

October 10, 2017

Testimony
House Financial Institutions, Housing and Urban Development Committee
Proponent (written) Testimony on HB 251
Gary Lee, Union County Commissioner

My name is Gary Lee, and I am Union County Commissioner. I am currently serving as president of the board of commissioners and I am in my 15th year of service to Union County as a commissioner. Union County is a strong agricultural county northwest of Columbus that also enjoys a diverse economy with several major manufacturers operating within the county.

Thank you for the opportunity to submit written proponent testimony on Sub HB 251, a bill that would lengthen the maturities of certain investments for county funds. The bill specifically increases from 5 to 10 years the length of time that county inactive funds may be invested in bonds of Ohio and political subdivisions of this state.

As commissioners we are responsible for working with the county treasurer to make sure that the county achieves competitive rates of return consistent with safety of investments and enough liquidity to meet county financial obligations on a continuing basis. Permitting counties to invest in secure state and local bonds with greater maturities will enable counties to improve investment returns and thus generate additional revenue to fund county operations.

Due to actions by the Federal Reserve Bank in response to the Great Recession, interest rates were reduced to record low levels. Interest rates have never recovered to the levels prior to the recession. The following table illustrates the impact of record low interest rates on Union County investment income by comparing investment income in CY 2007 with investment income in CY 2016. Data is from the Union County Audit, actual general fund revenues and investment income in 2007 and 2016.

Union County Investment Income to General Fund, General Fund Revenue, and Investment Income as Percentage of General Fund, CY 2007 and 2016		
Year	2007	2016
Investment Income	\$1,726,250	\$602,469
General Fund Revenue	\$19,735,284	\$21,294,728
Investment Income as % of General Fund Revenue	8.75%	2.83%

Investment income has historically been an important source of revenue to the county general fund. Permissive authority to invest in secure bonds of state and local governments to realize greater investment returns is a common sense method for increasing investment income at a time of increased fiscal pressure on other county revenue sources.

Union County supports Substitute HB 251 and appreciates the opportunity to share our written testimony with the House Financial Institutions, Housing and Urban Development Committee.

Thank you,

Gary J. Lee, Union County Commissioner