OHIO MUNICIPAL LEAGUE

Partnering for Stronger Cities and Villages

WRITTEN TESTIMONY TO THE SENATE FINANCE COMMITTEE

HB 251

February 6, 2018

Chair Oelslager, Vice Chair Manning, Ranking Member Skindell, and members of the Senate Finance Committee, thank you for the opportunity to testify on HB 251.

HB 251 would increase from five to ten years the maturity period of other political subdivision's bonds and obligations eligible for investment of a subdivision's interim moneys, a county's inactive moneys, and money in the county public library fund.

While political subdivisions can currently purchase another local government's debt and use current investment funds to internally finance projects, the 5-year window means a loss of more investment income as well as a loss in increased savings for many political subdivisions; hence increasing the window to 10 years. Municipalities selling debt or purchasing the debt of other political subdivisions will experience either a greater investment income earning opportunity, or will pass savings down to their taxpayers by decreasing the amount they pay in interest. For municipalities using underperforming investments to internally finance projects – to save all the costs associated with funding via bonds – the greater maturity period will alleviate the burden of refinancing their debt every 5 years.

The longer period will mean municipalities investing interim monies will see an increase of interest on their investments. Increased revenue generation through more investment income means municipalities will have the resources they need to invest in infrastructure and capital improvements, public safety, and ultimately provide the resources they need to serve the businesses and Ohioans within their communities. We appreciate that Rep. Greenspan has recognized this important opportunity for Ohio's municipalities, and we urge your support of this bill.

Thank you for your consideration.

Sincerely,

Kent Scarrett
Executive Director
Ohio Municipal League