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 fund.
fund for the ensuing fiscal biennium. The balance in the fund may be combined with the balance in the general revenue fund for purposes of cash management.

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

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

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

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

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

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

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

(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;
(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;

(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.

(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:

(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;

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

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

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

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

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

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

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

Sec. 164.01. As used in this chapter:

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

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

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

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

(c) The preservation of facilities of historical interest or significance that are used for or in connection with cultural
activities;

(d) The acquisition, construction, improvement, or equipment of transit system facilities;

(e) The construction or improvement of dams;

(f) The maintenance or improvement of waterways or shorelines;

(g) The expansion of broadband in the state.

(B) "Local subdivision" means any county, municipal corporation, township, sanitary district, or regional water and sewer district.

(C) "Bond proceedings" means the resolutions, orders, trust agreements, indentures, and other agreements, credit facilities and credit enhancement facilities, and amendments and supplements to the foregoing, or any one or more or combination thereof, authorizing, awarding, or providing for the terms and conditions applicable to or providing for the security or liquidity of obligations, and the provisions contained in those obligations.

(D) "Bond service charges" means principal, including any mandatory sinking fund or redemption requirements for retirement of obligations, interest and other accreted amounts, and any redemption premium payable on obligations. If not prohibited by the applicable bond proceedings, bond service charges include costs of credit enhancement facilities that are related to, and represent or are intended to provide a source of payment of or limitation on, other bond service charges.

(E) "Bond service fund" means the fund, and any accounts in that fund, created by section 164.10 of the Revised Code,
including all moneys and investments, and earnings from investments, credited and to be credited to that fund and accounts as provided in the bond proceedings.

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

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

(H) "Financing costs" means all costs and expenses relating to the authorization, issuance, sale, delivery, authentication, deposit, custody, clearing, registration, transfer, exchange, fractionalization, replacement, and
servicing of obligations, including, without limitation, costs and expenses for or relating to, or payment obligations under, publication and printing, postage and express delivery, official statements, offering circulars, and informational statements, travel and transportation, paying agents, bond registrars, authenticating agents, remarketing agents, custodians, clearing agencies or corporations, securities depositories, financial advisory services, certifications, audits, federal or state regulatory agencies, accounting services, legal services and obtaining approving legal opinions and other legal opinions, credit ratings, original issue discount, credit facilities, and credit enhancement facilities. Financing costs may be paid from any moneys lawfully available for the purpose, including, unless otherwise provided in the bond proceedings, from the proceeds of the obligations to which they relate and from the same sources from which bond service charges on the obligations are paid and as though bond service charges.

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

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

(K) "Special funds" or "funds" means, except where the context does not permit, the bond service fund, and any other funds, including reserve funds, created under the bond proceedings and stated to be special funds in those proceedings, including all moneys and investments, and earnings from investments, credited and to be credited to the particular fund. Special funds do not include the state capital improvements fund.
created by section 164.08 of the Revised Code or, if so provided in the bond proceedings, a rebate fund or account established for purposes of federal tax laws.

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

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

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

Sec. 164.18. There is hereby created the supplemental state capital improvements pilot program to provide additional infrastructure funding to local subdivisions while also maintaining the integrity of the budget stabilization fund created in section 131.43 of the Revised Code. Under the program, the director of the Ohio public works commission shall approve requests for financial assistance submitted by district public works integrating committees and enter into agreements with one or more local subdivisions to provide low-interest or interest-free loans and grants for capital improvement projects.
As Introduced

in the same manner as otherwise provided under this chapter, with the following exceptions:

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

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

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

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

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

(B) The director of the Ohio public works commission shall adopt any rules needed to implement the provisions of this section. The rules shall be adopted under Chapter 119. of the
(C) The program shall terminate five years after the effective date of this section. All money remaining in the supplemental state capital improvements fund, and all loan repayments received after that date, shall be transferred by the director of budget and management to the budget stabilization fund.

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

Section 3. (A) On July 1 of each fiscal year of the biennium ending June 30, 2021, or as soon as possible thereafter, the Director of Budget and Management shall transfer cash from the Budget Stabilization Fund to the Supplemental State Capital Improvements Fund. The amount transferred in each fiscal year shall be the sum of the following:

(1) An amount determined as follows:

(a) The Director of the Ohio Public Works Commission shall determine an amount needed for loans to be made in that fiscal year under the Supplemental State Capital Improvements Pilot Program, as authorized in division (A)(1)(a) of section 164.18 of the Revised Code, and shall certify this amount to the Director of Budget and Management.

(b) The Director of Budget and Management, taking into consideration the cash balance and financial condition of the Budget Stabilization Fund, shall approve all or a portion or none of the certified amount.

(2) Fifty per cent of the investment earnings on money in the Budget Stabilization Fund that was earned in the prior fiscal year, to be used for grants under the Supplemental State
Capital Improvements Pilot Program, as authorized in section 131.43 of the Revised Code.

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