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Bill Analysis

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SUMMARY

Treasury and custodial funds

- Explicitly authorizes custodial funds held by the Treasurer of State (TOS) that are not part of the state treasury to be held with other qualified custodians designated by the TOS.
- Requires the trustee in agreement with the TOS to carry out custodial duties to be any corporation authorized to conduct trust business in Ohio, instead of a public depository, as required under current law.
- Specifies that money held with other legal entities for the investment of certain pension funds are not public money or active deposits for the purposes governing the Uniform Depository Act and are not considered to be in the custody of the TOS or subject to the State Board of Deposit.
- Clarifies that the TOS is the custodian of the State Teachers Retirement System Funds and those disbursements.

Financial transaction devices

- Makes changes to the law governing the adoption and use of financial transaction devices to make payments to a government body.

Uniform Depository Act

- Specifies that a financial institution must have a banking office in Ohio to serve as a public depository.
- Revises the definition of “prompt corrective action directive” to include, in the case of a nonfederally insured institution chartered in Ohio, a directive issued by the Superintendent of Financial Institutions.

- Allows the TOS, by rule, to reduce the amount of collateral a financial institution must pledge when holding public funds as investments in certificates of deposit, savings accounts, and deposit accounts by up to 10% as compared to current law.
- Reduces the rating in allowable debt interest investments, other than commercial paper, from the three highest categories by two nationally recognized statistical rating organizations to the four highest categories.
- Prohibits investments in debt interests rated in the fourth highest category from exceeding 10% of the state's portfolio.
- Authorizes state entities to contribute money to the Ohio Subdivision Fund for investment by the TOS.

Administration of fees

- Revises the administration of fees for the Housing Trust Fund, Children's Trust Fund, Family Violence Prevention Fund, Legal Aid Fund, Indigent Drivers Interlock and Alcohol Monitoring Fund, and the Statewide Treatment and Prevention Fund.

Local treasurers

- Authorizes the TOS to charge local treasurers an annual fee for education and training, however, the TOS cannot charge both an annual fee and the registration fee authorized under continuing law.

Miscellaneous

- Makes other miscellaneous changes to the law governing the TOS.

Insurance premium tax

- Requires insurance companies to make annual franchise tax payments electronically.
- Transfers the responsibility of certifying unpaid insurance company premium taxes to the Attorney General for collection from the Superintendent of Insurance to the TOS.
- Only requires that interest be added to unpaid domestic insurance premiums tax deficiencies over \$1.
- Waives the requirement to issue domestic insurance premium tax bills and refunds for any amount \$1 or under.
- Authorizes the TOS to cancel unpaid or underpaid domestic insurance premiums tax if the debt, including interest, is less than \$50.

Sales tax

- Transfers responsibility for depositing a portion of sales tax vendor's license fees from the TOS to the Attorney General.

Related tax changes

- Removes obsolete references to the authority to adopt rules in the context of Local Government Fund distributions.

Removes an outdated reference to the intangible property tax, which is no longer levied.

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DETAILED ANALYSIS

General overview

The Uniform Depository Act and laws governing the Treasurer of State (TOS), State Board of Deposit, and local treasurers outline how public money is required to be deposited and invested. The laws also establish procedures for designating eligible financial institutions as depositories for public funds, determine how those funds are deposited (active, inactive, or interim), and set guidelines for payments and investments. The bill makes various changes to these laws.

Treasury and custodial funds

Under continuing law, the TOS oversees both the state treasury and custodial funds. The state treasury consists of the money, claims, bonds, notes, other obligations, stocks, other securities, receipts, other evidences of ownership, and other intangible assets of the state that are required by law to be deposited in the state treasury or are otherwise a part of the state treasury. All assets of the state treasury are required to be kept in rooms assigned by the TOS, with vaults, safes, and other appliances. Custodial funds of the TOS consist of the same items and

are required to be kept in the custody of the TOS, but are not part of the state treasury. Assets of the state treasury must not be commingled with custodial funds.¹

