OHIO LEGISLATIVE SERVICE COMMISSION

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Office of Research and Drafting

Legislative Budget Office

H.B. 332
136th General Assembly

Fiscal Note & Local Impact Statement

Click here for H.B. 332's Bill Analysis

Version: As Reported by House Small Business

Primary Sponsors: Reps. T. Mathews and Hiner

Local Impact Statement Procedure Required: No

Kyuhan Choi, Economist

Highlights

- The bill establishes the Small Defense Business Linked Deposit Program to provide below-market-rate loans to eligible small defense-oriented businesses. The fiscal effect is expected to be minimal.

Detailed Analysis

The bill creates the Small Defense Business Linked Deposit Program, which provides below-market-rate loans to eligible small defense-oriented businesses (including subcontractors) headquartered in Ohio. Loans are funded through linked deposits, where the Treasurer of State (TOS) invests state funds at participating financial institutions at a reduced interest rate, and the institutions pass savings on to approved borrowers. Eligible borrowers must meet specific criteria, including being headquartered in Ohio at least five years preceding its application for the program, having gross receipts under $50 million for the 12 months preceding application, being organized for profit, and having been a party to a contract with the U.S. armed forces or a federal agency for the provision of goods or services to the armed forces. Borrowers also must certify that the loan will be used exclusively in Ohio to create or preserve jobs or materially contribute to the preservation or growth of the borrower's business.

The bill may reduce state investment earnings due to below-market-rate investments and minimally increase administrative responsibilities for TOS, including processing applications and verifying borrower eligibility. These responsibilities are similar to those already performed for existing linked deposit programs, such as the Agricultural Linked Deposit Program and Small Business Linked Deposit Program. Therefore, any additional costs are expected to be absorbed within current resources. The bill has no direct fiscal effect on local governments.