

**As Reported by the House Financial Institutions Committee**

**134th General Assembly**

**Regular Session**

**2021-2022**

**H. B. No. 440**

**Representatives Swearingen, White**

**Cosponsors: Representatives Johnson, Seitz, Cross, Riedel, Plummer, Click,  
Roemer**

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**A BILL**

To amend sections 135.143, 135.71, 135.73, and 1  
135.82 and to repeal sections 135.631 and 2  
135.731 of the Revised Code to expand the 3  
Agricultural Linked Deposit Program and the 4  
types of obligations in which the Treasurer of 5  
State may invest interim funds. 6

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

**Section 1.** That sections 135.143, 135.71, 135.73, and 7  
135.82 of the Revised Code be amended to read as follows: 8

**Sec. 135.143.** (A) The treasurer of state may invest or 9  
execute transactions for any part or all of the interim funds of 10  
the state in the following classifications of obligations: 11

(1) United States treasury bills, notes, bonds, or any 12  
other obligations or securities issued by the United States 13  
treasury or any other obligation guaranteed as to principal and 14  
interest by the United States; 15

(2) Bonds, notes, debentures, or any other obligations or 16  
securities issued by any federal government agency or 17

instrumentality; 18

(3) (a) Bonds, notes, and other obligations of the state of 19  
Ohio, including, but not limited to, any obligations issued by 20  
the treasurer of state, the Ohio public facilities commission, 21  
the Ohio building authority, the Ohio housing finance agency, 22  
the Ohio water development authority, ~~and~~ the Ohio turnpike 23  
infrastructure commission, the Ohio higher educational facility 24  
commission, and state institutions of higher education as 25  
defined in section 3345.011 of the Revised Code; 26

(b) Bonds, notes, and other obligations of any state or 27  
political subdivision thereof rated in the three highest 28  
categories by at least one nationally recognized standard rating 29  
service and purchased through a registered securities broker or 30  
dealer, provided the treasurer of state is not the sole 31  
purchaser of the bonds, notes, or other obligations at original 32  
issuance. 33

(4) (a) Written repurchase agreements with any eligible 34  
Ohio financial institution that is a member of the federal 35  
reserve system or federal home loan bank, or any registered 36  
United States government securities dealer, under the terms of 37  
which agreement the treasurer of state purchases and the 38  
eligible financial institution or dealer agrees unconditionally 39  
to repurchase any of the securities that are listed in division 40  
(A) (1), (2), or (6) of this section. The market value of 41  
securities subject to these transactions must exceed the 42  
principal value of the repurchase agreement by an amount 43  
specified by the treasurer of state, and the securities must be 44  
delivered into the custody of the treasurer of state or the 45  
qualified trustee or agent designated by the treasurer of state. 46  
The agreement shall contain the requirement that for each 47

transaction pursuant to the agreement, the participating 48  
institution or dealer shall provide all of the following 49  
information: 50

(i) The par value of the securities; 51

(ii) The type, rate, and maturity date of the securities; 52

(iii) A numerical identifier generally accepted in the 53  
securities industry that designates the securities. 54

(b) The treasurer of state also may sell any securities, 55  
listed in division (A) (1), (2), or (6) of this section, 56  
regardless of maturity or time of redemption of the securities, 57  
under the same terms and conditions for repurchase, provided 58  
that the securities have been fully paid for and are owned by 59  
the treasurer of state at the time of the sale. 60

(5) Securities lending agreements with any eligible 61  
financial institution that is a member of the federal reserve 62  
system or federal home loan bank or any recognized United States 63  
government securities dealer, under the terms of which 64  
agreements the treasurer of state lends securities and the 65  
eligible financial institution or dealer agrees to 66  
simultaneously exchange similar securities or cash, equal value 67  
for equal value. 68

Securities and cash received as collateral for a 69  
securities lending agreement are not interim funds of the state. 70  
The investment of cash collateral received pursuant to a 71  
securities lending agreement may be invested only in such 72  
instruments specified by the treasurer of state in accordance 73  
with a written investment policy. 74

