(124th General Assembly)
(Amended Substitute Senate Bill Number 193)

AN ACT

To amend sections 122.011, 135.12, 135.143, 135.63, 135.631, 3770.06, and 5739.18, to enact new sections 135.81, 135.82, 135.83, 135.84, 135.85, 135.86, and 135.87, and to repeal sections 135.81, 135.82, 135.83, 135.84, 135.85, 135.86, 135.87, and 135.88 of the Revised Code to expand the investment authority of the Treasurer of State under the Uniform Depository Act; to modify the authority of the State Board of Deposit to designate public depositories; to increase the amount that may be invested in agricultural linked deposits; to authorize the Treasurer of State to establish and maintain a housing linked deposit program and to partner with a municipal corporation or county that has established a housing linked deposit program; to eliminate the Depressed Economic Area Linked Deposit Program; and to modify licensed vendor reporting requirements of a county auditor.

Be it enacted by the General Assembly of the State of Ohio:

SECTION 1. That sections 122.011, 135.12, 135.143, 135.63, 135.631, 3770.06, and 5739.18 be amended and new sections 135.81, 135.82, 135.83, 135.84, 135.85, 135.86, and 135.87 of the Revised Code be enacted to read as follows:

Sec. 122.011. (A) The department of development shall develop and promote plans and programs designed to assure that state resources are efficiently used, economic growth is properly balanced, community growth is developed in an orderly manner, and local governments are coordinated with each other and the state, and for such purposes may do all of the following:

(1) Serve as a clearinghouse for information, data, and other materials

that may be helpful or necessary to persons or local governments, as provided in section 122.07 of the Revised Code;

(2) Prepare and activate plans for the retention, development, expansion, and use of the resources and commerce of the state, as provided in section 122.04 of the Revised Code;

(3) Assist and cooperate with federal, state, and local governments and agencies of federal, state, and local governments in the coordination of programs to carry out the functions and duties of the department;

(4) Encourage and foster research and development activities, conduct studies related to the solution of community problems, and develop recommendations for administrative or legislative actions, as provided in section 122.03 of the Revised Code;

(5) Serve as the economic and community development planning agency, which shall prepare and recommend plans and programs for the orderly growth and development of this state and which shall provide planning assistance, as provided in section 122.06 of the Revised Code;

(6) Cooperate with and provide technical assistance to state departments, political subdivisions, regional and local planning commissions, tourist associations, councils of government, community development groups, community action agencies, and other appropriate organizations for carrying out the functions and duties of the department or for the solution of community problems;

(7) Coordinate the activities of state agencies that have an impact on carrying out the functions and duties of the department;

(8) Encourage and assist the efforts of and cooperate with local governments to develop mutual and cooperative solutions to their common problems that relate to carrying out the purposes of this section;

(9) Study existing structure, operations, and financing of regional or local government and those state activities that involve significant relations with regional or local governmental units, recommend to the governor and to the general assembly such changes in these provisions and activities as will improve the operations of regional or local government, and conduct other studies of legal provisions that affect problems related to carrying out the purposes of this section;

(10) Appoint, with the approval of the governor, technical and other advisory councils as it considers appropriate, as provided in section 122.09 of the Revised Code;

(11) Create and operate a division of community development to develop and administer programs and activities that are authorized by federal statute or the Revised Code;

(12) Until July 1, 2003, establish fees and charges, in consultation with the director of agriculture, for purchasing loans from financial institutions and providing loan guarantees under the family farm loan program created under sections 901.80 to 901.83 of the Revised Code;

(13) Provide loan servicing for the loans purchased and loan guarantees provided under section 901.80 of the Revised Code as that section existed prior to July 1, 2003;

(14) Until July 1, 2003, and upon approval by the controlling board under division (A)(3) of section 901.82 of the Revised Code of the release of money to be used for purchasing a loan or providing a loan guarantee, request the release of that money in accordance with division (B) of section 166.03 of the Revised Code for use for the purposes of the fund created by section 166.031 of the Revised Code.

