



Ohio Environmental Council [Action Fund]

Interested Party Testimony of Ohio Environmental Council Action Fund State Biennial Operating Budget - Sub-House Bill 33 Presented to the Ohio House Finance Committee April 20, 2023

Chairman Edwards, Vice-Chair LaRe, Ranking Member Sweeney, and Members of the Ohio House Finance Committee, thank you for the opportunity to testify before this committee today on the Sub-HB 33 for the proposed budget for fiscal years 2024-2025. My name is Pete Bucher and I'm the Chief of Staff for the Ohio Environmental Council Action Fund (OEC AF). Our organization works to secure healthy air, land and water for all who call Ohio home.

While this committee has a broad and varied jurisdiction, my remarks today focus on three topics. First, the H2Ohio program which is one of the most comprehensive, science-based plans for clean water in state history. Next, the critical Oil and Gas well fund and the role it plays in capping orphaned oil and gas wells in Ohio. Last but not least, the added amendments that will ensure compliance with federal prevailing wage and apprenticeship requirements for qualifying energy projects.

From our Great Lake to the mighty Ohio River—and the many lakes, wetlands, and streams in between—Ohio's plentiful water resources provide drinking water, recreation opportunities, and a strong economy for millions of people.

Although Ohio is a water rich state, our waterways face a number of challenges such as perennial toxic algal blooms. While the most notable toxic algal blooms persist in western Lake Erie near Toledo, OH, these blooms cause serious issues in waterways across the state. They grow out of hand when there is too much phosphorus from agriculture, wastewater, and septic systems up-stream in our waterways. These overwhelming toxic algal blooms pose a public health threat to local drinking water supplies and local beaches and rivers all while hindering local economies that rely on clean water. The clearest path to keeping these toxic blooms at bay is to reduce the phosphorus entering a watershed so they can't thrive.

Ohio's drinking water also faces many challenges, including outdated water infrastructure and a legacy of lead in water service lines. The total estimated cost to catch up on all water infrastructure needs is approaching \$30 billion dollars over the next 20 years. These necessary improvements would reduce sewage from entering our waterways after severe rain events by phasing out combined sewer overflows, improve water treatment plants that clean drinking water, and remove and replace lead service water lines. **Ohio is second in the nation for the number of lead service lines, with an estimated 650,000 lines still in place that threaten the safety of Ohioans' drinking water.** Over the last four years, H2Ohio has been one critical way that our state is working to address a number of these water quality challenges.



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Sub-HB 33 includes continued investment in the **H2Ohio program at \$153.4 million** for each of the next two fiscal years. Currently, the legislation would provide the Department of Agriculture (ODA) with \$69 million a year, the Department of Natural Resources (ODNR) with \$53 million a year, the Environmental Protection Agency (OEPA) with \$31.3 million a year, and the Ohio Lake Erie Commission (LEC) with \$132,000 a year. ***The OEC Action Fund is in full support of these much-needed investments.***

The ODA's primary role in the program is to help farmers implement best management practices (BMPs) to reduce soil erosion and phosphorus runoff. With this budget proposal, ODA will continue to fund BMPs across 1.5M acres of farmland in 24 counties in Northwest Ohio and work to expand the program by 500,000 acres.

The ODNR has signaled that they will continue to expand their efforts to restore and enhance nutrient-filtering wetlands with an agency goal of building infrastructure capable of capturing 130,000 pounds of phosphorus every year. The agency also intends to add a new H2Ohio Rivers Initiative consisting of \$18.1 million/year of this proposal which will include land acquisition, monitoring of critical issues, and data-driven solutions to address problems identified.

The OEPA's primary H2Ohio focus will be to fund water infrastructure improvements across Ohio; improving community drinking water and wastewater infrastructure, replacing failing home sewage treatment systems, and replacing lead service lines. So far, H2Ohio funding has replaced every lead service line in Cleveland that leads into a child care facility. The OEPA will also play a role in the new H2Ohio Rivers Initiative with \$11.4 million in funding per year. In addition to H2Ohio, the OEPA hopes to leverage these state investments to secure an additional \$14.2 million in federal Great Lakes Restoration Initiative funding to support phosphorus reduction efforts in Lake Erie.

Rounding out the H2Ohio budget is the Ohio Lake Erie Commission (LEC) with funding at \$132,000. The LEC plays a critical role for the H2Ohio program by helping to coordinate and facilitate many of the multi agency meetings, producing tracking reports and publishing the [H2Ohio Annual Report](#).

Energy Related Priorities

The OEC AF fully supports the amendments included in Sub-HB 33 that ensure that the state doesn't divert funds from the critical Oil and Gas Well Fund for any reason. Thank you to this committee for including these amendments!

While we have no issues with the proposed "All Ohio Future Fund," we do not feel moving these critical dollars away from their intended purpose would provide the biggest benefit to the people of Ohio. The OEC AF joined the Ohio Oil and Gas Association, API Ohio, and the Nature



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Conservancy of Ohio to express our collective concern about the Ohio Oil and Gas Well Fund transfer provisions included in the as introduced version of House Bill 33.

Orphaned wells are improperly abandoned oil or gas wells that are no longer in production. They are often several decades old. Most were drilled before Ohio adopted its first oil and gas well regulations in the 1960s. These wells pose a hazard to the environment and to human health and safety. Until they are located and properly plugged, they are pathways to both methane and chemical pollution. Risks include fire, overflow of oil or brine into ecologically sensitive areas like streams, and groundwater contamination. Orphan wells have been found under buildings, houses and streets, and even in lawns and recreation areas in both rural and urban communities.

This fund is filled through severance taxes paid by those that extract oil and natural gas resources from Ohio. It provides operational resources for the Division of Oil and Gas, as well as money for the state's orphan well plugging program. This program through ODNR is one of the oldest and most successful programs in the country. The state has conservatively identified around 20,000 orphan wells in Ohio; other research estimates the amount could be as high as double that number. The amount of money needed to plug these wells exceeds the fund's current balance.

The OEC Action Fund also supports added amendments ensuring compliance with federal prevailing wage and apprenticeship requirements for qualifying energy projects. We affirm the need for all energy developers, including renewable energy developers, to pay a fair wage and create good working conditions. The suggested amendments are fair and ensure clean energy will continue to be a growing industry to create good paying jobs for all Ohioans.

With this sub-bill, this committee has made some difficult but critical decisions to continue investing in Ohio's water and natural resources. We urge the committee to maintain the proposed H2Ohio funding, to ensure the Oil and Gas Well Fund is not divested, and that the prevailing wage apprenticeship requirements for qualifying energy projects remain in the bill.

Chairman Edwards, Vice-Chair LaRe, Ranking Member Sweeney, and members of the Ohio House Finance Committee, thank you for considering our perspective on Sub-HB 33. I'd be happy to answer any questions at this time.