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133rd General Assembly
Regular Session
2019-2020

Sub. H. B. No. 7

A BILL

To amend sections 131.44 and 6121.04 and to enact 1
sections 126.601, 126.61, 126.62, 126.63, 2
126.64, 126.65, 126.66, 126.67, and 126.68 of 3
the Revised Code to create the H2Ohio Trust Fund 4
for the protection and preservation of Ohio's 5
water quality, to create the H2Ohio Advisory 6
Council to establish priorities for use of the 7
Fund for water quality programs, and to 8
authorize the Ohio Water Development Authority 9
to invest the money in the Fund and to make 10
recommendations to the Treasurer of State 11
regarding the issuance of securities to pay for 12
costs related to the purposes of the Fund. 13

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 131.44 and 6121.04 be amended and 14
sections 126.601, 126.61, 126.62, 126.63, 126.64, 126.65, 15
126.66, 126.67, and 126.68 of the Revised Code be enacted to 16
read as follows: 17

Sec. 126.601. (A) There is hereby created the H2Ohio trust 18



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fund, which is in the custody of the treasurer of state, but is 19
separate, apart from, and not a part of the state treasury. The 20
fund shall be an irrevocable trust and consist of all of the 21
following: 22

(1) Amounts appropriated to it; 23

(2) Net proceeds from the issuance of obligations under 24
section 126.67 of the Revised Code; 25

(3) Proceeds from real property transactions authorized 26
under section 126.65 of the Revised Code and loan repayments 27
made under section 126.63 of the Revised Code that are not 28
pledged revenues required to be deposited in the H2Ohio bond 29
service fund created in section 126.68 of the Revised Code; 30

(4) Gifts, donations, and bequests to the fund; 31

(5) Any other contributions to the fund. 32

(B) The purpose of the fund is to provide for the 33
protection, preservation, and restoration of the water quality 34
of this state. Amounts may be disbursed from the fund for all of 35
the following purposes: 36

(1) The purposes of the H2Ohio advisory council, 37
established under section 126.61 of the Revised Code, set forth 38
in division (A) of section 126.63 of the Revised Code; 39

(2) The acquisition of real property or interest in real 40
property by the Ohio water development authority created in 41
section 6121.02 of the Revised Code and as authorized under 42
section 126.65 of the Revised Code; 43

(3) Administrative expenses incurred by the H2Ohio 44
advisory council; 45

(4) Administrative expenses incurred by the Ohio water development authority that are related to the administration of the fund; 46
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(5) Costs and expenses related to the issuance of obligations under section 126.67 of the Revised Code; 49
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(6) Costs and expenses related to the Ohio water development authority's functions related to the fund; 51
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(7) Costs and expenses related to the investment of amounts in the H2Ohio trust fund. 53
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(C) The Ohio water development authority is and shall act as the trustee of the fund. The authority has full power to invest the fund. The authority and other fiduciaries shall do both of the following: 55
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(1) Discharge their duties with respect to the fund for the fund's purposes and defray reasonable expenses of administering the fund with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims including, if applicable, the payment of debt service on outstanding obligations issued under section 126.67 of the Revised Code; 59
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(2) Diversify the investments of the fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so. 68
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(D) (1) To facilitate investment of the fund, the authority may establish a partnership, trust, limited liability company, corporation, including a corporation exempt from taxation under the Internal Revenue Code, 100 Stat. 2085, 26 U.S.C. 1, or any 71
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other legal entity authorized to transact business in this 75
state. 76

(2) In exercising its fiduciary responsibility with 77
respect to the investment of the fund, it shall be the intent of 78
the authority to give consideration to investments that enhance 79
the general welfare of the state and its citizens where the 80
investments offer quality, return, and safety comparable to 81
other investments currently available to the authority. In 82
fulfilling this intent, the authority shall give equal 83
consideration to investments otherwise qualifying under this 84
section that involve minority owned and controlled firms and 85
firms owned and controlled by women, either alone or in joint 86
venture with other firms. 87

(3) The authority shall adopt, in a regular meeting, 88
policies, objectives, or criteria for the operation of the 89
investment program that include asset allocation targets and 90
ranges, risk factors, asset class benchmarks, time horizons, 91
total return objectives, and performance evaluation guidelines. 92
In adopting policies and criteria for the selection of agents 93
with whom the authority may contract for the administration of 94
the H2Ohio trust fund, the authority shall do both of the 95
following: 96

(a) Comply with sections 145.114 and 145.116 of the 97
Revised Code in the same manner as is required by public 98
employees retirement board under those sections; 99

(b) Give equal consideration to all of the following that 100
otherwise meet the policies and criteria established by the 101
authority: 102

