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S.J.R. 4
133rd General Assembly

Fiscal Note & Local Impact Statement

[Click here for S.J.R. 4's Bill Analysis](#)

Version: As Reported by Senate Finance

Primary Sponsor: Sen. Peterson

Local Impact Statement Procedure Required: No

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Highlights

- The resolution proposes to submit for the state's voters' approval at the November 3, 2020 general election a constitutional amendment authorizing the issuance of bonds to repay outstanding advances made by the federal government to the unemployment compensation program.
- The Secretary of State will incur ballot advertising costs for ensuring that ballot issue language, issue explanations, and proponent and opponent positions for ballot issues are published in print media across the state. The Secretary of State is reimbursed for these costs via cash transfers from the GRF approved by the Controlling Board. The costs could be up to a few hundred thousand dollars.

Detailed Analysis

The resolution proposes an amendment to the Ohio Constitution authorizing the General Assembly to enact laws for the issuance of bonds or other obligations (but not general obligation bonds) to finance the cost of repaying outstanding advances made by the federal government for Ohio's unemployment compensation program.

The proposed amendment authorizes the General Assembly to determine the maturity dates and the principal amounts of any obligations issued. The bonds are secured by a pledge of all or a part of taxes and surcharges imposed on employers subject to Ohio's unemployment laws, as well as other moneys generated as part of the sale of the obligations and pledged to the bond proceedings. The obligations can only be issued if the Governor or Governor's designee determines the cost of repaying outstanding federal advances, including the cost of interest, would exceed the total cost of the obligations, including interest. The Unemployment Compensation Fund is not part of the state treasury and is therefore not appropriated by the General Assembly.

If approved, the issue will appear on the November 3, 2020 general election ballot.

Ballot advertising

The Secretary of State will incur costs for ballot advertising in accordance with Section 1 of Article XVI of the Ohio Constitution, which requires that the ballot language, the explanations, and arguments, if any, be published once a week for three consecutive weeks preceding the election in at least one newspaper of general circulation in each county of the state where a newspaper is published. Ballot advertising costs will depend on the length of the ballot language, explanations, and arguments. As a guide, the ballot advertising costs were about \$613,000 for the three statewide issues that appeared on the November 2015 ballot, \$492,000 for the two statewide issues on the November 2017 ballot, and \$410,000 for one statewide issue on the November 2018 ballot.

Once these expenses are incurred, the Secretary of State submits a Controlling Board request for reimbursement from the GRF to the Statewide Ballot Advertising Fund (Fund 5FH0) used by the Secretary of State. Such cash transfers may also be requested from and approved by the Controlling Board before the advertising is placed. As with all print advertising, the cost largely depends on the length of the proposed amendment, the explanation, and the arguments for and against the ballot issue, meaning the total cost will vary.

Indirect effects

If the constitutional amendment is approved by voters, the General Assembly would be able to enact law and authorize the issuance of obligations to repay outstanding advances made by the federal government. Since the obligations would not be general obligation bonds, they would not be backed by the full faith and credit, revenue, and taxing power of the state.

Ohio borrowed from the federal government to pay unemployment benefits in previous years and was charged interest on these loans.¹ In addition, after taking out these loans, if a state does not repay the advances as required, the basic penalty is a graduated loss of the federal tax credit for employers in the state. If the constitutional amendment is approved, bonds could be issued instead if the Governor or the Governor's designee determines that the cost of repaying outstanding federal advances would exceed the total cost of the obligations.

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¹ Current law requires that employers pay a surcharge to repay interest.