



Ohio Legislative Service Commission

Bill Analysis

Dan DeSantis

Sub. H.B. 476*

131st General Assembly

(As Reported by S. Government Oversight & Reform)

Reps. Schuring, Rosenberger, Strahorn, Amstutz, Boyce, Brown, Celebrezze, Cera, Derickson, Driehaus, Hayes, McClain, Slesnick, Sprague, Buchy, Anielski, Antani, Barnes, Boyd, Brenner, Craig, Dever, Dovilla, Ginter, Goodman, T. Johnson, Leland, Maag, Merrin, Perales, Roegner, Romanchuk, R. Smith, Sweeney, Terhar, Thompson, Young, Zeltwanger

BILL SUMMARY

State contracts and boycotting

- Prohibits state agencies from entering into or renewing contracts with companies for certain supplies and services if the companies do not declare that they are not boycotting any jurisdiction with whom Ohio can enjoy open trade, including Israel, and will not do so during the contract period.
- Defines "boycott" as engaging in refusals to deal, terminating business activities, or other actions intended to limit commercial relations with persons or entities in a discriminatory manner.
- Exempts boycotts to which 50 U.S.C. 4607(c), which preempts state regulation of specific foreign boycotts in favor of federal regulations, applies, and certain boycotts related to business or economic reasons or applied in a nondiscriminatory manner, and conduct that is necessary to comply with law.

Foreign debt cap

- Raises the foreign debt cap for investments for interim funds of the state, county inactive funds, and public library funds from 1% to 2%.

* This analysis was prepared before the report of the Senate Government Oversight and Reform Committee appeared in the Senate Journal. Note that the list of co-sponsors and the legislative history may be incomplete.

CONTENT AND OPERATION

State contracts and boycotting

The bill prohibits state agencies from entering into or renewing current contracts for the acquisition or provision of supplies, equipment, or services, or contracts for construction services, with companies unless the company declares that it is not boycotting any jurisdiction with whom this state can enjoy open trade, including Israel.¹ The bill defines "jurisdiction with whom this state can enjoy open trade" as any World Trade Organization member and any jurisdiction with which the United States has free trade or other agreements aimed at ensuring open and nondiscriminatory trade relations.²

Under the bill, a company is boycotting if the company refuses to deal with, terminates business activities, or otherwise engages in activities that are intended to limit commercial relations with persons or entities in a discriminatory manner. The bill specifically exempts from the definition of "boycott" all of the following:³

(1) Boycotts to which 50 U.S.C. 4607(c) applies. That provision of the United States Code preempts state laws with respect to foreign boycotts regulated by the federal government.⁴

(2) A decision based on business or economic reasons, or the specific conduct of a targeted person or entity;

(3) A boycott against a public entity of a foreign state when the boycott is applied in a nondiscriminatory manner; and

(4) Conduct necessary to comply with applicable law in the business's home jurisdiction.

For purposes of the boycott provisions of the bill, "company" is defined as a sole proprietorship, partnership, corporation, national association, societe anonyme, limited liability company, limited partnership, limited liability partnership, joint venture, or other business organization, including their subsidiaries and affiliates, that operates to earn a profit. And, "state agency" means an organized body, office, agency, institution,

¹ The bill defines Israel as meaning Israel or Israeli-controlled territories (R.C. 9.76(A)(3)).

² R.C. 9.76(B).

³ R.C. 9.76(A)(1).

⁴ 50 U.S.C. 4607(c), not in the bill.



or other entity established by the laws of Ohio for the exercise of a function of state government.⁵

Foreign debt cap

The bill raises the cap on the percentage of foreign debt in which the interim funds of the state, county inactive funds, and public library funds may invest their portfolios.⁶ Under the bill, this cap on foreign investment is increased from 1% to 2% of a fund's portfolio. Under current law, these funds are not permitted to hold more than 1% of their portfolios in foreign investments.

HISTORY

ACTION	DATE
Introduced	02-24-16
Reported, H. Gov't Accountability & Oversight	05-18-16
Passed House (83-13)	11-29-16
Reported S. Gov't Oversight & Reform	---

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⁵ R.C. 9.76(A)(2) and (5).

⁶ R.C. 135.143(A)(10)(b) and 135.35(A)(10).