Public moneys of the state treasury

Under continuing law, public money consists of active, inactive, and interim deposits. Active deposits are defined under continuing law as public deposits that are necessary to meet current demands on the treasury. Interim deposits are defined as public money that is not an active deposit and may be invested. Inactive deposits are defined as a public deposit other than an interim deposit or an active deposit.² Current law authorizes public money to be kept in state depositories. The bill instead requires only active deposits to be kept in depositories designated by the State Board of Deposit and secured for repayment and specifies that interim deposits must be invested in accordance with the law and held in safekeeping in the same manner as securities and other assets (see **“Securities and assets of the state treasury,”** below).³

Securities and assets of the state treasury

Under continuing law, securities that are part of the state treasury may be deposited for safekeeping with the Federal Reserve Bank of Cleveland or secured and insured depository institutions inside or outside of Ohio. The bill specifies that this provision applies to both securities and other assets, including invested interim funds. The bill also adds that the securities and other assets may be held with other qualified custodians as designated by the TOS.

Under current law, “assets” are defined as resources owned, controlled, or otherwise used or held by the state which have monetary value, but do not include items held in safekeeping by the TOS, such as collateral pledged to a state agency. The bill eliminates that exclusion from the definition. Therefore, it seems under the bill that assets held by the TOS may include items held in safekeeping, such as collateral pledged to a state agency.⁴

Information on deposits in treasury

Under current law, changed in part by the bill, when requested by the Governor or the OBM Director, the TOS must have available and transmit information concerning the amount in the inactive and active account, and the amount of cash on hand. The bill removes the reference to inactive accounts.⁵

Custodial funds

Safekeeping

Continuing law requires that custodial funds be held in rooms assigned by the TOS, with the vaults, safes, and other appliances, the Federal Reserve Bank of Cleveland, Ohio, or secured

¹ R.C. 113.05.

² R.C. 113.05(A)(2) and 135.01.

³ R.C. 113.05(B).

⁴ R.C. 113.05(A) and (B).

⁵ R.C. 113.13.

and insured depository institutions inside or outside of Ohio. The bill adds that custodial funds may also be held with other qualified custodians as designated by the TOS.

The bill specifies that when state law allows the administrator or owner of the custodial fund to invest in securities or other assets, those securities and other assets must be held in safekeeping, as described above.⁶

TOS duties

Under current law, changed in part by the bill, the TOS or the officer who performs the duties of the office of the TOS is the custodian of the funds required to be kept in the custody of the TOS. The custodial duties of the TOS under continuing law include all the following:

- Safekeeping of the custodial funds and investment assets of an owner;
- Collecting principal, dividends, distributions, and interest on custodial funds and investments of an owner;
- Paying for, transferring, and collecting the purchase or sale price of investments.

The bill changes the reference to custodial funds to active deposits and adds that the investments can be on behalf of the owner or an administrator.⁷

TOS agreement with a trustee

Under current law, the TOS may enter into a sub-custody or other agency agreement with a trustee to execute the custodial duties described above. Current law requires that the trustee to be a public depository. The bill instead requires the trustee to be any corporation that is authorized to conduct trust business in Ohio. Under continuing law, the agreement may provide that the trustee has primary responsibility for the custody of the funds and investments in order to execute an owner's instructions. The bill specifies that the agreement may provide that the trustee has primary responsibility for custody of the investments (omitting "funds") and any related depository accounts to execute an owner's or administrator's instructions.⁸

Pension funds and other funds

The bill specifies that money held in a depository account of a partnership, trust, limited liability company, corporation, or any other legal entity authorized to transact business in Ohio that has been established for the investment of funds pursuant to the Public Employees Retirement System, Police and Fire Pension Fund, State Teachers Retirement System, Public School Employees Retirement System, Ohio Tuition Trust Fund, the investment of surplus or reserve of the State Insurance Fund, and the State Highway Patrol Retirement System are not public money or active deposits for the purposes of the law governing TOS and Uniform Depository Act and should not be considered to be in the custody of the TOS or subject to the

⁶ R.C. 113.05(C)(1).

⁷ R.C. 113.051(A).

⁸ R.C. 113.051(B).

