



June 26, 2018

House Finance Committee
Opposition to HB 602 – Detrimental Municipal Utility Service

Chair Ryan, Vice Chair Lipps, Ranking Member Cera and members of the House Finance Committee, I am writing in opposition of HB 602 on behalf of American Municipal Power (AMP) and the Ohio Municipal Electric Association (OMEA) member owners and communities.

The OMEA and AMP take great pride in representing Ohio’s municipal electric systems and helping to provide affordable power to their customer-owners throughout the state. AMP is the Columbus-based non-profit wholesale power supplier and services provider for 135 members in nine states. Combined, these member utilities serve more than 650,000 customers. AMP offers member municipal electric systems the benefits of scale and expertise in providing and managing energy services. AMP is governed by a 21-member Board of Trustees made up of officials from across the AMP footprint. The OMEA was formed in 1962 and represents the state and federal legislative interests of AMP and 80 Ohio municipal electric systems. The OMEA is governed by a 16-member Board of Directors made up of officials from across Ohio, including 12 mayors.

As introduced, House Bill 602 establishes two novel categories of municipal corporations: 1) a “Predatory Municipal Corporation,” and 2) a “Noncompliant Municipal Corporation.” Each designation would feature corresponding financial and operating penalties on municipalities that provide sewer and water services outside municipal corporate limits at a different cost than for service within municipal limits. These penalties consist of a 20% reduction or complete loss of Local Government Fund (LGF) disbursements, as well as making a municipality ineligible for state water and sewer development assistance.

HB 602 would be a direct attack on Home Rule. It would impose additional, separate LGF penalties on a city or village if it imposes a rate increase across its total customer base to cover the cost of new infrastructure improvements made in a single locality. Moreover, there is a significant risk to all municipal operations that such a provision could be expanded to include other municipal services or aspects of local government.

The language gives the Tax Commissioner vast authority over distribution of LGF for particular communities that operate water/sewer services, thus depriving them of their constitutional Home Rule authority. This sets a precedent that restricts a municipality’s ability to provide quality utility services and increases costs for consumers. Enactment of HB 602’s provisions would result in a number of unintended consequences, including reduced funding for local utility infrastructure projects, higher financing costs to issues bonds, higher utility service costs for all consumers, and increased state and local administrative compliance costs.

DELAWARE DELAWARE MUNICIPAL ELECTRIC CORPORATION INDIANA CANNELTON KENTUCKY BENHAM • BERIA • PADUCAH • PARIS • PRINCETON • WILLIAMSTOWN
MARYLAND BERLIN MICHIGAN CLINTON • COLDWATER • HILLSDALE • MARSHALL • UNION CITY • WYANDOTTE OHIO AMHERST • ARCADIA • ARCANUM • BEACH CITY • BLANCHESTER
BLOOMDALE • BOWLING GREEN • BRADNER • BREWSTER • BRYAN • CAREY • CELINA • CLEVELAND • CLYDE • COLUMBIANA • COLUMBUS • CUSTAR • CUYAHOGA FALLS • CYGNET • DELTA
DESHLER • DOVER • EDGERTON • ELDORADO • ELMORE • GALION • GENOA • GEORGETOWN • GLOUSTER • GRAFTON • GREENWICH • HAMILTON • HASKINS • HOLIDAY CITY • HUBBARD
HUDSON • HURON • JACKSON • JACKSON CENTER • LAKEVIEW • LEBANON • LODI • LUCAS • MARSHALLVILLE • MENDON • MILAN • MINSTER • MONROEVILLE • MONTPELIER • NAPOLEON
NEW BREMEN • NEW KNOXVILLE • NEWTON FALLS • NILES • OAK HARBOR • OBERLIN • OHIO CITY • ORRVILLE • PAINESVILLE • PEMBERVILLE • PIONEER • PIQUA • PLYMOUTH • PROSPECT
REPUBLIC • SEVILLE • SHELBY • SHILOH • SOUTH VIENNA • ST. CLAIRSVILLE • ST. MARYS • SYCAMORE • TIPP CITY • TOLEDO • TONTOGANY • VERSAILLES • WADSWORTH • WAPAKONETA
WAYNESFIELD • WELLINGTON • WESTERVILLE • WHARTON • WOODSFIELD • WOODVILLE • YELLOW SPRINGS PENNSYLVANIA BERLIN • BLAKELY • CATAWISSA • DUNCANNON
EAST CONEMAUGH • ELLWOOD CITY • EPHRATA • GIRARD • GOLDSBORO • GROVE CITY • HATFIELD • HOOVERSVILLE • KUTZTOWN • LANSDALE • LEHIGHTON • LEWISBERRY • MIFFLINBURG
NEW WILMINGTON • PERKASIE • QUAKERTOWN • ROYALTON • SAINT CLAIR • SCHUYLKILL HAVEN • SMETHPORT • SUMMERHILL • WAMPUM • WATSONTOWN • WEATHERLY • ZELIENOPLE
VIRGINIA BEDFORD • DANVILLE • FRONT ROYAL • MARTINSVILLE • RICHLANDS WEST VIRGINIA NEW MARTINSVILLE • PHILIPPI

AMP recognizes the need to improve state and local infrastructure investments; however, HB 602 will have detrimental impacts on state and local investments in critical infrastructure by increasing costs for utility services to all customers and unnecessarily adding financial burdens to municipalities. Moreover, given its direct attack on Home Rule, it may be unconstitutional.

On behalf of all the Ohio communities represented by AMP and the OMEA, I am requesting that you oppose HB 602.

Thank you for your consideration.



Jolene Thompson
Executive Director, OMEA
Executive Vice President, AMP

cc: AMP Board of Trustees
OMEA Board of Directors
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