(i) Minority owned and controlled firms; 103

<u>(ii) Firms owned and controlled by women;</u>	104
<u>(iii) Ventures involving minority owned and controlled firms and firms owned and controlled by women.</u>	105 106
<u>The authority shall adopt any amendments and additions to the policies and criteria in a regular meeting. The authority shall publish its policies, objectives, and criteria at least once annually and shall make copies available to interested parties.</u>	107 108 109 110 111
<u>(4) When reporting on the performance of investments, the authority shall comply with the performance presentation standards established by the association for investment management and research.</u>	112 113 114 115
<u>(5) All investments shall be purchased at current market prices and the evidences of title of the investments shall be placed in the hands of the treasurer of state, who is hereby designated as custodian thereof, or in the hands of the treasurer of state's authorized agent. The treasurer of state may deposit evidences of title of the investments so purchased for safekeeping with an authorized agent, selected by the treasurer of state, who is a qualified trustee under section 135.18 of the Revised Code. The treasurer of state or agent shall collect the principal, dividends, distributions, and interest thereon as they become due and payable and place them when so collected into the fund.</u>	116 117 118 119 120 121 122 123 124 125 126 127
<u>(6) The treasurer of state shall pay for investments purchased by the authority on receipt of written or electronic instructions from the authority or the authority's designated agent authorizing the purchase and pending receipt of the evidence of title of the investment by the treasurer of state or</u>	128 129 130 131 132

the treasurer of state's authorized agent. The authority may 133
sell investments held by the authority, and the treasurer of 134
state or the treasurer of state's authorized agent shall accept 135
payment from the purchaser and deliver evidence of title of the 136
investment to the purchaser on receipt of written or electronic 137
instructions from the authority or the authority's designated 138
agent authorizing the sale, and pending receipt of the money for 139
the investments. The amount received shall be placed in the 140
H2Ohio trust fund. The authority and the treasurer of state may 141
enter into agreements to establish procedures for the purchase 142
and sale of investments under division (D) of this section and 143
the custody of the investments. 144

(E) No purchase or sale of any investment shall be made 145
under this section except as authorized by the authority. 146

(F) Any statement or financial position distributed by the 147
authority shall include the fair value, as of the statement 148
date, of all investments held by the authority under this 149
section. 150

(G) All investment earnings of the fund shall be credited 151
to the fund. 152

Sec. 126.61. (A) There is hereby created the H2Ohio 153
advisory council consisting of the following members: 154

(1) The director of agriculture or the director's 155
designee; 156

(2) The director of environmental protection or the 157
director's designee; 158

(3) The director of natural resources or the director's 159
designee; 160

(4) The executive director of the Ohio Lake Erie 161
commission created in section 1506.21 of the Revised Code who 162
shall serve as a nonvoting, ex officio member; 163

(5) Two members appointed by the president of the senate, 164
one member of the majority party and one member of the minority 165
party; 166

(6) Two members appointed by the speaker of the house of 167
representatives, one member of the majority party and one member 168
of the minority party; 169

(7) One member appointed by the governor with the advice 170
and consent of the senate to represent the interests of 171
counties; 172

(8) One member appointed by the governor with the advice 173
and consent of the senate to represent the interests of 174
townships; 175

(9) One member appointed by the governor with the advice 176
and consent of the senate to represent the interests of 177
municipal corporations; 178

(10) One member appointed by the governor with the advice 179
and consent of the senate to represent the interests of public 180
health; 181

(11) Two members appointed by the governor with the advice 182
and consent of the senate to represent the interests of business 183
or tourism; 184

(12) Two members appointed by the governor with the advice 185
and consent of the senate to represent agricultural interests; 186

(13) One member appointed by the governor with the advice 187
and consent of the senate to represent statewide environmental 188

advocacy organizations; 189

(14) One member appointed by the governor with the advice 190
and consent of the senate to represent institutions of higher 191
education. 192

All appointing authorities shall make appointments to the 193
council not later than one hundred twenty days after the 194
effective date of this section. 195

(B) (1) The members appointed by the president of the 196
senate and speaker of the house of representatives shall serve 197
at the pleasure of their appointing authorities and are eligible 198
to serve only so long as they are members of the respective 199
chamber of the general assembly. 200

(2) Of the initial members appointed by the governor, five 201
shall be appointed for two years and five shall be appointed for 202
one year. Thereafter, terms of office for members appointed by 203
the governor shall be for four years, with each term ending on 204
the same day of the same month as did the term that it succeeds. 205
The members appointed by the governor shall reflect the 206
demographic and economic diversity of the population of the 207
state. Additionally, the governor's appointments shall be from 208
geographically diverse areas of the state. The governor may 209
remove a member appointed by the governor for misfeasance, 210
nonfeasance, or malfeasance in office. 211

