



Ohio Department of Natural Resources

MIKE DeWINE, GOVERNOR

MARY MERTZ, DIRECTOR

**Senate Agriculture and Natural Resources Committee
Testimony in Support of Substitute House Bill 33
Provided by Ohio Department of Natural Resources Director Mary Mertz
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Good morning, Chairman Schaffer, Vice Chair Landis, Ranking Member Hicks-Hudson, and members of the Senate Agriculture and Natural Resources Committee. My name is Mary Mertz, and I am the Director of the Ohio Department of Natural Resources (ODNR). Thank you for the opportunity to provide testimony today on our department's budget request.

The Ohio Department of Natural Resources is a geographically diverse and large state agency. Consisting of eleven divisions that employ almost 2,500 men and women at the height of our busy season, ODNR staff can be found in all 88 counties of Ohio. Our efforts help provide Ohioans with safe access to the state's beautiful and abundant natural resources that stretch from the islands of Lake Erie, through the rolling hills of the Hocking Valley, to the waters of the great Ohio River. Ohio is a magical place full of sites and wonders and it will take continued care and investment to ensure that these experiences we enjoy now remain available to all who call the Buckeye State home.

Following the pandemic, Ohioans have returned to their normal lives, but we still continue to see increased attendance at ODNR properties, especially at our state parks, nature preserves, and wildlife areas. In 2022, we had a record-breaking one million overnight stays at our state parks, and we continue to see more than two million Ohioans hunt and fish. This is just one reason maintaining and protecting Ohio's natural assets for the benefit of our citizens is a priority.

We have accomplished so much in the past four years, thanks to the Governor's leadership and the General Assembly's generous funding, but we know there is still more to be done. We have important projects planned for this next biennium, including the continuation and expansion of the H2Ohio initiative, the reopening of our state tree nursery, and efforts to strengthen our state park system. However, ensuring there is adequate funding is vital to our success.

I would like to begin with ODNR's H2Ohio budget request for the upcoming biennium, our most significant GRF request. We are requesting \$70 million, or \$35 million in each of the two fiscal years, to expand the wetland programs we have underway. This is a \$10 million increase per fiscal year from the last budget. ODNR will continue to use this funding to invest in natural infrastructure, or wetland projects, adding to the 140-plus projects we already have completed or in progress. The wetlands already funded are projected to reduce phosphorous loading in our waters by over 100,000 pounds per year. These wetlands will also reduce nitrogen by 185 thousand pounds per year, and we estimate will sequester 5.3 million pounds of carbon per year.

The additional funding will allow us to launch even more water quality natural infrastructure projects across the entire state. And we will do that based on some of the advice and feedback of our partners at LEARN, a group of water equality experts in Ohio's institutions of higher education who are active in monitoring our work in the field, to see if we are getting the results we are pursuing.

Another new, exciting expansion of the H2Ohio program is the H2Ohio Rivers Initiative. This initiative is designed to improve water quality, ensure community health, protect wildlife, and provide opportunities for recreation in and along Ohio's rivers. Between the Ohio Department of Natural Resources and the Ohio EPA, we are requesting a total of \$58.8 million. Collectively we will use this funding to approach river water quality in three focus areas: 1) additional monitoring and collection of data; 2) working to restore river health where it has degraded; 3) protecting those rivers and river corridors identified as healthy.

Separate from H2Ohio, in the Governor's as introduced budget, the ODNR total budget request was \$655.9 million for FY24 and \$652.5 million for FY25. The GRF portion of that amount was \$175.0 million in FY24, and \$171.6 million in FY25. In the House Passed version of the budget, ODNR's GRF was reduced \$55.4 million from the proposed budget, over the biennium, essentially flat funding many of the department's divisions, affecting current operations as well as any future plans we may have. After required pay raises and inflation, this means less money for improving and maintaining the parks where families have been making memories for generations, as well as reductions to the missions of the impacted divisions.

ODNR prides itself on safe, well-maintained properties, and the budget proposal we originally presented focuses on improving recreation and conservation, providing wise regulatory oversight, and continuing to grow our H2Ohio water quality initiatives. For the Committee today, I will be discussing the proposals contained in the "As Introduced" version of the budget and what those requests mean to the department's future.