(B) ~~The department, by rule, shall establish criteria defining nonprofit corporations that are eligible for appointment as qualified agents pursuant to sections 135.81 to 135.88 of the Revised Code. The criteria shall require that a corporation be organized pursuant to Chapter 1702. of the Revised Code and have as its primary purpose the promotion of economic development or the creation or retention of jobs and job opportunities. The criteria may include a specification as to the professional qualifications of the corporation employees, a minimum elapsed period of time since the corporation was organized, current and former activities of the corporation, and such other criteria reasonably related to the foregoing that relate to the ability of the corporation to act as a qualified agent for the purposes of sections 135.81 to 135.88 of the Revised Code.~~

~~(C)~~ The director of development may request the attorney general to, and the attorney general, in accordance with section 109.02 of the Revised Code, shall bring a civil action in any court of competent jurisdiction. The director may be sued in the director's official capacity, in connection with this chapter, in accordance with Chapter 2743. of the Revised Code.

Sec. 135.12. (A) Beginning in ~~2000~~ 2004, the state board of deposit shall meet on the third Monday of ~~June~~ March in the even-numbered years for the purpose of designating the public depositories of the public moneys of the state, and at such meeting or any adjourned session thereof shall designate such public depositories and award the public moneys of the state to and among the public depositories so designated for the period of two years commencing on the first Monday of July next following.

(B) Each governing board other than the state board of deposit shall meet every five years on the third Monday or such regularly scheduled meeting date of the month next preceding the date of the expiration of its

designation of depositories for the purpose of designating the public depositories of the public moneys of the subdivision, and at such meeting or any adjourned session thereof, shall designate such public depositories and award the public moneys of the subdivision to and among the public depositories so designated for the period of five years commencing on the date of the expiration of the next preceding designation. The designation and award shall be made in duplicate; one copy shall be retained by the governing board of the subdivision and one copy shall be certified to the treasurer.

(C) If a governing board ~~other than the state board of deposit~~ determines, during a designation period, that a public depository designated under this section is insolvent or operating in an unsound or unsafe manner, the governing board may meet and designate a different public depository of the public moneys of the state or of the subdivision for the remainder of the designation period.

(D) If a governing board ~~other than the state board of deposit~~ determines during a designation period that it is necessary and in the state's or subdivision's best interests to appoint additional depositories, the governing board may meet and designate one or more additional public depositories of the public moneys of the state or of the subdivision for the remainder of the designation period.

(E) Whenever, by amendment or enactment of any state or federal law or the amendment or adoption of any valid regulation thereunder, the terms of a designation or award, lawful at the beginning of any designation period, cease to be lawful during such period, and if the change of law or regulation requires, the designation period shall be limited so as not to extend beyond the date when that change becomes effective. In such case, the proper governing board shall meet and designate the public depositories of the public moneys of the state or of the subdivision for the remainder of the designation period.

Sec. 135.143. (A) The treasurer of state may invest or execute transactions for any part or all of the interim funds of the state in the following classifications of obligations:

(1) United States treasury bills, notes, bonds, or any other obligations or securities issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;

(2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality;

(3) Bonds and other direct obligations ~~of the sinking fund~~ of the state of Ohio issued by the treasurer of state and of the Ohio public facilities

commission;

(4)(a) Written repurchase agreements with any eligible Ohio financial institution that is a member of the federal reserve system or federal home loan bank or any recognized United States government securities dealer, under the terms of which agreement the treasurer of state purchases and the eligible financial institution or dealer agrees unconditionally to repurchase any of the securities that are listed in division (A)(1) ~~or,~~ (2), or (6) of this section and that will mature or are redeemable within ten years from the date of purchase. The market value of securities subject to these transactions must exceed the principal value of the repurchase agreement by an amount specified by the treasurer of state, and the securities must be delivered into the custody of the treasurer of state or the qualified trustee or agent designated by the treasurer of state. The agreement shall contain the requirement that for each transaction pursuant to the agreement, the participating institution or dealer shall provide all of the following information:

(i) The par value of the securities;

(ii) The type, rate, and maturity date of the securities;

(iii) A numerical identifier generally accepted in the securities industry that designates the securities.

