

**As Reported by the Senate Finance and Financial Institutions
Committee**

**124th General Assembly
Regular Session
2001-2002**

S. B. No. 193

SENATORS White, Spada

A B I L L

To amend sections 122.011, 135.12, 135.143, 135.63, 1
135.631, 3770.06, and 5739.18, to enact new 2
sections 135.81, 135.82, 135.83, 135.84, 135.85, 3
135.86, and 135.87, and to repeal sections 135.81, 4
135.82, 135.83, 135.84, 135.85, 135.86, 135.87, and 5
135.88 of the Revised Code to expand the investment 6
authority of the Treasurer of State under the 7
Uniform Depository Act; to modify the authority of 8
the State Board of Deposit to designate public 9
depositories; to increase the amount that may be 10
invested in agricultural linked deposits; to 11
authorize the Treasurer of State to establish and 12
maintain a housing linked deposit program and to 13
partner with a municipal corporation or county that 14
has established a housing linked deposit program; 15
and to modify licensed vendor reporting 16
requirements of a county auditor. 17

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 122.011, 135.12, 135.143, 135.63, 18
135.631, 3770.06, and 5739.18 be amended and new sections 135.81, 19
135.82, 135.83, 135.84, 135.85, 135.86, and 135.87 of the Revised 20

Code be enacted to read as follows: 21

Sec. 122.011. (A) The department of development shall develop 22
and promote plans and programs designed to assure that state 23
resources are efficiently used, economic growth is properly 24
balanced, community growth is developed in an orderly manner, and 25
local governments are coordinated with each other and the state, 26
and for such purposes may do all of the following: 27

(1) Serve as a clearinghouse for information, data, and other 28
materials that may be helpful or necessary to persons or local 29
governments, as provided in section 122.07 of the Revised Code; 30

(2) Prepare and activate plans for the retention, 32
development, expansion, and use of the resources and commerce of 33
the state, as provided in section 122.04 of the Revised Code; 34

(3) Assist and cooperate with federal, state, and local 35
governments and agencies of federal, state, and local governments 36
in the coordination of programs to carry out the functions and 37
duties of the department; 38

(4) Encourage and foster research and development activities, 39
conduct studies related to the solution of community problems, and 40
develop recommendations for administrative or legislative actions, 41
as provided in section 122.03 of the Revised Code; 42

(5) Serve as the economic and community development planning 44
agency, which shall prepare and recommend plans and programs for 45
the orderly growth and development of this state and which shall 46
provide planning assistance, as provided in section 122.06 of the 47
Revised Code; 48

(6) Cooperate with and provide technical assistance to state 49
departments, political subdivisions, regional and local planning 50

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commissions, tourist associations, councils of government,
community development groups, community action agencies, and other
appropriate organizations for carrying out the functions and
duties of the department or for the solution of community
problems;

(7) Coordinate the activities of state agencies that have an
impact on carrying out the functions and duties of the department;

(8) Encourage and assist the efforts of and cooperate with
local governments to develop mutual and cooperative solutions to
their common problems that relate to carrying out the purposes of
this section;

(9) Study existing structure, operations, and financing of
regional or local government and those state activities that
involve significant relations with regional or local governmental
units, recommend to the governor and to the general assembly such
changes in these provisions and activities as will improve the
operations of regional or local government, and conduct other
studies of legal provisions that affect problems related to
carrying out the purposes of this section;

(10) Appoint, with the approval of the governor, technical
and other advisory councils as it considers appropriate, as
provided in section 122.09 of the Revised Code;

(11) Create and operate a division of community development
to develop and administer programs and activities that are
authorized by federal statute or the Revised Code;

(12) Until July 1, 2003, establish fees and charges, in
consultation with the director of agriculture, for purchasing
loans from financial institutions and providing loan guarantees
under the family farm loan program created under sections 901.80
to 901.83 of the Revised Code;

(13) Provide loan servicing for the loans purchased and loan

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guarantees provided under section 901.80 of the Revised Code as 82
that section existed prior to July 1, 2003; 83

(14) Until July 1, 2003, and upon approval by the controlling 84
board under division (A)(3) of section 901.82 of the Revised Code 85
of the release of money to be used for purchasing a loan or 86
providing a loan guarantee, request the release of that money in 87
accordance with division (B) of section 166.03 of the Revised Code 88
for use for the purposes of the fund created by section 166.031 of 89
the Revised Code. 90

