

**Before the House Public Utilities Committee
Honorable Robert Cupp, Chair**



**House Bill 143
Proponent Testimony
Ryan Augsburger**

February 13, 2018

Chairman Cupp and members of the House Public Utilities Committee, my name is Ryan Augsburger and I am Vice President and Managing Director of Public Policy Services for the Ohio Manufacturers' Association. The OMA is comprised of over 1300 member manufacturing companies of all different sizes and products.

One thing all manufacturers share is a need for affordable and reliable energy. Energy policy can enhance – or hinder – Ohio's ability to attract business investment, stimulate economic growth and spur job creation, especially in manufacturing.

I appear before you today as a proponent of House Bill 143. This legislation supports the deployment of customer-sited generation technologies. On-site generation, energy efficiency, and demand-side management strategies are being employed by Ohio's manufacturers to achieve least-cost and sustainable energy resources.

There are a variety of different technologies and tactics available ranging from renewable energy to combined heat and power, waste energy recovery, and bio-digesting, etc. All of these processes are safe and can help to make a manufacturer more competitive and sustainable.

Frequently, a manufacturer will develop these energy solutions with a third party expert. The third party acts as an agent of the manufacturer.

H.B. 143 is needed to clarify the interpretation of Ohio tax law. Regrettably, the Ohio Department of Taxation in recent years has taken an unreasonable position effectively requiring customers' agents to pay a tax intended to apply only to power plants. Let me be clear; manufacturers already pay kilowatt-hour tax on the energy they buy from the grid. The subject of this bill is about on-site activity taken by a customer to reduce electric consumption from the grid... frequently at significant investment cost to the customer.

We have discussed this overly restrictive interpretation with officials from the Department, but the Department has been unwilling to reconsider the matter. Therefore, legislative clarification is appropriate and necessary.

The consequence of not enacting H.B. 143 will be to stifle innovation and energy competitiveness of Ohio's important manufacturing industry.

We thank Representative Sprague for his sponsorship of this legislation and we urge the committee to act promptly to pass H.B. 143.

Thank you. That concludes my testimony.