



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** H.J.R. 6 of the 131st G.A.

**Date:** April 25, 2016

**Status:** As Introduced

**Sponsor:** Rep. T. Johnson

**Local Impact Statement Procedure Required:** No

**Contents:** Proposing to enact Section 18 of Article VIII of the Constitution of the state of Ohio to prohibit state agencies and the state's public retirement systems from contracting with or investing in companies with certain business operations in countries designated as state sponsors of terrorism and to require state agencies and public retirement systems to divest investments from such companies

### State Fiscal Highlights

- The resolution proposes to submit for the state voters' approval at the statewide general election on November 8, 2016 a constitutional amendment that would require state agencies and public retirement systems to terminate any contract between the agencies or systems and a designated company.
- GRF appropriation item 911441, Ballot Advertising Costs, in the Controlling Board's budget, is used to reimburse the Secretary of State for expenses incurred in advertising ballot issues statewide. Reimbursements approved by the Controlling Board are transferred to the Statewide Ballot Advertising Fund (Fund 5FH0) in the Secretary of State's budget to pay for expenses related to advertising ballot issues statewide.

### Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

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## Detailed Fiscal Analysis

The resolution proposes to include a constitutional amendment on the ballot of the statewide general election on November 8, 2016. If approved and ratified by state voters, the amendment would require a state agency or public retirement system to terminate any contract between the agency or retirement system and a designated company<sup>1</sup> by not later than December 31, 2018. The amendment specifies that no such contracts can be extended or renewed after the earlier of December 31, 2018, or the date on which the contract expires or is terminated. The amendment also requires a state agency or public retirement system to sell, redeem, or divest any of the agency's or retirement system's stocks, bonds, and any other direct holdings in a designated company in a manner that is orderly and consistent with its fiduciary duties.

If both chambers of the General Assembly approve the resolution, the issue will be placed on the statewide ballot for the general election on November 8, 2016. The Office of the Secretary of State would incur costs for ballot advertising to inform Ohioans on such ballot issue. Ballot advertising costs are reimbursed from GRF appropriation item 911441, Ballot Advertising Costs, and line item 911614, CB Emergency Purposes (Fund 5KM0), in the Controlling Board's budget. Reimbursements approved by the Controlling Board are transferred to the Statewide Ballot Advertising Fund (Fund 5FH0) in the Secretary of State's budget to pay for expenses related to advertising ballot issues statewide. For example, in FY 2016, the Secretary of State spent a total of about \$613,000 for legal advertising costs associated with constitutionally required publications for State Issues 1, 2, and 3. The estimated costs for statewide ballot advertising for this resolution would likely be considerably less. The actual costs would depend on the number of words that need to be included in the ballot issue.

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<sup>1</sup> For this purpose, the resolution defines a "designated company" generally as a company with active business operations in a strategic industry in a country designated a state sponsor of terrorism by the U.S. State Department. Please see the resolution for the definition of a "strategic industry."