

## **Testimony on House Bill 15**

Presented to the House Energy Committee

February 26, 2025

Cajon Keeton | Benton-Carroll-Salem Local School District

Chairman Holmes, Vice Chair Klopfenstein, Ranking Member Glassburn, and Members of the House Energy Committee, thank you for the opportunity to provide testimony on House Bill 15. My name is Cajon Keeton, and I am the Treasurer/CFO of the Benton-Carroll-Salem (BCS) Local School District, located in Ottawa County. I am presenting interested party testimony regarding this bill while highlighting concerns about its potential negative tax implications for local governments.

The funding for the BCS district is unique primarily because of its reliance on the Davis-Besse Nuclear Power Station, which is located within our district boundaries.

We recognize the House's goal of increasing energy generation and making the energy market more competitive in Ohio. While we and our local partners support many of the energy policies included in HB 15, I would like to discuss the proposed changes to the tangible personal property (TPP) tax in this bill. Under HB 15, all energy generation is exempted from TPP Tax, which would significantly impact the local tax base. In contrast, the Senate's energy plan, SB 2, exempts only new energy generation and improvements to existing generation from TPP tax.

If the Ohio Legislature aims to encourage new energy generation without disrupting the local tax base, we believe that SB 2 is a more stable, reliable option for the state's local partners.

### **Impact on Local Tax Revenues**

Speaking just for our school district, we have been on a rollercoaster ride since the early days of deregulation. We have seen our public utility values for the power plant decreased from \$184 million in Tax Year 2016 to just over \$14 million today. This reduction has led to a public utility tax collection from nearly \$6.3 million down to just over \$500,000 today.

### **Shifting Fiscal Burdens**

As new investment occurs and existing assets are depreciated the overall tax burden on utilities will be likely to fall under this bill. For school districts with fixed sum levies, for example Bonded debt, this will result in a slight increase to the tax burden on residential and agricultural taxpayers.

### **Recommendations for Mitigation**

To address these concerns while maintaining the bill's core objectives, I urge the committee to consider:

1. Include the provision that exempts only newly purchased generation equipment from the TPP tax, rather than exempting the TPP tax on all generation. This approach will provide more reliability and stability for local communities.
2. **Consider a possible time limit for the TPP tax exemption on new assets. For example, a 5-year exemption could provide the General Assembly time to determine if the tax exemptions are providing more investment in Ohio energy production while allowing for new generation and local support.**

3. Maintain a provision in HB 33 (135<sup>th</sup>) that provided a ONE-TIME payment to school districts who have lost 10% of their valuation in public utility. This language is extended in the Governors as introduced budget and we ask the legislature to maintain this as our reliance on valuation of energy generation is unpredictable

In conclusion, thank you for taking the time to understand the impacts of HB 15 for the state's local partners. The Senate's version, which proposes to exempt only newly purchased generation equipment from changes to the TPP tax, presents a more seamless transition for all local taxing agencies. I encourage the House to consider incorporating this provision into HB 15. I commend the House for its commitment to enhancing energy generation across the state, and I am grateful for your attention and consideration. I am happy to answer any questions the committee may have.

**Cajon Keeton**

Treasurer / CFO

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