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**TESTIMONY  
TO THE  
HOUSE FINANCE SUBCOMMITTEE  
ON AGRICULTURE, DEVELOPMENT AND NATURAL RESOURCES  
BY  
CHRISTINA O'KEEFFE  
EXECUTIVE DIRECTOR  
OHIO AIR QUALITY DEVELOPMENT AUTHORITY**

**February 17, 2021**

Chairman Kick, Ranking Member O'Brien, and members of the Committee, my name is Christina O'Keefe, and I am the Executive Director of the Ohio Air Quality Development Authority (OAQDA). I appreciate the opportunity to be with all of you today and to discuss the Authority's proposed budget for fiscal years 2022 and 2023. For FY2022, OAQDA is requesting \$1,283,811 and for FY2023, we are requesting \$1,294,347. The spending authority requested for the biennium does not utilize General Revenue Funds (GRF), but rather is supported through programmatic administrative and permitting fees.

This year, OAQDA celebrates 50 years of helping Ohio businesses, both small and large, to meet the challenges of complying with federal environmental regulations, namely the Clean Air Act. Improving air quality can be costly, but OAQDA provides an important, cost-effective financing tool, focused on protecting air as a natural resource while stimulating the Ohio economy.

### **CLEAN AIR IMPROVEMENT PROGRAM**

Since 1971, the Authority's role has been to serve as a conduit bond issuer, creating a partnership with the private sector to support the economic vitality of air quality projects while reducing or eliminating harmful air emissions. Our financing assistance meets these businesses where they are to help them not just comply but exceed federal regulations in alignment with corporate sustainability goals. One of the ways we do this is through the Clean Air Improvement Program, or CAIP, which was rebooted in 2020 with the release of new program guidelines. With a focus on greater transparency and accountability, CAIP creates jobs while improving the health and safety of all Ohioans. The primary financing mechanism is the issuance of our air quality revenue bonds, and we actively administer a portfolio of \$3 billion in outstanding debt for hundreds of projects. It's important to note that 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 OAQDA to be adaptable within the marketplace on identifying the financing assistance that works best for each business.

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 Appalachian region. This new facility will create 100 jobs, improve air quality, and recycle harmful waste that would otherwise be landfilled.

### **CLEAN AIR RESOURCE CENTER FOR SMALL BUSINESS**

In addition to supporting large air quality projects, OAQDA is charged by the General Assembly to serve as Ohio's Clean Air Ombudsman for Small Businesses. We recognize the challenges faced by these small businesses, with fewer than 100 employees, as they seek to comply with the stringent regulations of the Clean Air Act Amendments of 1990. Our Clean Air Resource Center, also known as CARC, is tasked with reaching out to thousands of neighborhood printers, drycleaners, auto collision repair shops and metal working companies and many other small businesses. In partnership with the Ohio EPA, we make detailed technical assistance readily available and understandable. Often the most crucial and frustrating challenge facing these small businesses is paying for the changes required by federal regulations. By participating in CARC, small business owners can utilize our financing assistance to lower their upfront costs. We work with small businesses and their preferred banking institution to invest in cleaner technologies that supports their growth while improving environmental conditions for the community.

OAQDA has worked with dozens of dry cleaners, helping them switch from using PERC, a known carcinogen, to more water-based and environmentally friendly solutions. For example, we recently approved financing to assist a family-owned business, Stu's Dry Cleaners, in Brunswick (Medina County) as they replace and install new dry-cleaning equipment with the latest state-of-the-art technology to eliminate the use of harmful solvents. OAQDA worked with their preferred lender, Huntington Bank, to serve as the bondholder for the loan. In addition, the company received a grant from OAQDA to help cover closing costs and initial principal payments. The businessowner, Deborah Lively, shared with us that the support they received created a safer and cleaner workplace for her employees and the customers they serve.

Perhaps though, one of the more compelling projects we have supported is 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 OAQDA 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.

### **NUCLEAR AND RENEWABLE GENERATION FUND**

In addition to this important work, the Authority is tasked by the General Assembly to serve as the program administrator for the nuclear and renewable generation funds, as stipulated in the Amended House Bill 6. Work began shortly after the passage of the legislation in order for OAQDA to meet deadlines prescribed in statute, including the launch of the program in January 2020. Since then, OAQDA has met its programmatic duties such as reviewing and approving applications, monitoring the performance of clean generation, and assigning credits eligible for payments on a quarterly basis. This responsibility to implement the program remains ongoing, even while pending legal decisions impact the collection of monies into the funds. No source of revenue has been adopted to cover these ongoing programmatic costs, although the use of funds generated from the program was included in legislation last session that did not ultimately pass. The Authority continues to work with the administration and legislative leaders to identify an appropriate source as the future of the program continues to be discussed. The initial budget proposal for the Authority does not reflect revenue related to this function.

### **MAKING AN IMPACT**

To date within the current biennium, OAQDA has issued bonds totaling \$445 million to assist 35 projects, while managing our active \$3 billion portfolio. These projects have had a positive impact on the state of Ohio. In total, projects approved by OAQDA over the last two years are achieving the following environmental and economic benefits:

- More than 860 jobs retained;
- Almost 20 new jobs created;
- \$1.1 million saved in annual electric and natural gas costs;
- 57 thousand pounds per year reduction in Nitrous Oxide (NOx) emissions;
- 115 thousands pounds per year reduction in Sulfur Dioxide (SO2) emissions; and,
- Nearly 15 million pounds per year reduction in Carbon Dioxide (CO2) emissions.

## **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. During the next two years, we will continue to carry out our responsibilities with our continued focus on efficiency and flexibility to meet the needs of our business customers. Operating through fee revenues generated by the issuance of bonds, the Authority uses no General Revenue Fund monies for the Clean Air Improvement Program or the Clean Air Resource Center.

With this budget request, our programs will continue to support operational savings, job creation and retention, and help improve employee health and enhanced productivity. 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, Mr. Chairman. I will be happy to answer any questions.