(b) The treasurer of state also may sell any securities, listed in division (A)(1) ~~or,~~ (2), or (6) of this section, regardless of maturity or time of redemption of the securities, under the same terms and conditions for repurchase, provided that the securities have been fully paid for and are owned by the treasurer of state at the time of the sale.

(5) Securities lending agreements with any eligible financial institution that is a member of the federal reserve system or federal home loan bank or any recognized United States government securities dealer, under the terms of which ~~agreement~~ agreements the treasurer of state lends securities and the eligible financial institution or dealer agrees to simultaneously exchange similar securities or cash, equal value for equal value.

Securities and cash received as collateral for a securities lending agreement are not interim funds of the state. The investment of cash collateral received pursuant to a securities lending agreement may be invested only in such instruments specified by the treasurer of state in accordance with a written investment policy.

(6) Various forms of commercial paper issued by any corporation that is incorporated under the laws of the United States or a state, which ~~such~~ notes are rated at the time of purchase in the two highest categories by two nationally recognized rating agencies, provided that the total amount

invested under this section in any commercial paper at any time shall not exceed ~~five~~ twenty-five per cent of the state's total average portfolio, as determined and calculated by the treasurer of state;

(7) Bankers acceptances, maturing in two hundred seventy days or less, which are eligible for purchase by the federal reserve system, provided that the total amount invested in bankers acceptances at any time shall not exceed ten per cent of the state's total average portfolio, as determined and calculated by the treasurer of state;

(8) Certificates of deposit in eligible institutions applying for interim moneys as provided in section 135.08 of the Revised Code, including linked deposits as provided in sections 135.61 to 135.67 of the Revised Code, agricultural linked deposits as provided in sections 135.71 to 135.76 of the Revised Code, and ~~depressed economic area~~ housing linked deposits as provided in sections 135.81 to ~~135.88~~ 135.87 of the Revised Code;

(9) The state treasurer's investment pool authorized under section 135.45 of the Revised Code;

(10) Debt interests, other than commercial paper described in division (A)(6) of this section, rated ~~investment grade~~ at the time of purchase in the three highest categories by ~~a~~ two nationally recognized rating ~~agency~~ agencies and issued by corporations that are incorporated under the laws of the United States or a state, or issued by foreign nations diplomatically recognized by the United States government, or any instrument based on, derived from, or related to such interests. All interest and principal shall be denominated and payable in United States funds. The investments made under division (A)(10) of this section shall not exceed in the aggregate ~~five~~ twenty-five per cent of the state's total average portfolio, as determined and calculated by the treasurer of state. The investments made under division (A)(10) of this section in debt interests issued by foreign nations shall not exceed in the aggregate one per cent of the state's total average portfolio, as determined and calculated by the treasurer of state. The investments made under division (A)(10) of this section in the debt interests of a single issuer shall not exceed in the aggregate one-half of one per cent of the state's total average portfolio, as determined and calculated by the treasurer of state.

The treasurer of state shall invest under division (A)(10) of this section in a debt interest issued by a foreign nation only if the debt interest is backed by the full faith and credit of that foreign nation. For purposes of division (A)(10) of this section, a debt interest is rated ~~investment grade~~ in the three highest categories by ~~a~~ two nationally recognized rating ~~agency~~ agencies if either the debt interest itself or the issuer of the debt interest is rated, or is implicitly rated, ~~investment grade~~ at the time of purchase in the three highest

categories by ~~a~~ two nationally recognized rating ~~agency~~ agencies.

(11) No-load money market mutual funds consisting exclusively of obligations described in division (A)(1) ~~or~~, (2), or (6) of this section and repurchase agreements secured by such obligations.

(12) Obligations of a board of education issued under authority of section 133.10 or 133.301 of the Revised Code.