Division of Parks and Watercraft

The Ohio Department of Natural Resources is proud that Ohio is one of only seven states in the nation to provide free admission to our state parks. Our state parks system is an important component of Ohio's tourism industry and serves as a key economic driver for local communities. We were recently named one of four finalists for the best state parks in the nation. This is due to the resources the Governor and the General Assembly have provided in the last two budgets, and our use of those resources.

I want to take a moment and share with you the economic impact generated by Ohio's outdoor economy. The most recent report completed by Tourism Economics, in 2020, concluded that Ohio State Parks directly generate nearly \$450 million in business sales, \$60 million in taxes, and support more than 4,500 jobs. Another part of our ecotourism economy, our fisheries, generate \$3 billion in economic value to the State of Ohio, and support over 16,700 jobs. I think this committee has heard in recent days from some of our partners with the convention and visitors bureau, that reported on how important state parks are for the local tourism economy.

That economic power extends beyond the boundaries of our state parks and into the surrounding communities. For example, Buckeye Lake State Park brings in hundreds of thousands of visitors a year. This summer alone, we have more than 60 scheduled fishing tournaments on the lake with nearly 2,000 boats participating to date. That's thousands of people coming to the lake and passing through places like Lancaster, Thornville, and Millersport.

In fact, millions of people visit our state parks every year, giving thousands of people the opportunity to stop in at Muddy Misers before a trip to Dillon State Park...they can try out the Trumbull County Italian Trail when they visit Mosquito Lake State Park...grab a slice at Joey's Pizza near Rocky Fork State Park...and even grab a hot dog at Tony Packo's after a weekend at Maumee Bay State Park.

Our state parks have become a gateway not only to Ohio's great outdoors...but to its great local businesses and places that make Ohio such a great state.

ODNR is committed to providing safe, high-quality recreational experiences for all visitors, which requires continued investment. The Governor's budget requested a \$16 million increase per fiscal year, from the previous budget, in GRF funding for our park system. This request was not funded.

A key part of the request mentioned above is to hire additional Natural Resources Officers. Of the \$16 million requested, \$9 million would address law enforcement's needs. These individuals are not only the division's commissioned first responders; they are often the face of the department. Officers are responsible for the safety and security of park visitors on land and water, as well as protecting public property. While state parks and waterways are generally safe settings, visitors feel safer knowing there is an officer in the vicinity to call if there are issues, especially those unaccustomed to the remote locations and natural, rustic settings of a state park. These officers are also responsible for patrolling our state forests and nature preserves. One of the biggest complaints we hear from our visitors is "they never see a ranger" – and they want to.

Not everyone is aware of the work Natural Resources Officers do and I want to share a few examples with you. Recently, a domestic violence dispute at East Fork State Park involved the safety of a 4-month-old child staying with their parents at one of our campgrounds. The child's father claimed to be armed and made serious threats against our officer. The situation ultimately was resolved without incident, due to our officer's measured response. The child was safely turned over to Children's Services and the father was arrested. Resolving campground disputes can be simple or complicated.

In another situation, during a morning safety inspection, an ODNR officer discovered a woman looking to kayak on the Maumee River without a life jacket on board. The officer insisted that the paddler go back and get a life jacket before entering the water. That kayak capsized a few hours later, but the woman inside was wearing a life jacket and was able to float into safe hands because of the inspection. The woman later stated that she believes this officer saved her life. In 2022 alone, our officers were deployed on 149 boating-related search and rescue efforts.

If you've hiked in the Hocking Hills region, you know the terrain can be tricky, and our officers at Hocking Hills State Park train extensively in rescue techniques. A typical year at Hocking Hills sees our officers physically carrying nearly 50 visitors who suffer medical emergencies out of the steep gorges of the park. Our specialized rope rescue team is often deployed for falls. Sadly, many of these falls are fatal and the ropes team conducts a retrieval. But in one case last winter, our team responded to a cliff accident at Conkles Hollow where an individual was on the designated trail but slipped on the ice and fell over the cliff (approximately 40 feet). The Hocking Rope Rescue Team was activated, and the hiker was safely extricated from the ravine, reporting only minor injuries, and returning safely home because of the swift response of the team.

