

Testimony on Senate Bill 2
Presented to the Senate Energy Committee
February 18, 2025
Cajon Keeton | Benton-Carroll-Salem Local School District

Chairman Chavez, Vice Chair Landis, Ranking Member Smith, and Members of the Senate Energy Committee, thank you for the opportunity to provide testimony on Senate Bill 2. 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 Senate'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 SB 2, I would like to discuss the proposed changes to the tangible personal property (TPP) tax in this bill. Under SB 2, new energy generation and improvements to existing generation will be exempt from TPP tax. In contrast, the House version, HB 15, proposes to exempt all energy generation from TPP tax, which would significantly impact the local tax base.

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. 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.
2. Maintain a provision in HB 33 (135th) 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, I would like to express my support of SB 2 and applaud the Senate for recognizing the potential impacts of potential local losses. I feel that the way the bill structures exemptions on only newly purchased generation equipment provides for a softer landing for all local taxing agencies.

Thank you for your time and consideration. I am happy to answer any questions the committee may have.

Cajon Keeton

Treasurer / CFO

Benton-Carroll-Salem LSD