Each member appointed by the governor shall hold office 212
from the date of appointment until the end of the term for which 213
the member is appointed. Such members may be reappointed. 214
Vacancies shall be filled in the same manner as provided for 215
original appointments. Any member appointed to fill a vacancy 216
occurring prior to the expiration date of the term for which the 217

member was appointed shall hold office for the remainder of that 218
term. A member shall continue in office after the expiration 219
date of the member's term until the member's successor takes 220
office or until a period of sixty days has elapsed, whichever 221
occurs first. 222

(C) The governor shall appoint a member of the council to 223
serve as the chairperson of the council. The executive director 224
of the Ohio Lake Erie commission shall serve as the vice- 225
chairperson of the council unless the governor appoints the 226
executive director as the chairperson. If the executive director 227
is appointed chairperson, the council annually shall select a 228
person from among its members to serve as vice-chairperson while 229
the director is chairperson. The council annually shall select 230
from among its members a secretary to keep a record of its 231
proceedings. A majority of the voting members of the council 232
constitutes a quorum and a majority vote of that quorum of the 233
members of the council is necessary to take action on any 234
matter. 235

(D) (1) Members of the council are public officials or 236
officers only for the purposes of section 9.86 and Chapters 102. 237
and 2921. of the Revised Code. Serving as a member of the 238
council does not constitute holding a public office or position 239
of employment so as to constitute grounds for removal of public 240
officers or employees serving as members of the council from 241
their offices or positions of employment. 242

(2) Members of the council shall file with the Ohio ethics 243
commission the disclosure statement described in division (A) of 244
section 102.02 of the Revised Code on the form prescribed by the 245
commission. Members are subject to divisions (C) and (D) of that 246
section. 247

(3) Members of the council shall serve without 248
compensation for attending council meetings, but shall be 249
reimbursed for their actual and necessary travel and other 250
expenses incurred in the performance of their official duties in 251
accordance with the rules of the office of budget and 252
management. 253

(E) Members appointed by the governor to represent the 254
interests of counties, townships, and municipal corporations do 255
not have a conflict of interest by virtue of their service on 256
the council. For the purposes of this division, "conflict of 257
interest" means the taking of any action as a member of the 258
council that affects a public body the person serves as an 259
officer or employee. 260

(F) Sections 101.82 to 101.87 of the Revised Code do not 261
apply to the council. 262

Sec. 126.62. (A) The H2Ohio advisory council shall adopt 263
bylaws governing its operation, including bylaws that establish 264
all of the following: 265

(1) The frequency of meetings; 266

(2) Procedures for reviewing annual plans submitted by the 267
directors of agriculture, natural resources, and environmental 268
protection under section 126.64 of the Revised Code; 269

(3) Procedures for approving or disapproving annual plans 270
submitted by the directors of agriculture, natural resources, 271
and environmental protection under section 126.64 of the Revised 272
Code. The procedures shall include a process for resubmitting 273
disapproved plans or disapproved portions of plans. 274

(4) Procedures for applicants to apply for loans and 275
grants from the H2Ohio trust fund; 276

<u>(5) Procedures for notifying the public how to apply for</u>	277
<u>loans and grants from the H2Ohio trust fund;</u>	278
<u>(6) A statewide strategic vision and comprehensive</u>	279
<u>periodic water protection and restoration strategy that sets</u>	280
<u>forth the priorities for use of the H2Ohio trust fund;</u>	281
<u>(7) Any other policy or procedure that the council</u>	282
<u>determines is necessary to carry out its duties.</u>	283
<u>(B) The council may establish a subcommittee comprised of</u>	284
<u>experts in the appropriate fields of science to advise the</u>	285
<u>council.</u>	286
<u>Sec. 126.63.</u> (A) <u>In accordance with the priorities</u>	287
<u>established by the H2Ohio advisory council under section 126.62</u>	288
<u>of the Revised Code and after receiving notification from the</u>	289
<u>council that a use for the fund has been approved, the Ohio</u>	290
<u>water development authority created in section 6121.02 of the</u>	291
<u>Revised Code shall disburse money from the fund for any of the</u>	292
<u>following purposes:</u>	293
<u>(1) Grants or loans, or purchases for the development and</u>	294
<u>implementation of projects and programs, including remediation</u>	295
<u>projects, that are designed to address water quality priorities;</u>	296
<u>(2) Funding cooperative research, data gathering and</u>	297
<u>monitoring, and demonstration projects related to water quality</u>	298
<u>priorities;</u>	299
<u>(3) Encouraging cooperation with and among leaders from</u>	300
<u>state legislatures, state agencies, political subdivisions,</u>	301
<u>business and industry, labor, agriculture, institutions of</u>	302
<u>higher education, environmental organizations, and water</u>	303
<u>conservation districts;</u>	304