~~(B) The department, by rule, shall establish criteria 91
defining nonprofit corporations that are eligible for appointment 92
as qualified agents pursuant to sections 135.81 to 135.88 of the 93
Revised Code. The criteria shall require that a corporation be 94
organized pursuant to Chapter 1702. of the Revised Code and have 95
as its primary purpose the promotion of economic development or 96
the creation or retention of jobs and job opportunities. The 97
criteria may include a specification as to the professional 98
qualifications of the corporation employees, a minimum elapsed 99
period of time since the corporation was organized, current and 100
former activities of the corporation, and such other criteria 101
reasonably related to the foregoing that relate to the ability of 102
the corporation to act as a qualified agent for the purposes of 103
sections 135.81 to 135.88 of the Revised Code. 104~~

~~(c) The director of development may request the attorney 105
general to, and the attorney general, in accordance with section 106
109.02 of the Revised Code, shall bring a civil action in any 107
court of competent jurisdiction. The director may be sued in the 108
director's official capacity, in connection with this chapter, in 109
accordance with Chapter 2743. of the Revised Code. 110~~

Sec. 135.12. (A) Beginning in ~~2000~~ 2002, the state board of 111
deposit shall meet on the third Monday of ~~June~~ March in the 112

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even-numbered years for the purpose of designating the public 113
 depositories of the public moneys of the state, and at such 114
 meeting or any adjourned session thereof shall designate such 115
 public depositories and award the public moneys of the state to 116
 and among the public depositories so designated for the period of 117
 two years commencing on the first Monday of July next following. 118

(B) Each governing board other than the state board of 119
 deposit shall meet every five years on the third Monday or such 120
 regularly scheduled meeting date of the month next preceding the 121
 date of the expiration of its designation of depositories for the 122
 purpose of designating the public depositories of the public 123
 moneys of the subdivision, and at such meeting or any adjourned 124
 session thereof, shall designate such public depositories and 125
 award the public moneys of the subdivision to and among the public 126
 depositories so designated for the period of five years commencing 127
 on the date of the expiration of the next preceding designation. 128
 The designation and award shall be made in duplicate; one copy 129
 shall be retained by the governing board of the subdivision and 130
 one copy shall be certified to the treasurer. 131

(C) If a governing board ~~other than the state board of~~ 132
~~deposit~~ determines, during a designation period, that a public 133
 depository designated under this section is insolvent or operating 134
 in an unsound or unsafe manner, the governing board may meet and 135
 designate a different public depository of the public moneys of 136
 the state or of the subdivision for the remainder of the 137
 designation period. 138

(D) If a governing board ~~other than the state board of~~ 139
~~deposit~~ determines during a designation period that it is 140
 necessary and in the state's or subdivision's best interests to 141
 appoint additional depositories, the governing board may meet and 142
 designate one or more additional public depositories of the public 143
 moneys of the state or of the subdivision for the remainder of the 144

designation period. 145

(E) Whenever, by amendment or enactment of any state or 146
federal law or the amendment or adoption of any valid regulation 147
thereunder, the terms of a designation or award, lawful at the 148
beginning of any designation period, cease to be lawful during 149
such period, and if the change of law or regulation requires, the 150
designation period shall be limited so as not to extend beyond the 151
date when that change becomes effective. In such case, the proper 152
governing board shall meet and designate the public depositories 153
of the public moneys of the state or of the subdivision for the 154
remainder of the designation period. 155

Sec. 135.143. (A) The treasurer of state may invest or 156
execute transactions for any part or all of the interim funds of 157
the state in the following classifications of obligations: 158

(1) United States treasury bills, notes, bonds, or any other 159
obligations or securities issued by the United States treasury or 160
any other obligation guaranteed as to principal and interest by 161
the United States; 162

(2) Bonds, notes, debentures, or any other obligations or 163
securities issued by any federal government agency or 164
instrumentality; 165

(3) Bonds and other obligations ~~of the sinking fund~~ of the 166
state of Ohio issued by the treasurer of state and of the Ohio 167
public facilities commission; 168

(4)(a) Written repurchase agreements with any eligible Ohio 169
financial institution that is a member of the federal reserve 170
system or federal home loan bank or any recognized United States 171
government securities dealer, under the terms of which agreement 172
the treasurer of state purchases and the eligible financial 173
institution or dealer agrees unconditionally to repurchase any of 174
the securities that are listed in division (A)(1) ~~or~~, (2), or (6) 175

