

As Introduced

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Representatives Rogers, Driehaus

Cosponsors: Representatives Celebrezze, Lepore-Hagan, Cera, Patterson, Smith, K., Johnson, G., Slesnick, Bocchieri, Curtin, Hambley, Ashford, Strahorn, Sweeney, Sheehy

A BILL

To amend sections 131.43, 131.44, and 164.01 and to
enact section 164.18 of the Revised Code to
create the Supplemental State Capital
Improvements Pilot Program funded by a temporary
transfer from the Budget Stabilization Fund and
to make an appropriation.

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

Section 1. That sections 131.43, 131.44, and 164.01 be
amended and section 164.18 of the Revised Code be enacted to
read as follows:

Sec. 131.43. There is hereby created in the state treasury
the budget stabilization fund. It is the intent of the general
assembly to maintain an amount of money in the budget
stabilization fund that amounts to approximately eight and one-
half per cent of the general revenue fund revenues for the
preceding fiscal year. The governor shall include in the state
budget the governor submits to the general assembly under
section 107.03 of the Revised Code proposals for transfers

between the general revenue fund and the budget stabilization 18
fund for the ensuing fiscal biennium. The balance in the fund 19
may be combined with the balance in the general revenue fund for 20
purposes of cash management. 21

During the five-year period immediately following the 22
effective date of this amendment, fifty per cent of the 23
investment earnings on money in the budget stabilization fund 24
shall be transferred to the supplemental state capital 25
improvements fund created under section 164.18 of the Revised 26
Code. 27

Sec. 131.44. (A) As used in this section: 28

(1) "Surplus revenue" means the excess, if any, of the 29
total fund balance over the required year-end balance. 30

(2) "Total fund balance" means the sum of the unencumbered 31
balance in the general revenue fund on the last day of the 32
preceding fiscal year plus the balance in the budget 33
stabilization fund. 34

(3) "Required year-end balance" means the sum of the 35
following: 36

(a) Eight and one-half per cent of the general revenue 37
fund revenues for the preceding fiscal year; 38

(b) "Ending fund balance," which means one-half of one per 39
cent of general revenue fund revenues for the preceding fiscal 40
year; 41

(c) "Carryover balance," which means, with respect to a 42
fiscal biennium, the excess, if any, of the estimated general 43
revenue fund appropriation and transfer requirement for the 44
second fiscal year of the biennium over the estimated general 45

revenue fund revenue for that fiscal year; 46

(d) "Capital appropriation reserve," which means the 47
amount, if any, of general revenue fund capital appropriations 48
made for the current biennium that the director of budget and 49
management has determined will be encumbered or disbursed; 50

(e) "Income tax reduction impact reserve," which means an 51
amount equal to the reduction projected by the director of 52
budget and management in income tax revenue in the current 53
fiscal year attributable to the previous reduction in the income 54
tax rate made by the tax commissioner pursuant to division (B) 55
of section 5747.02 of the Revised Code. 56

(4) "Estimated general revenue fund appropriation and 57
transfer requirement" means the most recent adjusted 58
appropriations made by the general assembly from the general 59
revenue fund and includes both of the following: 60

(a) Appropriations made and transfers of appropriations 61
from the first fiscal year to the second fiscal year of the 62
biennium in provisions of acts of the general assembly signed by 63
the governor but not yet effective; 64

(b) Transfers of appropriations from the first fiscal year 65
to the second fiscal year of the biennium approved by the 66
controlling board. 67

(5) "Estimated general revenue fund revenue" means the 68
most recent such estimate available to the director of budget 69
and management. 70

(B) (1) Not later than the thirty-first day of July each 71
year, the director of budget and management shall determine the 72
surplus revenue that existed on the preceding thirtieth day of 73
June and transfer from the general revenue fund, to the extent 74

of the unobligated, unencumbered balance on the preceding 75
thirtieth day of June in excess of one-half of one per cent of 76
the general revenue fund revenues in the preceding fiscal year, 77
the following: 78