(4) Other purposes, policies, programs, and priorities identified by the Ohio Lake Erie commission in coordination with state agencies or boards responsible for water protection and water management, provided that the purposes, policies, programs, and priorities align with the council's statewide strategic vision and comprehensive periodic water protection and restoration strategy. 305
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(B) Annual disbursements from the fund shall not exceed the amount approved by the Ohio water development authority under section 126.65 of the Revised Code. 312
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(C) Not later than ninety days after the end of each fiscal year, the H2Ohio advisory council, in coordination with the Ohio Lake Erie commission, shall do both of the following: 315
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(1) Prepare a report of the activities that were funded from the H2Ohio trust fund during the immediately preceding fiscal year, including the revenues and expenses of the fund for the preceding fiscal year; 318
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(2) Submit the report to the general assembly and to the governor. 322
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Sec. 126.64. (A) The directors of agriculture, natural resources, and environmental protection each shall prepare an annual plan detailing the proposed use of disbursements from the H2Ohio trust fund for the year covered by the plan. Each agency shall describe in the plan, at a minimum, all of the following: 324
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(1) Funding priorities; 329

(2) The specific programs, projects, or entities proposed to receive funding; 330
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(3) The internal controls and external accountability 332

measures that will be put in place to ensure that the funding is 333
used in accordance with the plan. 334

(B) Not later than the first day of March of each year, 335
the directors shall deliver their respective annual plans to the 336
H2Ohio advisory council. 337

(C) The council shall review and shall approve or 338
disapprove, in whole or in part, each agency's annual plan in 339
accordance with the council's policies and procedures. 340

(D) The Ohio water development authority shall not 341
disburse any money from the H2Ohio trust fund to the agency 342
unless the council approves the plan submitted by the agency 343
under this section or approves the portion of the plan for which 344
money is being disbursed. 345

Sec. 126.65. (A) The Ohio water development authority 346
created in section 6121.02 of the Revised Code shall establish 347
powers and duties for the executive director of the authority 348
with respect to the H2Ohio trust fund. Such powers and duties 349
shall include coordinating efforts between the authority, the 350
H2Ohio advisory council, and the treasurer of state. 351

(B) (1) In executing the powers and duties established 352
under this section, the executive director of the authority 353
shall consult with and obtain approval from the treasurer of 354
state or the treasurer of state's designee. 355

(2) The executive director shall submit to the director of 356
budget and management, by the first day of June of each year, a 357
request for surplus revenue to be transferred into the H2Ohio 358
trust fund created in section 126.601 of the Revised Code in an 359
amount determined by the authority. 360

(C) The authority shall make recommendations to the 361

treasurer of state regarding the issuance of obligations under 362
section 126.67 of the Revised Code. 363

(D) The authority may appoint or provide for the 364
appointment of agents, consultants, independent contractors, or 365
any other type of administrative, investment, financial, or 366
accounting experts as are necessary, in the judgment of the 367
authority, to carry out the authority's duties. 368

(E) The authority may buy, sell, and lease real property 369
or interest in real property. 370

(F) At the end of each fiscal period, the authority shall 371
declare an amount of investment earnings that shall be made 372
available for disbursement in accordance with section 126.63 of 373
the Revised Code. The authority shall not disburse an amount 374
from the H2Ohio trust fund that is in excess of one hundred 375
million dollars each fiscal year. 376

Sec. 126.66. As used in sections 126.66 to 126.68 of the 377
Revised Code and in the applicable bond proceedings unless 378
otherwise provided: 379

(A) "Bond proceedings" means the orders, agreements, and 380
credit enhancement facilities and amendments and supplements to 381
them, or any one or more combination of them, authorizing, 382
awarding, or providing for the terms and conditions applicable 383
to or providing for the security or liquidity of, the particular 384
obligations, and the provisions contained in those obligations. 385

(B) "Cost of projects" includes any related direct 386
administrative expenses and allocable portions of the direct 387
costs of those projects funded from the H2Ohio trust fund. 388

(C) "Debt service" means principal, including any 389
mandatory sinking fund or redemption requirements for retirement 390

of obligations, interest and other accreted amounts, interest 391
equivalent, and any redemption premium, payable on obligations. 392
If not prohibited by the applicable bond proceedings, debt 393
service may include costs relating to credit enhancement 394
facilities that are related to and represent, or are intended to 395
provide a source of payment of or limitation on, other debt 396
service. 397

(D) "Issuing authority" means the treasurer of state. 398

(E) "Net proceeds" means amounts received from the sale of 399
obligations, excluding amounts used to refund or retire 400
outstanding obligations, amounts required to be deposited into 401
special funds pursuant to the applicable bond proceedings, and 402
amounts to be used to pay financing costs. 403

(F) "Obligations" means bonds, notes, or other evidences 404
of obligation, including any appertaining interest coupons, 405
issued under section 126.67 of the Revised Code to pay the costs 406
of projects. 407

(G) "Pledged receipts" means, as and to the extent 408
provided in the bond proceedings: 409

(1) Repayments of loans made from the H2Ohio trust fund 410
including interest, if any; 411