(B) Whenever, during a period of designation, the treasurer of state classifies public moneys as interim moneys, the treasurer of state shall notify the state board of deposit of such action. ~~Such~~ The notification shall be given within thirty days after such classification and, in the event the state board of deposit does not concur in such classification or in the investments or deposits made under this section, the board may order the treasurer of state to sell or liquidate any of ~~such~~ the investments or deposits, and any such order shall specifically describe the investments or deposits and fix the date upon which they are to be sold or liquidated. Investments or deposits so ordered to be sold or liquidated shall be sold or liquidated for cash by the treasurer of state on the date fixed in such order at the then current market price. Neither the treasurer of state nor the members of the state board of deposit shall be held accountable for any loss occasioned by sales or liquidations of investments or deposits at prices lower than their cost. Any loss or expense incurred in making ~~such~~ these sales or liquidations is payable as other expenses of the treasurer's office.

(C) If any securities or obligations invested in by the treasurer of state pursuant to this section are registrable either as to principal or interest, or both, such securities or obligations shall be registered in the name of the treasurer of state.

(D) The treasurer of state is responsible for the safekeeping of all securities or obligations under this section. Any such securities or obligations may be deposited for safekeeping as provided in section 113.05 of the Revised Code.

(E) Interest earned on any investments or deposits authorized by this section shall be collected by the treasurer of state and credited by the treasurer of state to the proper fund of the state.

(F) Whenever investments or deposits acquired under this section mature and become due and payable, the treasurer of state shall present them for payment according to their tenor, and shall collect the moneys payable thereon. The moneys so collected shall be treated as public moneys subject to sections 135.01 to 135.21 of the Revised Code.

(G) The treasurer of state and any board of education issuing obligations referred to in division (A)(12) of this section may enter into an agreement

providing for:

(1) The purchase of those obligations by the treasurer of state on terms and subject to conditions set forth in the agreement;

(2) The payment by the board of education to the treasurer of state of a reasonable fee as consideration for the agreement of the treasurer of state to purchase those obligations; provided, however, that the treasurer of state shall not be authorized to enter into any such agreement with the board of education of a school district that has an outstanding obligation with respect to a loan received under authority of section 3313.483 of the Revised Code.

(H) For purposes of division (G) of this section, a fee shall not be considered reasonable unless it is set to recover only the direct costs and a reasonable estimate of the indirect costs associated with the purchasing of obligations of a school board under division (G) of this section and any reselling of the obligations or any interest in the obligations, including interests in a fund comprised of the obligations. No money from the general revenue fund shall be used to subsidize the purchase or resale of these obligations.

(I) All money collected by the treasurer of state from the fee imposed by division (G) of this section shall be deposited to the credit of the state school board obligations fund, which is hereby created in the state treasury. Money credited to the fund shall be used solely to pay the treasurer of state's direct and indirect costs associated with purchasing and reselling obligations of a board of education under division (G) of this section.

Sec. 135.63. The treasurer of state may invest in linked deposits under sections 135.61 to 135.67, agricultural linked deposits under sections 135.71 to 135.76, housing linked deposits under sections 135.81 to 135.87, and assistive technology device linked deposits under sections 135.91 to 135.97 of the Revised Code, provided that at the time of placement of any linked deposit under sections 135.61 to 135.67 of the Revised Code, agricultural linked deposit, housing linked deposit, or assistive technology device linked ~~deposits~~ deposit, the combined amount of investments in the linked deposits, agricultural linked deposits, housing linked deposits, and assistive technology device linked deposits is not more than twelve per cent of the state's total average investment portfolio as determined by the treasurer of state. When deciding whether to invest in the linked deposits, agricultural linked deposits, housing linked deposits, or assistive technology device linked deposits, the treasurer of state shall give priority to the investment, liquidity, and cash flow needs of the state.

Sec. 135.631. The treasurer of state shall attempt to place up to one hundred twenty-five million dollars of the amount authorized to be invested

under section 135.63 of the Revised Code in agricultural linked deposits, as defined in section 135.71 of the Revised Code, subject to the procedures set forth in sections 135.71 to 135.76 of the Revised Code.

Sec. 135.81. As used in sections 135.81 to 135.87 of the Revised Code:

(A) "Eligible governmental subdivision" means a municipal corporation or county in this state.

