

As Introduced

134th General Assembly

Regular Session

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H. B. No. 440

Representatives Swearingen, White

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

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 securities industry that designates the securities.	53 54
(b) The treasurer of state also may sell any securities, listed in division (A) (1), (2), or (6) of this section, regardless of maturity or time of redemption of the securities, under the same terms and conditions for repurchase, provided that the securities have been fully paid for and are owned by the treasurer of state at the time of the sale.	55 56 57 58 59 60
(5) Securities lending agreements with any eligible financial institution that is a member of the federal reserve system or federal home loan bank or any recognized United States government securities dealer, under the terms of which agreements the treasurer of state lends securities and the eligible financial institution or dealer agrees to simultaneously exchange similar securities or cash, equal value for equal value.	61 62 63 64 65 66 67 68
Securities and cash received as collateral for a securities lending agreement are not interim funds of the state. The investment of cash collateral received pursuant to a securities lending agreement may be invested only in such instruments specified by the treasurer of state in accordance with a written investment policy.	69 70 71 72 73 74
(6) Various forms of commercial paper issued by any entity that is organized under the laws of the United States or a state, which notes are rated in the two highest categories by two nationally recognized standard rating services, provided	75 76 77 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 224
fee imposed by division (G) of this section shall be deposited 225

to the credit of the state political subdivision obligations 226
fund, which is hereby created in the state treasury. Money 227
credited to the fund shall be used solely to pay the treasurer 228
of state's direct and indirect costs associated with purchasing 229
and reselling obligations under division (G) of this section. 230

(J) As used in this section, "political subdivision" means 231
a county, township, municipal corporation, school district, or 232
other body corporate and politic responsible for governmental 233
activities in a geographic area smaller than that of the state. 234

(K) (1) The treasurer of state and any entity issuing 235
obligations referred to in division (A) (14) of this section, 236
which obligations have a demand feature to tender the obligation 237
at par plus accrued interest, may enter into an agreement 238
providing for the following: 239

(a) The purchase of the obligations by the treasurer of 240
state on terms and subject to conditions set forth in the 241
agreement; 242

(b) Payment to the treasurer of state of a fee as 243
consideration for the agreement of the treasurer of state to 244
purchase the obligations. 245

(2) The treasurer of state shall not enter into agreements 246
under division (K) (1) of this section for obligations that, in 247
the aggregate, exceed ten per cent of the state's total average 248
portfolio, as determined and calculated by the treasurer of 249
state. 250

(3) For purposes of division (A) (14) of this section, an 251
obligation is rated in the four highest categories by at least 252
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 charges," and "bond proceedings" have the same meanings as in section 3345.12 of the Revised Code. 284
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Sec. 135.71. As used in sections 135.71 to 135.76 of the Revised Code: 287
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(A) "Eligible agricultural business" means any person engaged in agriculture that has all of the following characteristics: 289
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(1) Is headquartered and domiciled in this state; 292

(2) Maintains land or facilities for agricultural purposes in this state provided that the land or facilities within this state comprise not less than fifty-one per cent of the total of all lands or facilities maintained by the person; 293
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(3) Is either organized for profit or as an agricultural cooperative as defined in section 1729.01 of the Revised Code. 297
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(B) "Eligible lending institution" means a financial institution that is eligible to make commercial loans, agrees to participate in the agricultural linked deposit program, and is any of the following: 299
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(1) Is a public depository of state funds under section 135.03 of the Revised Code; 303
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(2) Notwithstanding sections 135.01 to 135.21 of the Revised Code, is an institution of the farm credit system organized under the federal "Farm Credit Act of 1971," 85 Stat. 583, 12 U.S.C.A. 2001, as amended; 305
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(3) Notwithstanding sections 135.01 to 135.21 of the Revised Code, is a federal credit union, a foreign credit union licensed pursuant to section 1733.39 of the Revised Code, or a 309
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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