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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

S.B. 127  
134<sup>th</sup> General Assembly

## Fiscal Note & Local Impact Statement

[Click here for S.B. 127's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsor:** Sens. Lang and Rulli

**Local Impact Statement Procedure Required:** No

Russ Keller, Senior Economist

### Highlights

- If franchises and fees can be interpreted as limiting the use of natural gas service, the bill may prevent political subdivisions from levying fees on natural gas distribution service, which could limit future revenue sources. But LBO does not know of any cases of political subdivisions currently doing so.
- The bill has no direct fiscal effect on the state.

### Detailed Analysis

The bill prohibits a legislative or executive authority of any political subdivision in Ohio from enacting any ordinance or resolution, or promulgating any building code or similar requirement, that prevents residential, commercial, or industrial consumers within their boundaries from obtaining distribution service or retail natural gas service, or limits their access to such service. The bill further states that every person has the right, subject to current Ohio law, to obtain any available (1) distribution service or retail natural gas service from a natural gas company capable of providing service to the person or (2) competitive retail natural gas services from any competitive retail natural gas service supplier certified to provide that service to the person in that location.

If franchises and fees can be interpreted as limiting the use of natural gas company services, these provisions may prohibit counties, municipalities, and townships from levying fees on natural gas service, which could limit future revenue sources. LBO does not know of any cases of political subdivisions currently levying such fees. The bill has no direct fiscal effect on the state.

## Background information – natural gas consumption in Ohio

Customers within the four largest service territories<sup>1</sup> of state-regulated natural gas distribution utilities (i.e., Columbia Gas of Ohio, Dominion Energy Ohio, Duke Energy Ohio, or Vectren Energy Delivery of Ohio) may choose their natural gas supplier. Whether the customer elects to take supply from their local natural gas company or switch to an alternative supplier (referred to as a “competitive retail natural gas service supplier”), the local utility will continue to deliver gas to the customer. Statistics from the U.S. Energy Information Administration (EIA) show that 80.2% of Ohio’s 3.3 million eligible customers utilized the customer choice option for their natural gas supply in 2019.

The bill does not apply to electric cooperatives or municipally owned utilities. EIA data show that these two types of autonomous distribution companies delivered 1.2% and 0.6%, respectively, of the total natural gas volume consumed in Ohio during 2019.

Natural gas is the most prominent heating source among Ohio households. As seen in the table below, nearly two-thirds of Ohio housing units rely on natural gas.

Energy Source Used for Home Heating in Ohio Households		
Energy Source	Number of Households	Percentage Share
Natural gas	3,075,761	65.0%
Electricity	1,167,397	24.7%
Propane	253,741	5.4%
Fuel oil, kerosene, etc.	96,389	2.0%
Wood	75,416	1.6%
Other fuel	38,014	0.8%
No fuel used	19,673	0.4%
Coal or coke	3,007	0.1%
Solar energy	942	0.0%
<b>Total</b>	<b>4,730,340</b>	<b>100.0%</b>

Source: U.S. Census Bureau, 2019 American Community Survey 1-Year Estimates

<sup>1</sup> Refer to this map, <https://puco.ohio.gov/wps/portal/gov/puco/utilities/gas/service-area-map>.