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of this section and that will mature or are redeemable within ten 176
years from the date of purchase. The market value of securities 177
subject to these transactions must exceed the principal value of 178
the repurchase agreement by an amount specified by the treasurer 179
of state, and the securities must be delivered into the custody of 180
the treasurer of state or the qualified trustee or agent 181
designated by the treasurer of state. The agreement shall contain 182
the requirement that for each transaction pursuant to the 183
agreement, the participating institution or dealer shall provide 184
all of the following information: 185

(i) The par value of the securities; 186

(ii) The type, rate, and maturity date of the securities; 187

(iii) A numerical identifier generally accepted in the 188
securities industry that designates the securities. 189

(b) The treasurer of state also may sell any securities, 190
listed in division (A)(1) ~~or~~, (2), or (6) of this section, 191
regardless of maturity or time of redemption of the securities, 192
under the same terms and conditions for repurchase, provided that 193
the securities have been fully paid for and are owned by the 194
treasurer of state at the time of the sale. 195

(5) Securities lending agreements with any eligible financial 196
institution that is a member of the federal reserve system or 197
federal home loan bank or any recognized United States government 198
securities dealer, under the terms of which ~~agreement~~ agreements 199
the treasurer of state lends securities and the eligible financial 200
institution or dealer agrees to simultaneously exchange similar 201
securities or cash, equal value for equal value. 202

Securities and cash received as collateral for a securities 203
lending agreement are not interim funds of the state. The 204
investment of cash collateral received pursuant to a securities 205
lending agreement may be invested only in such instruments 206

specified by the treasurer of state in accordance with a written investment policy. 207
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(6) Various forms of commercial paper issued by any corporation that is incorporated under the laws of the United States or a state, which ~~such~~ notes are rated at the time of purchase in the two highest categories by two nationally recognized rating agencies, provided that the total amount invested under this section in any commercial paper at any time shall not exceed ~~five~~ twenty-five per cent of the state's total average portfolio, as determined and calculated by the treasurer of state; 209
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(7) Bankers acceptances, maturing in two hundred seventy days or less, which are eligible for purchase by the federal reserve system, provided that the total amount invested in bankers acceptances at any time shall not exceed ten per cent of the state's total average portfolio, as determined and calculated by the treasurer of state; 218
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(8) Certificates of deposit in eligible institutions applying for interim moneys as provided in section 135.08 of the Revised Code, including linked deposits as provided in sections 135.61 to 135.67 of the Revised Code, agricultural linked deposits as provided in sections 135.71 to 135.76 of the Revised Code, and ~~depressed economic area~~ housing linked deposits as provided in sections 135.81 to ~~135.88~~ 135.87 of the Revised Code; 224
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(9) The state treasurer's investment pool authorized under section 135.45 of the Revised Code; 231
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(10) Debt interests, other than commercial paper described in division (A)(6) of this section, rated investment grade at the time of purchase in the three highest categories by a two nationally recognized rating ~~agency~~ agencies and issued by corporations that are incorporated under the laws of the United 233
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States or a state, or issued by foreign nations diplomatically 238
 recognized by the United States government, or any instrument 239
 based on, derived from, or related to such interests. All interest 240
 and principal shall be denominated and payable in United States 241
 funds. The investments made under division (A)(10) of this section 242
 shall not exceed in the aggregate ~~five~~ twenty-five per cent of the 243
 state's total average portfolio, as determined and calculated by 244
 the treasurer of state. The investments made under division 245
 (A)(10) of this section in debt interests issued by foreign 246
 nations shall not exceed in the aggregate one per cent of the 247
 state's total average portfolio, as determined and calculated by 248
the treasurer of state. The investments made under division 249
 (A)(10) of this section in the debt interests of a single issuer 250
 shall not exceed in the aggregate one-half of one per cent of the 251
 state's total average portfolio, as determined and calculated by 252
the treasurer of state. 253

The treasurer of state shall invest under division (A)(10) of 254
 this section in a debt interest issued by a foreign nation only if 255
 the debt interest is backed by the full faith and credit of that 256
 foreign nation. For purposes of division (A)(10) of this section, 257
 a debt interest is rated ~~investment-grade~~ in the three highest 258
categories by a two nationally recognized rating ~~agency~~ agencies 259
 if either the debt interest itself or the issuer of the debt 260
 interest is rated, or is implicitly rated, ~~investment-grade~~ at the 261
time of purchase in the three highest categories by a two 262
 nationally recognized rating ~~agency~~ agencies. 263

