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S.B. 115
134th General Assembly

Bill Analysis

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Version: As Reported by Senate Financial Institutions and Technology

Primary Sponsor: Sen. Schuring

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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

Ohio Pooled Collateral Program

The Ohio Pooled Collateral Program (OPCP) is a statutory program administered by the Ohio Treasurer of State with the purpose of protecting government deposits, both state and local, by streamlining the process of pledging collateral to secure public deposits. The Treasurer's office is the sole administrator of the program and is responsible for managing the pledged collateral.¹ The bill makes two changes to the OPCP related to minimum collateral requirements and liability.

Collateral

Under current law, a public depository, an institution that receives or holds public moneys deposited pursuant to the Uniform Depository Act or the county depository law, 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

¹ R.C. 135.182 and R.C. 135.01 and 135.31, not in the bill and Ohio Pooled Collateral System, Ohio Treasurer of State, <https://tos.ohio.gov/ohio-pooled-collateral-system/>, accessed March 15, 2021.

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.²

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 public deposits at that institution or an amount determined by rules adopted by the Treasurer of State.³

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.⁴

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.⁵ 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.⁶

HISTORY

Action	Date
Introduced	03-03-21
Reported, S. Financial Institutions & Technology	05-11-21

S0115-RS-134/ks

² R.C. 135.18 and 135.37, not in the bill.

³ R.C. 135.182(B).

⁴ R.C. 135.182(B)(3).

⁵ R.C. 135.182(D).

⁶ R.C. 135.182(K) and 135.01.