



SENATOR STEVE WILSON
Ohio's 7th Senate District

Senate Government Oversight and Reform Committee
Senator Steve Wilson
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Senate Bill 163

Good morning Chairman Coley, Vice Chair Uecker, Ranking Member Schiavoni and members of the Senate Government Oversight and Reform Committee. Thank you for allowing me the opportunity to provide sponsor testimony on Senate Bill 163, which will update the investment authority of county treasurers.

Under current law, county treasurers are only permitted to invest in corporate bonds with the two highest credit ratings – AAA or AA. However, issuance of corporate paper within these categories is very limited with roughly only twenty of the largest American corporations issuing “AA” paper. Due to these restrictions, county investment portfolios have been forced into concentrated positions and their effectiveness of having corporate debt securities available has been limited.

Senate Bill 163 seeks to alleviate these restrictions by providing county treasurers with the option to invest in bonds that are rated in the top three credit categories. Allowing investments in all three categories – AAA, AA and A – will broaden and strengthen county portfolios for those treasurers who choose to adjust their investment choices. Additionally, because “A” rated paper has a higher yield than “AAA” and “AA” paper, the overall portfolio yield could also increase.

This legislation would also expand the allowable maturity of securities from two to three years. Current law limits maturity of debt securities to two years which confines county portfolios to the lower end of the yield curve and reduces the returns on taxpayer money. Senate Bill 163 will simply give county treasurers greater flexibility and authority to make investment decisions that best fit their portfolios, and provide increased opportunities to gain higher yields, diversify investments and protect taxpayer funds.

Thank you again for giving me the opportunity to provide testimony. I would be happy to answer any questions.