(11) No-load money market mutual funds consisting exclusively 264
 of obligations described in division (A)(1) ~~or~~, (2), or (6) of 265
 this section and repurchase agreements secured by such 266
 obligations. 267

(12) Obligations of a board of education issued under 268
 authority of section 133.10 or 133.301 of the Revised Code. 269

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(B) Whenever, during a period of designation, the treasurer of state classifies public moneys as interim moneys, the treasurer of state shall notify the state board of deposit of such action. ~~Such~~ The notification shall be given within thirty days after such classification and, in the event the state board of deposit does not concur in such classification or in the investments or deposits made under this section, the board may order the treasurer of state to sell or liquidate any of ~~such the~~ investments or deposits, and any such order shall specifically describe the investments or deposits and fix the date upon which they are to be sold or liquidated. Investments or deposits so ordered to be sold or liquidated shall be sold or liquidated for cash by the treasurer of state on the date fixed in such order at the then current market price. Neither the treasurer of state nor the members of the state board of deposit shall be held accountable for any loss occasioned by sales or liquidations of investments or deposits at prices lower than their cost. Any loss or expense incurred in making ~~such these~~ sales or liquidations is payable as other expenses of the treasurer's office.

(C) If any securities or obligations invested in by the treasurer of state pursuant to this section are registrable either as to principal or interest, or both, such securities or obligations shall be registered in the name of the treasurer of state.

(D) The treasurer of state is responsible for the safekeeping of all securities or obligations under this section. Any such securities or obligations may be deposited for safekeeping as provided in section 113.05 of the Revised Code.

(E) Interest earned on any investments or deposits authorized by this section shall be collected by the treasurer of state and credited by the treasurer of state to the proper fund of the state.

(F) Whenever investments or deposits acquired under this 302
section mature and become due and payable, the treasurer of state 303
shall present them for payment according to their tenor, and shall 304
collect the moneys payable thereon. The moneys so collected shall 305
be treated as public moneys subject to sections 135.01 to 135.21 306
of the Revised Code. 307

(G) The treasurer of state and any board of education issuing 308
obligations referred to in division (A)(12) of this section may 309
enter into an agreement providing for: 310

(1) The purchase of those obligations by the treasurer of 311
state on terms and subject to conditions set forth in the 312
agreement; 313

(2) The payment by the board of education to the treasurer of 314
state of a reasonable fee as consideration for the agreement of 315
the treasurer of state to purchase those obligations; provided, 316
however, that the treasurer of state shall not be authorized to 317
enter into any such agreement with the board of education of a 318
school district that has an outstanding obligation with respect to 319
a loan received under authority of section 3313.483 of the Revised 320
Code. 321

(H) For purposes of division (G) of this section, a fee shall 322
not be considered reasonable unless it is set to recover only the 323
direct costs and a reasonable estimate of the indirect costs 324
associated with the purchasing of obligations of a school board 325
under division (G) of this section and any reselling of the 326
obligations or any interest in the obligations, including 327
interests in a fund comprised of the obligations. No money from 328
the general revenue fund shall be used to subsidize the purchase 329
or resale of these obligations. 330

(I) All money collected by the treasurer of state from the 331
fee imposed by division (G) of this section shall be deposited to 332

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the credit of the state school board obligations fund, which is
 hereby created in the state treasury. Money credited to the fund
 shall be used solely to pay the treasurer of state's direct and
 indirect costs associated with purchasing and reselling
 obligations of a board of education under division (G) of this
 section.

Sec. 135.63. The treasurer of state may invest in linked
 deposits under sections 135.61 to 135.67, agricultural linked
 deposits under sections 135.71 to 135.76, housing linked deposits
under sections 135.81 to 135.87, and assistive technology device
 linked deposits under sections 135.91 to 135.97 of the Revised
 Code, provided that at the time of placement of any linked deposit
 under sections 135.61 to 135.67 of the Revised Code, agricultural
 linked deposit, housing linked deposit, or assistive technology
 device linked ~~deposits~~ deposit, the combined amount of investments
 in the linked deposits, agricultural linked deposits, housing
linked deposits, and assistive technology device linked deposits
 is not more than twelve per cent of the state's total average
 investment portfolio as determined by the treasurer of state. When
 deciding whether to invest in the linked deposits, agricultural
 linked deposits, housing linked deposits, or assistive technology
 device linked deposits, the treasurer of state shall give priority
 to the investment, liquidity, and cash flow needs of the state.

