OHIO LEGISLATIVE SERVICE COMMISSION

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S.B. 277*

133rd General Assembly

Bill Analysis

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Version: As Reported by Senate Insurance and Financial Institutions

Primary Sponsors: Sen. Schuring

Yosef Schiff, Attorney

SUMMARY

- Gives a public depository in the Ohio Pooled Collateral Program two business days to pledge additional securities to satisfy the minimum collateral requirement if the value of its existing pledged securities falls below that minimum.
- Exempts a public depositor, treasurer, or the public depositor's or treasurer's bonders or surety from liability for the loss of funds due to a public depository's failure to maintain sufficient pledged collateral.

DETAILED ANALYSIS

Collateral

The bill makes two changes to the Ohio Pooled Collateral Program (OPCP). The first change relates to minimum collateral requirements. Under current law, a public depository, must provide security for the repayment of those deposits in one of two ways. First, it may secure any uninsured public deposits of each public depositor separately. Or, it may secure any uninsured public deposits by establishing and pledging to the Treasurer of State a single pool of collateral for the benefit of every public depositor at the public depository.[1]

In other words, it may secure the deposits of each depositor separately or together. If it chooses the latter, it must follow the requirements of the OPCP. One requirement is that at all times, the total market value of the pledged securities must equal at least 102% of all uninsured

* This analysis was prepared before the report of the Senate Insurance and Financial Institutions Committee appeared in the Senate Journal. Note that the legislative history may be incomplete.

[1] R.C. 135.18, not in the bill.

public deposits at that institution or an amount determined by rules adopted by the Treasurer of State.[2]

The bill adds a requirement that if, on any day, the total market value of the securities pledged by the public depository is less than the applicable minimum requirement, the depository has two business days to pledge additional eligible securities having a market value sufficient, when combined with the market value of eligible securities already pledged, to satisfy the minimum requirement.[3]

Liability

The second change made by the bill relates to liability for loss of funds. Under current law, in order to accept public moneys, a public depository must, in addition to pledging collateral as described above, enter into an agreement with the Treasurer of State that meets certain requirements.[4] The bill explicitly exempts a public depositor, treasurer (whether the Treasurer of State or the treasurer of a political subdivision), or the public depositor's or treasurer's bonders or surety from liability for the loss of funds if a public depository fails to comply with the agreement's terms regarding the appropriate level of collateral.[5]

Definitions

"**Public depository**" means an institution that receives or holds public moneys deposited pursuant to the Uniform Depository Act or the county depository law.[6]

"**Public deposits**" means public moneys deposited in a public depository pursuant to the Uniform Depository Act or the county depository law.[7]

"**Public moneys**" means the following:

- All moneys in the treasury of the state or any subdivision of the state, or moneys coming lawfully into the possession or custody of the Treasurer of State or of the treasurer of any subdivision;
- All moneys in the treasury of a county or moneys coming lawfully into the possession or custody of the county treasurer.[8]

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[2] R.C. 135.182(B).

[3] R.C. 135.182(B)(3).

[4] R.C. 135.182(D).

[5] R.C. 135.182(K) and 135.01.

[6] R.C. 135.182 and R.C. 135.01 and 135.31, not in the bill.

[7] R.C. 135.182 and R.C. 135.01 and 135.31, not in the bill.

[8] R.C. 135.182 and R.C. 135.01 and 135.31, not in the bill.

HISTORY

Action	Date
Introduced	02-11-20
Reported, S. Insurance and Financial Institutions	---

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