



# Ohio Legislative Service Commission

## Bill Analysis

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### H.B. 482

129th General Assembly  
(As Passed by the House)

**Reps.** Amstutz, R. Adams, Anielski, Antonio, Baker, Beck, Blair, Blessing, Boyd, Combs, Conditt, Derickson, DeVitis, Dovilla, Garland, Gerberry, Goyal, Grossman, Hackett, Hayes, Hill, Letson, Luckie, Maag, Martin, Matheney, McClain, McGregor, Newbold, Pelanda, Rose, Schuring, Sears, Slaby, Stebelton, Szollosi, Terhar, Thompson, Uecker, Batchelder

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## BILL SUMMARY

- Eliminates the requirement that the Chancellor of the Ohio Board of Regents adopt rules governing the allocation of state capital appropriations to state colleges and universities.
- Creates in the state treasury the Higher Education Improvement Taxable Fund to consist of the net proceeds of federally taxable higher education obligations issued by the Treasurer of State or the Public Facilities Commission to pay the costs of capital facilities for state-supported and state-assisted institutions of higher education.
- Authorizes the Director of Budget and Management to transfer appropriations between the Higher Education Improvement Fund and the Higher Education Improvement Taxable Fund as necessary to maintain the exclusion from the calculation of gross income under federal income taxation law.
- Authorizes the Director to manage funds in the Higher Education Improvement Taxable Fund in the same manner as the Director is currently authorized to manage funds in the Higher Education Improvement Fund.
- Authorizes the Director to create new appropriation items within the Higher Education Improvement Taxable Fund and make certain transfers to those items.
- Authorizes the Department of Administrative Services to upgrade the Multi-Agency Radio Communications System.

- Authorizes the Department of Administrative Services, in conjunction with the Department of Taxation, to acquire and implement the State Taxation Accounting and Revenue System.
- Provides that certain provisions of law governing the powers and duties of the Director of Administrative Services and authorizing the Controlling Board to approve the making of certain purchases or leases without competitive selection do not apply to projects of community college districts.
- Provides that capital appropriations authorized by the bill may be used to satisfy judgments and settlements against the state, with certain limitations.
- Provides that the state's Prevailing Wage Law applies to public improvement projects funded by appropriations or reappropriations of the 129th General Assembly.

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## **CONTENT AND OPERATION**

### **Allocation of state capital appropriations to state colleges and universities**

(R.C. 3333.072 (repealed))

The bill eliminates the existing requirement that the Chancellor of the Ohio Board of Regents, after consulting with the state colleges and universities and the Office of Budget and Management, adopt Chapter 119. rules to govern the allocation of state capital appropriations to those colleges and universities.

### **Higher Education Improvement Taxable Fund**

(R.C. 151.01, 151.04, and 154.21)

The bill creates the Higher Education Improvement Taxable Fund in the state treasury. Generally, the net proceeds of federally taxable higher education obligations issued under existing law by the Treasurer of State or the Public Facilities Commission are to be credited to the Fund. The Fund may also be comprised of gifts, grants, appropriated moneys, and other sums and securities received for purposes of the Fund. The Fund must be used only to pay the costs of capital facilities for state-supported and state-assisted institutions of higher education, which may include participation with one or more of the institutions in a capital facility by way of grants, loans, or contributions to them for the facility.

## **Director of Budget and Management authority over higher education capital projects**

(R.C. 126.14; Section 518.30)

The bill authorizes the Director of Budget and Management to transfer appropriations between the Higher Education Improvement Fund and the Higher Education Improvement Taxable Fund as necessary to maintain the exclusion from the calculation of gross income for federal taxation purposes under the federal Internal Revenue Code with respect to obligations issued to fund projects appropriated from the Higher Education Improvement Fund.

The bill also provides that specific capital projects may include specific higher education projects funded from general purpose appropriations from the Higher Education Improvement Taxable Fund, in addition to the Higher Education Improvement Fund, as provided under current law. The Director is currently authorized to release money appropriated for projects the Director deems specific.

Additionally, the bill provides that projects funded from general purpose appropriations from the Higher Education Improvement Taxable Fund, in addition to the Higher Education Improvement Fund as provided in current law, that are not included on the list of specific projects are subject to Controlling Board approval. Current law requires the Director to create and submit to the Controlling Board a list of specific projects within 60 days after the effective date of any act appropriating money for capital projects.