State Board of Deposit.⁹ The bill also clarifies that the TOS is the custodian of the State Teachers Retirement System Funds and those disbursements, but money held in depository accounts by any entity established directly or indirectly to facilitate the investment of funds by the members of the State Teachers Retirement Board are not public moneys or public deposits and are not considered to be in the custody of the TOS.¹⁰

Audits

Under continuing law, a committee of the General Assembly, a House or Senate resolution, or a committee appointed by the General Assembly may require an audit of the state treasury and the custodial funds of the TOS. If the audit finds assets that should be in the state treasury or in the custodial funds, the auditors are required to make triplicate written certificates with their signatures on them and deliver the certificates to the TOS, the Auditor of State, and the Governor. The bill simply says that at the conclusion of an audit, regardless of what the audit finds, the auditor must report their findings to the offices named above.¹¹

Financial transaction device to pay state expenses

Definitions

The bill changes the definition of “financial transaction device” (FTD) to exclude references to certain automated clearinghouse network entries and specifies that the term applies to devices for making payments or transfers of funds denominated in U.S. dollars.¹²

The bill adds a definition for “processor” as “an entity conducting the settlement of an electronic payment or transfer of funds, which shall be denominated in United States dollars.”¹³

The bill expands the definition of “state entity” to include an officer under the authority of a state elected official, and entities that deposit funds into an account in the custody of the TOS.¹⁴

Resolution

The bill requires, rather than permits, the State Board of Deposit to adopt a resolution authorizing the acceptance of payments by FTD to pay for state expenses, and eliminates the following content which is required to be included in the resolution under current law:

- A designation of state elected officials and state entities authorized to accept payments by FTD;

⁹ R.C. 113.05(C)(2); R.C. 145.11, 742.11, 3307.15, 3309.15, 3334.11, 4123.44, and 5505.06, not in the bill.

¹⁰ R.C. 3307.12.

¹¹ R.C. 113.16; R.C. 113.14, not in the bill.

¹² R.C. 113.40(A)(1).

¹³ R.C. 113.40(A)(2).

¹⁴ R.C. 113.40(A)(5).

- A list of state expenses that may be paid by the use of an FTD;
- Specific identification of FTDs that a state elected official or state entity may authorize as acceptable means of payment;
- The amount authorized as a surcharge or convenience fee for persons using an FTD;
- A specific requirement for the payment of a penalty if a payment made by means of an FTD is returned or dishonored.

The bill specifies that the resolution applies to FTD services related to all bank accounts comprising the state treasury, as well as those in the custody of the TOS that are not part of the state treasury. The bill eliminates the State Board of Deposit's duty to transmit a copy of the resolution to each state elected official and state entity authorized to accept payments for state expenses by FTD, as well as the requirement that state elected officials and state entities provide a written notice of intent to adopt the resolution to the Board's administrative agent.

Under existing law, if a state entity under the authority of a state elected official is directly responsible for collecting state expenses, and the state elected official determines not to accept payments by FTD, the entity is not required to accept payments by FTD. The bill eliminates this provision, removing the state elected official's discretion to reject payments by FTD by a state entity under the official's authority.¹⁵

Administrative agent

Under continuing law, the TOS serves as the State Board of Deposit's administrative agent to solicit proposals. The bill specifies that the proposals solicited must be for FTD services. Under existing law, the administrative agent must request proposals from at least three financial institutions, issuers of financial transaction devices, or processors of FTDs. The bill eliminates that requirement and adds language specifying that the request for proposals be "for acceptance, processing, and settlement services."

Under the bill, the administrative agent must publish an electronic notice regarding requests for proposals on the agent's website instead of on a state agency website as required under existing law. The bill increases, from ten to 15 days, the minimum amount of time after initial publication for which the request for proposals must be available. It also eliminates the administrative agent's duty to email the request for proposals to financial institutions, issuers, or processors.

Under existing law, the State Board of Deposit, itself, after reviewing all submitted proposals and considering its administrative agent's recommendation, may choose to contract with processors and must provide notice to a processor when the processor's proposal is rejected. The bill transfers the authority to contract to the administrative agent, as well as the

¹⁵ R.C. 113.40.

duty to notify a processor of a rejected proposal. The bill eliminates the Board's duty to review all submitted proposals.¹⁶

Surcharges and convenience fees

The bill transfers the authority to establish surcharge and convenience fees on a person making payment by FTD from the State Board of Deposit to state elected officials and state entities. The bill expands the state's ability to impose surcharge and convenience fees on persons making payment by FTD by eliminating the requirement that the authority to impose such fees be provided for under contract.