(a) First, to the budget stabilization fund, any amount 79
necessary for the balance of the budget stabilization fund to 80
equal eight and one-half per cent of the general revenue fund 81
revenues of the preceding fiscal year. Any money transferred by 82
the director to the supplemental state capital improvements fund 83
under section 164.18 of the Revised Code shall be counted as 84
part of the balance of the budget stabilization fund for this 85
purpose. 86

(b) Then, to the income tax reduction fund, which is 87
hereby created in the state treasury, an amount equal to the 88
surplus revenue. 89

(2) Not later than the thirty-first day of July each year, 90
the director shall determine the percentage that the balance in 91
the income tax reduction fund is of the amount of revenue that 92
the director estimates will be received from the tax levied 93
under section 5747.02 of the Revised Code in the current fiscal 94
year without regard to any reduction under division (B) of that 95
section. If that percentage exceeds thirty-five one hundredths 96
of one per cent, the director shall certify the percentage to 97
the tax commissioner not later than the thirty-first day of 98
July. 99

(C) The director of budget and management shall transfer 100
money in the income tax reduction fund to the general revenue 101
fund, the local government fund, and the public library fund as 102
necessary to offset revenue reductions resulting from the 103
reductions in taxes required under division (B) of section 104

5747.02 of the Revised Code in the respective amounts and 105
percentages prescribed by division (A) of section 5747.03 and 106
divisions (B) and (C) of section 131.51 of the Revised Code as 107
if the amount transferred had been collected as taxes under 108
Chapter 5747. of the Revised Code. If no reductions in taxes are 109
made under that division that affect revenue received in the 110
current fiscal year, the director shall not transfer money from 111
the income tax reduction fund to the general revenue fund, the 112
local government fund, and the public library fund. 113

Sec. 164.01. As used in this chapter: 114

(A) (1) "Capital improvement" or "capital improvement 115
project" or "project" means the acquisition, construction, 116
reconstruction, improvement, planning, and equipping of roads 117
and bridges, appurtenances to roads and bridges to enhance the 118
safety of animal-drawn vehicles, pedestrians, and bicycles, 119
waste water treatment systems, water supply systems, solid waste 120
disposal facilities, and storm water and sanitary collection, 121
storage, and treatment facilities, including real property, 122
interests in real property, facilities, and equipment related or 123
incidental to those facilities. 124

(2) For purposes of section 164.18 of the Revised Code, 125
"capital improvement project" also includes all of the 126
following: 127

(a) The establishment, operation, maintenance, repair, and 128
improvement of airports, landing fields, and other air 129
navigation facilities; 130

(b) The improvement of railroad grade crossings, including 131
the installation of warning signals or other protective devices; 132

(c) The preservation of facilities of historical interest 133

<u>or significance that are used for or in connection with cultural</u>	134
<u>activities;</u>	135
<u>(d) The acquisition, construction, improvement, or</u>	136
<u>equipment of transit system facilities;</u>	137
<u>(e) The construction or improvement of dams;</u>	138
<u>(f) The maintenance or improvement of waterways or</u>	139
<u>shorelines;</u>	140
<u>(g) The expansion of broadband in the state.</u>	141
(B) "Local subdivision" means any county, municipal	142
corporation, township, sanitary district, or regional water and	143
sewer district.	144
(C) "Bond proceedings" means the resolutions, orders,	145
trust agreements, indentures, and other agreements, credit	146
facilities and credit enhancement facilities, and amendments and	147
supplements to the foregoing, or any one or more or combination	148
thereof, authorizing, awarding, or providing for the terms and	149
conditions applicable to or providing for the security or	150
liquidity of obligations, and the provisions contained in those	151
obligations.	152
(D) "Bond service charges" means principal, including any	153
mandatory sinking fund or redemption requirements for retirement	154
of obligations, interest and other accreted amounts, and any	155
redemption premium payable on obligations. If not prohibited by	156
the applicable bond proceedings, bond service charges include	157
costs of credit enhancement facilities that are related to, and	158
represent or are intended to provide a source of payment of or	159
limitation on, other bond service charges.	160
(E) "Bond service fund" means the fund, and any accounts	161

in that fund, created by section 164.10 of the Revised Code, 162
including all moneys and investments, and earnings from 163
investments, credited and to be credited to that fund and 164
accounts as provided in the bond proceedings. 165

