

As Introduced

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Representatives Blair, Heard

**Cosponsors: Representatives Anielski, Boyd, Cera, Driehaus, Fedor, Foley,
Gerberry, Goodwin, Kozlowski, Letson, Lundy, O'Brien, Hagan, R., Reece,
Terhar, Weddington, Williams, Yuko**

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A B I L L

To amend sections 122.60, 122.71, 135.03, 135.032,	1
135.04, 135.06, 135.08, 135.10, 135.14, 135.144,	2
135.18, 135.32, 135.321, 135.33, 135.35, 135.353,	3
135.37, 135.51, 135.52, 135.53, 1733.04, 1733.041,	4
1733.24, 1733.30, 1733.31, 2909.32, 2909.33,	5
5733.01, and 5733.98 and to enact sections	6
135.011, 135.031, 135.322, and 5733.51 of the	7
Revised Code to permit credit unions and farm	8
credit system institutions to serve as public	9
depositories under certain circumstances, to allow	10
credit unions and farm credit system institutions	11
to participate in the Capital Access Loan Program	12
and the Small Business Loan Guarantee Program, and	13
to offer community banks that hold a certain	14
amount of public deposits a nonrefundable credit	15
against the corporation franchise tax.	16

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

Section 1. That sections 122.60, 122.71, 135.03, 135.032,	17
135.04, 135.06, 135.08, 135.10, 135.14, 135.144, 135.18, 135.32,	18

135.321, 135.33, 135.35, 135.353, 135.37, 135.51, 135.52, 135.53, 19
1733.04, 1733.041, 1733.24, 1733.30, 1733.31, 2909.32, 2909.33, 20
5733.01, and 5733.98 be amended and sections 135.011, 135.031, 21
135.322, and 5733.51 of the Revised Code be enacted to read as 22
follows: 23

Sec. 122.60. As used in sections 122.60 to 122.605 of the 24
Revised Code: 25

(A) "Capital access loan" means a loan made by a 26
participating financial institution to an eligible business that 27
may be secured by a deposit of money from the fund into the 28
participating financial institution's program reserve account. 29

(B) "Department" means the department of development. 30

(C) "Eligible business" means a for-profit business entity, 31
or a nonprofit entity, that had total annual sales in its most 32
recently completed fiscal year of less than ten million dollars 33
and that has a principal place of for-profit business or nonprofit 34
entity activity within the state, the operation of which, alone or 35
in conjunction with other facilities, will create new jobs or 36
preserve existing jobs and employment opportunities and will 37
improve the economic welfare of the people of the state. As used 38
in this division, "new jobs" does not include existing jobs 39
transferred from another facility within the state, and "existing 40
jobs" means only existing jobs at facilities within the same 41
municipal corporation or township in which the project, activity, 42
or enterprise that is the subject of a capital access loan is 43
located. 44

(D) "Financial institution" means any bank, trust company, 45
savings bank, ~~or~~ savings and loan association, or credit union 46
that is chartered by and has a significant presence in the state, 47
or any national bank, federal savings and loan association, ~~or~~ 48
federal savings bank, or federal credit union that has a 49

significant presence in the state. "Financial institution" also 50
includes a farm credit system institution organized under the 51
federal "Farm Credit Act of 1971," 85 Stat. 583, 12 U.S.C. 2001, 52
as amended, that has a significant presence in the state. 53

(E) "Fund" means the capital access loan program fund. 54

(F) "Participating financial institution" means a financial 55
institution that has a valid, current participation agreement with 56
the department. 57

(G) "Participation agreement" means the agreement between a 58
financial institution and the department under which a financial 59
institution may participate in the program. 60

(H) "Passive real estate ownership" means the ownership of 61
real estate for the sole purpose of deriving income from it by 62
speculation, trade, or rental. 63

(I) "Program" means the capital access loan program created 64
under section 122.602 of the Revised Code. 65

(J) "Program reserve account" means a dedicated account at 66
each participating financial institution that is the property of 67
the state and may be used by the participating financial 68
institution only for the purpose of recovering a claim under 69
section 122.604 of the Revised Code arising from a default on a 70
loan made by the participating financial institution under the 71
program. 72

Sec. 122.71. As used in sections 122.71 to 122.83 of the 73
Revised Code: 74

(A) "Financial institution" means any banking corporation, 75
trust company, insurance company, savings and loan association, 76
building and loan association, credit union, farm credit system 77
institution organized under the federal "Farm Credit Act of 1971," 78
85 Stat. 583, 12 U.S.C. 2001, as amended, or corporation, 79

partnership, federal lending agency, foundation, or other 80
institution engaged in lending or investing funds for industrial 81
or business purposes. 82

(B) "Project" means any real or personal property connected 83
with or being a part of an industrial, distribution, commercial, 84
or research facility to be acquired, constructed, reconstructed, 85
enlarged, improved, furnished, or equipped, or any combination 86
thereof, with the aid provided under sections 122.71 to 122.83 of 87
the Revised Code, for industrial, commercial, distribution, and 88
research development of the state. 89

(C) "Mortgage" means the lien imposed on a project by a 90
mortgage on real property, or by financing statements on personal 91
property, or a combination of a mortgage and financing statements 92
when a project consists of both real and personal property. 93

(D) "Mortgagor" means the principal user of a project or the 94
person, corporation, partnership, or association unconditionally 95
guaranteeing performance by the principal user of its obligations 96
under the mortgage. 97

(E)(1) "Minority business enterprise" means an individual who 98
is a United States citizen and owns and controls a business, or a 99
partnership, corporation, or joint venture of any kind that is 100
owned and controlled by United States citizens, which citizen or 101
citizens are residents of this state and are members of one of the 102
following economically disadvantaged groups: Blacks or African 103
Americans, American Indians, Hispanics or Latinos, and Asians. 104

(2) "Owned and controlled" means that at least fifty-one per 105
cent of the business, including corporate stock if a corporation, 106
is owned by persons who belong to one or more of the groups set 107
forth in division (E)(1) of this section, and that those owners 108
have control over the management and day-to-day operations of the 109
business and an interest in the capital, assets, and profits and 110

losses of the business proportionate to their percentage of 111
ownership. In order to qualify as a minority business enterprise, 112
a business shall have been owned and controlled by those persons 113
at least one year prior to being awarded a contract pursuant to 114
this section. 115

(F) "Community improvement corporation" means a corporation 116
organized under Chapter 1724. of the Revised Code. 117

(G) "Ohio development corporation" means a corporation 118
organized under Chapter 1726. of the Revised Code. 119

(H) "Minority contractors business assistance organization" 120
means an entity engaged in the provision of management and 121
technical business assistance to minority business enterprise 122
entrepreneurs. 123

(I) "Minority business supplier development council" means a 124
nonprofit organization established as an affiliate of the national 125
minority supplier development council. 126

(J) "Regional economic development entity" means an entity 127
that is under contract with the director of development to 128
administer a loan program under this chapter in a particular area 129
of the state. 130

(K) "Community development corporation" means a corporation 131
organized under Chapter 1702. of the Revised Code that consists of 132
residents of the community and business and civic leaders and that 133
has as a principal purpose one or more of the following: the 134
revitalization and development of a low- to moderate-income 135
neighborhood or community; the creation of jobs for low- to 136
moderate-income residents; the development of commercial 137
facilities and services; providing training, technical assistance, 138
and financial assistance to small businesses; and planning, 139
developing, or managing low-income housing or other community 140
development activities. 141

Sec. 135.011. As used in this chapter: 142

(A) "Certificate of deposit" includes a share certificate of 143
a credit union or farm credit system institution. 144

(B) "Farm credit system institution" means a farm credit 145
system institution organized under the federal "Farm Credit Act of 146
1971," 85 Stat. 583, 12 U.S.C. 2001, as amended. 147

Sec. 135.03. (A) Any national bank, any bank doing business 148
under authority granted by the superintendent of financial 149
institutions, or any bank doing business under authority granted 150
by the regulatory authority of another state of the United States, 151
located in this state, is eligible to become a public depository, 152
subject to sections 135.01 to 135.21 of the Revised Code. No bank 153
shall receive or have on deposit at any one time public moneys, 154
including public moneys as defined in section 135.31 of the 155
Revised Code, in an aggregate amount in excess of thirty per cent 156
of its total assets, as shown in its latest report to the 157
comptroller of the currency, the superintendent of financial 158
institutions, the federal deposit insurance corporation, or the 159
board of governors of the federal reserve system. 160

(B) Any federal savings association, any savings and loan 161
association or savings bank doing business under authority granted 162
by the superintendent of financial institutions, or any savings 163
and loan association or savings bank doing business under 164
authority granted by the regulatory authority of another state of 165
the United States, located in this state, and authorized to accept 166
deposits is eligible to become a public depository, subject to 167
sections 135.01 to 135.21 of the Revised Code. No savings 168
association, savings and loan association, or savings bank shall 169
receive or have on deposit at any one time public moneys, 170
including public moneys as defined in section 135.31 of the 171