I have the officers involved in these situations here today if you have further questions. The men and women who serve fulfill an incredible range of activities – from addressing drug issues, to helping lost hikers, to responding to campground complaints, to responding to suicide alerts, to conducting boater safety checks, we are all safer every day because of what they do.

We consistently see unprecedented demand at our state parks. With a record one million overnight stays last year and 650,000 active watercraft registrations, Ohio is third in the nation for number of overnight cabins offered, and fourth for total number of lodges with overnight rooms and meeting space. We want to stay on top of the list, but that means making investments in properties and people. The \$16 million mentioned above is also intended for adding staff to support some of our newer ventures

like Jesse Owens State Park in eastern Ohio, and the soon-to-come Great Council State Park in western Ohio.

Great Council State Park will be a connection to Ohio's indigenous and pioneer past. The area was once home to Oldtown, one of the largest-known Shawnee settlements in Ohio. This state park will bring to life the story of the Shawnee tribe and the frontiersmen and women through artifacts and stories, videos, and educational materials all on display at the new 12,000-square-foot interpretive center.

The design itself is an homage to the Shawnee, built to look like the form of the traditional council house historically used by the Shawnee tribes. Inside, visitors will find three floors of exhibits, a theater area, a living stream, and a gallery. All these displays will honor the Shawnee people of the past and allow present-day members to share their stories and legacy. ODNR continues to work with the three federally recognized Shawnee Tribes to develop the property. We broke ground on the facility in May of 2022, and it is expected to open later this year.

As a part of the GRF request mentioned above, we are requesting \$1 million each fiscal year for the continued efforts at Indian Lake to combat invasive lake vegetation. Last year, the General Assembly took action and provided ODNR with the funding and tools to combat this weed infestation. We have made tremendous efforts, but we can't stop now, and the experts say this will be a multi-year effort. We don't want to lose Indian Lake; it is a critical player to the region's economic development. Without this funding I am concerned the division will not be able to continue moving forward with the progress made in the last year.

Additionally, we are also requesting the establishment of a new Parks & Watercraft Federal Grants Fund, that will serve as a revolving fund for federal grant expenses and reimbursements. With additional federal funds available, we do not want to miss the opportunity to apply for and receive grants. As most federal grants are reimbursable, we are looking at these funds to provide the upfront project costs, and then the fund will receive the federal reimbursements. We originally asked for a one-time cash transfer from the Oil & Gas Well Fund of \$9.4 million that would serve as "seed money" for the Parks and Watercraft Federal Grants Fund, however, this provision was removed.

We have an amazing park system in Ohio. Our areas are first class, and we want to keep them that way. We are committed to using this investment to provide exceptional outdoor recreation and boating opportunities by balancing outstanding customer service, education, protection and conservation of Ohio's state parks and waterways.

Division of Forestry

Ohio is home to 24 state forests, encompassing more than 200,000 acres. The Division of Forestry manages these renewable public forest resources for wildlife habitat, backcountry recreational opportunities, some timber production and clean water. We want our forests to not only thrive but survive. We need seedlings not only for state forests, but to plant on reclaimed abandoned mine land, in cities and in our parks and other conservation areas. Unfortunately, Ohio currently does not have any public or private tree nurseries that provide seedlings, and we buy our seedlings from Indiana, Michigan, and West Virginia. To solve that problem, a portion of our original budget request would have been used to reopen the Buckeye State Tree Nursery near Zanesville. Currently, this nursery is operated by a private business. We will continue to lease the property to them but will access an unused area. Within three years we believe we can produce a million seedlings per year. The Governor's introduced version of the budget contained \$3 million to purchase necessary equipment, develop

seedling production houses, grow seedlings, and refurbish existing Division of Forestry nursery infrastructure, to establish an important tool essential to the health of Ohio's state-owned forests.

Eighty-five percent of Ohio's woodlands are on private land which is equal to 7 million acres of forest. Part of our budget request would provide the Division of Forestry with the tools and the staff to help these private landowners grow healthy forests and make good decisions about woodland futures. Originally requested was a \$2.5 million increase that would allow ODNR to hire more state service foresters to assist in this process.