Sec. 135.631. The treasurer of state shall attempt to place
 up to one hundred twenty-five million dollars of the amount
 authorized to be invested under section 135.63 of the Revised Code
 in agricultural linked deposits, as defined in section 135.71 of
 the Revised Code, subject to the procedures set forth in sections
 135.71 to 135.76 of the Revised Code.

Sec. 135.81. As used in sections 135.81 to 135.87 of the

<u>Revised Code:</u>	363
<u>(A) "Eligible governmental subdivision" means a municipal corporation or county in this state.</u>	364 365
<u>(B) "Eligible governmental subdivision housing linked deposit program" means any program established pursuant to section 135.80 of the Revised Code by the legislative authority of a municipal corporation or the board of county commissioners of a county, in which the program goals address specific housing issues relative to the geographic boundaries of that municipal corporation or county. These program goals include, but are not limited to, home improvement, home restoration, energy efficiency, retention of historic significance, controlling urban sprawl, neighborhood revitalization, affordable housing, home ownership for persons unable to secure conventional financing, urban development, or economic revitalization of a residential area as a result of a natural disaster or other catastrophic occurrence.</u>	366 367 368 369 370 371 372 373 374 375 376 377 378
<u>(C) "Eligible housing linked deposit participant" means any person or small business that meets the requirements set forth in an eligible governmental subdivision housing linked deposit program or set forth by the treasurer of state pursuant to division (B)(2) of section 135.82 of the Revised Code and that is a resident of this state.</u>	379 380 381 382 383 384
<u>(D) "Eligible lending institution" means a financial institution meeting all of the following:</u>	385 386
<u>(1) It is eligible to make commercial loans or residential loans.</u>	387 388
<u>(2) It is a public depository of state funds under section 135.03 of the Revised Code.</u>	389 390
<u>(3) It agrees to participate in a program to provide housing linked deposits.</u>	391 392

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(E) "Housing linked deposit" means a certificate of deposit or other financial institution instrument, described in section 135.85 of the Revised Code, placed by the treasurer of state with an eligible lending institution, in accordance with division (B) of section 135.84 of the Revised Code, provided that the institution agrees, at the time of the deposit of state funds and for the period of the deposit, to lend the value of the deposit according to the deposit agreement described in section 135.85 of the Revised Code to eligible housing linked deposit participants at a fixed interest rate of three hundred basis points below the present borrowing rate applicable to each participant in the absence of approval to participate in the programs described in division (B) of section 135.82 of the Revised Code.

(F) "Other financial institution instrument" means a fully collateralized product that otherwise would pay market rates of interest approved by the treasurer of state, for the purpose of providing eligible housing linked deposit participants with the benefits of a housing linked deposit.

Sec. 135.82. (A) The general assembly finds that there exists in this state a lack of affordable financing options to promote solutions to a number of housing issues including, but not limited to, home improvement, home restoration, energy efficiency, retention of historic significance, controlling urban sprawl, neighborhood revitalization, affordable housing, home ownership for persons unable to secure conventional financing, urban development, and economic revitalization of a residential area as a result of a natural disaster or other catastrophic occurrence. Accordingly, it is declared to be the public policy of the state through housing linked deposits to create an availability of lower cost funds to inject needed capital into local residential communities.

(B) Pursuant to the findings and declarations of division (A) 424
of this section and subject to the amount authorized to be 425
invested in linked deposits pursuant to sections 135.63 and 426
135.631 of the Revised Code, both of the following apply: 427

(1) Housing linked deposits are authorized under which the 428
state partners with eligible governmental subdivisions in 429
accordance with section 135.83 of the Revised Code to provide, 430
pursuant to section 135.84 of the Revised Code, an availability of 431
lower cost funds for lending purposes that materially will 432
contribute to the solutions addressing housing issues, described 433
in division (A) of this section, across the state. 434