(6) Various forms of commercial paper issued by any entity 75  
that is organized under the laws of the United States or a 76

state, which notes are rated in the two highest categories by 77  
two nationally recognized standard rating services, provided 78  
that the total amount invested under this section in any 79  
commercial paper at any time shall not exceed forty per cent of 80  
the state's total average portfolio, as determined and 81  
calculated by the treasurer of state; 82

(7) Bankers acceptances, maturing in two hundred seventy 83  
days or less, provided that the total amount invested in bankers 84  
acceptances at any time shall not exceed ten per cent of the 85  
state's total average portfolio, as determined and calculated by 86  
the treasurer of state; 87

(8) Certificates of deposit in eligible institutions 88  
applying for interim moneys as provided in section 135.08 of the 89  
Revised Code, including linked deposits as provided in sections 90  
135.61 to 135.67 of the Revised Code, agricultural linked 91  
deposits as provided in sections 135.71 to 135.76 of the Revised 92  
Code, business linked deposits as provided in sections 135.77 to 93  
135.774 of the Revised Code, and housing linked deposits as 94  
provided in sections 135.81 to 135.87 of the Revised Code; 95

(9) Negotiable certificates of deposit denominated in 96  
United States dollars issued by a nationally or state-chartered 97  
bank, a savings association or a federal association, a state or 98  
federal credit union, or a federally licensed or state-licensed 99  
branch of a foreign bank, which are rated in the two highest 100  
categories by two nationally recognized standard rating 101  
services, provided that the total amount invested under this 102  
section in negotiable certificates of deposit at any time shall 103  
not exceed twenty-five per cent of the state's total average 104  
portfolio, as determined and calculated by the treasurer of 105  
state. Interim funds invested in accordance with division (A) (9) 106

of this section are not limited to institutions applying for 107  
interim moneys under section 135.08 of the Revised Code, nor are 108  
they subject to any pledging requirements described in sections 109  
135.18, 135.181, or 135.182 of the Revised Code. 110

(10) The state treasurer's investment pool authorized 111  
under section 135.45 of the Revised Code; 112

(11) Debt interests, other than commercial paper described 113  
in division (A) (6) of this section, rated in the three highest 114  
categories by two nationally recognized standard rating services 115  
and issued by entities that are organized under the laws of the 116  
United States or a state, or issued by foreign nations 117  
diplomatically recognized by the United States government, or 118  
any instrument based on, derived from, or related to such 119  
interests, provided that: 120

(a) The investments in debt interests other than 121  
commercial paper shall not exceed in the aggregate twenty-five 122  
per cent of the state's portfolio. 123

(b) The investments in debt interests issued by foreign 124  
nations shall not exceed in the aggregate two per cent of the 125  
state's portfolio. 126

The treasurer of state shall invest under division (A) (11) 127  
of this section in a debt interest issued by a foreign nation 128  
only if the debt interest is backed by the full faith and credit 129  
of that foreign nation, and provided that all interest and 130  
principal shall be denominated and payable in United States 131  
funds. 132

(c) When added to the investment in commercial paper and 133  
negotiable certificates of deposit, the investments in the debt 134  
interests of a single issuer shall not exceed in the aggregate 135

five per cent of the state's portfolio. 136

(d) For purposes of division (A)(11) of this section, a 137  
debt interest is rated in the three highest categories by two 138  
nationally recognized standard rating services if either the 139  
debt interest itself or the issuer of the debt interest is 140  
rated, or is implicitly rated, in the three highest categories 141  
by two nationally recognized standard rating services. 142

(e) For purposes of division (A)(11) of this section, the 143  
"state's portfolio" means the state's total average portfolio, 144  
as determined and calculated by the treasurer of state. 145

(12) No-load money market mutual funds rated in the 146  
highest category by one nationally recognized standard rating 147  
service or consisting exclusively of obligations described in 148  
division (A)(1), (2), or (6) of this section and repurchase 149  
agreements secured by such obligations. 150