The Division of Wildlife

Ohio has world class opportunities for hunting, trapping, and fishing – we are in fact the walleye capital of the world! ODNR manages 150 wildlife areas that cover more than 260,000 acres of public land, 124,000 acres of inland water, and 7,000 miles of streams, all managed by the Division of Wildlife. Conservation is key and to keep it going, we need to inspire young people to care about these areas as much as we do. That's why the "As Introduced" budget contained a \$2 million per year increase for Project WILD; however, it was not included in the House Passed version of the budget.

Project WILD is a national program that was introduced in Ohio in 1984 and involves young people and wildlife. The program emphasizes awareness, appreciation, and understanding of wildlife and natural resources. We target this program to Ohio's elementary schools. The hands-on, diverse activities help develop problem-solving and decision-making skills in determining responsible human actions. Project WILD is endorsed by the National Council for the Social Studies, is consistent with the recommendations of the National Science Teachers Association, and its curriculum has been aligned with Ohio's academic content standards in science. Trained facilitators conduct educator workshops for educators annually around the state throughout the year, and activity guides are available to educators for free.

Finally, the Division is requesting language in the budget that allows college students who are not from Ohio to buy hunting and fishing licenses at resident prices, promoting fishing, hunting, and trapping to more people who normally wouldn't participate in these activities, due to higher, non-resident costs.

Division of Natural Areas and Preserves

With a goal of preserving Ohio's best land and water resources, the Division of Natural Areas and Preserves oversees 142 dedicated preserves in 58 counties, protecting more than 32,000 acres of some of the state's most precious natural features. The Division also oversees the scenic rivers program, consisting of 15 designated scenic rivers, totaling 831 river miles, in 32 counties, and protecting nearly 6,300 acres of streamside habitat. Over the last four years, the Division has been able to protect nearly 2,300 new acres, including six new state nature preserves and five new scenic river properties. The Division has focused its efforts on installing new educational signage to help visitors better understand and appreciate all of Ohio's incredible biodiversity. Under the last budget, the Division was able to replace or install numerous trail structures to improve public access, and plans to install an additional four new ADA trails. The \$1.7 million increase requested initially in House Bill 33 would allow for more invasive species management and additional educational programming.

Additionally, ODNR's Division of Water Resources, Division of Engineering, and Division of Real Estate and Land Management all had their respective budgets reduced to funding levels from FY22-FY23. These budget reductions will affect these respective division's current staff salaries, future hiring, and opportunities to draw down federal aid.

Background on State Lands Leasing

I want to provide an update on state lands leasing. Today, and possibly at this very moment, JCARR is considering the rule that will implement the state lands leasing process. We've come a long way since this practice was enabled, but we still don't know what revenue it will bring and whether it can assist with our budget. It has been reported that one oil and gas company made an offer to lease the mineral rights under a state park, and the company predicted the royalties from that lease would be significant. However, we did not enter into that unbid lease proposal, as we plan to utilize the process and public bidding system set forth by the General Assembly in law. And we will move forward with that process as soon as the Oil and Gas Land Management Commission rules go into effect in the next few weeks. If a property is then nominated, there is the potential for entering into a lease agreement after October, after allowing for the statutory time frame for the nomination and bidding on lease rights for a particular property.

However, I do not have a crystal ball and I do not know what will happen with leasing in the future. We don't know that a property will be nominated for a lease. We don't know what the bids will be, if any, on a proposed lease. We certainly don't know what the royalties actually will be, regardless of the percentage promised in the as-yet-unsigned lease – in fact, the law allows a company to enter into a lease and not act on it for six years. And I have been told there is at least one energy company that may seek to extend that time to 10 years. There are many unknowns, and we will not know the answers before this budget is complete. The only thing we do know is that there is almost no chance the state will receive any revenue before the end of this calendar year, if then. If we do discover there is significant revenue from leasing state lands, then I look forward to working with the Governor and the General Assembly on how that revenue should be directed.

In any event, under Ohio law, the revenues could not be used outside of the division that owns the property, so I cannot use this revenue to fund other divisions.

I also want to make sure you are aware of another unknown related to revenue from oil and gas leasing. A tremendous number of ODNR's properties were purchased, in whole or in part, or had other significant investments, using money from the Federal Land & Water Conservation Fund (LWCF), a federal grant program administered through the National Park Service. While LWCF funding has played a key part in helping Ohio reach its recreational goals over the decades, the restrictions on the properties that receive these funds are substantial.