(B) "Eligible governmental subdivision housing linked deposit program" means any program established pursuant to section 135.80 of the Revised Code by the legislative authority of a municipal corporation or the board of county commissioners of a county, in which the program goals address specific housing issues relative to the geographic boundaries of that municipal corporation or county. These program goals include, but are not limited to, home improvement, home restoration, energy efficiency, retention of historic significance, controlling urban sprawl, neighborhood revitalization, affordable housing, home ownership for persons unable to secure conventional financing, urban development, or economic revitalization of a residential area as a result of a natural disaster or other catastrophic occurrence.

(C) "Eligible housing linked deposit participant" means any person or small business that meets the requirements set forth in an eligible governmental subdivision housing linked deposit program or set forth by the treasurer of state pursuant to division (B)(2) of section 135.82 of the Revised Code and that is a resident of this state.

(D) "Eligible lending institution" means a financial institution meeting all of the following:

(1) It is eligible to make commercial loans or residential loans.

(2) It is a public depository of state funds under section 135.03 of the Revised Code.

(3) It agrees to participate in a program to provide housing linked deposits.

cribed in division (B) of section 135.82 of the Revised Code.

(F) "Other financial institution instrument" means a fully collateralized product that otherwise would pay market rates of interest approved by the treasurer of state, for the purpose of providing eligible housing linked deposit participants with the benefits of a housing linked deposit.

Sec. 135.82. (A) The general assembly finds that there exists in this state a lack of affordable financing options to promote solutions to a number of housing issues, including, but not limited to, home improvement, home restoration, energy efficiency, retention of historic significance, controlling urban sprawl, neighborhood revitalization, affordable housing, home ownership for persons unable to secure conventional financing, urban development, and economic revitalization of a residential area as a result of a natural disaster or other catastrophic occurrence. Accordingly, it is declared to be the public policy of the state through housing linked deposits to create an availability of lower cost funds to inject needed capital into local residential communities.

(B) Pursuant to the findings and declarations of division (A) of this section and subject to the amount authorized to be invested in linked deposits pursuant to sections 135.63 and 135.631 of the Revised Code, both of the following apply:

(1) Housing linked deposits are authorized under which the state partners with eligible governmental subdivisions in accordance with section 135.83 of the Revised Code to provide, pursuant to section 135.84 of the Revised Code, an availability of lower cost funds for lending purposes that materially will contribute to the solutions addressing housing issues, described in division (A) of this section, across the state.

(2) In the absence of an eligible governmental subdivision linked deposit program, the treasurer of state may develop an application process and procedures and eligibility requirements for participation in a housing linked deposit program that provides, pursuant to section 135.84 of the Revised Code, an availability of lower cost funds for lending purposes that materially will contribute to the solutions addressing housing issues, described in division (A) of this section, across the state.

Sec. 135.83. (A) An eligible governmental subdivision that has established an eligible governmental subdivision housing linked deposit program may apply to the treasurer of state for consideration of the formation of a partnership with the treasurer of state for the purpose of providing additional funding for that eligible governmental subdivision housing linked deposit program.

partnership with the treasurer of state described in division (A) of this section:

(1) The application made to the treasurer of state shall be in the form and manner prescribed by the treasurer of state.

(2) The application shall include any information required by the treasurer of state, including all of the following with respect to the eligible governmental subdivision housing linked deposit program:

(a) A copy of the eligible governmental subdivision's application for participation in the program;

(b) Eligibility requirements for participation in the eligible governmental subdivision program;

(c) The total eligible governmental subdivision deposit commitment or allocation limits of the eligible governmental subdivision in the program.

(C) The treasurer of state may accept or reject any application for the formation of a partnership described in division (B) of this section and submitted by an eligible governmental subdivision to the treasurer of state for reasons including, but not limited to, the cash flow needs of the state, level of participation by any or all eligible governmental subdivisions, and criteria set forth by the treasurer of state.

(D) If an eligible governmental subdivision has formed a partnership with the treasurer of state pursuant to this section, both of the following apply:

(1) The treasurer of state has final approval, in accordance with division (A) of section 135.84 of the Revised Code, of any application submitted by an applicant for participation in that eligible governmental housing linked deposit program.

