



Senate Bill 163 - Proponent Testimony (Written only)

House Government Accountability & Oversight Committee

March 21, 2018

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Chair Blessing, Vice Chair Reineke, Ranking Member Clyde, and Members of the House Government Accountability and & Oversight Committee:

CCAO supports SB 163, which expands the categories of domestic corporate bonds and U.S. depository institution bonds in which a county may invest its inactive funds.

Specifically, the bill permits a county to invest in bonds rated in the top three credit rating categories by at least two credit rating agencies, instead of the current requirement that such bonds be rated in the top two credit rating categories. The bill also extends the maximum maturity of corporate and U.S. depository bonds from two to three years, thus allowing counties to realize the potentially greater yields from such investments. Such investments would remain subject to a 15 percent limit relative to the county's total average portfolio.

Advantages to this legislation include the following:

- The legislation is permissive in that any change in policy locally must be approved by the county investment advisory committee.
- The proposed change will increase the number of companies available for investment thus significantly increasing the diversity of investment options for counties within this category of investment.
- The potential for significantly greater returns with minimal additional risk makes this a beneficial option for county government.

Since the Great Recession, investment returns have been quite low due to record low interest rates. This legislation gives counties the option of securing greater returns on inactive funds with minimal additional risk. CCAO strongly encourages favorable consideration of SB 163.



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