Revised Code, in an aggregate amount in excess of thirty per cent 172
of its total assets, as shown in its latest report to the office 173
of thrift supervision, the superintendent of financial 174
institutions, the federal deposit insurance corporation, or the 175
board of governors of the federal reserve system. 176

(C) Any federal credit union, any foreign credit union 177
licensed pursuant to section 1733.39 of the Revised Code, or any 178
credit union as defined in section 1733.01 of the Revised Code, 179
located in this state, is eligible to become a public depository, 180
subject to sections 135.01 to 135.21 of the Revised Code. No 181
credit union shall receive or have on deposit at any one time 182
public moneys, including public moneys as defined in section 183
135.31 of the Revised Code, in an aggregate amount in excess of 184
thirty per cent of its total assets, as shown in its latest report 185
to the superintendent of financial institutions or the national 186
credit union administration. 187

(D) Any farm credit system institution that has a significant 188
presence in the state is eligible to become a public depository, 189
subject to sections 135.01 to 135.21 of the Revised Code. No farm 190
credit system institution shall receive or have on deposit at any 191
one time public moneys, including public moneys as defined in 192
section 135.31 of the Revised Code, in an aggregate amount in 193
excess of thirty per cent of its total assets, as shown in its 194
latest report to the federal farm credit administration. 195

Sec. 135.031. (A) Except as otherwise provided in division 196
(B) of this section, an officer, employee, or agent of the state 197
or of a subdivision shall not deposit public moneys in a credit 198
union referred to in division (C) of section 135.03 of the Revised 199
Code, or a farm credit system institution referred to in division 200
(D) of that section, unless the funds are being placed with the 201
credit union or institution for purposes of a linked deposit 202

program established pursuant to this chapter and both of the 203
following conditions are met: 204

(1) The credit union or institution obtains insurance for the 205
protection of the deposit from the national credit union 206
association, a share guaranty corporation as defined in section 207
1761.01 of the Revised Code, or the farm credit system insurance 208
corporation, as applicable. 209

(2) The credit union or institution pledges securities for 210
the repayment of the deposit in accordance with section 135.18 of 211
the Revised Code. 212

(B) An officer, employee, or agent of a subdivision may 213
deposit public moneys in such a credit union or farm credit system 214
institution other than for purposes of a linked deposit program 215
established under this chapter if both of the following conditions 216
are met: 217

(1) The credit union or institution obtains insurance for the 218
protection of the deposit from the national credit union 219
association, a share guaranty corporation as defined in section 220
1761.01 of the Revised Code, or the farm credit system insurance 221
corporation, as applicable. 222

(2) The total amount the subdivision will have on deposit 223
with the credit union or institution does not exceed the amount 224
insured. 225

(C) Nothing in this section shall be construed as restricting 226
the participation of such a credit union or farm credit system 227
institution in the capital access loan program under sections 228
122.60 to 122.605 of the Revised Code. 229

Sec. 135.032. No bank ~~or~~, savings and loan association, 230
credit union, or farm credit system institution is eligible to 231
become a public depository or to receive any new public deposits 232

pursuant to sections 135.01 to 135.21 of the Revised Code, if: 233

(A) In the case of a bank, the bank or any of its directors, 234
officers, employees, or controlling shareholders is currently a 235
party to an active final or temporary cease-and-desist order 236
issued under section 1121.32 of the Revised Code; 237

(B) In the case of an association, the association or any of 238
its directors, officers, employees, or controlling persons is 239
currently a party to an active final or summary cease-and-desist 240
order issued under section 1155.02 of the Revised Code; 241

(C) In the case of a credit union, the credit union or any of 242
its regulated individuals as defined in section 1733.01 of the 243
Revised Code is currently a party to an active final or summary 244
cease-and-desist order issued under section 1733.324 of the 245
Revised Code; 246

(D) In the case of a farm credit system institution, the farm 247
credit institution or any of its directors, officers, employees, 248
agents, or other persons participating in the institution's 249
affairs is currently a party to an active final or temporary 250
cease-and-desist order issued by the federal farm credit 251
administration. 252

Sec. 135.04. (A) Any institution mentioned in section 135.03 253
of the Revised Code is eligible to become a public depository of 254
the active deposits, inactive deposits, and interim deposits of 255
public moneys of the state subject to the requirements of sections 256
135.01 to 135.21 of the Revised Code. 257

(B) To facilitate the clearance of state warrants to the 258
state treasury, the state board of deposit may delegate the 259
authority to the treasurer of state to establish warrant clearance 260
accounts in any institution mentioned in section 135.03 of the 261
Revised Code located in areas where the volume of warrant 262

clearances justifies the establishment of an account as determined 263
by the treasurer of state. The balances maintained in such warrant 264
clearance accounts shall be at sufficient levels to cover the 265
activity generated by such accounts on an individual basis. Any 266
financial institution in the state that has a warrant clearance 267
account established by the treasurer of state shall, not more than 268
ten days after the close of each quarter, prepare and transmit to 269
the treasurer of state an analysis statement of such account for 270
the quarter then ended. Such statement shall contain such 271
information as determined by the state board of deposit, and this 272
information shall be used in whole or in part by the treasurer of 273
state in determining the level of balances to be maintained in 274
such accounts. 275

(C) Each governing board shall award the active deposits of 276
public moneys subject to its control to the eligible institutions 277
in accordance with this section, except that no such public 278
depository shall thereby be required to take or permitted to 279
receive and have at any one time a greater amount of active 280
deposits of such public moneys than that specified in the 281
application of such depository. When, by reason of such limitation 282
or otherwise, the amount of active public moneys deposited or to 283
be deposited in a public depository, pursuant to an award made 284
under this section, is reduced or withdrawn, as the case requires, 285
the amount of such reduction or the sum so withdrawn shall be 286
deposited in another eligible institution applying therefor, or if 287
there is no such eligible institution, then the amount so withheld 288
or withdrawn shall be awarded or deposited for the remainder of 289
the period of designation in accordance with sections 135.01 to 290
135.21 of the Revised Code. 291

(D) Any institution mentioned in section 135.03 of the 292
Revised Code is eligible to become a public depository of the 293
inactive and interim deposits of public moneys of a subdivision. 294

In case the aggregate amount of inactive or interim deposits 295
applied for by such eligible institutions is less than the 296
aggregate maximum amount of such inactive or interim deposits as 297
estimated to be deposited pursuant to sections 135.01 to 135.21 of 298
the Revised Code, the governing board of the subdivision may 299
designate as a public depository of the inactive or interim 300
deposits of the public moneys thereof, one or more institutions of 301
a kind mentioned in section 135.03 of the Revised Code, subject to 302
the requirements of sections 135.01 to 135.21 of the Revised Code. 303

(E) Any institution mentioned in section 135.03 of the 304
Revised Code is eligible to become a public depository of the 305
active deposits of public moneys of a subdivision. In case the 306
aggregate amount of active deposits of the public moneys of the 307
subdivision applied for by such eligible institutions is less than 308
the aggregate maximum amount to be deposited as such, as estimated 309
by the governing board, said board may designate as a public 310
depository of the active deposits of the public moneys of the 311
subdivision, one or more institutions of the kind mentioned in 312
section 135.03 of the Revised Code, subject to the requirements of 313
sections 135.01 to 135.21 of the Revised Code. 314

(F)(1) The governing board of the state or of a subdivision 315
may designate one or more minority banks or minority credit unions 316
as public depositories of its inactive, interim, or active 317
deposits of public moneys designated as federal funds. Except for 318
section 135.18 or 135.181 of the Revised Code, ~~Chapter 135. of the~~ 319
~~Revised Code~~ this chapter does not apply to the application for, 320
or the award of, such deposits. As used in this division, 321
"minority bank" or "minority credit union" means, as applicable, a 322
bank or credit union operating in this state that is owned or 323
controlled by one or more socially or economically disadvantaged 324
persons. Such disadvantage may arise from cultural, ethnic, or 325
racial background, chronic economic circumstances, or other 326

similar cause. Such persons include, but are not limited to, 327
Afro-Americans, Puerto Ricans, Spanish-speaking Americans, and 328
American Indians. 329

(2) In enacting this division, the general assembly finds 330
that: 331

(a) Certain commercial banks and credit unions are owned or 332
controlled by minority Americans; 333

(b) Minority banks and minority credit unions are an 334
important source of banking services in their communities; 335

(c) Minority banks and minority credit unions have been 336
unsuccessful in competing under ~~Chapter 135. of the Revised Code~~ 337
this chapter for the award of federal funds; 338

