



House Public Utilities Committee
Opposition to HB 163

Chair Callender, Vice Chair Wilkin, Ranking Member Smith and members of the House Public Utilities Committee, I am writing in opposition to HB 163 on behalf of American Municipal Power, Inc. (AMP) and the Ohio Municipal Electric Association (OMEA) member communities.

The OMEA and AMP take great pride in representing Ohio’s municipal electric systems and helping to provide affordable power to their customer-owners throughout the state. AMP is the Columbus-based non-profit wholesale power supplier and services provider for 135 members in nine states. These member utilities combined serve more than 650,000 customers. AMP offers member municipal electric systems the benefits of scale and expertise in providing and managing energy services. AMP is governed by a 21-member Board of Trustees made up of officials from across the AMP footprint, 16 of which are from Ohio. The OMEA was formed in 1962 and represents the state and federal legislative interests of AMP and 80 Ohio municipal electric systems. The OMEA is governed by a 16-member Board of Directors made of officials from across Ohio, including 15 mayors and council members.

As introduced, House Bill 163 establishes a new category of municipal corporation – a “Noncompliant Municipal Corporation.” This designation proposes to feature corresponding financial and operating penalties based on an interpretation of a municipality’s costs to provide sewer and water services outside corporate limits. These penalties include a total loss of Local Government Fund (LGF) disbursements, as well as prohibiting a municipality from receiving state water and sewer improvement assistance.

HB 163 is a direct attack on the Ohio Constitution’s Home Rule provisions. It would impose additional, separate LGF penalties on a city or village if it imposes a rate increase across its total customer base to cover the cost of new infrastructure improvements made in a single locality. Moreover, there is risk to all municipal operations that such a provision could be expanded to include other municipal services or aspects of local government.

The language gives the Tax Commissioner vast authority over distribution of LGF for certain communities that operate water/sewer services, thus depriving them of their Home Rule authority. This is problematic as a precedent that restricts a municipality’s ability to provide quality utility services and increases administrative costs. Enactment of HB 163 would result in less money for local utility infrastructure projects, higher financing rates due to statutory uncertainty, higher costs for consumers, and increased state and local administrative compliance costs.

On behalf of the Ohio communities represented by AMP and OMEA, we request your opposition to HB 163.

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