(2) Moneys received from the lease, sale, or other 412
disposition or use of projects funded from the H2Ohio trust 413
fund; 414

(3) Accrued interest received from the sale of 415
obligations; 416

(4) Income from the investment of money in the H2Ohio 417
trust fund; 418

(5) Any gifts, grants, donations, or pledges, and receipts 419
therefrom, available for the payment of debt service; 420

(6) Additional or any other specific revenues or receipts 421
lawfully available to be pledged, and pledged, pursuant to 422
further authorization by the general assembly, to the payment of 423
debt service. 424

(H) "Projects" means projects for the protection, 425
preservation, and restoration of water quality, including 426
projects for water pollution control and abatement. 427

(I) "Special funds" or "funds," unless the context 428
indicates otherwise, means the bond service fund created in 429
section 126.68 of the Revised Code, and any other funds, 430
including any reserve funds, created under the bond proceedings 431
and stated to be special funds in those proceedings, including 432
moneys and investments, and earnings from investments, credited 433
and to be credited to the particular fund. 434

(J) "Credit enhancement facilities," "financing costs," 435
and "interest" or "interest equivalent" have the same meanings 436
as in section 133.01 of the Revised Code. 437

Sec. 126.67. (A) The issuing authority shall issue 438
obligations under this section to pay costs of projects. Those 439
obligations are authorized to be issued for the public purposes 440
of the protection, preservation, and restoration of water 441
quality including for water pollution control and abatement, 442
under one or any combination of Section 2i of Article VIII, Ohio 443
Constitution, for remediation or cleanup of conditions or 444
circumstances that may be deleterious to water resources under 445
division (B) (2) of Sections 2o and 2q of Article VIII, Ohio 446
Constitution, for supporting research and development under 447

Section (B) (2) of Section 2p of Article VIII, Ohio Constitution, 448
and to control water pollution under Section 13 of Article VIII, 449
Ohio Constitution, or any combination thereof. 450

(B) The issuing authority, upon the request of the Ohio 451
water development authority as provided in section 126.65 of the 452
Revised Code, shall issue obligations in the amount requested. 453
The provisions and authorizations in section 151.01 of the 454
Revised Code apply to the obligations and the bond proceedings 455
except as otherwise provided or provided for in this section and 456
in those obligations or bond proceedings, and the bond 457
proceedings shall provide for or authorize the manner of 458
determining the principal maturity or maturities of those 459
obligations notwithstanding any limitation in division (C) of 460
section 151.01 of the Revised Code. 461

(C) Net proceeds of obligations shall be deposited in the 462
H2Ohio trust fund created in section 126.601 of the Revised 463
Code. 464

(D) The issuing authority may pledge all, or such portion 465
as the issuing authority determines, of the pledged receipts to 466
the payment of the debt service charges on obligations issued 467
under this section, and for the establishment and maintenance of 468
any reserves, as provided in the bond proceedings, and make 469
other provisions in the bond proceedings with respect to pledged 470
receipts as authorized by this section, which provisions are 471
controlling notwithstanding any other provisions of law 472
pertaining to them. 473

(E) The issuing authority may covenant in the bond 474
proceedings, and such covenants shall be controlling 475
notwithstanding any other provision of law, that the state and 476
applicable officers and state agencies, including the general 477

assembly, so long as any obligations issued under this section 478
are outstanding, shall maintain statutory authority for and 479
cause to be collected any pledged receipts. 480

(F) Obligations may be further secured, as determined by 481
the issuing authority, by a trust agreement between the state 482
and a corporate trustee, which may be any trust company or bank 483
having a place of business within the state. Any trust agreement 484
may contain the order authorizing the issuance of obligations, 485
any provisions that may be contained in any bond proceedings, 486
and other provisions that are customary or appropriate in an 487
agreement of that type, including, but not limited to: 488

(1) Maintenance of each pledge, trust agreement, or other 489
instrument comprising part of the bond proceedings until the 490
payment of debt service obligations secured by it have been 491
fully paid or provided for; 492

(2) In the event of default in any payments required to be 493
made by the bond proceedings, enforcement of those payments or 494
agreements by mandamus, the appointment of a receiver, suit in 495
equity, action at law, or any combination of them. 496

(3) The rights and remedies of the holders or owners of 497
obligations and of the trustee and provisions for protecting and 498
enforcing them, including limitations on rights of individual 499
holders and owners. 500

(G) The obligations are not general obligations of the 501
state and the full faith and credit, revenue, and taxing power 502
of the state shall not be pledged to the payment of debt service 503
on them. The holders or owners of the obligation shall have no 504
right to have any moneys obligated or pledged for the payment of 505
debt service except as provided in this section and in the 506

applicable bond proceedings. The rights of the holders and 507
owners to payment of debt service are limited to all or that 508
portion of the pledged receipts, those special funds, pledged to 509
the payment of debt service pursuant to the bond proceedings in 510
accordance with this section, and each obligation shall bear on 511
its face a statement to that effect. Nothing in this section 512
shall prohibit or be deemed to prohibit the state, of its own 513
volition, from using to the extent lawfully authorized to do so 514
any other resources to pay debt services on the obligations. 515