(F) "Cost of capital improvement projects" means the costs 166
of acquiring, constructing, reconstructing, expanding, 167
improving, and engineering capital improvement projects, and 168
related financing costs. 169

(G) "Credit enhancement facilities" means letters of 170
credit, lines of credit, stand-by, contingent, or firm 171
securities purchase agreements, interest rate hedges including, 172
without limitation, interest rate swaps, insurance or surety 173
arrangements, reserve or guarantee funds, and guarantees, and 174
other arrangements that provide for contingent or direct payment 175
of bond service charges, for security or additional security in 176
the event of nonpayment or default in respect of obligations, or 177
for making or providing funds for making payment of bond service 178
charges to, and at the option and on demand of, holders of 179
obligations or at the option of the issuer under put or similar 180
arrangements, or for otherwise supporting the credit or 181
liquidity of obligations, and includes credit, reimbursement, 182
marketing, remarketing, indexing, carrying, purchase, and 183
subrogation agreements, and other agreements and arrangements 184
for reimbursement of the person providing the credit enhancement 185
facility and the security for that reimbursement. As used in 186
this division, obligations include debt obligations of local 187
subdivisions. 188

(H) "Financing costs" means all costs and expenses 189
relating to the authorization, issuance, sale, delivery, 190
authentication, deposit, custody, clearing, registration, 191

transfer, exchange, fractionalization, replacement, and 192
servicing of obligations, including, without limitation, costs 193
and expenses for or relating to, or payment obligations under, 194
publication and printing, postage and express delivery, official 195
statements, offering circulars, and informational statements, 196
travel and transportation, paying agents, bond registrars, 197
authenticating agents, remarketing agents, custodians, clearing 198
agencies or corporations, securities depositories, financial 199
advisory services, certifications, audits, federal or state 200
regulatory agencies, accounting services, legal services and 201
obtaining approving legal opinions and other legal opinions, 202
credit ratings, original issue discount, credit facilities, and 203
credit enhancement facilities. Financing costs may be paid from 204
any moneys lawfully available for the purpose, including, unless 205
otherwise provided in the bond proceedings, from the proceeds of 206
the obligations to which they relate and from the same sources 207
from which bond service charges on the obligations are paid and 208
as though bond service charges. 209

(I) "Issuer" means the treasurer of state, or the officer 210
who by law performs the functions of that officer. 211

(J) "Obligations" means bonds, notes, or other evidences 212
of obligation of the state, including any interest coupons 213
pertaining thereto, issued pursuant to sections 164.09 to 164.12 214
of the Revised Code. 215

(K) "Special funds" or "funds" means, except where the 216
context does not permit, the bond service fund, and any other 217
funds, including reserve funds, created under the bond 218
proceedings and stated to be special funds in those proceedings, 219
including all moneys and investments, and earnings from 220
investments, credited and to be credited to the particular fund. 221

Special funds do not include the state capital improvements fund 222
created by section 164.08 of the Revised Code or, if so provided 223
in the bond proceedings, a rebate fund or account established 224
for purposes of federal tax laws. 225

(L) "Net proceeds" means amounts received from the sale of 226
obligations pursuant to this chapter, excluding amounts used to 227
refund or retire outstanding obligations, and does not include 228
amounts required to be deposited in special funds pursuant to 229
the applicable bond proceedings, or financing costs paid from 230
such amounts received. 231

(M) "Local debt support and credit enhancements" means a 232
full or partial pledge of support for any local bond issue, the 233
payment of all or a part of the premium for bond insurance 234
obtained from a private insurer, the subsidization of the 235
interest rate on a loan obtained by the subdivision, or a source 236
of revenue pledged in support of revenue bonds issued by a 237
subdivision. 238