(d) This division contains safeguards for the protection of 339
the general public and the banking industry, since it provides the 340
governing board of the state or political subdivision with 341
permissive authority in the award of deposits; limits the 342
authority of the governing board to the award of federal funds; 343
and subjects minority banks and minority credit unions to certain 344
limitations of ~~Chapter 135. of the Revised Code~~ this chapter, 345
including the requirement that, as in the case of every financial 346
institution subject to ~~Chapter 135. of the Revised Code~~ this 347
chapter, a minority bank or minority credit union pledge certain 348
securities for repayment of the deposits. 349

(3) The purpose of this division is to recognize that the 350
state has a substantial and compelling interest in encouraging the 351
establishment, development, and stability of minority banks and 352
minority credit unions by facilitating their access to the award 353
of federal funds, while ensuring the protection of the general 354
public and the banking industry. 355

(G) The governing board of a subdivision shall award the 356
first twenty-five thousand dollars of the active deposits of 357

public moneys subject to its control to the eligible institution 358
or institutions applying or qualifying therefor on the basis of 359
the operating needs of the subdivision and shall award the active 360
deposits of public moneys subject to its control in excess of 361
twenty-five thousand dollars to the eligible institution or 362
institutions applying or qualifying therefor. 363

Sec. 135.06. Each eligible institution desiring to be a 364
public depository of the inactive deposits of the public moneys of 365
the state or of the inactive deposits of the public moneys of the 366
subdivision shall, not more than thirty days prior to the date 367
fixed by section 135.12 of the Revised Code for the designation of 368
such public depositories, make application therefor in writing to 369
the proper governing board. Such application shall specify the 370
maximum amount of such public moneys which the applicant desires 371
to receive and have on deposit as an inactive deposit at any one 372
time during the period covered by the designation, provided that 373
it shall not apply for more than thirty per cent of its total 374
assets as revealed by its latest report to the superintendent of 375
financial institutions, the comptroller of the currency, the 376
office of thrift supervision, the federal deposit insurance 377
corporation, ~~or~~ the board of governors of the federal reserve 378
system, the national credit union administration, or the federal 379
farm credit administration, and the rate of interest which the 380
applicant will pay thereon, subject to the limitations of sections 381
135.01 to 135.21 of the Revised Code. Each application shall be 382
accompanied by a financial statement of the applicant, under oath 383
of its cashier, treasurer, or other officer, in such detail as to 384
show the capital funds of the applicant, as of the date of its 385
latest report to the superintendent of financial institutions, the 386
comptroller of the currency, the office of thrift supervision, the 387
federal deposit insurance corporation, ~~or~~ the board of governors 388
of the federal reserve system, the national credit union 389

administration, or the federal farm credit administration, and 390
adjusted to show any changes therein made prior to the date of the 391
application. Such application may be combined with an application 392
for designation as a public depository of active deposits, interim 393
deposits, or both. 394

Sec. 135.08. Each eligible institution desiring to be a 395
public depository of interim deposits of the public moneys of the 396
state or of the interim deposits of the public moneys of the 397
subdivision shall, not more than thirty days prior to the date 398
fixed by section 135.12 of the Revised Code for the designation of 399
public depositories, make application therefor in writing to the 400
proper governing board. Such application shall specify the maximum 401
amount of such public moneys which the applicant desires to 402
receive and have on deposit as interim deposits at any one time 403
during the period covered by the designation, provided that it 404
shall not apply for more than thirty per cent of its total assets 405
as revealed by its latest report to the superintendent of 406
financial institutions, the comptroller of the currency, the 407
office of thrift supervision, the federal deposit insurance 408
corporation, ~~or~~ the board of governors of the federal reserve 409
system, the national credit union administration, or the federal 410
farm credit administration, and the rate of interest which the 411
applicant will pay thereon, subject to the limitations of sections 412
135.01 to 135.21 of the Revised Code. 413

Each application shall be accompanied by a financial 414
statement of the applicant, under oath of its cashier, treasurer, 415
or other officer, in such detail as to show the capital funds of 416
the applicant, as of the date of its latest report to the 417
superintendent of financial institutions, the comptroller of the 418
currency, the office of thrift supervision, the federal deposit 419
insurance corporation, ~~or~~ the board of governors of the federal 420
reserve system, the national credit union administration, or the 421

federal farm credit administration, and adjusted to show any 422
changes therein made prior to the date of the application. Such 423
application may be combined with an application for designation as 424
a public depository of inactive deposits, active deposits, or 425
both. 426

Sec. 135.10. Each eligible institution desiring to be a 427
public depository of the active deposits of the public moneys of 428
the state or of a subdivision shall, not more than thirty days 429
prior to the date fixed by section 135.12 of the Revised Code for 430
the designation of such public depositories, make application 431
~~therefor~~ therefore in writing to the proper governing board. If 432
desired, such application may specify the maximum amount of such 433
public moneys which the applicant desires to receive and have on 434
deposit at any one time during the period covered by the 435
designation. Each application shall be accompanied by a financial 436
statement of the applicant, under oath of its cashier, treasurer, 437
or other officer, in such detail as to show the capital funds of 438
the applicant, as of the date of its latest report to the 439
superintendent of ~~banks or~~ financial institutions, the comptroller 440
of the currency, the office of thrift supervision, the national 441
credit union administration, or the federal farm credit 442
administration, and adjusted to show any changes therein prior to 443
the date of the application. Such application may be combined with 444
an application for designation as a public depository of inactive 445
deposits, interim deposits, or both. 446

Sec. 135.14. (A) As used in this section: 447

(1) "Treasurer" does not include the treasurer of state, and 448
"governing board" does not include the state board of deposit. 449

(2) "Other obligations" includes notes whether or not issued 450
in anticipation of the issuance of bonds. 451

(B) The treasurer or governing board may invest or deposit 452
any part or all of the interim moneys. The following 453
classifications of obligations shall be eligible for such 454
investment or deposit: 455

(1) United States treasury bills, notes, bonds, or any other 456
obligation or security issued by the United States treasury or any 457
other obligation guaranteed as to principal and interest by the 458
United States. 459

Nothing in the classification of eligible obligations set 460
forth in division (B)(1) of this section or in the classifications 461
of eligible obligations set forth in divisions (B)(2) to (7) of 462
this section shall be construed to authorize any investment in 463
stripped principal or interest obligations of such eligible 464
obligations. 465

(2) Bonds, notes, debentures, or any other obligations or 466
securities issued by any federal government agency or 467
instrumentality, including but not limited to, the federal 468
national mortgage association, federal home loan bank, federal 469
farm credit bank, federal home loan mortgage corporation, 470
government national mortgage association, and student loan 471
marketing association. All federal agency securities shall be 472
direct issuances of federal government agencies or 473
instrumentalities. 474

(3) Interim deposits in the eligible institutions applying 475
for interim moneys as provided in section 135.08 of the Revised 476
Code. The award of interim deposits shall be made in accordance 477
with section 135.09 of the Revised Code and the treasurer or the 478
governing board shall determine the periods for which such interim 479
deposits are to be made and shall award such interim deposits for 480
such periods, provided that any eligible institution receiving an 481
interim deposit award may, upon notification that the award has 482
been made, decline to accept the interim deposit in which event 483

the award shall be made as though the institution had not applied 484
for such interim deposit. 485

(4) Bonds and other obligations of this state; 486

(5) No-load money market mutual funds consisting exclusively 487
of obligations described in division (B)(1) or (2) of this section 488
and repurchase agreements secured by such obligations, provided 489
that investments in securities described in this division are made 490
only through eligible institutions mentioned in section 135.03 of 491
the Revised Code; 492

(6) The Ohio subdivision's fund as provided in section 135.45 493
of the Revised Code; 494

(7) Up to twenty-five per cent of interim moneys available 495
for investment in either of the following: 496

(a) Commercial paper notes issued by an entity that is 497
defined in division (D) of section 1705.01 of the Revised Code and 498
that has assets exceeding five hundred million dollars, to which 499
notes all of the following apply: 500

(i) The notes are rated at the time of purchase in the 501
highest classification established by at least two nationally 502
recognized standard rating services. 503

(ii) The aggregate value of the notes does not exceed ten per 504
cent of the aggregate value of the outstanding commercial paper of 505
the issuing corporation. 506

(iii) The notes mature not later than one hundred eighty days 507
after purchase. 508

(b) Bankers acceptances of banks that are insured by the 509
federal deposit insurance corporation and to which both of the 510
following apply: 511

(i) The obligations are eligible for purchase by the federal 512
reserve system. 513

(ii) The obligations mature not later than one hundred eighty 514
days after purchase. 515

No investment shall be made pursuant to division (B)(7) of 516
this section unless the treasurer or governing board has completed 517
additional training for making the investments authorized by 518
division (B)(7) of this section. The type and amount of additional 519
training shall be approved by the auditor of state and may be 520
conducted by or provided under the supervision of the auditor of 521
state. 522

