

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

**127th General Assembly
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Sub. S. B. No. 314

Senator Carey

**Cosponsors: Senators Mason, Spada, Harris, Roberts, Miller, D., Wilson,
Fedor, Sawyer, Smith, Stivers, Niehaus, Padgett, Wagoner, Cafaro, Kearney**

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A B I L L

To amend sections 135.61, 135.63, 135.65, and 135.66 1
and to enact sections 135.101, 135.102, 135.103, 2
135.104, 135.105, and 135.106 of the Revised Code 3
to authorize the Treasurer of State to administer 4
a linked deposit program designed to encourage 5
personal savings and promote personal financial 6
education and to revise the determination of 7
interest rates under the Small Business Linked 8
Deposit Program. 9

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

Section 1. That sections 135.61, 135.63, 135.65, and 135.66 10
be amended and sections 135.101, 135.102, 135.103, 135.104, 11
135.105, and 135.106 of the Revised Code be enacted to read as 12
follows: 13

Sec. 135.101. As used in sections 135.101 to 135.106 of the 14
Revised Code: 15

(A) "Eligible resident" means an individual who is a resident 16
of Ohio and who completes the SaveNOW education program prescribed 17

by section 135.104 of the Revised Code. 18

(B) "Eligible savings institution" means a financial 19
institution that offers savings accounts available to residents of 20
Ohio, that is a public depository of public money of the state 21
under section 135.03 of the Revised Code, and that agrees to 22
participate in the SaveNOW program under sections 135.101 to 23
135.106 of the Revised Code. 24

(C) "SaveNOW linked deposit" means a deposit placed by the 25
treasurer of state with an eligible savings institution at a rate 26
determined and calculated by the treasurer of state. 27

(D) "SaveNOW savings account" means an interest-bearing 28
account that is opened by an eligible resident at an eligible 29
savings institution and that complies with the requirements of 30
section 135.104 of the Revised Code. 31

(E) "Premium savings rate" means the highest savings rate 32
that is offered by an eligible savings institution for large 33
deposits, as approved by and negotiated with the treasurer of 34
state. 35

(F) "Program period" means the length of time, not to exceed 36
two years, established by the treasurer of state that a SaveNOW 37
savings account is eligible to receive the SaveNOW interest 38
incentive. 39

Sec. 135.102. The general assembly finds that the personal 40
savings rate among Ohioans has declined in recent years, that 41
personal savings are important to the future prosperity of Ohio, 42
and that personal savings must be encouraged and assisted. The 43
SaveNOW program provided for in sections 135.101 to 135.106 of the 44
Revised Code is intended to promote increased personal savings, 45
which will materially contribute to the economic growth of Ohio 46
and the financial security of its residents. Accordingly, it is 47

declared to be the public policy of the state through the SaveNOW 48
program to create an availability of higher-rate savings accounts 49
for the purpose of increasing personal savings and promoting 50
financial education among the residents of Ohio. 51

Sec. 135.103. The treasurer of state may invest in SaveNOW 52
linked deposits under sections 135.101 to 135.106 of the Revised 53
Code, provided that at the time of placing any SaveNOW linked 54
deposits the combined amount of investments of public money of the 55
state in linked deposits of any kind is not more than twelve per 56
cent of the state's total average investment portfolio as 57
determined by the treasurer of state. When deciding whether to 58
invest in SaveNOW linked deposits, the treasurer of state shall 59
give priority to the investment, liquidity, and cash flow needs of 60
the state. 61

Sec. 135.104. (A) A resident of Ohio may participate in the 62
SaveNOW program by agreeing to maintain a SaveNOW savings account 63
at an eligible savings institution for the program period and by 64
completing the SaveNOW education program. The SaveNOW education 65
program shall include a financial literacy assessment and a 66
financial literacy program established and administered by the 67
treasurer of state. 68

(B) An eligible savings institution shall accept applications 69
for a SaveNOW savings account from eligible residents on a 70
first-come, first-served basis on forms prescribed by the 71
treasurer of state. The eligible savings institution shall offer 72
to eligible residents a SaveNOW savings account that satisfies all 73
of the following: 74

