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# OHIO LEGISLATIVE SERVICE COMMISSION

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S.B. 362  
136<sup>th</sup> General Assembly

## Bill Analysis

**Version:** As Introduced

**Primary Sponsor:** Sen. Reineke

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### SUMMARY

- Establishes the Ohio Defense and Space Commission.
- Establishes the Defense Industry Expansion Program under which the Ohio Defense and Space Commission may make grants to support economic development related to the defense industry.
- Establishes the Ohio Defense Fund and specifies allocation requirements for money in the fund.
- Requires that any revenue from interest earned on bonds of the State of Israel, in the state treasury, be deposited into the Ohio Defense Fund.

### DETAILED ANALYSIS

#### Ohio Defense and Space Commission

##### Establishment and duties

The bill establishes the Ohio Defense and Space Commission to consider strategies to promote the defense and aerospace industries in Ohio. The bill enumerates the following Commission duties:

1. Administering the Defense and Aerospace Industries Expansion Program (see “**Defense and Aerospace Industries Expansion Program**” below);
2. Administering and approving the expenditure of money from the Ohio Defense Fund;
3. Studying and developing comprehensive strategies to promote the defense and aerospace industries throughout Ohio;

4. Encouraging communication and resource-sharing among individuals and organizations involved in the defense and aerospace industries, including business, the military, and academia;
5. Preparing the state for favorable outcomes related to federal military base realignment and closure processes;
6. Recruiting international businesses to invest in Ohio for defense and aerospace industry purposes;
7. Promoting research, development, and manufacturing of technology to counter unmanned aerial vehicle systems in Ohio;
8. Considering policies intended to improve quality of life for service members and veterans.<sup>1</sup>

### **Defense and Aerospace Industries Expansion Program**

The bill requires the Ohio Defense and Space Commission to administer a Defense and Aerospace Industries Expansion Program under which the Commission may make development grants to support economic development related to the defense and aerospace industries. The Commission must adopt rules under the Administrative Procedure Act<sup>2</sup> necessary to administer the program. The rules must establish all of the following:

1. A requirement that a development grant agreement be executed between the Commission and a grant recipient;
2. The minimum requirements for a development grant agreement;
3. An application form and procedures governing the process for applying to receive a development grant;
4. The maximum grant amount allowed, and the maximum portion of the total estimated project cost that must be funded by the grant;
5. That an executive session of the Commission must comply with Open Meetings Law with respect to issues that may be discussed in executive session;
6. That a vote of the Commission on whether to award a grant to a specific applicant must occur in a session open to the public;
7. Any other procedures, criteria, or grant terms that the Commission determines necessary to administer the program.<sup>3</sup>

### **Fund stipulations, accounting reports, audits, and forfeiture**

The bill specifies all of the following:

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<sup>1</sup> R.C. 122.952(A) and (B).

<sup>2</sup> Chapter 119 of the Revised Code, not in the bill.

<sup>3</sup> R.C. 122.953.

Grant funds must only be expended by the grantee to whom the grant was awarded, and all development grant funds must be expended or obligated by a grantee in accordance with the development grant agreement. Under the bill, “grantee” means a recipient of anything of value under a development grant agreement.

Any development grant funds not expended or obligated pursuant to the grant agreement must be returned to the Commission. If the Commission determines that a grantee has violated any terms of the development grant agreement, the Commission may require the grantee to return any and all development grant funds.

A final report accounting for all development grant funds received by a grantee must be submitted to the Commission not later than 30 days after all development grant funds have been expended or obligated. All expenditures and disbursements of development grant funds by a grantee must be subject to generally accepted accounting principles. Any equipment purchased with development grant funds must be retained by the grantee and used in accordance with the terms of the grant award for the useful life of the equipment.

At any time, the Commission may require that the grantee undergo an audit of the project administration and implementation. Within ten days after a request by the Commission, a grantee must supply original or verifiable copies of all receipts and other appropriate documentation related to disposition of the development grant funds and make available for onsite inspection by the Commission any and all records, books, documents, and financial reports upon reasonable notice. The grantee must retain these materials in the offices of the grantee for two years from the acceptance of the project final report.