(C) Nothing in the classifications of eligible obligations 523
set forth in divisions (B)(1) to (7) of this section shall be 524
construed to authorize any investment in a derivative, and no 525
treasurer or governing board shall invest in a derivative. For 526
purposes of this division, "derivative" means a financial 527
instrument or contract or obligation whose value or return is 528
based upon or linked to another asset or index, or both, separate 529
from the financial instrument, contract, or obligation itself. Any 530
security, obligation, trust account, or other instrument that is 531
created from an issue of the United States treasury or is created 532
from an obligation of a federal agency or instrumentality or is 533
created from both is considered a derivative instrument. An 534
eligible investment described in this section with a variable 535
interest rate payment, based upon a single interest payment or 536
single index comprised of other eligible investments provided for 537
in division (B)(1) or (2) of this section, is not a derivative, 538
provided that such variable rate investment has a maximum maturity 539
of two years. 540

(D) Except as provided in division (E) of this section, any 541
investment made pursuant to this section must mature within five 542
years from the date of settlement, unless the investment is 543
matched to a specific obligation or debt of the subdivision. 544

(E) The treasurer or governing board may also enter into a 545

written repurchase agreement with any eligible institution 546
mentioned in section 135.03 of the Revised Code or any eligible 547
dealer pursuant to division (M) of this section, under the terms 548
of which agreement the treasurer or governing board purchases, and 549
such institution or dealer agrees unconditionally to repurchase 550
any of the securities listed in divisions (B)(1) to (5), except 551
letters of credit described in division (B)(2), of section 135.18 552
of the Revised Code. The market value of securities subject to an 553
overnight written repurchase agreement must exceed the principal 554
value of the overnight written repurchase agreement by at least 555
two per cent. A written repurchase agreement shall not exceed 556
thirty days and the market value of securities subject to a 557
written repurchase agreement must exceed the principal value of 558
the written repurchase agreement by at least two per cent and be 559
marked to market daily. All securities purchased pursuant to this 560
division shall be delivered into the custody of the treasurer or 561
governing board or an agent designated by the treasurer or 562
governing board. A written repurchase agreement with an eligible 563
securities dealer shall be transacted on a delivery versus payment 564
basis. The agreement shall contain the requirement that for each 565
transaction pursuant to the agreement the participating 566
institution or dealer shall provide all of the following 567
information: 568

(1) The par value of the securities; 569

(2) The type, rate, and maturity date of the securities; 570

(3) A numerical identifier generally accepted in the 571
securities industry that designates the securities. 572

No treasurer or governing board shall enter into a written 573
repurchase agreement under the terms of which the treasurer or 574
governing board agrees to sell securities owned by the subdivision 575
to a purchaser and agrees with that purchaser to unconditionally 576
repurchase those securities. 577

(F) No treasurer or governing board shall make an investment 578
under this section, unless the treasurer or governing board, at 579
the time of making the investment, reasonably expects that the 580
investment can be held until its maturity. 581

(G) No treasurer or governing board shall pay interim moneys 582
into a fund established by another subdivision, treasurer, 583
governing board, or investing authority, if that fund was 584
established for the purpose of investing the public moneys of 585
other subdivisions. This division does not apply to the payment of 586
public moneys into either of the following: 587

(1) The Ohio subdivision's fund pursuant to division (B)(6) 588
of this section; 589

(2) A fund created solely for the purpose of acquiring, 590
constructing, owning, leasing, or operating municipal utilities 591
pursuant to the authority provided under section 715.02 of the 592
Revised Code or Section 4 of Article XVIII, Ohio Constitution. 593

For purposes of division (G) of this section, "subdivision" 594
includes a county. 595

(H) The use of leverage, in which the treasurer or governing 596
board uses its current investment assets as collateral for the 597
purpose of purchasing other assets, is prohibited. The issuance of 598
taxable notes for the purpose of arbitrage is prohibited. 599
Contracting to sell securities that have not yet been acquired by 600
the treasurer or governing board, for the purpose of purchasing 601
such securities on the speculation that bond prices will decline, 602
is prohibited. 603

(I) Whenever, during a period of designation, the treasurer 604
classifies public moneys as interim moneys, the treasurer shall 605
notify the governing board of such action. The notification shall 606
be given within thirty days after such classification and in the 607
event the governing board does not concur in such classification 608

or in the investments or deposits made under this section, the 609
governing board may order the treasurer to sell or liquidate any 610
of such investments or deposits, and any such order shall 611
specifically describe the investments or deposits and fix the date 612
upon which they are to be sold or liquidated. Investments or 613
deposits so ordered to be sold or liquidated shall be sold or 614
liquidated for cash by the treasurer on the date fixed in such 615
order at the then current market price. Neither the treasurer nor 616
the members of the board shall be held accountable for any loss 617
occasioned by sales or liquidations of investments or deposits at 618
prices lower than their cost. Any loss or expense incurred in 619
making such sales or liquidations is payable as other expenses of 620
the treasurer's office. 621

(J) If any investments or deposits purchased under the 622
authority of this section are issuable to a designated payee or to 623
the order of a designated payee, the name of the treasurer and the 624
title of the treasurer's office shall be so designated. If any 625
such securities are registrable either as to principal or 626
interest, or both, then such securities shall be registered in the 627
name of the treasurer as such. 628

(K) The treasurer is responsible for the safekeeping of all 629
documents evidencing a deposit or investment acquired by the 630
treasurer under this section. Any securities may be deposited for 631
safekeeping with a qualified trustee as provided in section 135.18 632
of the Revised Code, except the delivery of securities acquired 633
under any repurchase agreement under this section shall be made to 634
a qualified trustee, provided, however, that the qualified trustee 635
shall be required to report to the treasurer, governing board, 636
auditor of state, or an authorized outside auditor at any time 637
upon request as to the identity, market value, and location of the 638
document evidencing each security, and that if the participating 639
institution is a designated depository of the subdivision for the 640

current period of designation, the securities that are the subject 641
of the repurchase agreement may be delivered to the treasurer or 642
held in trust by the participating institution on behalf of the 643
subdivision. Interest earned on any investments or deposits 644
authorized by this section shall be collected by the treasurer and 645
credited by the treasurer to the proper fund of the subdivision. 646

Upon the expiration of the term of office of a treasurer or 647
in the event of a vacancy in the office of treasurer by reason of 648
death, resignation, removal from office, or otherwise, the 649
treasurer or the treasurer's legal representative shall transfer 650
and deliver to the treasurer's successor all documents evidencing 651
a deposit or investment held by the treasurer. For the investments 652
and deposits so transferred and delivered, such treasurer shall be 653
credited with and the treasurer's successor shall be charged with 654
the amount of money held in such investments and deposits. 655

(L) Whenever investments or deposits acquired under this 656
section mature and become due and payable, the treasurer shall 657
present them for payment according to their tenor, and shall 658
collect the moneys payable thereon. The moneys so collected shall 659
be treated as public moneys subject to sections 135.01 to 135.21 660
of the Revised Code. 661

(M)(1) All investments, except for investments in securities 662
described in divisions (B)(5) and (6) of this section and for 663
investments by a municipal corporation in the issues of such 664
municipal corporation, shall be made only through a member of the 665
national association of securities dealers, through a bank, 666
savings bank, ~~or~~ savings and loan association, or credit union 667
regulated by the superintendent of financial institutions, or 668
through an institution regulated by the comptroller of the 669
currency, the federal deposit insurance corporation, ~~or~~ the board 670
of governors of the federal reserve system, the national credit 671
union administration, or the federal farm credit administration. 672

(2) Payment for investments shall be made only upon the 673
delivery of securities representing such investments to the 674
treasurer, governing board, or qualified trustee. If the 675
securities transferred are not represented by a certificate, 676
payment shall be made only upon receipt of confirmation of 677
transfer from the custodian by the treasurer, governing board, or 678
qualified trustee. 679

(N) In making investments authorized by this section, a 680
treasurer or governing board may retain the services of an 681
investment advisor, provided the advisor is licensed by the 682
division of securities under section 1707.141 of the Revised Code 683
or is registered with the securities and exchange commission, and 684
possesses experience in public funds investment management, 685
specifically in the area of state and local government investment 686
portfolios, or the advisor is an eligible institution mentioned in 687
section 135.03 of the Revised Code. 688

(O)(1) Except as otherwise provided in divisions (O)(2) and 689
(3) of this section, no treasurer or governing board shall make an 690
investment or deposit under this section, unless there is on file 691
with the auditor of state a written investment policy approved by 692
the treasurer or governing board. The policy shall require that 693
all entities conducting investment business with the treasurer or 694
governing board shall sign the investment policy of that 695
subdivision. All brokers, dealers, and financial institutions, 696
described in division (M)(1) of this section, initiating 697
transactions with the treasurer or governing board by giving 698
advice or making investment recommendations shall sign the 699
treasurer's or governing board's investment policy thereby 700
acknowledging their agreement to abide by the policy's contents. 701
All brokers, dealers, and financial institutions, described in 702
division (M)(1) of this section, executing transactions initiated 703
by the treasurer or governing board, having read the policy's 704

contents, shall sign the investment policy thereby acknowledging 705
their comprehension and receipt. 706