Under continuing law, when a surcharge or convenience fee is imposed, state entities must notify each person making payment about the surcharge or fee. The bill eliminates the requirement that every state entity accepting payment by FTD post a notice in the entity's office when a surcharge or convenience fee is imposed. The bill eliminates existing language stating that surcharge and convenience fees are not refundable and eliminates the requirement that each notice contain a statement that the surcharge or fee is nonrefundable.¹⁷

Limitation of liability

Existing law provides immunity from personal liability to state entities and employees for the final collection of FTD payments. The bill eliminates this immunity for state entities and extends it to state elected officials. The bill adds language specifying that the employees covered under this immunity are those employed by "a state entity or state elected official."¹⁸

Payment by check

The bill permits the TOS to pay by check when an order has been drawn upon the TOS by an authorized state entity. Continuing law also allows the TOS to make payment by paper warrants, stored value cards, direct deposit to the payee's bank account, or the drawdown of funds by electronic benefit transfer. The bill defines "check" under the relevant law as a "negotiable financial instrument, payable upon demand, directing a financial institution to transfer money from the payer's account to the payee."¹⁹

Uniform Depository Act

Public depositories

Location in Ohio

Under Ohio's Uniform Depository Act only eligible financial institutions may hold public deposits. Eligible financial institutions, such as banks, savings associations, savings and loan associations, and savings banks may apply to the State Board of Deposit to serve as a depository

¹⁶ R.C. 113.40.

¹⁷ R.C. 113.40.

¹⁸ R.C. 113.40.

¹⁹ R.C. 131.01 and 135.01(H)(1).

of public funds. If selected by the State Board of Deposit, the financial institution is authorized to hold the public funds for a designated period of time. Current law requires public depositories to be “located in” Ohio. The bill instead requires that a public depository have a banking office located in Ohio. Under continuing law, “banking office” means an office or other place established by a bank at which the bank receives money or its equivalent from the public for deposit and conducts a general banking business. “Banking office” does not include any of the following:

- Any location at which a bank receives, but does not accept, cash or other items for subsequent deposit, such as by mail or armored car service or at a lock box or night depository;
- Any structure located within 500 yards of an approved banking office of a bank and operated as an extension of the services of the banking office;
- Any automated teller machine (ATM), remote service unit, or other money transmission device owned, leased, or operated by a bank;
- Any facility located within the geographical limits of a military installation at which a bank only accepts deposits and cashes checks;
- Any location at which a bank takes and processes applications for loans and may disburse loan proceeds, but does not accept deposits;
- Any location at which a bank is engaged solely in providing administrative support services for its own operations or for other depository institutions.²⁰

Directive

Under continuing law, a public depository or a credit union designated to hold public deposits must notify each governing board that made the designation if the institution becomes a party to an active prompt corrective action directive. The bill requires this notification to be in writing and provided within five business days. Under continuing law, a prompt corrective action directive is defined as a directive issued by a federal regulatory authority. The bill adds that, in the case of a non-federally insured institution chartered in Ohio, the term also includes a directive issued by the Superintendent of Financial Institutions.²¹

Active deposits

Under the Uniform Depository Act, “active deposits” means a public deposit necessary to meet current demands on the treasury. The bill expands this definition to also include public deposits necessary to meet current demands on a fund that is in the custody of the TOS but not part of the state treasury.²²

²⁰ R.C. 135.03; R.C. 1101.01, not in the bill.

²¹ R.C. 135.032(A) and (B).

²² R.C. 135.01(A).

Investments by the TOS

Continuing law authorizes the TOS to invest interim funds of the state and outlines the types of investments the TOS may make with the interim funds. Continuing law authorizes the TOS to invest in certificates of deposit, savings accounts, or deposit accounts in eligible institutions applying for interim moneys, including linked deposits. Under continuing law, financial institutions that hold public deposits must pledge collateral for any uninsured amount of the deposits.²³ The bill specifies that for the investments described above, these pledging requirements may be reduced by up to 10% in accordance with rules adopted by the TOS.