Failure to comply with any provision of the development grant agreement may be considered a misappropriation of funds and must be investigated by the Commission. A misappropriation or failure to properly administer grant funds must result in forfeiture of unexpended grant funds. The grantee must repay any funds determined by the Commission to have been inappropriately expended.<sup>4</sup>

### **Open meetings law**

The Commission is subject to Ohio Open Meetings Law.<sup>5</sup> The bill specifies that members of the Commission may hold an executive session to consider confidential information related to the marketing plans, specific business strategy, production techniques, trade secrets, or personal financial statements of an applicant for a development grant offered by the Commission.<sup>6</sup>

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<sup>4</sup> R.C. 122.954.

<sup>5</sup> R.C. 121.22.

<sup>6</sup> R.C. 121.22(G)(8).

## Annual report

The Commission is required to compile an annual report of its activities, findings, and recommendations and to furnish the report to the Governor, the Senate President, and the Speaker of the House of Representatives by December 31 each year.<sup>7</sup>

## Commission membership

The bill specifies that the Commission must consist of the following members:

- The Adjutant General, to serve ex officio as a nonvoting member;
- One member from the Office of the Governor, appointed by the Governor, to serve as a nonvoting member;
- The chief investment officer of JobsOhio, or the officer's designee, to serve as a nonvoting member;
- One member to represent the Ohio Chamber of Commerce, appointed by the Governor, to serve as a nonvoting member;
- Three members of the Senate, appointed by the Senate President, two of whom must be of the majority party and one of whom must be of the minority party. The President must consult with the Senate Minority Leader regarding the appointment of a member of the minority party;
- Three members of the House of Representatives, appointed by the Speaker of the House, two of whom must be of the majority party and one of whom must be of the minority party. The Speaker must consult with the House Minority Leader regarding the appointment of a member of the minority party;
- One member to represent the biotechnology sector, appointed by the Governor, to serve as a nonvoting member;
- Seven individuals to represent various regions of Ohio, appointed as follows:
  - Seven individuals must be appointed to the Commission to respectively represent each of the seven unique regions of Ohio as identified by JobsOhio. The Senate President and the Speaker of the House each must appoint three of these individuals. The Director of Development must appoint one of these individuals. The appointing authorities must draw lots, before each appointing cycle, to determine the regions for which each must make an appointment.<sup>8</sup>

## Terms

Commission members who are appointed serve two-year terms. The legislative members of the Commission serve for the duration of the member's legislative term. Members may be

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<sup>7</sup> R.C. 122.952(I).

<sup>8</sup> R.C. 122.952(C) and (D).

reappointed. A member may be removed from service on the Commission by the member's appointing authority. Vacancies must be filled in the manner of the original appointment.<sup>9</sup>

### **Compensation and expenses**

The Commission members are not entitled to compensation. All Commission members are entitled to their actual and necessary expenses incurred in the performance of their duties as such members, payable from the appropriations for the Commission.<sup>10</sup>

### **Frequency of meeting; chairperson**

The Speaker of the House and the Senate President each must select a member of the Commission, who is a member of their respective chamber of the General Assembly, to serve as co-chairpersons. The bill requires the Commission to meet at least once per month.<sup>11</sup>

### **Consultation**

The bill authorizes the Commission to consult with members of the Ohio congressional delegation and to invite members of the delegation to speak before the Commission or to participate in Commission meetings. Members of Congress who participate in Commission meetings serve in a nonvoting capacity.<sup>12</sup>

### **Ohio Defense Fund**

The bill establishes the Ohio Defense Fund in the state treasury. The fund is to consist of money appropriated to it by the General Assembly, revenue from interest earned on bonds of the State of Israel, all grants, gifts, and contributions made to the Director of Development and designated for purposes of the Ohio Defense and Space Commission, and investment earnings on money in the fund, which must be credited to the fund.

Money in the fund must be expended, through a development grant agreement, to support the development and construction of facilities including, but not limited to, sensitive compartmented information facilities (SCIFs), for processing sensitive or classified information; the development of defense related government contracts for small businesses; and for advocating and matching of grant programs to promote state defense military projects.<sup>13</sup>

### **Bonds of the State of Israel**

The bill requires that any revenue from interest earned on bonds of the State of Israel, whenever such bonds exist in the state treasury, be deposited, by the State Treasurer, into the Ohio Defense Fund.<sup>14</sup>

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<sup>9</sup> R.C. 122.952(F).

<sup>10</sup> R.C. 122.952(E).

<sup>11</sup> R.C. 122.952(G).

<sup>12</sup> R.C. 122.952(H).

<sup>13</sup> R.C. 122.958(J).

<sup>14</sup> R.C. 113.052.

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## HISTORY

Action	Date
Introduced	02-10-26

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