(2) If a written investment policy described in division 707
(O)(1) of this section is not filed on behalf of the subdivision 708
with the auditor of state, the treasurer or governing board of 709
that subdivision shall invest the subdivision's interim moneys 710
only in interim deposits pursuant to division (B)(3) of this 711
section, no-load money market mutual funds pursuant to division 712
(B)(5) of this section, or the Ohio subdivision's fund pursuant to 713
division (B)(6) of this section. 714

(3) Divisions (O)(1) and (2) of this section do not apply to 715
a treasurer or governing board of a subdivision whose average 716
annual portfolio of investments held pursuant to this section is 717
one hundred thousand dollars or less, provided that the treasurer 718
or governing board certifies, on a form prescribed by the auditor 719
of state, that the treasurer or governing board will comply and is 720
in compliance with the provisions of sections 135.01 to 135.21 of 721
the Revised Code. 722

(P) A treasurer or governing board may enter into a written 723
investment or deposit agreement that includes a provision under 724
which the parties agree to submit to nonbinding arbitration to 725
settle any controversy that may arise out of the agreement, 726
including any controversy pertaining to losses of public moneys 727
resulting from investment or deposit. The arbitration provision 728
shall be set forth entirely in the agreement, and the agreement 729
shall include a conspicuous notice to the parties that any party 730
to the arbitration may apply to the court of common pleas of the 731
county in which the arbitration was held for an order to vacate, 732
modify, or correct the award. Any such party may also apply to the 733
court for an order to change venue to a court of common pleas 734
located more than one hundred miles from the county in which the 735
treasurer or governing board is located. 736

For purposes of this division, "investment or deposit
agreement" means any agreement between a treasurer or governing
board and a person, under which agreement the person agrees to
invest, deposit, or otherwise manage a subdivision's interim
moneys on behalf of the treasurer or governing board, or agrees to
provide investment advice to the treasurer or governing board.

(Q) An investment made by the treasurer or governing board
pursuant to this section prior to September 27, 1996, that was a
legal investment under the law as it existed before September 27,
1996, may be held until maturity, or if the investment does not
have a maturity date, it may be held until five years from
September 27, 1996, regardless of whether the investment would
qualify as a legal investment under the terms of this section as
amended.

Sec. 135.144. (A) In addition to the authority provided in
section 135.14 or 135.143 of the Revised Code, the treasurer of
state or the treasurer or governing board of a political
subdivision may invest interim moneys in certificates of deposit
in accordance with all of the following:

(1) The interim moneys initially are deposited with an
eligible public depository described in section 135.03 of the
Revised Code and selected, pursuant to section 135.12 of the
Revised Code, by the treasurer of state or the treasurer or
governing board of a political subdivision, for interim moneys of
the state or of the political subdivision.

(2) For the treasurer of state or the treasurer or governing
board of the political subdivision depositing the interim moneys
pursuant to division (A)(1) of this section, the eligible public
depository selected pursuant to that division invests the interim
moneys in certificates of deposit of one or more federally insured
banks, savings banks, or savings and loan associations, credit

unions insured pursuant to section 1733.041 of the Revised Code, 768
or farm credit system institutions, wherever located. The full 769
amount of principal and any accrued interest of each certificate 770
of deposit invested in pursuant to division (A)(2) of this section 771
shall be insured by federal deposit insurance, by the national 772
credit union administration or a share guaranty corporation as 773
defined in section 1761.01 of the Revised Code, or by the farm 774
credit system insurance corporation, as applicable. 775

(3) For the treasurer of state or the treasurer or governing 776
board of the political subdivision depositing the interim moneys 777
pursuant to division (A)(1) of this section, the eligible public 778
depository selected pursuant to that division acts as custodian of 779
the certificates of deposit described in division (A)(2) of this 780
section. 781

(4) On the same date the public moneys are redeposited by the 782
public depository, the public depository may, in its sole 783
discretion, choose whether to receive deposits, in any amount, 784
from other banks, savings banks, or savings and loan associations. 785

(5) The public depository provides to the treasurer of state 786
or the treasurer or governing board of a political subdivision a 787
monthly account statement that includes the amount of its funds 788
deposited and held at each bank, savings bank, ~~or~~ savings and loan 789
association, credit union, or farm credit system institution for 790
which the public depository acts as a custodian pursuant to this 791
section. 792

(B) Interim moneys deposited or invested in accordance with 793
division (A) of this section are not subject to any pledging 794
requirements described in section 135.18 or 135.181 of the Revised 795
Code. 796

Sec. 135.18. (A) The treasurer, before making the initial 797
deposit in a public depository pursuant to an award made under 798

sections 135.01 to 135.21 of the Revised Code, except as provided 799
in section 135.144 or 135.145 of the Revised Code, shall require 800
the institution designated as a public depository to pledge to and 801
deposit with the treasurer, as security for the repayment of all 802
public moneys to be deposited in the public depository during the 803
period of designation pursuant to the award, eligible securities 804
of aggregate market value equal to the excess of the amount of 805
public moneys to be at the time so deposited, over and above the 806
portion or amount of such moneys as is at that time insured by the 807
federal deposit insurance corporation ~~or by~~, any other agency or 808
instrumentality of the federal government, a credit union share 809
guaranty corporation as defined in section 1761.01 of the Revised 810
Code, or the farm credit system insurance corporation. In the case 811
of any deposit other than the initial deposit made during the 812
period of designation, the amount of the aggregate market value of 813
securities required to be pledged and deposited shall be equal to 814
the difference between the amount of public moneys on deposit in 815
such public depository plus the amount to be so deposited, minus 816
the portion or amount of the aggregate as is at the time insured 817
as provided in this section. The treasurer may require additional 818
eligible securities to be deposited to provide for any 819
depreciation which may occur in the market value of any of the 820
securities so deposited. 821

(B) The following securities shall be eligible for the 822
purposes of this section: 823

(1) Bonds, notes, or other obligations of the United States; 824
or bonds, notes, or other obligations guaranteed as to principal 825
and interest by the United States or those for which the faith of 826
the United States is pledged for the payment of principal and 827
interest thereon, by language appearing in the instrument 828
specifically providing such guarantee or pledge and not merely by 829
interpretation or otherwise; 830

(2) Bonds, notes, debentures, letters of credit, or other 831
obligations or securities issued by any federal government agency 832
or instrumentality, or the export-import bank of Washington; 833
bonds, notes, or other obligations guaranteed as to principal and 834
interest by the United States or those for which the faith of the 835
United States is pledged for the payment of principal and interest 836
thereon, by interpretation or otherwise and not by language 837
appearing in the instrument specifically providing such guarantee 838
or pledge; 839

(3) Obligations of or fully insured or fully guaranteed by 840
the United States or any federal government agency or 841
instrumentality; 842

(4) Obligations partially insured or partially guaranteed by 843
any federal agency or instrumentality; 844

(5) Obligations of or fully guaranteed by the federal 845
national mortgage association, federal home loan mortgage 846
corporation, federal farm credit bank, or student loan marketing 847
association; 848

(6) Bonds and other obligations of this state; 849

(7) Bonds and other obligations of any county, township, 850
school district, municipal corporation, or other legally 851
constituted taxing subdivision of this state, which is not at the 852
time of such deposit, in default in the payment of principal or 853
interest on any of its bonds or other obligations, for which the 854
full faith and credit of the issuing subdivision is pledged; 855

(8) Bonds of other states of the United States which have not 856
during the ten years immediately preceding the time of such 857
deposit defaulted in payments of either interest or principal on 858
any of their bonds; 859

(9) Shares of no-load money market mutual funds consisting 860
exclusively of obligations described in division (B)(1) or (2) of 861

this section and repurchase agreements secured by such 862
obligations; 863

(10) A surety bond issued by a corporate surety licensed by 864
the state and authorized to issue surety bonds in this state 865
pursuant to Chapter 3929. of the Revised Code, and qualified to 866
provide surety bonds to the federal government pursuant to 96 867
Stat. 1047 (1982), 31 U.S.C.A. 9304; 868

(11) Bonds or other obligations of any county, municipal 869
corporation, or other legally constituted taxing subdivision of 870
another state of the United States, or of any instrumentality of 871
such county, municipal corporation, or other taxing subdivision, 872
for which the full faith and credit of the issuer is pledged and, 873
at the time of purchase of the bonds or other obligations, rated 874
in one of the two highest categories by at least one nationally 875
recognized standard rating service. 876