(1) Opening and maintaining the account requires no minimum 75
deposit; 76

(2) No fees are charged for opening or using the account; and 77

(3) All deposits in the account earn at least the premium savings rate. 78
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(C) To provide an additional incentive for saving, a SaveNOW incentive rate of interest shall accrue to the average daily balance of deposits, up to five thousand dollars, in a SaveNOW savings account during the program period at a rate equal to up to three percentage points above the premium savings rate. The interest earnings arising from the SaveNOW incentive rate of interest shall be credited to the account in a lump sum at the conclusion of the program period. 80
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(D) The interest earnings arising from the SaveNOW incentive rate of interest under division (C) of this section shall be deducted from the interest earned on the state's SaveNOW linked deposit at the end of the eligible program period. 88
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(E) Not more than one SaveNOW savings account shall be held by an eligible resident during a program period. An individual holding a SaveNOW savings account jointly with another individual shall be considered to be holding such an account for the purposes of this division, unless the joint ownership is of an account opened by a parent, grandparent, or guardian for a minor or for a dependent adult. 92
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Sec. 135.105. (A) Upon the placement of a SaveNOW linked deposit with an eligible savings institution, the institution shall offer SaveNOW savings accounts to eligible residents under section 135.104 of the Revised Code. A certification of compliance with this section in the form and manner prescribed by the treasurer of state shall be required of the eligible savings institution. 99
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(B) The treasurer of state shall take any and all steps necessary to implement the SaveNOW program and to monitor the compliance of eligible savings institutions, including the 106
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development of guidelines as necessary. 109

(C) Annually, by the first day of February, the treasurer of 110
state shall report on the SaveNOW program for the preceding 111
calendar year to the governor, the speaker of the house of 112
representatives, and the president of the senate. The speaker 113
shall transmit copies of the report to the chairpersons of the 114
standing committees of the house of representatives that 115
customarily consider legislation regarding finance, and the 116
president of the senate shall transmit copies of the report to the 117
chairpersons of the standing committees of the senate that 118
customarily consider legislation regarding finance. The report 119
shall set forth the SaveNOW linked deposits made by the treasurer 120
of state under the program during the year and shall include a 121
list of eligible savings institutions and the number of SaveNOW 122
savings accounts at each of those institutions during the 123
preceding year. 124

Sec. 135.106. The state and the treasurer of state are not 125
liable to any eligible savings institution or any eligible 126
resident in any manner for the terms associated with SaveNOW 127
savings accounts. Any misuse or misconduct on the part of an 128
eligible savings institution or eligible resident does not in any 129
manner affect the deposit agreement between the eligible savings 130
institution and the treasurer of state. 131

Sec. 135.61. As used in sections 135.61 to 135.67 of the 132
Revised Code: 133

(A) "Eligible small business" means any person, including, 134
but not limited to a person engaged in agriculture, that has all 135
of the following characteristics: 136

(1) Is headquartered in this state; 137

(2) Maintains offices and operating facilities exclusively in 138

this state and transacts business in this state; 139

(3) Employs fewer than one hundred fifty employees, the 140
majority of whom are residents of this state; 141

(4) Is organized for profit. 142

(B) "Eligible lending institution" means a financial 143
institution that is eligible to make commercial loans, is a public 144
depository of state funds under section 135.03 of the Revised 145
Code, and agrees to participate in the linked deposit program. 146

(C) "Linked deposit" means a certificate of deposit placed by 147
the treasurer of state with an eligible lending institution at ~~up~~ 148
~~to three per cent~~ a rate below current market rates, as determined 149
and calculated by the treasurer of state, provided the institution 150
agrees to lend the value of such deposit, according to the deposit 151
agreement provided in division (C) of section 135.65 of the 152
Revised Code, to eligible small businesses at ~~three per cent~~ a 153
rate that reflects an equal percentage rate reduction below the 154
present borrowing rate applicable to each specific business at the 155
time of the deposit of state funds in the institution. 156

Sec. 135.63. The treasurer of state may invest in linked 157
deposits under sections 135.61 to 135.67, agricultural linked 158
deposits under sections 135.71 to 135.76, housing linked deposits 159
under sections 135.81 to 135.87, ~~and~~ assistive technology device 160
linked deposits under sections 135.91 to 135.97, and SaveNOW 161
linked deposits under sections 135.101 to 135.106 of the Revised 162
Code, provided that at the time of placement of any such linked 163
deposit ~~under sections 135.61 to 135.67 of the Revised Code,~~ 164
~~agricultural linked deposit, housing linked deposit, or assistive~~ 165
~~technology device linked deposit,~~ the combined amount of 166
investments in ~~the linked deposits, agricultural linked deposits,~~ 167
~~housing linked deposits, and assistive technology device~~ all such 168
linked deposits is not more than twelve per cent of the state's 169

total average investment portfolio as determined by the treasurer 170
of state. When deciding whether to invest in ~~the linked deposits,~~ 171
~~agricultural linked deposits, housing linked deposits, or~~ 172
~~assistive technology device~~ any such linked deposits, the 173
treasurer of state shall give priority to the investment, 174
liquidity, and cash flow needs of the state. 175