(13) Obligations issued by, or on behalf of, an Ohio 151  
political subdivision under Chapter 133. of the Revised Code or 152  
Section 12 of Article XVIII, Ohio Constitution, and identified 153  
in an agreement described in division (G) of this section; 154

(14) Obligations issued by the state of Ohio, any 155  
political subdivision thereof, or by or on behalf of any 156  
nonprofit corporation or association doing business in this 157  
state rated in the four highest categories by at least one 158  
nationally recognized standard rating service and identified in 159  
an agreement described in division (K) of this section. 160

(B) Whenever, during a period of designation, the 161  
treasurer of state classifies public moneys as interim moneys, 162  
the treasurer of state shall notify the state board of deposit 163  
of such action. The notification shall be given within thirty 164

days after such classification and, in the event the state board 165  
of deposit does not concur in such classification or in the 166  
investments or deposits made under this section, the board may 167  
order the treasurer of state to sell or liquidate any of the 168  
investments or deposits, and any such order shall specifically 169  
describe the investments or deposits and fix the date upon which 170  
they are to be sold or liquidated. Investments or deposits so 171  
ordered to be sold or liquidated shall be sold or liquidated for 172  
cash by the treasurer of state on the date fixed in such order 173  
at the then current market price. Neither the treasurer of state 174  
nor the members of the state board of deposit shall be held 175  
accountable for any loss occasioned by sales or liquidations of 176  
investments or deposits at prices lower than their cost. Any 177  
loss or expense incurred in making these sales or liquidations 178  
is payable as other expenses of the treasurer's office. 179

(C) If any securities or obligations invested in by the 180  
treasurer of state pursuant to this section are registrable 181  
either as to principal or interest, or both, such securities or 182  
obligations shall be registered in the name of the treasurer of 183  
state. 184

(D) The treasurer of state is responsible for the 185  
safekeeping of all securities or obligations under this section. 186  
Any such securities or obligations may be deposited for 187  
safekeeping as provided in section 113.05 of the Revised Code. 188

(E) Interest earned on any investments or deposits 189  
authorized by this section shall be collected by the treasurer 190  
of state and credited by the treasurer of state to the proper 191  
fund of the state. 192

(F) Whenever investments or deposits acquired under this 193  
section mature and become due and payable, the treasurer of 194

state shall present them for payment according to their tenor, 195  
and shall collect the moneys payable thereon. The moneys so 196  
collected shall be treated as public moneys subject to sections 197  
135.01 to 135.21 of the Revised Code. 198

(G) The treasurer of state and any entity issuing 199  
obligations referred to in division (A) (13) of this section, 200  
which obligations mature within one year from the original date 201  
of issuance, may enter into an agreement providing for: 202

(1) The purchase of those obligations by the treasurer of 203  
state on terms and subject to conditions set forth in the 204  
agreement; 205

(2) The payment to the treasurer of state of a reasonable 206  
fee as consideration for the agreement of the treasurer of state 207  
to purchase those obligations; provided, however, that the 208  
treasurer of state shall not be authorized to enter into any 209  
such agreement with a board of education of a school district 210  
that has an outstanding obligation with respect to a loan 211  
received under authority of section 3313.483 of the Revised 212  
Code. 213

(H) For purposes of division (G) of this section, a fee 214  
shall not be considered reasonable unless it is set to recover 215  
only the direct costs, a reasonable estimate of the indirect 216  
costs associated with the purchasing of obligations under 217  
division (G) of this section and any reselling of the 218  
obligations or any interest in the obligations, including 219  
interests in a fund comprised of the obligations, and the 220  
administration thereof. No money from the general revenue fund 221  
shall be used to subsidize the purchase or resale of these 222  
obligations. 223



(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 political subdivision 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 under division (G) of this section.

(J) As used in this section, "political subdivision" means a county, township, municipal corporation, school district, or other body corporate and politic responsible for governmental activities in a geographic area smaller than that of the state.