One of those possible restrictions involves the revenues from oil and gas drilling under the property.

The National Park Service may retain oversight and approval authority for the expenditure of the revenue that comes from drilling. If this is the case, before extraction activities can even begin, the state is required to enter into a formal agreement where the National Park Service gives approval for both how revenue is to be allocated and how the state plans to use this revenue. The use of this revenue would not fully be within the state's discretion and could be restricted to National Park Service-approved uses, including to "further outdoor recreation development or acquisition" or for a use "that is consistent with an outdoor recreation program."

In initial discussions, the National Park Service has indicated that any income derived from oil and gas leasing could likely not be used on many everyday operational costs including personnel, operational equipment, furniture, and supplies. Additionally, according to our communications with the National Park Service, using these funds for the development, maintenance, and improvement of certain facilities such as lodges, fish hatcheries and academic and historic exhibit facilities would be prohibited. Funds likely can be used for the acquisition of lands for public outdoor recreation, picnic facilities, trails,

and camping facilities. There are unknowns here, and they will not be resolved without extensive conversations and negotiations with the National Park Service approving the use of the resources.

There are penalties for failing to spend oil and gas revenue in a manner consistent with LWCF requirements. Misspending the revenue could be considered a conversion, and the state could be required to replace the entire property with new property of equal or greater value and with similar recreation potential. ODNR owns thousands of acres of LWCF encumbered property. If the revenue from leasing these properties is diverted for unapproved uses, the state could be responsible for replacing millions of dollars' worth of property.

Knowing the substantial restrictions that come with using LWCF money to purchase property, the current administration has been careful not to use LWCF funding for any Parks and Watercraft properties that were not already encumbered by a previous administration. There are 49 state parks that have been encumbered by LWCF funding. Salt Fork State Park is one of those parks, and it is 20,000 acres.

Nonetheless, the Oil and Gas Land Management Commission has been working in earnest to fulfill all statutory obligations set forth by the General Assembly. We anticipate the Commission will be able to begin accepting parcel nominations by the end of this month.

I also want to share with you information on two divisions that do not need GRF funding, but we are asking for significant budget spending authority, due to incoming federal funds.

Division of Oil & Gas Resources Management

The Division of Oil and Gas Resources Management's operating budget has a modest 3.4% increase, due to continued operational costs and an increase in staffing for the Orphan Well Program. With the recent passage of the federal Infrastructure Investment & Jobs Act, the Division will be receiving \$25 million for the Orphan Well Program, and will need additional spending authority for these funds which is reflected in our budget request.

The Orphan Well Program was established in 1977 to plug abandoned oil and natural gas wells, and Ohio's program is recognized as one of the most well-funded and organized in the nation. These abandoned wells date back decades and have not been maintained, nor built to the same standards as we have today. This request is about protecting the health and safety of Ohioans. From 2013 to 2018, a total of 113 orphan wells were plugged. From the beginning of this administration, over the last four years, 636 orphan wells have been plugged and 249 wells are in contract to be plugged – that is a lot of progress. This new federal funding combined with Ohio's already robust state funding will allow an unprecedented opportunity for the next decade, with \$634 million in potential funding through 2035.

Division of Mineral Resources Management

The Division of Mineral Resources Management, while responsible for managing the environmental and safety aspects of the coal and industrial mineral mining industries, also administers the abandoned mine land program to address problems resulting from coal mining that occurred prior to enactment of today's stricter reclamation requirements. Federal funds provide resources for the Division's Abandoned Mine Land Program to investigate, design, and construct projects to address the environmental, public health, and safety problems related to abandoned mines.

Similar to the Division of Oil & Gas, the Division of Mineral Resources Management received a large increase in federal funding from the Infrastructure Investment & Jobs Act. The Division will be receiving

an additional \$46 million for the AML program and needs the spending authority for these funds. This new federal funding combined with Ohio's state funding will allow an unprecedented opportunity for the next decade, with \$696 million in potential funding through 2036.

Mr. Chairman, members of the committee, thank you again for giving me the opportunity to testify about the great work of the Department of Natural Resources as we strive every day *to ensure a balance between wise use and protection of our natural resources for the benefit of all*. I am happy to answer any questions you may have.