



## **CORD**

### **SB 193 Opponent Testimony**

### **May 17, 2022**

Chairman McColley, Vice Chairman Schuring, Ranking Member Williams and members of the Senate Energy and Public Utilities Committee, thank you for considering this testimony on behalf of the Coalition of Ohio Regional Districts (CORD) in opposition of SB 193, which would prohibit local governments from placing a tax lien on property for unpaid water and sewer service charges. CORD is a non-profit association established to assist, protect, and advance the interests of Ohio's regional water and sewer districts, also known as "6119 Districts" since they are established under Chapter 6119 of the Ohio Revised Code. 6119 Districts provide potable water, sanitary sewer, and storm water services to over 1 million customers in the State of Ohio.

Please know that our members' primary goal is to keep user rates as low as possible, while also providing our customers with safe, potable drinking water. Our members accomplish this through obtaining state and federal grants, utilizing low-cost loans, and bond refinancing. Even through utilizing all these funding mechanisms, systems must still rely on service charges from their customers. Having a collection mechanism available, like the ability to certify delinquent charges to the county auditor, is essential for a system to operate efficiently. As bills go unpaid or are delayed, it puts a strain on the system and can lead to increase rates as other customers are forced to absorb the charges.

Before I explain the challenges the bill presents public water and wastewater systems, I think it is first important to walk through how a lien is placed on a property, and how it is separate from the foreclosure process, which water and sewer systems do not control. When a water or wastewater charge is unpaid a District will notify the customer. Notice is also provided to a customer prior to a lien being assessed. Efforts are often made to find ways to resolve the unpaid balance such as payment plans. Only after multiple notices, and usually as a last resort, will a District certify delinquent charges for placement on the property tax list and duplicate by the county auditor. If service charges remain unpaid the county treasurer may forward the account to the county prosecutor to begin foreclosure proceedings. Once again, the decision to begin the foreclosure process is not made by the water or sewer system. It should also be stressed that while unpaid water and sewer charges may contribute to property foreclosures, these charges are generally a small portion of the entire tax delinquency that triggers county foreclosure actions.

We would hope the concerns raised by the sponsor of the billing practices in her community could be resolved at the local level. We would caution against eliminating the

certification process for all local governments as it removes the only practical collection option available to public water and wastewater systems.

It has been suggested that systems could pursue litigation against a delinquent customer as an alternative to certifying the unpaid bill to the county auditor. Taking civil action is not practical in that most systems lack the in-house legal staff necessary to take such action on so many properties. The retention of outside legal counsel that specialize in collections often charge significant fees that will reduce receipts by Districts and further add to the rate base that will be paid by other customers in the long run. Additionally, if this were used, it would quickly overwhelm the court system with thousands of cases involving delinquent water and wastewater charges. Furthermore, litigation would force customers to defend themselves in a lawsuit adding to their financial hardships. Litigation also is unrealistic because the judgements resulting in collections would likely not cover attorney fees and court costs. After a judgement is obtained, systems would likely seek a judgment lien against the property, resulting in the same issue SB 193 is trying to address.

Another option available to systems is service termination. This is not a desirable option for either the system or the customer. For one, service terminations and reinstatements are a financial burden to the system as it requires staff and resources to turn the service on and off. These added costs will ultimately be passed to other customers. If a system is unable to certify the unpaid bills to the county auditor, it will be forced to terminate service until payment is received. Service terminations should also be avoided for the obvious reason of protecting the customer as water and sewer services are vital to the health and wellbeing of Ohioans.

Please note, we certainly sympathize with those unfortunate cases taking place in Senator Williams' district and in other parts of Ohio. Instead of eliminating mechanisms for public water and wastewater systems to receive payment for services, we would recommend the state work with systems on improving customer service when it comes to billing inquiries and concerns. Another option to consider is to have Ohio develop a more robust payment assistance program tailored to meet the needs of low-income customers. The COVID-19 pandemic saw an influx of federal funding to assist Ohioans in paying their utility bills. We would encourage the state to consider continuing these programs for low-income Ohioans. Additionally, we have members that have developed their own payment assistance programs; however, these can be costly for many systems to implement without state aid. CORD would be more than willing to work with Senator Williams and this body to further examine those options.

On behalf of CORD, I would like to thank you for considering my testimony today as you debate SB 193. Instead of passing legislation impacting every local government in the state, we would urge you to consider working with individual communities and systems on ways to improve their billing practices and find fair methods to resolve billing disputes.

Sincerely,

John B. Albers  
Coalition of Ohio Regional Districts (CORD)  
Executive Committee Member