The bill repeals a section that outlines the process for the TOS or the governing board of a political subdivision to invest interim funds in certificates of deposit issued by federally insured banks, savings banks, or savings and loan associations and also repeals the provision that specifies these investments are not subject to any pledging requirements under the law, which requires financial institutions to provide collateral for any uninsured portion of the public deposit.²⁴

Continuing law also authorizes the TOS to invest in debt interests, other than commercial paper. Under current law, these debt interests must be rated in the three highest categories by two nationally recognized statistical rating organizations. The bill reduces the investment rating to the four highest categories, as rated by two nationally recognized statistical rating organizations. The bill prohibits the investments in debt interests rated in the fourth highest category from exceeding 10% of the state's portfolio.²⁵

Also, under continuing law, the TOS may invest in obligations issued by, or on behalf of, an Ohio political subdivision. Under current law, this obligation must mature within one year. The bill increases the maturity duration requirement to two years.²⁶

Ohio Subdivision Fund

The Ohio Subdivision Fund allows a treasurer, governing board, or investing authority of a subdivision to pay its public money into the Ohio Subdivision Fund for the TOS to invest it. The TOS must invest the money in the fund in separately managed accounts and pooled accounts, in the same types of instruments, and subject to the same limitations provided for the deposit and investment of the state's interim money, except these funds cannot be invested in linked deposits. The bill authorizes a state entity to contribute money to the fund for investment. The bill defines "state entity" to mean the General Assembly, the Supreme Court, the Court of Claims, the office of an elected state officer, or a department, bureau, board, office, commission, agency, institution of higher education, retirement system, or other institution or instrumentality of this state established by the constitution or Ohio law.

²³ R.C. 135.18, 135.181, and 135.182, not in the bill.

²⁴ R.C. 135.144, repealed and 135.18.

²⁵ R.C. 135.143(A)(8) and (11).

²⁶ R.C. 135.143(A)(13) and (G).

The bill also requires that a treasurer, governing board, or investing authority of a subdivision or state entity designate two or more authorized signers associated with each account of the subdivision or state entity that is managed by the TOS in the TOS's investment pool. The authorized person must deposit redemptions made from a subdivision's or state entity's account only into the subdivision's treasury or state entity's custodial account at the public depository designated by the subdivision's governing board or the State Board of Deposit.²⁷

Administration of fees

Housing Trust Fund fees

Current law, changed in part by the bill, requires county auditors to pay the TOS all housing trust fund fees collected by the county recorder within the first 30 days of each calendar quarter. The bill instead requires the county auditors to pay the fees to the Department of Development. Under continuing law, the Department of Development administers the Housing Trust Fund.²⁸

Children's Trust Fund and Family Violence Prevention Fund

Under continuing law, the Director of Health, a person authorized by the Director, a local commissioner of health, or a local registrar of vital statistics must charge and collect a fee for each certified copy of a birth record, for each certification of birth, and for each copy of a death record. Fees collected by the Director, or the authorized person and the additional fees collected but not retained by a local commissioner of health or a local registrar of vital statistics must be forwarded to the Department of Health within 30 days following the end of each quarter. Not later than two days after the fees are forwarded to the Department, the Department must pay the collected fees to the TOS. The TOS is then required to deposit the fees to the credit of the Children's Trust Fund. The bill instead requires that the Department deposit the fees directly into the state treasury to the credit of the Children's Trust Fund.²⁹

Similarly, under current law, the Director of Health, a person authorized by the Director, a local commissioner of health, or a local registrar of vital statistics must charge and collect an additional fee for each certified copy of a birth record, each certification of birth, and each copy of a death record and pay this fee to the TOS, and the TOS then is supposed deposit the money into the credit of the Family Violence Prevention Fund. The bill instead requires the Department to directly deposit this money into the treasury to the credit of the Family Violence Prevention Fund.³⁰

²⁷ R.C. 113.07, 135.14, 135.143(A)(10), 135.22(E)(1), 135.35(A)(6), 135.451, 151.01(R)(4), 164.09(M), 183.51(S)(1)(d), 1557.03(N), 3737.945, 5528.54, and 6101.51.

²⁸ R.C. 317.36 and 319.63.

²⁹ R.C. 3109.14(B)(1).

³⁰ R.C. 3705.242.

