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**House Finance Committee
Proponent Testimony
House Bill 7**

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May 23, 2019*

Good morning Chairman Oelslager, Vice Chair Scherer, Ranking Member Cera, and members of the House Finance Committee. Thank you for the opportunity to provide testimony as a proponent on HB 7, the House's water quality funding bill which establishes the H2Ohio Trust Fund.

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 almost 25,000 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 7 is an encouraging step in the ongoing work to ensure clean water in Ohio. Protecting Ohio's water quality requires a sustained and ongoing approach. The Nature Conservancy has supported the idea of a sustainable, long term clean water funding mechanism to address nutrient pollution statewide since 2015, when the concept of an Ohio Water Trust was presented to a large stakeholder group called Healthy Waters Ohio. We worked extensively on this idea with other partners over the past 4 years, including the Ohio Farm Bureau, the Ohio Agri-Business Association, former Senator Randy Gardner, private businesses, and most recently the Ohio Environmental Council and are pleased to see that hard work by such a diverse group of partners has helped to make this a priority and with this bill, a big step closer to a reality. The commitment by the Governor, the House and the Senate to addressing water quality has never been stronger in Ohio and we thank you for that.

We are still reviewing House Bill 7 and have questions related to funding sources, annual or total limits, and implementation that I will share later in my testimony. We are encouraged to hear there will be a robust interested party process. We anticipate our questions will be answered satisfactorily and the process will be inclusive.

There are many positive components to House Bill 7:

- It has a defined purpose – "to provide for the protection, preservation, and restoration of the water quality of this state's lakes and rivers."
- It creates a dedicated, ongoing, "generational" source of funding that will be used to fund water quality projects in Ohio. This is very important as natural system water quality projects such as wetland and floodplain restoration, which are key to the filtration of nutrients like phosphorus and nitrogen and in slowing down sediment erosion and pollution, often take years to complete.

These projects consist of multiple time-consuming steps, like identification of areas where restoration is most beneficial, securing property, construction and then subsequent maintenance and monitoring for success. Ongoing funding is also important so that, as more information is collected on which practices provide the most “bang for the buck”, the approach can be adjusted over time.

- It codifies the transfer of a portion of surplus state revenues to the fund.
- It requires ODA, OEPA and ODNR to prepare an annual plan for their portion of expenditures from the H2Ohio Trust Fund to describe their funding priorities, specific projects and internal controls to ensure money is spent properly.
- It provides for stakeholder engagement and accountability through the H2O Advisory Council grant and loan process.
- It allows money from a variety of different sources to be added to the fund and used through the same program.
- It appears to provide funding to private partners and groups through grants and loans provided from the fund. This allows the state to use the money as a force multiplier, where the money from the fund can be used to selectively fund pilot projects and developments that provide valuable knowledge and experience that can be scaled up to the agency level if successful.

There are still some uncertainties as to how the Trust Fund would actually work and we appreciate the willingness of the sponsor to continue ongoing dialog about this bill. Our initial questions are:

- Where does the initial funding for the endowment come from (or where do you anticipate it coming from)?
- Is there a \$50M cap annually on money disbursed by the Advisory Council?
- If so, does the \$50M annual cap apply to only loans and grants disbursed by the Advisory Council, or is money received by the agencies included?
- Is it anticipated that agencies will be separately appropriated money from the fund?
- Does the fund maintain the Governor’s proposed structure with all three agencies, ODNR, OEPA and ODA, along with the LEC developing projects to be funded?
- Do the agencies need to produce a plan each year for improving water quality, or only when they receive funding from the Trust?
- Is the fund capped at \$300-500M or can it grow to a larger amount?

We believe the answers to these questions will become clearer as discussions continue about this bill and the financial funding mechanism and the structure envisioned by the House of Representatives. We believe the General Assembly, the Administration and the many involved and impacted stakeholders will find a way to successfully come together on this idea. The current, and future, health of our lakes, rivers, streams and our citizens depends on our work right now. We look forward to working with all of you on this important proposal. I am glad to answer any questions you may have.