(2) In the absence of an eligible governmental subdivision 435
linked deposit program, the treasurer of state may develop an 436
application process and procedures and eligibility requirements 437
for participation in a housing linked deposit program that 438
provides, pursuant to section 135.84 of the Revised Code, an 439
availability of lower cost funds for lending purposes that 440
materially will contribute to the solutions addressing housing 441
issues, described in division (A) of this section, across the 442
state. 443

Sec. 135.83. (A) An eligible governmental subdivision that 444
has established an eligible governmental subdivision housing 445
linked deposit program may apply to the treasurer of state for 446
consideration of the formation of a partnership with the treasurer 447
of state for the purpose of providing additional funding for that 448
eligible governmental subdivision housing linked deposit program. 449

(B) Both of the following apply to the application for the 450
formation of a partnership with the treasurer of state described 451
in division (A) of this section: 452

(1) The application made to the treasurer of state shall be 453
in the form and manner prescribed by the treasurer of state. 454

(2) The application shall include any information required by the treasurer of state, including all of the following with respect to the eligible governmental subdivision housing linked deposit program: 455
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(a) A copy of the eligible governmental subdivision's application for participation in the program; 459
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(b) Eligibility requirements for participation in the eligible governmental subdivision program; 461
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(c) The total eligible governmental subdivision deposit commitment or allocation limits of the eligible governmental subdivision in the program. 463
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(C) The treasurer of state may accept or reject any application for the formation of a partnership described in division (B) of this section and submitted by an eligible governmental subdivision to the treasurer of state for reasons including, but not limited to, the cash flow needs of the state, level of participation by any or all eligible governmental subdivisions, and criteria set forth by the treasurer of state. 466
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(D) If an eligible governmental subdivision has formed a partnership with the treasurer of state pursuant to this section, both of the following apply: 473
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(1) The treasurer of state has final approval, in accordance with division (A) of section 135.84 of the Revised Code, of any application submitted by an applicant for participation in that eligible governmental housing linked deposit program. 476
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(2) The eligible governmental subdivision shall comply with any monitoring requirements set forth by the treasurer of state. 480
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Sec. 135.84. (A)(1) The treasurer of state may accept or reject a housing linked deposit application submitted by an applicant, or any portion thereof, based on the treasurer of 482
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state's evaluation of the applicant and the amount of state funds 485
to be deposited. 486

(2) If applicable, when evaluating an application pursuant to 487
division (A)(1) of this section, the treasurer of state shall give 488
consideration to the criteria for acceptance or rejection of an 489
application set forth by an eligible governmental subdivision in 490
the eligible governmental subdivision housing linked deposit 491
program. 492

(3) No fee shall be charged to any party for the preparation, 493
processing, reporting, or monitoring of any application to the 494
treasurer of state for a housing linked deposit. 495

(B)(1) Upon acceptance of a housing linked deposit 496
application or any portion thereof, the treasurer of state may 497
place certificates of deposit or other financial institution 498
instruments described in section 135.85 of the Revised Code with 499
an eligible lending institution at up to three hundred basis 500
points below current market rates, as determined and calculated by 501
the treasurer of state. 502

(2) When necessary, the treasurer of state may place 503
certificates of deposit or other financial institution instruments 504
described in section 135.85 of the Revised Code with an eligible 505
lending institution prior to acceptance of a housing linked 506
deposit application. 507

Sec. 135.85. (A) Upon placement of a housing linked deposit 508
with an eligible lending institution pursuant to division (B) of 509
section 135.84 of the Revised Code, the eligible lending 510
institution shall do both of the following: 511

(1) Enter into a deposit agreement with the treasurer of 512
state that includes all of the following: 513

(a) Any requirements necessary to carry out the purposes of 514

<u>sections 135.81 to 135.87 of the Revised Code;</u>	515
<u>(b) Provisions for any certificate of deposit or other financial institution instrument meeting the requirements described in division (B) of this section and placed for any maturity considered appropriate by the treasurer of state but not exceeding five years;</u>	516 517 518 519 520
<u>(c) A specification of the period of time in which the eligible lending institution is to provide the reduced interest rate to an approved applicant.</u>	521 522 523
<u>(2) Lend funds as provided in division (C) of this section and in accordance with the deposit agreement described in this section to each eligible housing linked deposit participant approved by the treasurer of state pursuant to division (A) of section 135.84 of the Revised Code.</u>	524 525 526 527 528
<u>(B) Both of the following apply to any certificate of deposit or other financial institution instrument described in division (A)(1)(b) of this section:</u>	529 530 531
<u>(1) The certificate of deposit or other financial institution instrument shall not be renewed upon final maturity.</u>	532 533
<u>(2) Interest shall be paid at the times and in the manner prescribed by the treasurer of state.</u>	534 535
<u>(C) The loan described in division (A)(2) of this section shall be at a fixed rate of three hundred basis points below the present borrowing rate that would apply to the eligible housing linked deposit participant in the absence of approval to participate in the programs described in division (B) of section 135.82 of the Revised Code.</u>	536 537 538 539 540 541
<u>(D) A certificate of compliance with this section in the form and manner prescribed by the treasurer of state shall be provided by the eligible lending institution.</u>	542 543 544