Legal Aid Fund

Continuing law requires that title insurance agents and companies establish and maintain interest-bearing trust accounts for non-directed escrow funds. Similarly, attorneys must maintain interest-bearing trust accounts. Current law requires that all interest earned on the account, net of service charges and other related charges be transmitted to the TOS for deposit in the Legal Aid Fund. The bill instead requires this money to be transmitted directly to the State Public Defender for deposit into the funds.³¹

Indigent Drivers Interlock and Alcohol Monitoring Fund and the Statewide Treatment and Prevention Fund

Under current law certain fines paid for violations of operating a vehicle impaired for driving under the influence are paid directly to the Indigent Drivers Interlock and Alcohol Monitoring Fund or the Statewide Treatment and Prevention Fund. The bill requires that the money be transmitted first to the TOS for deposit into the funds.³²

Miscellaneous

Financial Planning and Supervision Commission

The Financial Planning and Supervision Commission is a continuing law body established to oversee a local government or school district that is in a fiscal emergency. The commission members include the TOS, the Director of Budget and Management, and local government officials specified in the law. Current law allows the TOS to designate a deputy Treasurer or Director within the office of the TOS or any other appropriate person who is not an employee of the TOS to be a part of the Commission. The bill eliminates the requirement of a deputy Treasurer or director and simply allows the TOS to designate an individual within the office or any other appropriate person.³³

State Land Royalty Fund

Under current law, the TOS, in consultation with the Director of Budget and Management must disburse money from the State Land Royalty Fund. The bill removes the TOS from this role, leaving it to the Director of Budget and Management.³⁴

Medical Quality Assurance Fund

The bill allows money in the Medical Quality Assurance Fund in excess of current needs to be invested by the TOS with the guidelines provided for state interim funds.³⁵

³¹ R.C. 3953.231, 4705.09, and 4705.10.

³² R.C. 4511.19(G)(5)(e) and (g).

³³ R.C. 118.05.

³⁴ R.C. 131.50.

³⁵ R.C. 113.78.

TOS Contingent Fund

The bill eliminates the TOS Contingent Fund. Under current law, money received by the TOS that is provisional in nature or the disposition of which cannot be determined immediately must be credited to the TOS Contingent Fund until a determination is made as to the final disposition of the money.³⁶

Homeownership Savings Linked Deposit Program

Under continuing law, not later than January 31, 2027, the TOS and Tax Commission must issue a report regarding the efficacy of the Homeownership Savings Linked Deposit Program. Among other items, current law requires the report to include the average yield on the accounts. The bill instead requires the report to include average premium savings rate paid on the accounts in the Homeownership Savings Linked Deposit Program.³⁷

Ohio Tuition Trust Authority agreements

Under current law, the Ohio Tuition Trust authority may enter into an agreement with the TOS for the TOS to receive, and credit to the Ohio Tuition Trust Fund or Variable College Savings Program Fund, from any bank or savings and loan association in Ohio, amounts that a depositor of the bank or association authorizes the bank or association to withdraw periodically from the depositor's account for the purpose of purchasing tuition units pursuant to a tuition payment contract or making contributions pursuant to a variable college savings program contract. The bill eliminates this provision. The bill also eliminates a provision that allows the Ohio Tuition Trust Authority to enter into a cooperative agreement with the TOS to provide for the direct disbursement of payments under tuition payment or variable college savings program contracts.³⁸

Technical changes

The bill makes technical changes related to the TOS.³⁹

Local treasurers

Under continuing law, local treasurers are required to complete continuing education on investments, cash management, the collection of taxes, and in any other area the TOS determines is reasonably related to the duties of the treasurer. Under current law, after the successful completion of continuing education, the TOS must issue a certificate of completion. The bill instead requires that the treasurer of a subdivision retain proof of attendance and when the Auditor of State conducts a routine audit, the auditor must report whether the local treasurer is in compliance with the continuing education requirements. Under continuing law, the TOS may charge local treasurers a registration fee for the continuing education. The bill authorizes the TOS

³⁶ R.C. 113.10, repealed and R.C. 113.09.

³⁷ R.C. 135.71(F)(4).

³⁸ R.C. 3334.08 and 3334.11.