(2) The eligible governmental subdivision shall comply with any monitoring requirements set forth by the treasurer of state.

Sec. 135.84. (A)(1) The treasurer of state may accept or reject a housing linked deposit application submitted by an applicant, or any portion thereof, based on the treasurer of state's evaluation of the applicant and the amount of state funds to be deposited.

(2) If applicable, when evaluating an application pursuant to division (A)(1) of this section, the treasurer of state shall give consideration to the criteria for acceptance or rejection of an application set forth by an eligible governmental subdivision in the eligible governmental subdivision housing linked deposit program.

(3) No fee shall be charged to any party for the preparation, processing, reporting, or monitoring of any application to the treasurer of state for a housing linked deposit.

(B)(1) Upon acceptance of a housing linked deposit application or any portion thereof, the treasurer of state may place certificates of deposit or other financial institution instruments described in section 135.85 of the Revised Code with an eligible lending institution at up to three hundred basis points below current market rates, as determined and calculated by the treasurer of state.

(2) When necessary, the treasurer of state may place certificates of deposit or other financial institution instruments described in section 135.85 of the Revised Code with an eligible lending institution prior to acceptance of a housing linked deposit application.

Sec. 135.85. (A) Upon placement of a housing linked deposit with an eligible lending institution pursuant to division (B) of section 135.84 of the Revised Code, the eligible lending institution shall do both of the following:

(1) Enter into a deposit agreement with the treasurer of state that includes all of the following:

(a) Any requirements necessary to carry out the purposes of sections 135.81 to 135.87 of the Revised Code;

(b) Provisions for any certificate of deposit or other financial institution instrument meeting the requirements described in division (B) of this section and placed for any maturity considered appropriate by the treasurer of state but not exceeding five years;

(c) A specification of the period of time in which the eligible lending institution is to provide the reduced interest rate to an approved applicant.

(2) Lend funds as provided in division (C) of this section and in accordance with the deposit agreement described in this section to each eligible housing linked deposit participant approved by the treasurer of state pursuant to division (A) of section 135.84 of the Revised Code.

(B) Both of the following apply to any certificate of deposit or other financial institution instrument described in division (A)(1)(b) of this section:

(1) The certificate of deposit or other financial institution instrument shall not be renewed upon final maturity.

(2) Interest shall be paid at the times and in the manner prescribed by the treasurer of state.

(C) The loan described in division (A)(2) of this section shall be at a fixed rate of three hundred basis points below the present borrowing rate that would apply to the eligible housing linked deposit participant in the absence of approval to participate in the programs described in division (B) of section 135.82 of the Revised Code.

(D) A certificate of compliance with this section in the form and manner

prescribed by the treasurer of state shall be provided by the eligible lending institution.

(E)(1) Any delay in payments or default on the part of the eligible housing linked deposit participant does not in any manner affect the deposit agreement between the eligible lending institution and the treasurer of state.

(2) If an eligible lending institution changes the terms of a loan to an eligible housing linked deposit participant because of a delay in payments or default, the housing linked deposit amount shall be returned to the treasurer of state by the eligible lending institution. In which case, the deposit amount plus interest and without early withdrawal penalties shall be returned in a timely manner as prescribed by the treasurer of state.

(F) An eligible lending institution shall comply fully with sections 135.81 to 135.87 of the Revised Code.

Sec. 135.86. (A) The treasurer of state shall take any steps necessary to monitor compliance with sections 135.81 to 135.87 of the Revised Code by eligible lending institutions, eligible housing linked deposit participants, and eligible governmental subdivisions to which partnerships with the treasurer of state have been approved pursuant to section 135.83 of the Revised Code.

(B) The treasurer of state may develop guidelines to carry out the purposes of division (A) of this section.

Sec. 135.87. The state and the treasurer of state are not liable to any eligible lending institution in any manner for payment of principal or interest on a loan to an eligible housing linked deposit participant under sections 135.81 to 135.87 of the Revised Code.