(C) If the public depository fails to pay over any part of 877
the public deposit made therein as provided by law, the treasurer 878
shall sell at public sale any of the bonds or other securities 879
deposited with the treasurer pursuant to this section or section 880
131.09 of the Revised Code, or shall draw on any letter of credit 881
to the extent of the failure to pay. Thirty days' notice of the 882
sale shall be given in a newspaper of general circulation at 883
Columbus, in the case of the treasurer of state, and at the county 884
seat of the county in which the office of the treasurer is 885
located, in the case of any other treasurer. When a sale of bonds 886
or other securities has been so made and upon payment to the 887
treasurer of the purchase money, the treasurer shall transfer such 888
bonds or securities whereupon the absolute ownership of such bonds 889
or securities shall pass to the purchasers. Any surplus remaining 890
after deducting the amount due the state or subdivision and 891
expenses of sale shall be paid to the public depository. 892

(D) An institution designated as a public depository may, by 893

written notice to the treasurer, designate a qualified trustee and 894
deposit the eligible securities required by this section with the 895
trustee for safekeeping for the account of the treasurer and the 896
institution as a public depository, as their respective rights to 897
and interests in such securities under this section may appear and 898
be asserted by written notice to or demand upon the trustee. In 899
which case, the treasurer shall accept the written receipt of the 900
trustee describing the securities that have been deposited with 901
the trustee by the public depository, a copy of which shall also 902
be delivered to the public depository. Thereupon all securities so 903
deposited with the trustee are deemed to be pledged with the 904
treasurer and to be deposited with the treasurer, for all the 905
purposes of this section. 906

(E) The governing board may make provisions for the exchange 907
and release of securities and the substitution of other eligible 908
securities therefor except where the public depository has 909
deposited eligible securities with a trustee for safekeeping as 910
provided in this section. 911

(F) When the public depository has deposited eligible 912
securities described in division (B)(1) of this section with a 913
trustee for safekeeping, the public depository may at any time 914
substitute or exchange eligible securities described in division 915
(B)(1) of this section having a current market value equal to or 916
greater than the current market value of the securities then on 917
deposit and for which they are to be substituted or exchanged, 918
without specific authorization from any governing board, boards, 919
or treasurer of any such substitution or exchange. 920

(G) When the public depository has deposited eligible 921
securities described in divisions (B)(2) to (9) of this section 922
with a trustee for safekeeping, the public depository may at any 923
time substitute or exchange eligible securities having a current 924
market value equal to or greater than the current market value of 925

the securities then on deposit and for which they are to be 926
substituted or exchanged without specific authorization of any 927
governing board, boards, or treasurer of any such substitution or 928
exchange only if: 929

(1) The treasurer has authorized the public depository to 930
make such substitution or exchange on a continuing basis during a 931
specified period without prior approval of each substitution or 932
exchange. The authorization may be effected by the treasurer 933
sending to the trustee a written notice stating that substitution 934
may be effected on a continuing basis during a specified period 935
which shall not extend beyond the end of the period of designation 936
during which the notice is given. The trustee may rely upon this 937
notice and upon the period of authorization stated therein and 938
upon the period of designation stated therein. 939

(2) No continuing authorization for substitution has been 940
given by the treasurer, the public depository notifies the 941
treasurer and the trustee of an intended substitution or exchange, 942
and the treasurer fails to object to the trustee as to the 943
eligibility or market value of the securities being substituted 944
within ten calendar days after the date appearing on the notice of 945
proposed substitution. The notice to the treasurer and to the 946
trustee shall be given in writing and delivered personally or by 947
certified or registered mail with a return receipt requested. The 948
trustee may assume in any case that the notice has been delivered 949
to the treasurer. In order for objections of the treasurer to be 950
effective, receipt of the objections must be acknowledged in 951
writing by the trustee. 952

(3) The treasurer gives written authorization for a 953
substitution or exchange of specific securities. 954

(H) The public depository shall notify any governing board, 955
boards, or treasurer of any substitution or exchange under 956
division (G)(1) or (2) of this section. Upon request from the 957

treasurer, the trustee shall furnish a statement of the securities 958
pledged against such public deposits. 959

(I) Any federal reserve bank or branch thereof located in 960
this state or federal home loan bank, without compliance with 961
Chapter 1111. of the Revised Code and without becoming subject to 962
any other law of this state relative to the exercise by 963
corporations of trust powers generally, is qualified to act as 964
trustee for the safekeeping of securities, under this section. Any 965
institution mentioned in section 135.03 of the Revised Code that 966
holds a certificate of qualification issued by the superintendent 967
of financial institutions or any institution complying with 968
sections 1111.04, 1111.05, and 1111.06 of the Revised Code, is 969
qualified to act as trustee for the safekeeping of securities, 970
other than those belonging to itself, under this section. Upon 971
application to the superintendent in writing by an institution, 972
the superintendent shall investigate the applicant and ascertain 973
whether or not it has been authorized to execute and accept trusts 974
in this state and has safe and adequate vaults and efficient 975
supervision thereof for the storage and safekeeping within this 976
state of securities. If the superintendent finds that the 977
applicant has been so authorized and has such vaults and 978
supervision thereof, the superintendent shall approve the 979
application and issue a certificate to that effect, the original 980
or any certified copy of which shall be conclusive evidence that 981
the institution therein named is qualified to act as trustee for 982
the purposes of this section with respect to securities other than 983
those belonging to itself. 984

Notwithstanding the fact that a public depository is required 985
to pledge eligible securities in certain amounts to secure 986
deposits of public moneys, a trustee has no duty or obligation to 987
determine the eligibility, market value, or face value of any 988
securities deposited with the trustee by a public depository. This 989

applies in all situations including, without limitation, a 990
substitution or exchange of securities. 991

Any charges or compensation of a designated trustee for 992
acting as such under this section shall be paid by the public 993
depository and in no event shall be chargeable to the state or the 994
subdivision or to the treasurer or to any officer of the state or 995
subdivision. The charges or compensation shall not be a lien or 996
charge upon the securities deposited for safekeeping prior or 997
superior to the rights to and interests in the securities of the 998
state or the subdivision or of the treasurer. The treasurer and 999
the treasurer's bonders or surety shall be relieved from any 1000
liability to the state or the subdivision or to the public 1001
depository for the loss or destruction of any securities deposited 1002
with a qualified trustee pursuant to this section. 1003

Sec. 135.32. (A) Any national bank, any bank doing business 1004
under authority granted by the superintendent of financial 1005
institutions, or any bank doing business under authority granted 1006
by the regulatory authority of another state of the United States, 1007
located in this state, is eligible to become a public depository, 1008
subject to sections 135.31 to 135.40 of the Revised Code. No bank 1009
shall receive or have on deposit at any one time public moneys, 1010
including public moneys as defined in section 135.01 of the 1011
Revised Code, in an aggregate amount in excess of thirty per cent 1012
of its total assets, as shown in its latest report to the 1013
comptroller of the currency, the superintendent of financial 1014
institutions, the federal deposit insurance corporation, or the 1015
board of governors of the federal reserve system. 1016

(B) Any federal savings association, any savings and loan 1017
association or savings bank doing business under authority granted 1018
by the superintendent of financial institutions, or any savings 1019
and loan association or savings bank doing business under 1020

authority granted by the regulatory authority of another state of 1021
the United States, located in this state, and authorized to accept 1022
deposits is eligible to become a public depository, subject to 1023
sections 135.31 to 135.40 of the Revised Code. No savings 1024
association, savings and loan association, or savings bank shall 1025
receive or have on deposit at any one time public moneys, 1026
including public moneys as defined in section 135.01 of the 1027
Revised Code, in an aggregate amount in excess of thirty per cent 1028
of its total assets, as shown in its latest report to the office 1029
of thrift supervision, the superintendent of financial 1030
institutions, the federal deposit insurance corporation, or the 1031
board of governors of the federal reserve system. 1032

(C) Any federal credit union, any foreign credit union 1033
licensed pursuant to section 1733.39 of the Revised Code, or any 1034
credit union as defined in section 1733.01 of the Revised Code, 1035
located in this state, is eligible to become a public depository, 1036
subject to sections 135.31 to 135.40 of the Revised Code. No 1037
credit union shall receive or have on deposit at any one time 1038
public moneys, including public moneys as defined in section 1039
135.01 of the Revised Code, in an aggregate amount in excess of 1040
thirty per cent of its total assets, as shown in its latest report 1041
to the superintendent of financial institutions or the national 1042
credit union administration. 1043

(D) Any farm credit system institution that has a significant 1044
presence in the state is eligible to become a public depository, 1045
subject to sections 135.31 to 135.40 of the Revised Code. No farm 1046
credit system institution shall receive or have on deposit at any 1047
one time public moneys, including public moneys as defined in 1048
section 135.01 of the Revised Code, in an aggregate amount in 1049
excess of thirty per cent of its total assets, as shown in its 1050
latest report to the federal farm credit administration. 1051

