



Good afternoon, Chairman Holmes, Vice-Chair Klopfenstein, Ranking Member Glassburn, and esteemed Committee Members,

My name is Christopher Galloway. I currently serve as the Lake County Auditor as well as the Second Vice President of the County Auditors Association of Ohio. I am here before you today representing the taxpayers and elected officials of Lake County in my role as county auditor. The CAAO is interested in HB15 but has not taken an official position on the legislation at this time.

Let me begin by saying I applaud your efforts to make Ohio energy independent and increase the generation capacity of our great state. Indeed, if Ohio is to grow and flourish with the new technologies and industry of the future like high tech manufacturing, AI and data centers, etc, we must increase the amount of power being generated right here at home. This is no doubt a priority.

Lake County is home to the Perry Nuclear Power Plant. In the decades since its construction and commencement of operation, it has become a bedrock fixture of our county. A large employer, yes. But a large contributor to our local tax base. One in which any change in its tax status will have an enormous and crippling effect on our local communities and our taxpayers.

The generating facility in Perry currently has a Public Utility Personal Property (PUPP) value of \$52,900,610 that generates \$4,412,133 in revenue for local schools, communities, fire department, and social services. It goes without saying that removing that much revenue shifts the burden to the local taxpayers to make up the balance. That means, everyone's tax bills go up!

As an example of the negative impact on various agencies:

Perry Local Schools lose \$2,338,207

Perry Fire District loses \$550,166

Lakeland Community College loses \$182,507

DD loses \$259,213

In fact, if you add up the losses to ALL educational agencies and schools ONLY, the loss is **\$3,118,491**.

As has or will be mentioned in other testimony shifting the taxation from generation to transmission has several problems. It punishes the counties that house the generating plants and rewards the urban, denser counties that do not. You could not create a bigger NIMBY argument and advocacy tool than to strip the financial benefits away from local communities that host the energy plants and reward urban centers than rely on the product being generated. Why would Carroll County or a local township ever want a power plant in their backyard if the financial benefits are all going to Canton? Why would Muskingum County or Nashport in Licking Township want a large gas fired

power plant if it doesn't contribute to the local tax base, but instead that money flows like the electricity it generates, to the City of Columbus?

There are large, inherent costs that come with having an electric generation plant in your community. I know Lake County EMA alone, spends an additional approximate \$360,000 a year on emergency readiness for the Perry nuclear plant. That's beyond the grants and other monies we receive to do that work. Any generation plant in Licking Township will cost Licking Township EMS & Fire Department a lot of money in training, equipment and readiness – without local PUPP taxes being generated, that burden will fall to the residents to pay for. Franklin County thanks HB 15 – they get the tax revenue; those rural folks get the bill.

It is important we make electric generation a priority in Ohio. However, HB 15 in its current form would be devastating to communities with existing generating facilities and would give no advantage to Ohio in building new power plants – at least in terms of the taxation component of the bill.

Taxes on generation are built into the price of each Kw being generated by every facility in the thirteen states with the PJM grid. No other state is exempting PUPP or real property taxes on power generating plants. What does that mean – reducing or eliminating taxes on generation will not move the needle – AT ALL on rates and would in fact work to subsidize rate payers in other states. That's a nonsensical policy for Ohio, but a great policy for our neighboring states, whom we would be subsidizing.

Finally, I have been asked repeatedly about the shift to taxing at a higher rate on electric transmission and distribution. This would result as previously mentioned, shift more tax revenue to urban centers, while punishing rural areas. Additionally, the property being valued is self-reported by the utilities to the Department of Taxation. Currently, many utilities are trying to reduce the very values of the transmission and distribution infrastructure you seek to shift the tax to. But what is the point of increasing by 4% a tax rate on property the utilities are looking to reduce in value via self-reporting, while the Department of Taxation has historically rubber-stamped those reduced values?

As you can see, changing and manipulating the way we tax generation comes with a lot of pitfalls. I want to encourage you all to slow down. Step back. There are a lot of moving parts here that could irreparably harm your own local communities.

Thank you for your time today.



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