Sec. 135.65. (A) The treasurer of state may accept or reject 176
a linked deposit loan package or any portion thereof, based on the 177
treasurer's evaluation of the eligible small businesses included 178
in the package and the amount of state funds to be deposited. When 179
evaluating the eligible small businesses, the treasurer shall give 180
priority to the economic needs of the area where the business is 181
located and the ratio of state funds to be deposited to jobs 182
sustained or created and shall also consider any reports, 183
statements, or plans applicable to the business, the overall 184
financial need of the business, and such other factors as the 185
treasurer considers appropriate. 186

(B) Upon acceptance of the linked deposit loan package or any 187
portion thereof, the treasurer of state may place certificates of 188
deposit with the eligible lending institution at ~~three per cent~~ a 189
rate below current market rates, as determined and calculated by 190
the treasurer of state. When necessary, the treasurer may place 191
certificates of deposit prior to acceptance of a linked deposit 192
loan package. 193

(C) The eligible lending institution shall enter into a 194
deposit agreement with the treasurer of state, which shall include 195
requirements necessary to carry out the purposes of sections 196
135.61 to 135.67 of the Revised Code. Such requirements shall 197
reflect the market conditions prevailing in the eligible lending 198
institution's lending area. The agreement may include a 199
specification of the period of time in which the lending 200

institution is to lend funds upon the placement of a linked 201
deposit, and shall include provisions for the certificates of 202
deposit to be placed for any maturity considered appropriate by 203
the treasurer of state not to exceed two years, and may be renewed 204
for up to an additional two years at the option of the treasurer. 205
Interest shall be paid at the times determined by the treasurer of 206
state. 207

(D) Eligible lending institutions shall comply fully with 208
Chapter 135. of the Revised Code. 209

Sec. 135.66. (A) Upon the placement of a linked deposit with 210
an eligible lending institution, such institution is required to 211
lend such funds to each approved eligible small business listed in 212
the linked deposit loan package required by division (D) of 213
section 135.64 of the Revised Code and in accordance with the 214
deposit agreement required by division (C) of section 135.65 of 215
the Revised Code. The loan shall be at ~~three per cent~~ a rate that 216
reflects a percentage rate reduction below the present borrowing 217
rate applicable to each business that is equal to the percentage 218
rate reduction below market rates at which the certificate of 219
deposits that constitute the linked deposit were placed. A 220
certification of compliance with this section in the form and 221
manner as prescribed by the treasurer of state shall be required 222
of the eligible lending institution. 223

(B) The treasurer of state shall take any and all steps 224
necessary to implement the linked deposit program and monitor 225
compliance of eligible lending institutions and eligible small 226
businesses, including the development of guidelines as necessary. 227
The treasurer of state and the department of development shall 228
notify each other at least quarterly of the names of the 229
businesses receiving financial assistance from their respective 230
programs. 231

Annually, by the first day of February, the treasurer of 232
state shall report on the linked deposits program for the 233
preceding calendar year to the governor, the speaker of the house 234
of representatives, and the president of the senate. The speaker 235
of the house shall transmit copies of this report to the ~~chairmen~~ 236
chairpersons of the standing committees in the house which 237
customarily consider legislation regarding agriculture and small 238
business, and the president of the senate shall transmit copies of 239
this report to the ~~chairmen~~ chairpersons of the standing 240
committees in the senate which customarily consider legislation 241
regarding agriculture and small business. The report shall set 242
forth the linked deposits made by the treasurer of state under the 243
program during the year and shall include information regarding 244
the nature, terms, and amounts of the loans upon which the linked 245
deposits were based and the eligible small businesses to which the 246
loans were made. 247

Section 2. That existing sections 135.61, 135.63, 135.65, and 248
135.66 of the Revised Code are hereby repealed. 249