Sec. 135.321. No bank ~~or~~ savings and loan association, 1052
credit union, or farm credit system institution is eligible to 1053
become a public depository or to receive any new public deposits 1054
pursuant to sections 135.31 to 135.40 of the Revised Code, if: 1055

(A) In the case of a bank, the bank or any of its directors, 1056
officers, employees, or controlling shareholders is currently a 1057
party to an active final or temporary cease-and-desist order 1058
issued under section 1121.32 of the Revised Code; 1059

(B) In the case of an association, the association or any of 1060
its directors, officers, employees, or controlling persons is 1061
currently a party to an active final or summary cease-and-desist 1062
order issued under section 1155.02 of the Revised Code; 1063

(C) In the case of a credit union, the credit union or any of 1064
its regulated individuals as defined in section 1733.01 of the 1065
Revised Code is currently a party to an active final or summary 1066
cease-and-desist order issued under section 1733.324 of the 1067
Revised Code; 1068

(D) In the case of a farm credit system institution, the farm 1069
credit institution or any of its directors, officers, employees, 1070
agents, or other persons participating in the institution's 1071
affairs is currently a party to an active final or temporary 1072
cease-and-desist order issued by the federal farm credit 1073
administration. 1074

Sec. 135.322. (A) Except as otherwise provided in division 1075
(B) of this section, an officer, employee, or agent of a county 1076
shall not deposit public moneys in a credit union, as referred to 1077
in division (C) of section 135.32 of the Revised Code, or a farm 1078
credit system institution, as referred to in division (D) of that 1079
section, unless the funds are being placed with the credit union 1080
or institution for purposes of a linked deposit program 1081

established pursuant to this chapter and both of the following 1082
conditions are met: 1083

(1) The credit union or institution obtains insurance for the 1084
protection of the deposit from the national credit union 1085
association, a share guaranty corporation as defined in section 1086
1761.01 of the Revised Code, or the farm credit system insurance 1087
corporation, as applicable. 1088

(2) The credit union or institution pledges securities for 1089
the repayment of the deposit in accordance with section 135.37 of 1090
the Revised Code. 1091

(B) An officer, employee, or agent of a county may deposit 1092
public moneys in such a credit union or farm credit system 1093
institution other than for purposes of a linked deposit program 1094
established under this chapter if both of the following conditions 1095
are met: 1096

(1) The credit union or institution obtains insurance for the 1097
protection of the deposit from the national credit union 1098
association, a share guaranty corporation as defined in section 1099
1761.01 of the Revised Code, or the farm credit system insurance 1100
corporation, as applicable. 1101

(2) The total amount the county will have on deposit with the 1102
credit union or institution does not exceed the amount insured. 1103

Sec. 135.33. (A) The board of county commissioners shall meet 1104
every four years in the month next preceding the date of the 1105
expiration of its current period of designation for the purpose of 1106
designating its public depositories of active moneys for the next 1107
succeeding four-year period commencing on the date of expiration 1108
of the preceding period. 1109

At least sixty days before the meeting, the county treasurer 1110
shall submit to the board an estimate of the aggregate amount of 1111

public moneys that might be available for deposit as active moneys 1112
at any one time during the next four-year period. Upon receipt of 1113
such estimate, the board shall immediately notify all eligible 1114
institutions that might desire to be designated as such public 1115
depositories of the date on which the designation is to be made; 1116
the amount that has been estimated to be available for deposit; 1117
and the date fixed as the last date on which applications may be 1118
submitted, that shall not be more than thirty days or less than 1119
ten days prior to the date set for the meeting designating public 1120
depositories. 1121

(B) Any eligible institution described in division (A), (C), 1122
or (D) of section 135.32 of the Revised Code that has an office 1123
located within the territorial limits of the county is eligible to 1124
become a public depository of the active moneys of the county. 1125
Each eligible institution desiring to be a public depository of 1126
such active moneys shall, not more than thirty days or less than 1127
ten days prior to the date fixed by this section, make application 1128
~~therefor~~ therefore in writing to the board of county 1129
commissioners. The application may specify the maximum amount of 1130
such public moneys that the applicant desires to receive and have 1131
on deposit at any time during the period covered by the 1132
designation. Each application shall be accompanied by a financial 1133
statement of the applicant, under oath of its cashier, treasurer, 1134
or other officer as of the date of its latest report to the 1135
superintendent of ~~banks or~~ financial institutions, the comptroller 1136
of the currency, the national credit union administration, or the 1137
federal farm credit administration, and adjusted to show any 1138
changes therein prior to the date of the application, that shall 1139
include a statement of its public and nonpublic deposits. 1140

(C) The board of county commissioners, upon recommendation of 1141
the treasurer, shall designate, by resolution, one or more 1142
eligible institutions as public depositories for active moneys. In 1143

case the aggregate amount of active moneys applied for by 1144
institutions within the county is less than the amount estimated 1145
to be available for deposit, the board may designate as a public 1146
depository one or more eligible institutions that are conveniently 1147
located. The original resolution of designation shall be certified 1148
to the treasurer and any institution designated as a public 1149
depository. 1150

(D) No service charge shall be made against any deposit of 1151
active moneys, or collected or paid, unless such service charge is 1152
the same as is customarily imposed by institutions receiving money 1153
on deposit subject to check, in which event the charge may be 1154
paid. 1155

(E) Notwithstanding division (C) of this section, the board 1156
of county commissioners may authorize, by resolution, the 1157
treasurer to deposit money necessary to pay the principal and 1158
interest on bonds and notes, and any fees incident thereto, in any 1159
bank, credit union, or farm credit system institution within this 1160
state. 1161

Moneys so deposited shall be transferred by the treasurer 1162
according to the terms of the agreement with the bank, credit 1163
union, or farm credit system institution but shall remain as 1164
public moneys until such time as they are actually paid out by the 1165
bank, credit union, or farm credit system institution. Until such 1166
time as payments become due and payable on such principal or 1167
interest, the bank, credit union, or farm credit system 1168
institution shall invest any moneys in the account in 1169
interest-bearing obligations at the highest, reasonable rate of 1170
interest obtainable. 1171

So long as moneys remain in the account, the bank, credit 1172
union, or farm credit system institution shall deliver to the 1173
treasurer, at the end of each month, a statement showing an 1174
accounting of all activities in the account during the preceding 1175

month including, but not limited to, all payments made, all 1176
interest earned, and the beginning and ending balances, together 1177
with any coupons redeemed since the preceding statement was 1178
issued. 1179

Sec. 135.35. (A) The investing authority shall deposit or 1180
invest any part or all of the county's inactive moneys and shall 1181
invest all of the money in the county public library fund when 1182
required by section 135.352 of the Revised Code. The following 1183
classifications of securities and obligations are eligible for 1184
such deposit or investment: 1185

(1) United States treasury bills, notes, bonds, or any other 1186
obligation or security issued by the United States treasury, any 1187
other obligation guaranteed as to principal or interest by the 1188
United States, or any book entry, zero-coupon United States 1189
treasury security that is a direct obligation of the United 1190
States. 1191

Nothing in the classification of eligible securities and 1192
obligations set forth in divisions (A)(2) to (11) of this section 1193
shall be construed to authorize any investment in stripped 1194
principal or interest obligations of such eligible securities and 1195
obligations. 1196

(2) Bonds, notes, debentures, or any other obligations or 1197
securities issued by any federal government agency or 1198
instrumentality, including, but not limited to, the federal 1199
national mortgage association, federal home loan bank, federal 1200
farm credit bank, federal home loan mortgage corporation, 1201
government national mortgage association, and student loan 1202
marketing association. All federal agency securities shall be 1203
direct issuances of federal government agencies or 1204
instrumentalities. 1205

(3) Time certificates of deposit or savings or deposit 1206

accounts, including, but not limited to, passbook accounts, in any 1207
eligible institution mentioned in section 135.32 of the Revised 1208
Code; 1209

(4) Bonds and other obligations of this state or the 1210
political subdivisions of this state; 1211

(5) No-load money market mutual funds consisting exclusively 1212
of obligations described in division (A)(1) or (2) of this section 1213
and repurchase agreements secured by such obligations, provided 1214
that investments in securities described in this division are made 1215
only through eligible institutions mentioned in section 135.32 of 1216
the Revised Code; 1217

(6) The Ohio subdivision's fund as provided in section 135.45 1218
of the Revised Code; 1219

(7) Securities lending agreements with any eligible 1220
institution mentioned in section 135.32 of the Revised Code that 1221
is a member of the federal reserve system or federal home loan 1222
bank or with any recognized United States government securities 1223
dealer meeting the description in division (J)(1) of this section, 1224
under the terms of which agreements the investing authority lends 1225
securities and the eligible institution or dealer agrees to 1226
simultaneously exchange similar securities or cash, equal value 1227
for equal value. 1228

