



**TESTIMONY
TO THE
SENATE LOCAL GOVERNMENT AND ELECTIONS COMMITTEE
BY
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EXECUTIVE DIRECTOR
OHIO AIR QUALITY DEVELOPMENT AUTHORITY**

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Chair Gaverone, Vice Chair O'Brien, Ranking Member Maharath, and members of the Committee, my name is Christina O'Keeffe, and I am the Executive Director of the Ohio Air Quality Development Authority (OAQDA). Thank you for the opportunity to discuss the Authority's proposed budget for fiscal years 2022 and 2023, which does not utilize General Revenue Funds (GRF) but is supported through fees and program revenue.

The Authority marks its 50th anniversary this year. Since 1971, we have been helping Ohio businesses of all sizes to meet the challenges of complying with federal environmental regulations. Improving air quality can be costly, but OAQDA provides an important financing tool by serving as a conduit bond issuer of qualified air quality facilities to help businesses not only achieve compliance but reach aspirational corporate sustainability goals. Our work is at the intersection of protecting the environment and economic development.

A copy of our 2020 Annual Report, "Supporting Businesses for a Healthier, Stronger Future," is enclosed with my testimony for your review. It provides more detail on our programs and highlights projects that we financed last year as told through stories from the business owners. We administer several programs, including the Clean Air Improvement Program (CAIP), Clean Air Resource Center (CARC) for small businesses and the recently enacted Solar Generation Fund.

MAKING AN IMPACT

To date within this current biennium, OAQDA has issued bonds totaling \$445 million to assist 35 projects, while managing our active \$3 billion portfolio featuring hundreds of other projects originating from previous years. Financed through our primary mechanism to issue air quality revenue bonds as a conduit issuer, these projects are owned by businesses of all sizes and are achieving a positive impact for the State of Ohio. Thousands of jobs have been created or retained, million dollars in energy costs are being saved each year and hundreds of thousands of pounds of harmful air pollutants have been avoided. Details on this data are in our annual report.

The Authority evaluates and approves financial support for these projects through our CAIP or CARC programs, ensuring adherence to accountability standards and greater transparency. The liability for repayment is on the project themselves, and not the responsibility of the state of Ohio. OAQDA can be flexible in structuring the debt and qualifies projects for certain tax benefits. This allows the Authority to be adaptable within the marketplace on identifying the

financing assistance that works best for each business and meeting them where they are to achieve environmental and economic goals.

An example of a project we supported through CAIP is AMG Vanadium, LLC in Zanesville. The Authority issued \$307 million in bonds in a public offering for the construction of a new solid waste recycling facility, which turns the waste from the petroleum industry into specialty metals used in the steel and stainless-steel industries. When looking for a second location to double their recycling capacity, the company's president noted that the support from OAQDA was key in keeping the growing company in the Ohio Appalachian region. This new facility will create 100 jobs, improve air quality, and recycle harmful waste that would otherwise be landfilled.

In addition to supporting large air quality projects, we are committed to breaking down barriers for small businesses to comply with federal regulations in an affordable manner. Through CARC and a partnership with the Ohio EPA, we reach out to thousands of neighborhood printers, drycleaners, auto collision repair shops, metal working companies and many others to make grant subsidies and detailed technical assistance readily available and understandable. As noted in our budget request, we are requesting \$300,000 each fiscal year for these small business grants, up to \$20,000, in addition to the work of the small business ombudsman.

A compelling case for this program is a project we supported from a small business manufacturer in Dayton. The Authority approved \$100,000 in bond financing and more than \$35,000 in grant assistance to KAP Signs, during their time of greatest need. The company, along with its 15 employees, faced devastation after a tornado hit on Memorial Day 2019. Their building was destroyed. OAQDA worked quickly to make our financing assistance available to the company. The owner, David Blang, pointed to the Authority as the answer in their search to recover from this disaster and save jobs. This was one of the proudest moments for me as I watched our team band together to help this Ohio small business get back on its feet.

SOLAR GENERATION FUND

As you may recall, the Authority is tasked by the General Assembly to serve as the program administrator for the solar generation funds per H.B. 6 and the recent passage of H.B. 128. The Authority began to implement the program in July 2019 involving ongoing responsibilities, such

as reviewing and approving applications, monitoring performance of clean generation, and assigning credits eligible for payments on a quarterly basis.

OAQDA appreciates the inclusion in H.B. 128 of a mechanism to reimburse our administrative costs associated with these duties. This provision involves the reimbursement of programmatic costs from the Solar Generation Fund once the fund is established and collection commences later in FY22. In the meantime, OAQDA will now need to move forward with the recruitment and hiring of personnel at the start of FY22 to support program requirements, including the creation and management of the fund and monitoring additional solar facilities as they become operational. OAQDA is currently working with OBM to determine the best path for increasing our spending authority to incorporate these additional expenses into our budget.

CONCLUSION

OAQDA remains committed to our mission to improve air quality by supporting businesses, creating jobs and improving communities while enhancing the health and safety of all Ohioans. We accomplish this valuable work with a lean, dedicated board and staff and without the use of General Revenue Fund (GRF) monies.

With this budget request, OAQDA demonstrates that environmental and economic development policies can work in tandem to effect change. Ultimately, OAQDA is focused on serving the people of Ohio, ensuring continued economic growth and cleaner air for our future. This is our passion and responsibility.

Thank you, Madam Chair. I am happy to answer any questions.