are a realistic, yet optimistic, organization and these proposals in HB 166 give us more reasons for optimism. We urge your support for these recommendations and offer our help as we work together to make Ohio not just a great place to live and work, but a destination for visitors from all over who want to enjoy our natural areas, trails, lakes and rivers. Thank you again for this opportunity to provide testimony as an interested party on HB 166. I would be glad to answer any questions.

