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OHIO

**Substitute House Bill 62
Senate Transportation, Commerce and Workforce**

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March 19, 2019

Chairman McColley, Vice Chair Uecker, Ranking Member Antonio, and members of the committee, thank you for the opportunity to offer testimony today on Substitute House Bill 62. My name is Micah Derry, and I am the State Director of Americans for Prosperity – Ohio. Our organization is dedicated to breaking internal and external barriers that stand in the way of people realizing their full potential. Removing these barriers, in whatever forms they take, helps move our society toward one of mutual benefit, where people succeed by helping others improve their lives and by transforming their communities.

AFP – Ohio did not officially weigh in on this bill during the committee process in the House and was not overly vocal regarding Governor DeWine’s initial proposal. Through constructive conversations with leaders in the other chamber, I was confident that significant progress would be made. I am largely satisfied with the work the House has done thus far, and I remain confident that this committee will continue and improve upon their good work.

From AFP’s perspective, the bill before you today is an improvement on the ‘as introduced’ version in several obvious ways. The reduction of the gas tax from 18 cents per gallon to 10.7 cents per gallon was the most noticeable, and I commend the House for the reduced increase. Ohioans shouldn’t be forced to pay more than they need to for any government services, and if the reduction still allows for adequate maintenance projects to be undertaken to get our roads and bridges to satisfactory condition, then that’s a good thing. As the governor said in his State of the State address, there is a safety component to this issue, and public safety is the first and foremost role of government.

Another commendable revision made by the House was removing the provision that would have tied future gas tax increases to inflation. From a philosophical standpoint, this may have been the most troubling aspect of HB 62. Ohio has a year-round legislature which typically address budgetary issues and concerns twice over the course of a General Assembly. At any time, lawmakers, in collaboration with the executive branch, are able to introduce and consider legislation to adjust any tax rates as they see fit. Creating automatic mechanisms that would have the people’s elected representatives avoiding the responsibility of making difficult, complex policy decisions is the wrong approach to governing. AFP strongly urges this

committee, and the Senate, to keep any similar provision out of Sub. HB 62. The Ohio's Road to the Future Study Committee that was added in the House is also a good thing, and hopefully it affords the legislature and all concerned stakeholders the opportunity to thoughtfully consider solid, fair proposals, as opposed to hastily pushing through questionable policies in the unfortunately narrow window in which a transportation budget is generally debated. If one recommendation could be made, it would be that the study committee be intended for a longer period of time to better capture the arc of changing market forces and demands.

AFP – Ohio also appreciates the fact that the bill has been amended to require owners of electric and hybrid vehicles, as well as those powered by compressed natural gas, to pay their fair share for using Ohio's roads. I mentioned barriers at the beginning of my testimony; *any* policy that does not apply to people equally is something our organization cannot and does not support. Though the revenue raised by these new registration fees and per-gallon equivalency calculations is, relatively speaking, a drop in the bucket with respect to the overall transportation budget, fair is fair. If driver uses Ohio's roads and bridges, they should be expected to have some skin in the game regarding the maintenance of that infrastructure.

Now for a criticism of the House version of Sub. HB 62, and it is regarding the drastically increased funding for public transit.

The problems hounding public transit have been plentiful along the I-71 corridor, from the Queen City's streetcar frustrations, to Columbus' COTA revenue woes, to scandals at the RTA that have been the fodder for the Cleveland Plain Dealer's Editorial Board, calling for change in leadership. While the Regional Transit Authority ultimately abandoned an attempt for a tax increase to cover a 60 million dollar cash infusion, it seems that the message of the opposition was lost – local transit has to solve problems in their own house before they look for additional resources.

While AFP is glad that the House clarified the fact that gas tax revenues *shall not* be used to fund public transit projects, we do not support the increased appropriations in this area, and would ask this committee, at the very least, to consider returning the proposed funding levels to Governor DeWine's 'as introduced' version of the bill.

AFP recognizes that Ohio's infrastructure is lagging, and because of the fact that quality of infrastructure and public safety are inextricably intertwined, something must be done to solve the problem, both in the short term and in the long term. I would be remiss if I didn't raise a few points before concluding my remarks today, though I know some of these points have already been raised in hearings last week.

As I stated earlier, Ohioans shouldn't be forced to pay any more than they need to for government services. When stated that way, I, for one, think that is a difficult statement with which to disagree. Yet Ohioans are forced to pay more than they need to for many public infrastructure projects because of prevailing wage. I know this topic was discussed here last week, but as this body begins thinking about lasting solutions to our infrastructure needs, addressing prevailing wage head-on is a must. At the very least, giving local governments the

ability to opt out of prevailing wage agreements and shop for a better price has potential to save hundreds of millions of taxpayer dollars.

Though not as directly related to transportation funding, another policy area that ought to be addressed when considering how we can free up revenue to meet bare necessity functions of government, like paving roads and ensuring that bridges don't crumble, is reining in unnecessary tax credits and expenditures. Over time, policymakers have chipped away at the state's revenue streams by granting carve-outs to this special interest or that, with seemingly no overarching, coherent strategy, and with various, incongruent justifications for doing so. Taking a hard look at which of these tax credits can be put on the chopping block is long overdue; these are examples of policies that do not apply to people and entities equally, and equal application of the law is something for which any legislative body should always strive.

Lastly, I would like to address the issue of offsets. I'm sure many of you have heard murmurs from right-of-center groups and organizations stating that because of the gas tax increases contained within Sub. HB 62, there should be corresponding offsets in the form of tax cuts in the main operating budget. As I'm sure most of this committee is aware, AFP is largely supportive of policies that lower taxes, because too often, excessive taxes do become barriers for individuals, families, and businesses of all sizes. However, if the House and Senate do consider offsetting the increased gas tax, which is a use tax, AFP would urge a cut in another use tax, like the sales tax. There's no way around the fact that a gas tax increase is felt most acutely by lower income Ohioans; the same would be true with respect to lowering the sales tax. Though AFP would, in another context, would support cutting income taxes, in this context it really would not be a true offset.

As with all budgets, from our national budget debated in the halls of Congress, to family budgets painstakingly hammered out at kitchen tables in communities around this state, budgets need to be about priorities. Of course, different countries, different states, different families, different organizations all have different priorities, and of course, that's okay, and as it should be. However, anyone crafting any budget should try to be cognizant to not create barriers where they do not need to exist, and to eliminate them whenever possible. I hope this committee and the Senate will arrive at decisions that provide Ohioans with necessary government services, delivered as efficiently as possible, while considering broader long-term policy changes that can be addressed down the road, so this body isn't talking about an infrastructure funding crisis for years to come.

Thank you, Mr. Chairman, and members of the committee for allowing me to share my thoughts with you today. I'm happy to answer any questions you might have at this time.

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