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Testimony of Christiane Schmenk HB 685

- Chairman Stephens, Vice Chair Stewart, Ranking Member Weinstein and Members of the House Energy and Natural Gas Resources Committee, Good afternoon. Thank you for the opportunity to present proponent testimony on behalf of House Bill 685.
- My name is Chris Schmenk. I am one of the county commissioners from Union County. Before becoming a county commissioner, I was an attorney practicing in the area of economic development and represented large companies as well as counties and municipalities. I was Director of the Development Services Agency (now, the Ohio Department of Development) from 2011-2013 and previously worked as a VP for The ScottsMiracle-Gro Company. I also served as Mayor of Marysville.
- Due to my prior experience, I understand the needs of large complex businesses that are planning for growth expansions years in advance. I also am familiar with the regulatory and funding challenges of private business, and I understand the needs of communities making investments to ensure healthy and diversified economy for their residents.
- Communities like Marysville, our county seat, want smart growth and a growing tax base that can help address underemployment, long-commutes to work and development pressure from an ever-growing Columbus.
- Marysville discovered that it had a lack of natural gas capacity as early as 2006. I was serving as ScottsMiracle-Gro's representative to our local community improvement corporation and was Chair of our county's Chamber of Commerce board at the time. We had just won a \$3.6 million grant from the State's new Job Ready Site program (JRS), but that grant was jeopardized by the discovery that we had inadequate natural gas capacity. As time went on, gas supply and pipeline capacity became a constant challenge as we tried to attract world-class businesses and employers to our county.
- Of course, this was very concerning for local officials in Union County. However, our loss was other's gain, as projects unable to locate in our county could locate in other counties in our region, and the regional gas provider won regardless of location in central Ohio.
- In 2015 we hired NRG Management to help us understand the technical problems and develop some high-level, but real solutions. We presented our case to our regional and state partners, who were sympathetic, but not sure how to address the problem. We also met with our local gas distribution companies, but it was a classic "chicken and egg situation." The gas companies were unwilling to invest in infrastructure to enable additional capacity without commitments from companies to use this additional gas; however, the companies were unable to commit to come to Union County when they had no commitments from a gas company to supply their needs.
- After many years of trying to solve the problem on our own, in 2019, we formed OGAP---The Ohio Gas Access Partnership, a Coalition of counties, communities and businesses. The goal of OGAP is to promote and ensure there are robust economic development opportunities supported by sufficient long-term natural gas supplies and pipeline capacity.
- The counties and communities that have joined OGAP are home to a number of large regional manufacturing companies and their suppliers. In Union County, Honda has about 5000 employees and ScottsMiracle-Gro has about 1000. In Logan and Shelby Counties, Honda employs another 3000. Madison County has 1,500 employees at Stanley Electric, 600 at Jefferson Industries, and some of the region's largest warehouses. Adams, Fayette and our other

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partners are also home to important businesses. However, all of these areas are hampered in attracting and growing businesses due to lack of natural gas infrastructure.

- We have all come to the conclusion that natural gas companies in Ohio need economic development incentives to invest in new infrastructure. Therefore, we support House Bill 685. We believe the bill uses “tried and true” economic development tools that will successfully incentivize investment in new natural gas infrastructure. These tools are similar to ones that have long been used in Ohio, such as enterprise zone abatements and accelerated depreciation. They allow local communities to share in the cost of investment through the abatement of local taxes.
- As a local official, I typically don’t like to give up taxes that help fund programs that benefit our citizens. However, I feel certain that doing so to incentivize the development of more natural gas infrastructure will bring important business developments to our County. I know the benefits will outweigh the costs. I therefore hope you will join me in support of House Bill 685.
- Thank you again for the opportunity to come before you today. I welcome any questions you might have.