(E)(1) Any delay in payments or default on the part of the 545
eligible housing linked deposit participant does not in any manner 546
affect the deposit agreement between the eligible lending 547
institution and the treasurer of state. 548

(2) If an eligible lending institution changes the terms of a 549
loan to an eligible housing linked deposit participant because of 550
a delay in payments or default, the housing linked deposit amount 551
shall be returned to the treasurer of state by the eligible 552
lending institution. In which case, the deposit amount plus 553
interest and without early withdrawal penalties shall be returned 554
in a timely manner as prescribed by the treasurer of state. 555

(F) An eligible lending institution shall comply fully with 556
sections 135.81 to 135.87 of the Revised Code. 557

Sec. 135.86. (A) The treasurer of state shall take any steps 558
necessary to monitor compliance with sections 135.81 to 135.87 of 559
the Revised Code by eligible lending institutions, eligible 560
housing linked deposit participants, and eligible governmental 561
subdivisions to which partnerships with the treasurer of state 562
have been approved pursuant to section 135.83 of the Revised Code. 563

(B) The treasurer of state may develop guidelines to carry 564
out the purposes of division (A) of this section. 565

Sec. 135.87. The state and the treasurer of state are not 566
liable to any eligible lending institution in any manner for 567
payment of principal or interest on a loan to an eligible housing 568
linked deposit participant under sections 135.81 to 135.87 of the 569
Revised Code. 570

Sec. 3770.06. (A) There is hereby created the state lottery 571
gross revenue fund, which shall be in the custody of the treasurer 572
of state but shall not be part of the state treasury. All gross 573

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revenues received from sales of lottery tickets, fines, fees, and 574
related proceeds shall be deposited into the fund. The treasurer 575
of state shall invest any portion of the fund not needed for 576
immediate use in the same manner as, and subject to all provisions 577
of law with respect to the investment of, state funds. The 578
treasurer of state shall disburse money from the fund on order of 579
the director of the state lottery commission or the director's 580
designee. All revenues of the state lottery gross revenue fund 581
that are not paid to holders of winning lottery tickets, that are 582
not required to meet short-term prize liabilities, that are not 583
paid to lottery sales agents in the form of bonuses, commissions, 584
or reimbursements, and that are not paid to financial institutions 585
to reimburse those institutions for sales agent nonsufficient 586
funds shall be transferred to the state lottery fund, which is 587
hereby created in the state treasury. All investment earnings of 588
the fund shall be credited to the fund. Moneys shall be disbursed 589
from the fund pursuant to vouchers approved by the director. Total 590
disbursements for monetary prize awards to holders of winning 591
lottery tickets and purchases of goods and services awarded as 592
prizes to holders of winning lottery tickets shall be of an amount 593
equal to at least fifty per cent of the total revenue accruing 594
from the sale of lottery tickets. 595

(B) Pursuant to Section 6 of Article XV, Ohio Constitution, 596
there is hereby established in the state treasury the lottery 597
profits education fund. Whenever, in the judgment of the director 598
of budget and management, the amount to the credit of the state 599
lottery fund is in excess of that needed to meet the maturing 600
obligations of the commission and as working capital for its 601
further operations, the director shall transfer the excess to the 602
lottery profits education fund. Investment earnings of the lottery 603
profits education fund shall be credited to the fund. There shall 604
also be credited to the fund any repayments of moneys loaned from 605
the educational excellence investment fund. The lottery profits 606

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education fund shall be used solely for the support of elementary, secondary, vocational, and special education programs as determined in appropriations made by the general assembly, or as provided in applicable bond proceedings for the payment of debt service on obligations issued to pay costs of capital facilities, including those for a system of common schools throughout the state pursuant to section 2n of Article VIII, Ohio Constitution. When determining the availability of money in the lottery profits education fund, the director of budget and management may consider all balances and estimated revenues of the fund.