Sec. 126.68. There is hereby created the H2Ohio bond 516
service fund, which is in the custody of the treasurer of state, 517
but is separate, apart from, and not a part of the state 518
treasury. All money received and required by the bond 519
proceedings, consistent with section 126.67 of the Revised Code, 520
to be deposited, transferred, or credited to the bond service 521
fund, and all other money transferred or allocated to or 522
received for the purposes of that fund, shall be deposited and 523
credited to the bond service fund, subject to any applicable 524
provisions of the bond proceedings. 525

Sec. 131.44. (A) As used in this section: 526

(1) "Surplus revenue" means the excess, if any, of the 527
total fund balance over the required year-end balance. 528

(2) "Total fund balance" means the sum of the unencumbered 529
balance in the general revenue fund on the last day of the 530
preceding fiscal year plus the balance in the budget 531
stabilization fund. 532

(3) "Required year-end balance" means the sum of the 533
following: 534

(a) Eight and one-half per cent of the general revenue 535

fund revenues for the preceding fiscal year;	536
(b) "Ending fund balance," which means one-half of one per cent of general revenue fund revenues for the preceding fiscal year;	537 538 539
(c) "Carryover balance," which means, with respect to a fiscal biennium, the excess, if any, of the estimated general revenue fund appropriation and transfer requirement for the second fiscal year of the biennium over the estimated general revenue fund revenue for that fiscal year;	540 541 542 543 544
(d) "Capital appropriation reserve," which means the amount, if any, of general revenue fund capital appropriations made for the current biennium that the director of budget and management has determined will be encumbered or disbursed;	545 546 547 548
(e) "Income tax reduction impact reserve," which means an amount equal to the reduction projected by the director of budget and management in income tax revenue in the current fiscal year attributable to the previous reduction in the income tax rate made by the tax commissioner pursuant to division (B) of section 5747.02 of the Revised Code.	549 550 551 552 553 554
(4) "Estimated general revenue fund appropriation and transfer requirement" means the most recent adjusted appropriations made by the general assembly from the general revenue fund and includes both of the following:	555 556 557 558
(a) Appropriations made and transfers of appropriations from the first fiscal year to the second fiscal year of the biennium in provisions of acts of the general assembly signed by the governor but not yet effective;	559 560 561 562
(b) Transfers of appropriations from the first fiscal year to the second fiscal year of the biennium approved by the	563 564

controlling board. 565

(5) "Estimated general revenue fund revenue" means the 566
most recent such estimate available to the director of budget 567
and management. 568

(B) (1) Not later than the thirty-first day of July each 569
year, the director of budget and management shall determine the 570
surplus revenue that existed on the preceding thirtieth day of 571
June and transfer from the general revenue fund, to the extent 572
of the unobligated, unencumbered balance on the preceding 573
thirtieth day of June in excess of one-half of one per cent of 574
the general revenue fund revenues in the preceding fiscal year, 575
the following: 576

(a) First, to the budget stabilization fund, any amount 577
necessary for the balance of the budget stabilization fund to 578
equal eight and one-half per cent of the general revenue fund 579
revenues of the preceding fiscal year; 580

(b) Then, to the H2Ohio trust fund created in section 581
126.601 of the Revised Code, in an amount determined by the 582
director of budget and management that is up to the amount 583
requested by the treasurer of state in accordance with division 584
(E) (2) of section 126.65 of the Revised Code; 585

(c) Lastly, to the income tax reduction fund, which is 586
hereby created in the state treasury, an amount equal to the 587
surplus revenue. 588

(2) Not later than the thirty-first day of July each year, 589
the director shall determine the percentage that the balance in 590
the income tax reduction fund is of the amount of revenue that 591
the director estimates will be received from the tax levied 592
under section 5747.02 of the Revised Code in the current fiscal 593

year without regard to any reduction under division (B) of that 594
section. If that percentage exceeds thirty-five one hundredths 595
of one per cent, the director shall certify the percentage to 596
the tax commissioner not later than the thirty-first day of 597
July. 598

(C) The director of budget and management shall transfer 599
money in the income tax reduction fund to the general revenue 600
fund, the local government fund, and the public library fund as 601
necessary to offset revenue reductions resulting from the 602
reductions in taxes required under division (B) of section 603
5747.02 of the Revised Code in the respective amounts and 604
percentages prescribed by division (A) of section 5747.03 and 605
divisions (A) and (B) of section 131.51 of the Revised Code as 606
if the amount transferred had been collected as taxes under 607
Chapter 5747. of the Revised Code. If no reductions in taxes are 608
made under that division that affect revenue received in the 609
current fiscal year, the director shall not transfer money from 610
the income tax reduction fund to the general revenue fund, the 611
local government fund, and the public library fund. 612