³⁹ R.C. 120.52 and 2969.13.

to charge a registration fee or annual fee for the training and continuing education costs, but not both. The bill requires the TOS to adopt rules for the implementation of these provisions. Current law authorizes the adoption of rules.⁴⁰

County treasurers' initial education programs

Under continuing law, the Auditor of State and the TOS must conduct education programs for elected county treasurers. Current law requires that the initial education programs be held between December 1 and the first Monday of the September following the treasurer's election. The bill simply says that the program must be completed within four months of taking the oath of office. The law authorizes similar initial education programs for a county treasurer who is appointed to fill a vacancy or who is elected at a special election. The bill, instead, requires these county treasurers to also complete the initial education program.

Continuing law requires the Auditor of State and the TOS to each determine different content that the county treasurer must comply with. Current law requires the county treasurer to take 13 hours of education from each of the Auditor's education programs and the TOS education program before taking office. The bill instead requires the county treasurer to take at least 13 hours from each of the two sets of programs within four months of taking the oath of office.⁴¹

Current law only allows registration fees, whereas, the bill allows the Auditor of State and the TOS to charge the counties a registration or annual fee for the training, but not both.⁴²

Current law requires that by the January 15 following the completion of each biennial cycle, the Auditor of State must notify that TOS of the continuing education hours completed, then by January 31, the TOS determines whether and county treasurer has failed to comply with the education requirements. The bill instead moves the required completion date to January 31 and then instead of the Auditor of State notifying the TOS, the bill requires the county treasurer to submit to the TOS a complete listing of the continuing education completed, and then the TOS can make the determination of regarding compliance. If there is a county treasurer not in compliance with the education requirements, continuing law requires the TOS to send a notice to the county treasurer regarding the deficiency. Current law requires the notification to also include a provision that if the county treasurer believes there is an error, the county treasurer has one month to submit proof that it is in compliance. The bill removes this provision from the required notice.⁴³

Local investment reports

Continuing law outlines which securities and obligations investing authorities of counties can invest in for their inactive or public funds. Continuing law also requires the investing authority

⁴⁰ R.C. 135.22 and 321.46(D).

⁴¹ R.C. 321.46(A), (B), and (E)(1).

⁴² R.C. 321.46(C) and (D).

⁴³ R.C. 321.47.

to establish and maintain an inventory of all obligations and securities acquired by the investing authority. Current law requires the inventory and the monthly portfolio report to be filed with the Board of County Commissioners and the TOS, which the TOS is then required to make the reports public and available on the TOS website. The bill eliminates the TOS reporting requirement.⁴⁴

Insurance premium tax

Electronic payments

The bill requires insurance companies to make annual franchise tax payments electronically. Under current law, electronic payments are optional.⁴⁵

Underpayment

Under continuing law, an insurance company that fails to pay insurance premium taxes is subject to a collection action upon certification of the delinquency to the Attorney General. The bill requires the TOS to make this certification, replacing the Superintendent of Insurance's authority to do so under current law, and authorizes related interest and penalties to be included in the certified amount.⁴⁶

The bill also makes the following changes to the underpayment of domestic insurance premiums taxes:

- Modifies the requirement to add interest to unpaid taxes to only require interest be added to deficiencies over \$1.
- Waives the requirement to issue tax bills and refunds for any payment discrepancy of \$1 or less.
- Authorizes the TOS to cancel unpaid or underpaid tax if the debt, including interest, is less than \$50 and the debt has not been certified to the Attorney General for collection.⁴⁷

Sales tax

The bill transfers responsibility for depositing a portion of sales tax vendor's license fees to the Organized Crime Commission Fund from the TOS to the Attorney General.⁴⁸

Related tax changes

The bill makes the following changes to the administration of taxes:

⁴⁴ R.C. 135.35(L)(1) and 113.43, repealed.

⁴⁵ R.C. 5725.22(B) and 5729.05.

⁴⁶ R.C. 5725.23 and 5729.10.

⁴⁷ R.C. 5725.22(D), (E), and (F).

⁴⁸ R.C. 5739.17.

- Removes an obsolete reference to the Auditor of State and Treasurer of State in the context of adopting rules related to the distribution of Local Government Fund revenue.⁴⁹
- Removes an outdated reference to the intangible property tax, which is no longer levied.⁵⁰

HISTORY

| Action | Date |
|------------|----------|
| Introduced | 05-14-25 |

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⁴⁹ R.C. 5747.51.

⁵⁰ R.C. 5725.23.