Sec. 3770.06. (A) There is hereby created the state lottery gross revenue fund, which shall be in the custody of the treasurer of state but shall not be part of the state treasury. All gross revenues received from sales of lottery tickets, fines, fees, and related proceeds in connection with the statewide lottery and all gross proceeds from statewide joint lottery games shall be deposited into the fund. The treasurer of state shall invest any portion of the fund not needed for immediate use in the same manner as, and subject to all provisions of law with respect to the investment of, state funds. The treasurer of state shall disburse money from the fund on order of the director of the state lottery commission or the director's designee.

Except for gross proceeds from statewide joint lottery games, all revenues of the state lottery gross revenue fund that are not paid to holders of winning lottery tickets, that are not required to meet short-term prize liabilities, that are not credited to lottery sales agents in the form of bonuses, commissions, or reimbursements, that are not paid to financial institutions to reimburse those institutions for sales agent nonsufficient funds, and that are

collected from sales agents for remittance to insurers under contract to provide sales agent bonding services shall be transferred to the state lottery fund, which is hereby created in the state treasury. In addition, all revenues of the state lottery gross revenue fund that represent the gross proceeds from the statewide joint lottery games and that are not paid to holders of winning lottery tickets, that are not required to meet short-term prize liabilities, that are not credited to lottery sales agents in the form of bonuses, commissions, or reimbursements, and that are not necessary to cover operating expenses associated with those games or to otherwise comply with the agreements signed by the governor that the director enters into under division (J) of section 3770.02 of the Revised Code or the rules the commission adopts under division (B)(5) of section 3770.03 of the Revised Code shall be transferred to the state lottery fund. All investment earnings of the fund shall be credited to the fund. Moneys shall be disbursed from the fund pursuant to vouchers approved by the director. Total disbursements for monetary prize awards to holders of winning lottery tickets in connection with the statewide lottery and purchases of goods and services awarded as prizes to holders of winning lottery tickets shall be of an amount equal to at least fifty per cent of the total revenue accruing from the sale of lottery tickets.

(B) Pursuant to Section 6 of Article XV, Ohio Constitution, there is hereby established in the state treasury the lottery profits education fund. Whenever, in the judgment of the director of budget and management, the amount to the credit of the state lottery fund that does not represent proceeds from statewide joint lottery games is in excess of that needed to meet the maturing obligations of the commission and as working capital for its further operations, the director shall transfer the excess to the lottery profits education fund in connection with the statewide lottery. In addition, whenever, in the judgment of the director of budget and management, the amount to the credit of the state lottery fund that represents proceeds from statewide joint lottery games equals the entire net proceeds of those games as described in division (B)(5) of section 3770.03 of the Revised Code and the rules adopted under that division, the director shall transfer those proceeds to the lottery profits education fund. There shall also be credited to the fund any repayments of moneys loaned from the educational excellence investment fund. Investment earnings of the lottery profits education fund shall be credited to the fund.

The lottery profits education fund shall be used solely for the support of elementary, secondary, vocational, and special education programs as determined in appropriations made by the general assembly, or as provided in applicable bond proceedings for the payment of debt service on

ations issued to pay costs of capital facilities, including those for a system of common schools throughout the state pursuant to section 2n of Article VIII, Ohio Constitution. When determining the availability of money in the lottery profits education fund, the director of budget and management may consider all balances and estimated revenues of the fund.

From the amounts that the director of budget and management transfers in any fiscal year from the state lottery fund to the lottery profits education fund, the director shall transfer the initial ten million dollars of those amounts from the lottery profits education fund to the school building program bond service fund created in division (Q) of section 3318.26 of the Revised Code to be pledged for the purpose of paying bond service charges as defined in division (C) of section 3318.21 of the Revised Code on one or more issuances of obligations, which obligations are issued to provide moneys for the school building program assistance fund created in section 3318.25 of the Revised Code.

(C) There is hereby established in the state treasury the deferred prizes trust fund. With the approval of the director of budget and management, an amount sufficient to fund annuity prizes shall be transferred from the state lottery fund and credited to the trust fund. The treasurer of state shall credit all earnings arising from investments purchased under this division to the trust fund. Within sixty days after the end of each fiscal year, the director of budget and management shall certify the amount of investment earnings necessary to have been credited to the trust fund during the fiscal year just ending to provide for continued funding of deferred prizes. Any earnings credited in excess of this certified amount shall be transferred to the lottery profits education fund.