Sec. 6121.04. The Ohio water development authority may do 613
any or all of the following: 614

(A) Adopt bylaws for the regulation of its affairs and the 615
conduct of its business; 616

(B) Adopt an official seal; 617

(C) Maintain a principal office and suboffices at places 618
within the state that it designates; 619

(D) Sue and plead in its own name and be sued and 620
impleaded in its own name with respect to its contracts or torts 621
of its members, employees, or agents acting within the scope of 622

their employment, or to enforce its obligations and covenants 623
made under sections 6121.06, 6121.08, and 6121.13 of the Revised 624
Code. Any such actions against the authority shall be brought in 625
the court of common pleas of the county in which the principal 626
office of the authority is located or in the court of common 627
pleas of the county in which the cause of action arose, provided 628
that the county is located within this state, and all summonses, 629
exceptions, and notices of every kind shall be served on the 630
authority by leaving a copy thereof at the principal office with 631
the person in charge thereof or with the secretary-treasurer of 632
the authority. 633

(E) Make loans and grants to governmental agencies for the 634
acquisition or construction of water development projects by any 635
such governmental agency and adopt rules and procedures for 636
making such loans and grants; 637

(F) Acquire, construct, reconstruct, enlarge, improve, 638
furnish, equip, maintain, repair, operate, or lease or rent to, 639
or contract for operation by, a governmental agency or person, 640
water development projects, and establish rules for the use of 641
those projects; 642

(G) Make available the use or services of any water 643
development project to one or more persons, one or more 644
governmental agencies, or any combination thereof; 645

(H) Issue water development revenue bonds and notes and 646
water development revenue refunding bonds of the state, payable 647
solely from revenues as provided in section 6121.06 of the 648
Revised Code, unless the bonds are refunded by refunding bonds, 649
for the purpose of paying any part of the cost of one or more 650
water development projects or parts thereof; 651

(I) Acquire by gift or purchase, hold, and dispose of real 652
and personal property in the exercise of its powers and the 653
performance of its duties under this chapter; 654

(J) Acquire, in the name of the state, by purchase or 655
otherwise, on terms and in the manner that it considers proper, 656
or by the exercise of the right of condemnation in the manner 657
provided by section 6121.18 of the Revised Code, public or 658
private lands, including public parks, playgrounds, or 659
reservations, or parts thereof or rights therein, rights-of-way, 660
property, rights, easements, and interests that it considers 661
necessary for carrying out this chapter, but excluding the 662
acquisition by the exercise of the right of condemnation of any 663
waste water facility or water management facility owned by any 664
person or governmental agency, and compensation shall be paid 665
for public or private lands so taken, except that a government- 666
owned waste water facility may be appropriated in accordance 667
with section 6121.041 of the Revised Code; 668

(K) Adopt rules to protect augmented flow in waters of the 669
state, to the extent augmented by a water development project, 670
from depletion so it will be available for beneficial use, and 671
to provide standards for the withdrawal from waters of the state 672
of the augmented flow created by a water development project 673
that is not returned to the waters of the state so augmented and 674
to establish reasonable charges therefor if considered necessary 675
by the authority; 676

(L) Make and enter into all contracts and agreements and 677
execute all instruments necessary or incidental to the 678
performance of its duties and the execution of its powers under 679
this chapter in accordance with the following requirements: 680

(1) When the cost under any such contract or agreement, 681

other than compensation for personal services, involves an 682
expenditure of more than fifty thousand dollars, the authority 683
shall make a written contract with the lowest responsive and 684
responsible bidder, in accordance with section 9.312 of the 685
Revised Code, after advertisement for not less than two 686
consecutive weeks in a newspaper of general circulation in 687
Franklin county, and in other publications that the authority 688
determines, which shall state the general character of the work 689
and the general character of the materials to be furnished, the 690
place where plans and specifications therefor may be examined, 691
and the time and place of receiving bids, provided that a 692
contract or lease for the operation of a water development 693
project constructed and owned by the authority or an agreement 694
for cooperation in the acquisition or construction of a water 695
development project pursuant to section 6121.13 of the Revised 696
Code or any contract for the construction of a water development 697
project that is to be leased by the authority to, and operated 698
by, persons who are not governmental agencies and the cost of 699
the project is to be amortized exclusively from rentals or other 700
charges paid to the authority by persons who are not 701
governmental agencies is not subject to the foregoing 702
requirements and the authority may enter into such a contract or 703
lease or such an agreement pursuant to negotiation and upon 704
terms and conditions and for the period that it finds to be 705
reasonable and proper in the circumstances and in the best 706
interests of proper operation or of efficient acquisition or 707
construction of the project. 708