(K) (1) The treasurer of state and any entity issuing obligations referred to in division (A) (14) of this section, which obligations have a demand feature to tender the obligation at par plus accrued interest, may enter into an agreement providing for the following:

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

(b) Payment to the treasurer of state of a fee as consideration for the agreement of the treasurer of state to purchase the obligations.

(2) The treasurer of state shall not enter into agreements under division (K) (1) of this section for obligations that, in the aggregate, exceed ten per cent of the state's total average portfolio, as determined and calculated by the treasurer of state.

(3) For purposes of division (A) (14) of this section, an obligation is rated in the four highest categories by at least

one nationally recognized standard rating service if either the 253  
debt interest itself or the obligor of the debt interest is 254  
rated in the four highest categories by at least one nationally 255  
recognized standard rating service. 256

(4) All money collected by the treasurer of state from the 257  
fee imposed by division (K) of this section shall be deposited 258  
to the credit of the state securities tender program fund, which 259  
is hereby created in the state treasury. The amount of income 260  
from the state securities tender program credited to the state 261  
securities tender program fund shall not exceed one per cent of 262  
the average par value of obligations subject to agreements under 263  
division (K) (1) of this section. All other such income shall be 264  
credited to the general revenue fund. The treasurer of state may 265  
use the state securities tender program fund solely for 266  
operations of the office of the treasurer of state. 267

(L) (1) The treasurer of state and a state university or 268  
college issuing obligations under section 3345.12 of the Revised 269  
Code may enter into an agreement providing for the following: 270

(a) The purchase of those obligations by the treasurer of 271  
state pursuant to division (A) (3) (a) of this section on terms 272  
and subject to conditions set forth in the agreement; 273

(b) The department of higher education to withhold, in the 274  
event the state university or college does not pay bond service 275  
charges on the obligations when due, appropriated funds 276  
allocated to the state university or college in an amount 277  
sufficient to pay bond service charges on the obligations, less 278  
any amounts deposited for that purpose under the bond 279  
proceedings. Upon the request of the treasurer of state, the 280  
department of higher education shall promptly pay to the 281  
treasurer of state the amounts withheld. 282

(2) For purposes of division (L)(1) of this section, 283  
"obligations," "state university or college," "bond service 284  
charges," and "bond proceedings" have the same meanings as in 285  
section 3345.12 of the Revised Code. 286

**Sec. 135.71.** As used in sections 135.71 to 135.76 of the 287  
Revised Code: 288

(A) "Eligible agricultural business" means any person 289  
engaged in agriculture that has all of the following 290  
characteristics: 291

(1) Is headquartered and domiciled in this state; 292

(2) Maintains land or facilities for agricultural purposes 293  
in this state provided that the land or facilities within this 294  
state comprise not less than fifty-one per cent of the total of 295  
all lands or facilities maintained by the person; 296

(3) Is either organized for profit or as an agricultural 297  
cooperative as defined in section 1729.01 of the Revised Code. 298

(B) "Eligible lending institution" means a financial 299  
institution that is eligible to make commercial loans, agrees to 300  
participate in the agricultural linked deposit program, and is 301  
any of the following: 302

(1) Is a public depository of state funds under section 303  
135.03 of the Revised Code; 304

(2) Notwithstanding sections 135.01 to 135.21 of the 305  
Revised Code, is an institution of the farm credit system 306  
organized under the federal "Farm Credit Act of 1971," 85 Stat. 307  
583, 12 U.S.C.A. 2001, as amended; 308

(3) Notwithstanding sections 135.01 to 135.21 of the 309  
Revised Code, is a federal credit union, a foreign credit union 310

licensed pursuant to section 1733.39 of the Revised Code, or a 311  
credit union as defined in section 1733.01 of the Revised Code, 312  
located in this state. 313

(C) "Agricultural linked deposit" means a certificate of 314  
deposit placed by the treasurer of state with an eligible 315  
lending institution under section 135.74 of the Revised Code, 316  
share certificates issued by an eligible lending institution 317  
that are purchased by the treasurer of state, or an investment 318  
in bonds, notes, debentures, or other obligations or securities 319  
issued by the federal farm credit bank with regard to an 320  
eligible lending institution. 321