From the amounts that the director of budget and management transfers in any fiscal year from the state lottery fund to the lottery profits education fund, the director shall transfer the initial ten million dollars of those amounts from the lottery profits education fund to the school building program bond service fund created in division (Q) of section 3318.26 of the Revised Code to be pledged for the purpose of paying bond service charges as defined in division (C) of section 3318.21 of the Revised Code on one or more issuances of obligations, which obligations are issued to provide moneys for the school building program assistance fund created in section 3318.25 of the Revised Code.

(C) There is hereby established in the state treasury the deferred prizes trust fund. With the approval of the director of budget and management, an amount sufficient to fund annuity prizes shall be transferred from the state lottery fund and credited to the trust fund. The treasurer of state shall credit all earnings arising from investments purchased under this division to the fund. Within sixty days after the end of each fiscal year, the director of budget and management shall certify the amount of investment earnings necessary to have been credited to the trust fund during the fiscal year just ending to provide for continued funding of deferred prizes. Any earnings credited in excess of

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this certified amount shall be transferred to the lottery profits education fund. To provide all or a part of the amounts necessary to fund deferred prizes awarded by the commission, the treasurer of state, in consultation with the commission, may invest moneys contained in the deferred prizes trust fund in obligations of the type permitted for the investment of state funds but whose maturities are thirty years or less. Investments of the deferred prizes trust fund are not subject to the provisions of division (A)(10) of section 135.143 of the Revised Code limiting to twenty-five per cent the amount of the state's total average portfolio that may be invested in debt interests and limiting to one-half of one per cent the amount that may be invested in debt interests of a single issuer.

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All purchases made under this division shall be effected on a delivery versus payment method and shall be in the custody of the treasurer of state.

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The treasurer of state may retain an investment advisor, if necessary. The commission shall pay any costs incurred by the treasurer of state in retaining an investment advisor.

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(D) The auditor of state shall conduct annual audits of all funds and any other audits as the auditor of state or the general assembly considers necessary. The auditor of state may examine all records, files, and other documents of the commission, and records of lottery sales agents that pertain to their activities as agents, for purposes of conducting authorized audits.

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The state lottery commission shall establish an internal audit program before the beginning of each fiscal year, subject to the approval of the auditor of state. At the end of each fiscal year, the commission shall prepare and submit an annual report to the auditor of state for the auditor of state's review and approval, specifying the internal audit work completed by the end of that fiscal year and reporting on compliance with the annual

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internal audit program. The form and content of the report shall 671
be prescribed by the auditor of state under division (C) of 672
section 117.20 of the Revised Code. 673

(E) Whenever, in the judgment of the director of budget and 674
management, an amount of net state lottery proceeds is necessary 675
to be applied to the payment of debt service on obligations, all 676
as defined in sections 151.01 and 151.03 of the Revised Code, the 677
director shall transfer that amount directly from the state 678
lottery fund or from the lottery profits education fund to the 679
bond service fund defined in those sections. The provisions of 680
this division are subject to any prior pledges or obligation of 681
those amounts to the payment of bond service charges as defined in 682
division (C) of section 3318.21 of the Revised Code, as referred 683
to in division (B) of this section. 684

Sec. 5739.18. On the first business day of each week, each 685
county auditor shall make in ~~triplicate~~ duplicate a list showing 686
the names of all vendors licensed in the auditor's county during 687
the preceding week pursuant to sections 5739.01 to 5739.31 of the 688
Revised Code, and such other information as to each, available 689
from the records in the auditor's office, as the tax commissioner 690
prescribes, and shall immediately certify one of ~~such~~ the lists to 691
the commissioner, ~~one to the treasurer of state,~~ and one to the 692
county treasurer. The tax commissioner shall keep an alphabetical 693
index of such licensees so certified to the commissioner but may 694
delete ~~therefrom~~ from the index the names of those persons whose 695
licenses have been cancelled. 696

Section 2. That existing sections 122.011, 135.12, 135.143, 697
135.63, 135.631, 3770.06, and 5739.18 and sections 135.81, 135.82, 698
135.83, 135.84, 135.85, 135.86, 135.87, and 135.88 of the Revised 699
Code are hereby repealed. 700