(2) Each bid for a contract for the construction, 709
demolition, alteration, repair, or reconstruction of an 710
improvement shall contain the full name of every person 711
interested in it and shall meet the requirements of section 712

153.54 of the Revised Code. 713

(3) Each bid for a contract except as provided in division 714
(L) (2) of this section shall contain the full name of every 715
person or company interested in it and shall be accompanied by a 716
sufficient bond or certified check on a solvent bank that if the 717
bid is accepted, a contract will be entered into and the 718
performance thereof secured. 719

(4) The authority may reject any and all bids. 720

(5) A bond with good and sufficient surety, approved by 721
the authority, shall be required of every contractor awarded a 722
contract except as provided in division (L) (2) of this section, 723
in an amount equal to at least fifty per cent of the contract 724
price, conditioned upon the faithful performance of the 725
contract. 726

(M) Employ managers, superintendents, and other employees 727
and retain or contract with consulting engineers, financial 728
consultants, accounting experts, architects, attorneys, and 729
other consultants and independent contractors that are necessary 730
in its judgment to carry out this chapter, and fix the 731
compensation thereof. All expenses thereof shall be payable 732
solely from the proceeds of water development revenue bonds or 733
notes issued under this chapter, from revenues, or from funds 734
appropriated for that purpose by the general assembly. 735

(N) Receive and accept from any federal agency, subject to 736
the approval of the governor, grants for or in aid of the 737
construction of any water development project or for research 738
and development with respect to waste water or water management 739
facilities, and receive and accept aid or contributions from any 740
source of money, property, labor, or other things of value, to 741

be held, used, and applied only for the purposes for which the	742
grants and contributions are made;	743
(O) Engage in research and development with respect to	744
waste water or water management facilities;	745
(P) Purchase fire and extended coverage and liability	746
insurance for any water development project and for the	747
principal office and suboffices of the authority, insurance	748
protecting the authority and its officers and employees against	749
liability for damage to property or injury to or death of	750
persons arising from its operations, and any other insurance the	751
authority may agree to provide under any resolution authorizing	752
its water development revenue bonds or in any trust agreement	753
securing the same;	754
(Q) Charge, alter, and collect rentals and other charges	755
for the use or services of any water development project as	756
provided in section 6121.13 of the Revised Code;	757
(R) Provide coverage for its employees under Chapters	758
145., 4123., and 4141. of the Revised Code;	759
(S) Assist in the implementation and administration of the	760
drinking water assistance fund and program created in section	761
6109.22 of the Revised Code and the water pollution control loan	762
fund and program created in section 6111.036 of the Revised	763
Code, including, without limitation, performing or providing	764
fiscal management for the funds and investing and disbursing	765
moneys in the funds, and enter into all necessary and	766
appropriate agreements with the director of environmental	767
protection for those purposes;	768
(T) Issue water development revenue bonds and notes of the	769
state in principal amounts that are necessary for the purpose of	770

raising moneys for the sole benefit of the water pollution 771
control loan fund created in section 6111.036 of the Revised 772
Code, including moneys to meet the requirement for providing 773
matching moneys under division (D) of that section. The bonds 774
and notes may be secured by appropriate trust agreements and 775
repaid from moneys credited to the fund from payments of 776
principal and interest on loans made from the fund, as provided 777
in division (F) of section 6111.036 of the Revised Code. 778

(U) Issue water development revenue bonds and notes of the 779
state in principal amounts that are necessary for the purpose of 780
raising moneys for the sole benefit of the drinking water 781
assistance fund created in section 6109.22 of the Revised Code, 782
including moneys to meet the requirement for providing matching 783
moneys under divisions (B) and (F) of that section. The bonds 784
and notes may be secured by appropriate trust agreements and 785
repaid from moneys credited to the fund from payments of 786
principal and interest on loans made from the fund, as provided 787
in division (F) of section 6109.22 of the Revised Code. 788

(V) Make loans to and enter into agreements with boards of 789
county commissioners for the purposes of section 1506.44 of the 790
Revised Code and adopt rules establishing requirements and 791
procedures for making the loans and entering into the 792
agreements; 793

(W) Disburse money from the H2Ohio trust fund created in 794
section 126.601 of the Revised Code, invest money from that fund 795
in accordance with that section, request the treasurer of state 796
to issue obligations under section 126.67 of the Revised Code, 797
and execute any other power or duty established in sections 798
126.601 to 126.68 of the Revised Code. 799

(X) Do all acts necessary or proper to carry out the 800

powers expressly granted in this chapter and in sections 126.601 801
to 126.68 of the Revised Code. 802

Any instrument by which real property is acquired pursuant 803
to this section shall identify the agency of the state that has 804
the use and benefit of the real property as specified in section 805
5301.012 of the Revised Code. 806

Section 2. That existing sections 131.44 and 6121.04 of 807
the Revised Code are hereby repealed. 808