OHIO LEGISLATIVE SERVICE COMMISSION

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Office of Research and Drafting

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H.B. 332
136th General Assembly

Bill Analysis

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Version: As Reported by House Small Business

Primary Sponsors: Reps. T. Mathews and Hiner

Logan Briggs, Attorney

SUMMARY

- Creates the Small Defense Business Linked Deposit Program for the purpose of lending money to eligible small defense businesses, including their subcontractors, at a rate below the present borrowing rate.
- Adds the Small Defense Business Linked Deposit Program to the administrative requirements in the statutes also governing the continuing Adoption Linked Deposit Program, Agricultural Linked Deposit Program, Small Business Linked Deposit Program, and Home Improvement Linked Deposit Program.

DETAILED ANALYSIS

Background

Continuing law contains requirements for various linked deposit programs. In a linked deposit program, the Treasurer of State invests state funds in certificates of deposit or other financial institution instruments at an eligible lending institution. The Treasurer agrees to accept a reduced rate of return on the investment and, in turn, the lending institution agrees to pass the savings on to approved borrowers in the form of an interest-rate reduction.[1]

Small Defense Business Linked Deposit Program

The bill creates the Small Defense Business Linked Deposit Program for the purpose of lending money to eligible small defense-oriented businesses, including subcontractors for those businesses, at a rate below the present borrowing rate. A lending institution must be able to make commercial loans to participate in this linked deposit program. To be eligible for the Small

[1] R.C. 135.61; R.C. 135.63 to 135.66, not in the bill.

Defense Business Linked Deposit Program, a borrower must have all of the following characteristics:

- The borrower is currently headquartered or domiciled in Ohio, and has been for at least five years prior to submitting an application to participate in the linked deposit program;
- At least 51% of all offices and operating facilities maintained by the borrower are located in Ohio;
- The borrower is a party to, or has been a party to, a contract or subcontract with the armed forces or an agency or instrumentality of the United States government for the provision of goods or services to the armed forces;
- The borrower has less than $50 million in gross receipts for the 12 months preceding application to the linked deposit program;
- The borrower is organized for profit.[2]

Additionally, an eligible borrower must certify on the loan application that the reduced rate loan will be used exclusively in Ohio to create new jobs, preserve existing jobs and employment opportunities, or materially contribute to the preservation or growth of the borrower's business.[3]

Lastly, the bill makes conforming changes to the consolidated administrative requirements in continuing law currently governing the Adoption Linked Deposit Program, Agricultural Linked Deposit Program, Small Business Linked Deposit Program, and Home Improvement Linked Deposit Program to add the Small Defense Business Linked Deposit Program.[4]

HISTORY

Action	Date
Introduced	06-03-25
Reported, H. Small Business	02-18-26

ANHB0332RH-136/sb

[2] R.C. 135.67(B) to (D); conforming changes in R.C. 1733.04 and 1733.24.

[3] R.C. 135.67(E).

[4] R.C. 135.61, 135.62, 135.621, and 135.623.