Under the bill, the Director may create new appropriations items and make transfers of appropriations to them for specific higher education projects included on the list of specific projects that are to be funded from general purpose appropriations for basic renovations that are made from the Higher Education Improvement Taxable Fund, in addition to the Higher Education Improvement Fund, as provided in current law.

The bill also permits the Director to create new appropriation items within the Higher Education Improvement Taxable Fund and make transfers of appropriations to them for projects originally funded from appropriations made from the Higher Education Improvement Fund. The projects that are funded under new appropriation items created within the Higher Education Improvement Taxable Fund in this manner are to be automatically designated as specific.

## **Improvements to the Multi-Agency Radio Communications System**

(Section 701.20)

The bill authorizes the Department of Administrative Services to update or add functionality to the Multi-Agency Radio Communications System (MARCS) to upgrade the existing system to a 700/800 megahertz voice and data system specifically designed to support interoperable communications for public safety law enforcement and first responders. Under the bill, the improvements may include hardware and software upgrades and the installation and implementation of such acquisitions. Any lease-purchase agreement utilized under the state Purchasing Law to finance MARCS and the enhancements described above, including any fractionalized interest as defined in the Public Securities Law, is limited in amount to not more than \$90,000,000, and must provide at the end of the lease period that the financed asset becomes the property of the state.

MARCS is a statewide computer and communications network designed to provide instant voice and data communication and supply a communications backbone to public safety and emergency management.

## **State Taxation Accounting and Revenue System**

(Section 757.10)

The bill authorizes the Department of Administrative Services, in conjunction with the Department of Taxation, to acquire and implement the State Taxation Accounting and Revenue System (STARS) pursuant to the state Purchasing Law. STARS is an integrated tax collection and audit system that will replace all of the state's existing separate tax software and administration systems for the various taxes collected by the state. The acquisition may include the necessary application hardware and software and also services related to the installation and implementation of such hardware and software, for the use of the Department of Taxation. Any lease-purchase agreement utilized under the state Purchasing Law to finance STARS, including any fractionalized interest as defined in the Public Securities Law, is limited in amount to not more than \$20,000,000, and must provide at the end of the lease period that the financed asset becomes the property of the state.

## **Application of law to community college projects**

(Section 205.39.60)

The bill provides that certain provisions of law do not apply to projects of community college districts. The districts are exempt from the following provisions:



- Statutes outlining the powers and duties of the Director of Administrative Services regarding public work and improvements (R.C. Chapters 123. and 153.).
- A provision of law that authorizes the Controlling Board to approve the making of certain purchases of goods or services or leases of real estate without competitive selection (R.C. 127.16).

### **Use of capital funds to satisfy judgments and settlements**

(Section 509.50)

The bill states that an appropriation contained within the bill may be used for the purpose of satisfying judgments, settlements, or administrative awards ordered or approved by the Court of Claims or by any other court of competent jurisdiction in connection with civil actions against the state. Appropriations that are to be applied to or used for payment of guarantees by or on behalf of the state, or for payments under lease agreements relating to or debt service on bonds, notes, or other obligations of the state may not be used in this manner. The bill provides that, notwithstanding any other section of law to the contrary, this authorization includes appropriations from funds into which proceeds or direct obligations of the state are deposited only to the extent that the judgment, settlement, or administrative award is for or represents capital costs for which the appropriation may otherwise be used and is consistent with the purpose for which any related obligations were issued or entered into. The bill also states that this provision is not intended to subject the state to suit in any forum in which it is not otherwise subject to suit, and it is not intended to waive or compromise any defense or right available to the state in any suit against it.

### **Application of prevailing wage laws**

(Section 509.70)

The bill states that, except as provided in the state Prevailing Wage Law, moneys appropriated or reappropriated by the 129th General Assembly must not be used for the construction of public improvements unless the mechanics, laborers, or workers engaged in the construction are paid the prevailing rate of wages prescribed in the Prevailing Wage Law. This provision does not affect the wages and salaries established for state employees under state personnel laws or collective bargaining agreements entered into by the state under the Public Collective Bargaining Law, while engaged on force account work. This provision also does not interfere with the use of inmate and patient labor by the state.

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## HISTORY

| ACTION                                | DATE     |
|---------------------------------------|----------|
| Introduced                            | 03-14-12 |
| Reported, H. Finance & Appropriations | 03-21-12 |
| Passed House (93-2)                   | 03-22-12 |

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