



Ohio Legislative Service Commission

Bill Analysis

Brian D. Malachowsky

H.B. 492

131st General Assembly
(As Introduced)

Reps. Rogers and Driehaus, Celebrezze, Lepore-Hagan, Cera, Patterson, K. Smith, G. Johnson, Slesnick, Boccieri, Curtin, Hambley, Ashford, Strahorn, Sweeney, Sheehy

BILL SUMMARY

- Creates the Supplemental State Capital Improvements (SSCI) Pilot Program to provide additional infrastructure funding to local subdivisions, through grants and low-interest or interest-free loans.
 - Creates the SSCI Fund made up of 50% of the investment earnings from the Budget Stabilization Fund (BSF), requested transfers from the BSF, and any interest that may be collected from SSCI loans.
 - Requires the Director of the Ohio Public Works Commission to adopt any rules needed to implement the Program.
 - Terminates the Program after five years.
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CONTENT AND OPERATION

Supplemental State Capital Improvements Pilot Program

The bill creates the Supplemental State Capital Improvements (SSCI) Pilot Program to provide additional infrastructure funding to local subdivisions. The Program provides the subdivisions with low-interest or interest-free loans and grants for capital improvement projects.¹ Eligible capital improvement projects include projects for constructing and improving roads, bridges, and water supply systems, as provided under current law. In addition, the SSCI Program would also provide funding

¹ R.C. 164.18.

for other types of projects such as protective gates and warning lights at railroad grade crossings, historical facilities, and broadband expansion.²

Public Works Commission administration

The Director of the Ohio Public Works Commission (PWC) must approve requests for financial assistance submitted by district public works integrating committees and enter into agreements with one or more local subdivisions to provide the capital improvement loans and grants. Generally, the PWC Director must administer the SSCI loans and grants in the same manner as existing programs for aid to local governments overseen by the Director under R.C. Chapter 164.³ The bill also requires the Director to adopt any rules in accordance with the Administrative Procedure Act (R.C. Chapter 119.) necessary to implement the processing of SSCI grants and loans.⁴

Program funding source

The bill creates the SSCI Fund. The Fund will be filled by the following streams:

- For five years after the bill takes effect, 50% of investment earnings on money held in the Budget Stabilization Fund (BSF; also known informally as the Rainy Day Fund);⁵
- All repayments of loans made to local subdivisions under the Program;
- Transfers from the BSF, at the determination of the PWC Director, when money is needed for the program. However, not more than \$200 million may be transferred from the BSF to the SSCI Fund in any fiscal year.⁶

SSCI Fund grant account

The bill creates a grant account within the SSCI Fund consisting of 50% of the BSF investment earnings in the SSCI Fund (described above) and any investment

² R.C. 164.01(A)(1) and (2).

³ R.C. 164.18.

⁴ R.C. 164.18(B).

⁵ R.C. 131.43.

⁶ R.C. 164.18(A)(1).



earnings of the SSCI Fund. This account is to be used to fund grants under the SSCI Program.⁷

Transfers from the BSF to the SSCI Fund

The bill requires the OBM Director to make the following transfers from the BSF to the SSCI Fund on July 1, 2015, and July 1, 2016:⁸

- An amount determined by the PWC Director, to be used for loans under the SSCI Program;
- 50% of the BSF's investment earnings for the preceding year, to be used for grants under the SSCI Program.⁹

Impact on the Income Tax Reduction Fund

The bill includes a mechanism to avoid decreasing the amount of money designated for transfer to the Income Tax Reduction Fund (ITRF) by decreasing the amount held in the BSF to the extent money is transferred from the BSF to the SSCI Fund. Under law unchanged in the bill, the Director of Budget and Management (OBM) is required to transfer surplus GRF revenue amounts from the preceding fiscal year to maintain a balance in the BSF equal to 8.5% of the GRF revenues for the preceding fiscal year. The Director then sends any remaining surplus to the ITRF.

The bill specifies that any money transferred to the SSCI Fund at the request of the PWC Director must be included in the 8.5% BSF transfer calculation.¹⁰ Since this portion of the SSCI Fund will be included in the BSF transfer calculation, the amount transferred to the ITRF is unaffected by the bill's provisions. However, because the money transferred to the SSCI Fund counts towards the 8.5% BSF transfer calculation, the bill would result in less money remaining in the BSF.

⁷ R.C. 164.18(A)(2).

⁸ The dates referenced in the bill may need to be updated.

⁹ Section 3.

¹⁰ R.C. 131.44(B)(1)(a).

Sunset after five years

The Program must terminate five years after the bill's effective date. All money remaining in the SSCI Fund and all loan repayments received must be transferred back to the BSF.¹¹

HISTORY

ACTION	DATE
Introduced	03-21-16

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¹¹ R.C. 164.18(C).