To provide all or a part of the amounts necessary to fund deferred prizes awarded by the commission in connection with the statewide lottery, the treasurer of state, in consultation with the commission, may invest moneys contained in the deferred prizes trust fund which represents proceeds from the statewide lottery in obligations of the type permitted for the investment of state funds but whose maturities are thirty years or less. Notwithstanding the requirements of any other section of the Revised Code, to provide all or part of the amounts necessary to fund deferred prizes awarded by the commission in connection with statewide joint lottery games, the treasurer of state, in consultation with the commission, may invest moneys in the trust fund which represent proceeds derived from the statewide joint lottery games in accordance with the rules the commission adopts under division (B) (5) of section 3770.03 of the Revised Code. Investments of the trust fund are not subject to the provisions of division (A)(10) of section 135.143

of the Revised Code limiting to twenty-five per cent the amount of the state's total average portfolio that may be invested in debt interests and limiting to one-half of one per cent the amount that may be invested in debt interests of a single issuer.

All purchases made under this division shall be effected on a delivery versus payment method and shall be in the custody of the treasurer of state.

The treasurer of state may retain an investment advisor, if necessary. The commission shall pay any costs incurred by the treasurer of state in retaining an investment advisor.

(D) The auditor of state shall conduct annual audits of all funds and any other audits as the auditor of state or the general assembly considers necessary. The auditor of state may examine all records, files, and other documents of the commission, and records of lottery sales agents that pertain to their activities as agents, for purposes of conducting authorized audits.

The state lottery commission shall establish an internal audit program before the beginning of each fiscal year, subject to the approval of the auditor of state. At the end of each fiscal year, the commission shall prepare and submit an annual report to the auditor of state for the auditor of state's review and approval, specifying the internal audit work completed by the end of that fiscal year and reporting on compliance with the annual internal audit program. The form and content of the report shall be prescribed by the auditor of state under division (C) of section 117.20 of the Revised Code.

(E) Whenever, in the judgment of the director of budget and management, an amount of net state lottery proceeds is necessary to be applied to the payment of debt service on obligations, all as defined in sections 151.01 and 151.03 of the Revised Code, the director shall transfer that amount directly from the state lottery fund or from the lottery profits education fund to the bond service fund defined in those sections. The provisions of this division are subject to any prior pledges or obligation of those amounts to the payment of bond service charges as defined in division (C) of section 3318.21 of the Revised Code, as referred to in division (B) of this section.

Sec. 5739.18. On the first business day of each week, each county auditor shall make in ~~triplicate~~ duplicate a list showing the names of all vendors licensed in the auditor's county during the preceding week pursuant to sections 5739.01 to 5739.31 of the Revised Code, and such other information as to each, available from the records in the auditor's office, as the tax commissioner prescribes, and shall immediately certify one of ~~such~~ the lists to the commissioner~~, one to the treasurer of state,~~ and one to the

county treasurer. The tax commissioner shall keep an alphabetical index of such licensees so certified to the commissioner but may delete ~~therefrom~~ from the index the names of those persons whose licenses have been cancelled.

SECTION 2. That existing sections 122.011, 135.12, 135.143, 135.63, 135.631, 3770.06, and 5739.18 and sections 135.81, 135.82, 135.83, 135.84, 135.85, 135.86, 135.87, and 135.88 of the Revised Code are hereby repealed.

_____

Speaker _____ *of the House of Representatives.*

_____

President _____ *of the Senate.*

Passed _____, 20____

Approved _____, 20____

_____

Governor.

The section numbering of law of a general and permanent nature is complete and in conformity with the Revised Code.

_____

Director, Legislative Service Commission.

Filed in the office of the Secretary of State at Columbus, Ohio, on the ____ day of _____, A. D. 20____.

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Secretary of State.

File No. _____ Effective Date _____