(D) "Loan" means a contractual agreement under which an 322  
eligible lending institution agrees to lend money in the form of 323  
an upfront lump sum, a line of credit, or any other reasonable 324  
arrangement approved by the treasurer of state. 325

**Sec. 135.73.** (A) An eligible lending institution that 326  
desires to receive an agricultural linked deposit shall accept 327  
and review applications for loans from eligible agricultural 328  
businesses. The lending institution shall apply all usual 329  
lending standards to determine the creditworthiness of each 330  
eligible agricultural business. No loan shall exceed ~~one hundred-~~ 331  
~~fifty thousand dollars~~ an amount determined by the treasurer of 332  
state. 333

(B) An eligible agricultural business shall certify on its 334  
loan application that the reduced rate loan will be used 335  
exclusively for agricultural purposes on land or in facilities 336  
owned or operated by the business in this state and that the 337  
loan will materially contribute to the preservation of the 338  
business. Whoever knowingly makes a false statement concerning 339  
such application is guilty of the offense of falsification under 340

section 2921.13 of the Revised Code. 341

(C) In considering which eligible agricultural businesses 342  
to include in the agricultural linked deposit loan package for 343  
reduced rate loans, the eligible lending institution shall give 344  
priority to the immediacy of a business's financial need for the 345  
loan to meet planting deadlines. The institution may also 346  
consider the economic needs of the area in which the business is 347  
located and other factors it considers appropriate to determine 348  
the relative financial need of the business. 349

(D) The eligible lending institution shall forward to the 350  
treasurer of state an agricultural linked deposit loan package, 351  
in the form and manner prescribed by the treasurer of state. The 352  
package shall include information regarding the amount of the 353  
loan requested by each eligible agricultural business and such 354  
other information regarding each business as the treasurer of 355  
state requires. The institution shall certify that each 356  
applicant is an eligible agricultural business, and shall, for 357  
each business, certify the present borrowing rate applicable to 358  
each specific eligible agricultural business. 359

**Sec. 135.82.** (A) The general assembly finds that there 360  
exists in this state a lack of affordable financing options to 361  
promote solutions to a number of housing issues, including, but 362  
not limited to, home improvement, home restoration, energy 363  
efficiency, retention of historic significance, controlling 364  
urban sprawl, neighborhood revitalization, affordable housing, 365  
home ownership for persons unable to secure conventional 366  
financing, urban development, and economic revitalization of a 367  
residential area as a result of a natural disaster or other 368  
catastrophic occurrence. Accordingly, it is declared to be the 369  
public policy of the state through housing linked deposits to 370

create an availability of lower cost funds to inject needed 371  
capital into local residential communities. 372

(B) Pursuant to the findings and declarations of division 373  
(A) of this section and subject to the amount authorized to be 374  
invested in linked deposits pursuant to ~~sections~~ section 135.63 375  
~~and 135.631~~ of the Revised Code, both of the following apply: 376

(1) Housing linked deposits are authorized under which the 377  
state partners with eligible governmental subdivisions in 378  
accordance with section 135.83 of the Revised Code to provide, 379  
pursuant to section 135.84 of the Revised Code, an availability 380  
of lower cost funds for lending purposes that materially will 381  
contribute to the solutions addressing housing issues, described 382  
in division (A) of this section, across the state. 383

(2) In the absence of an eligible governmental subdivision 384  
linked deposit program, the treasurer of state may develop an 385  
application process and procedures and eligibility requirements 386  
for participation in a housing linked deposit program that 387  
provides, pursuant to section 135.84 of the Revised Code, an 388  
availability of lower cost funds for lending purposes that 389  
materially will contribute to the solutions addressing housing 390  
issues, described in division (A) of this section, across the 391  
state. 392

**Section 2.** That existing sections 135.143, 135.71, 135.73, 393  
and 135.82 of the Revised Code are hereby repealed. 394

**Section 3.** That sections 135.631 and 135.731 of the 395  
Revised Code are hereby repealed. 396