

February 13, 2018

The Honorable Robert Cupp  
House Public Utilities Committee  
77 South High Street, 13<sup>th</sup> Floor  
Columbus, Ohio 43215

Dear Chairman Cupp,

Thank you for the opportunity to submit written testimony in support of the concept behind House Bill 143 (Sprague).

The Manufacturing Policy Alliance (MPA) is a group of large manufacturers around the state of Ohio who operate in all eighty-eight counties. Combined MPA has an annual payroll of \$2.5 billion and spends approximately \$11 billion with suppliers around the state. Manufacturers consume large amounts of energy in our daily production and the price of energy is important to us.

When electricity was deregulated in 1999 (SB 3, 123<sup>rd</sup> GA) two important things occurred, the kilowatt hour tax on electric distribution was enacted as well as the creation of a self-generator for the purpose of a company or their agent to generate electricity for their own use. Under SB 3, the kilowatt hour tax was not imposed on one who self generates as the tax is intended to be a tax on distribution of electricity. Self-generators rarely distribute any electricity beyond their facility and when they do the kilowatt hour tax is assed to the end user through the distribution company, as it is across the board.

HB 143 is an attempt to clarify and harmonize the tax code with the public utility code as it relates to this issue. For nearly fifteen years there were no issues regarding self-generators and the kilowatt hour tax, unfortunately the Ohio Department of Taxation has started to assess self-generators abandoning the intent of SB 3 and the General Assembly.

MPA supports legislation to clarify the tax portion of the Ohio Revised Code to insure self-generators or their agents are not taxed as distribution companies for the purposes of the kilowatt hour tax. We understand that HB 143 is still being discussed and may have changes in the near future.

Thank you for your attention to this matter.

Sincerely,

Bob Lapp  
President