(N) "Principal amount" refers to the aggregate of the 239
amount as stated or provided for in the bond proceedings 240
authorizing the obligations as the amount on which interest or 241
interest equivalent is initially calculated. 242

Sec. 164.18. There is hereby created the supplemental 243
state capital improvements pilot program to provide additional 244
infrastructure funding to local subdivisions while also 245
maintaining the integrity of the budget stabilization fund 246
created in section 131.43 of the Revised Code. Under the 247
program, the director of the Ohio public works commission shall 248
approve requests for financial assistance submitted by district 249
public works integrating committees and enter into agreements 250
with one or more local subdivisions to provide low-interest or 251

interest-free loans and grants for capital improvement projects 252
in the same manner as otherwise provided under this chapter, 253
with the following exceptions: 254

(A)(1) The loans and grants shall be made from the 255
supplemental state capital improvements fund, which is hereby 256
created in the state treasury. Money in the fund shall be used 257
solely for the purposes identified in this section. The fund 258
shall consist of all of the following: 259

(a) Money the director of the Ohio public works commission 260
requests the director of budget and management to transfer from 261
the budget stabilization fund, as that money is needed for 262
purposes of the program; provided, however, that not more than 263
two hundred million dollars may be transferred to the 264
supplemental state capital improvements fund in any one fiscal 265
year. 266

(b) Investment earnings on money in the budget 267
stabilization fund, as provided in section 131.43 of the Revised 268
Code; 269

(c) All repayments of loans made to local subdivisions 270
under the program. 271

(2) There is hereby created the grant account of the 272
supplemental state capital improvements fund. All investment 273
earnings on money in the supplemental state capital improvements 274
fund, and all money described in division (A)(1)(b) of this 275
section, shall be credited to the grant account. Money in the 276
grant account shall be used only to provide grants under the 277
program. 278

(B) The director of the Ohio public works commission shall 279
adopt any rules needed to implement the provisions of this 280

section. The rules shall be adopted under Chapter 119. of the 281
Revised Code. 282

(C) The program shall terminate five years after the 283
effective date of this section. All money remaining in the 284
supplemental state capital improvements fund, and all loan 285
repayments received after that date, shall be transferred by the 286
director of budget and management to the budget stabilization 287
fund. 288

Section 2. That existing sections 131.43, 131.44, and 289
164.01 of the Revised Code are hereby repealed. 290

Section 3. (A) On July 1 of each fiscal year of the 291
biennium ending June 30, 2017, or as soon as possible 292
thereafter, the Director of Budget and Management shall transfer 293
cash from the Budget Stabilization Fund to the Supplemental 294
State Capital Improvements Fund. The amount transferred in each 295
fiscal year shall be the sum of the following: 296

(1) An amount to be used for loans in that fiscal year 297
under the Supplemental State Capital Improvements Pilot Program, 298
as authorized in division (A)(1)(a) of section 164.18 of the 299
Revised Code. The Director of the Ohio Public Works Commission 300
shall determine an annual amount to request for loans based on 301
program funding need, and shall certify the amount for approval 302
by the Director of Budget and Management. In each fiscal year, 303
the Director of Budget and Management may approve all or a 304
portion of the certified amount, with consideration given to the 305
cash balance and financial condition of the Budget Stabilization 306
Fund. 307

(2) Fifty per cent of the investment earnings on money in 308
the Budget Stabilization Fund that was earned in the prior 309

fiscal year, to be used for grants under the Supplemental State 310
Capital Improvements Pilot Program, as authorized in section 311
131.43 of the Revised Code. 312

(B) The amounts transferred under division (A) of this 313
section, plus any amount received in loan repayments under the 314
program in that fiscal year, as described in division (A)(1)(c) 315
of section 164.18 of the Revised Code, shall be used by the 316
Director of the Ohio Public Works Commission to fund the 317
Supplemental State Capital Improvements Pilot Program, and are 318
hereby appropriated. 319