



OHIO LEGISLATIVE SERVICE COMMISSION

Final Analysis

Abby McMahon

Sub. H.B. 476

131st General Assembly
(As Passed by the General Assembly)

- 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
- Sens.** LaRose, Bacon, Coley, Eklund, Faber, Hackett, Hite, Hottinger, Hughes, Jones, Obhof, Patton, Peterson, Seitz, Thomas, Uecker, Williams

Effective date: March 21, 2017

ACT SUMMARY

State contracts and boycotting

- Prohibits state agencies from entering into or renewing contracts with companies for supplies and services unless the companies declare that they are not boycotting, and will not boycott during the contract period, any jurisdiction with whom Ohio can enjoy open trade, including Israel.
- 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 the following: boycotts to which 50 U.S.C. 4607(c) applies, certain boycotts related to business or economic reasons, boycotts against a public entity of a foreign state when the boycott is applied in a nondiscriminatory manner, and conduct that is necessary to comply with law.

* This version updates the effective date.

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%.

CONTENT AND OPERATION

State contracts and boycotting

The act 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 act 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 act, a company is boycotting if it 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 act specifically exempts from the definition of "boycott" all of the following:³

(1) Boycotts to which 50 U.S.C. 4607(c) applies. That federal law 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.

¹ The act 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 act.



The boycott provisions of the act apply to a "company" that is 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. "State agency" means an organized body, office, agency, institution, or other entity established by Ohio laws to exercise a state government function.⁵

Foreign debt cap

The act 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. Under the act, this cap on foreign investment is increased from 1% to 2% of a fund's portfolio. Formerly, these funds were not permitted to hold more than 1% of their portfolios in foreign investments.⁶

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	12-07-16
Passed Senate (26-5)	12-08-16
House concurred in Senate amendments (74-19)	12-08-16

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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).