Securities and cash received as collateral for a securities 1229
lending agreement are not inactive moneys of the county or moneys 1230
of a county public library fund. The investment of cash collateral 1231
received pursuant to a securities lending agreement may be 1232
invested only in instruments specified by the investing authority 1233
in the written investment policy described in division (K) of this 1234
section. 1235

(8) Up to twenty-five per cent of the county's total average 1236
portfolio in either of the following investments: 1237

(a) Commercial paper notes issued by an entity that is 1238
defined in division (D) of section 1705.01 of the Revised Code and 1239
that has assets exceeding five hundred million dollars, to which 1240
notes all of the following apply: 1241

(i) The notes are rated at the time of purchase in the 1242
highest classification established by at least two nationally 1243
recognized standard rating services. 1244

(ii) The aggregate value of the notes does not exceed ten per 1245
cent of the aggregate value of the outstanding commercial paper of 1246
the issuing corporation. 1247

(iii) The notes mature not later than two hundred seventy 1248
days after purchase. 1249

(b) Bankers acceptances of banks that are insured by the 1250
federal deposit insurance corporation and to which both of the 1251
following apply: 1252

(i) The obligations are eligible for purchase by the federal 1253
reserve system. 1254

(ii) The obligations mature not later than one hundred eighty 1255
days after purchase. 1256

No investment shall be made pursuant to division (A)(8) of 1257
this section unless the investing authority has completed 1258
additional training for making the investments authorized by 1259
division (A)(8) of this section. The type and amount of additional 1260
training shall be approved by the auditor of state and may be 1261
conducted by or provided under the supervision of the auditor of 1262
state. 1263

(9) Up to fifteen per cent of the county's total average 1264
portfolio in notes issued by corporations that are incorporated 1265
under the laws of the United States and that are operating within 1266
the United States, or by depository institutions that are doing 1267

business under authority granted by the United States or any state 1268
and that are operating within the United States, provided both of 1269
the following apply: 1270

(a) The notes are rated in the second highest or higher 1271
category by at least two nationally recognized standard rating 1272
services at the time of purchase. 1273

(b) The notes mature not later than two years after purchase. 1274

(10) No-load money market mutual funds rated in the highest 1275
category at the time of purchase by at least one nationally 1276
recognized standard rating service and consisting exclusively of 1277
obligations described in division (A)(1), (2), or (6) of section 1278
135.143 of the Revised Code; 1279

(11) Debt interests rated at the time of purchase in the 1280
three highest categories by two nationally recognized standard 1281
rating services and issued by foreign nations diplomatically 1282
recognized by the United States government. All interest and 1283
principal shall be denominated and payable in United States funds. 1284
The investments made under division (A)(11) of this section shall 1285
not exceed in the aggregate one per cent of a county's total 1286
average portfolio. 1287

The investing authority shall invest under division (A)(11) 1288
of this section in a debt interest issued by a foreign nation only 1289
if the debt interest is backed by the full faith and credit of 1290
that foreign nation, there is no prior history of default, and the 1291
debt interest matures not later than five years after purchase. 1292
For purposes of division (A)(11) of this section, a debt interest 1293
is rated in the three highest categories by two nationally 1294
recognized standard rating services if either the debt interest 1295
itself or the issuer of the debt interest is rated, or is 1296
implicitly rated, at the time of purchase in the three highest 1297
categories by two nationally recognized standard rating services. 1298

(12) A current unpaid or delinquent tax line of credit 1299
authorized under division (G) of section 135.341 of the Revised 1300
Code, provided that all of the conditions for entering into such a 1301
line of credit under that division are satisfied, or bonds and 1302
other obligations of a county land reutilization corporation 1303
organized under Chapter 1724. of the Revised Code, if the county 1304
land reutilization corporation is located wholly or partly within 1305
the same county as the investing authority. 1306

(B) Nothing in the classifications of eligible obligations 1307
and securities set forth in divisions (A)(1) to (11) of this 1308
section shall be construed to authorize investment in a 1309
derivative, and no investing authority shall invest any county 1310
inactive moneys or any moneys in a county public library fund in a 1311
derivative. For purposes of this division, "derivative" means a 1312
financial instrument or contract or obligation whose value or 1313
return is based upon or linked to another asset or index, or both, 1314
separate from the financial instrument, contract, or obligation 1315
itself. Any security, obligation, trust account, or other 1316
instrument that is created from an issue of the United States 1317
treasury or is created from an obligation of a federal agency or 1318
instrumentality or is created from both is considered a derivative 1319
instrument. An eligible investment described in this section with 1320
a variable interest rate payment, based upon a single interest 1321
payment or single index comprised of other eligible investments 1322
provided for in division (A)(1) or (2) of this section, is not a 1323
derivative, provided that such variable rate investment has a 1324
maximum maturity of two years. A treasury inflation-protected 1325
security shall not be considered a derivative, provided the 1326
security matures not later than five years after purchase. 1327

(C) Except as provided in divisions (D) and (O) of this 1328
section, any investment made pursuant to this section must mature 1329
within ten years from the date of settlement, unless the 1330

investment is matched to a specific obligation or debt of the 1331
county or to a specific obligation or debt of a political 1332
subdivision of this state, and the investment is specifically 1333
approved by the investment advisory committee. 1334

(D) The investing authority may also enter into a written 1335
repurchase agreement with any eligible institution mentioned in 1336
section 135.32 of the Revised Code or any eligible securities 1337
dealer pursuant to division (J) of this section, under the terms 1338
of which agreement the investing authority purchases and the 1339
eligible institution or dealer agrees unconditionally to 1340
repurchase any of the securities listed in divisions (B)(1) to 1341
(5), except letters of credit described in division (B)(2), of 1342
section 135.18 of the Revised Code. The market value of securities 1343
subject to an overnight written repurchase agreement must exceed 1344
the principal value of the overnight written repurchase agreement 1345
by at least two per cent. A written repurchase agreement must 1346
exceed the principal value of the overnight written repurchase 1347
agreement, by at least two per cent. A written repurchase 1348
agreement shall not exceed thirty days, and the market value of 1349
securities subject to a written repurchase agreement must exceed 1350
the principal value of the written repurchase agreement by at 1351
least two per cent and be marked to market daily. All securities 1352
purchased pursuant to this division shall be delivered into the 1353
custody of the investing authority or the qualified custodian of 1354
the investing authority or an agent designated by the investing 1355
authority. A written repurchase agreement with an eligible 1356
securities dealer shall be transacted on a delivery versus payment 1357
basis. The agreement shall contain the requirement that for each 1358
transaction pursuant to the agreement the participating 1359
institution shall provide all of the following information: 1360

(1) The par value of the securities; 1361

(2) The type, rate, and maturity date of the securities; 1362

(3) A numerical identifier generally accepted in the securities industry that designates the securities.

No investing authority shall enter into a written repurchase agreement under the terms of which the investing authority agrees to sell securities owned by the county to a purchaser and agrees with that purchaser to unconditionally repurchase those securities.

(E) No investing authority shall make an investment under this section, unless the investing authority, at the time of making the investment, reasonably expects that the investment can be held until its maturity. The investing authority's written investment policy shall specify the conditions under which an investment may be redeemed or sold prior to maturity.

(F) No investing authority shall pay a county's inactive moneys or moneys of a county public library fund into a fund established by another subdivision, treasurer, governing board, or investing authority, if that fund was established by the subdivision, treasurer, governing board, or investing authority for the purpose of investing or depositing the public moneys of other subdivisions. This division does not apply to the payment of public moneys into either of the following:

(1) The Ohio subdivision's fund pursuant to division (A)(6) of this section;

(2) A fund created solely for the purpose of acquiring, constructing, owning, leasing, or operating municipal utilities pursuant to the authority provided under section 715.02 of the Revised Code or Section 4 of Article XVIII, Ohio Constitution.

For purposes of division (F) of this section, "subdivision" includes a county.

(G) The use of leverage, in which the county uses its current investment assets as collateral for the purpose of purchasing

other assets, is prohibited. The issuance of taxable notes for the 1394
purpose of arbitrage is prohibited. Contracting to sell securities 1395
not owned by the county, for the purpose of purchasing such 1396
securities on the speculation that bond prices will decline, is 1397
prohibited. 1398

(H) Any securities, certificates of deposit, deposit 1399
accounts, or any other documents evidencing deposits or 1400
investments made under authority of this section shall be issued 1401
in the name of the county with the county treasurer or investing 1402
authority as the designated payee. If any such deposits or 1403
investments are registrable either as to principal or interest, or 1404
both, they shall be registered in the name of the treasurer. 1405

(I) The investing authority shall be responsible for the 1406
safekeeping of all documents evidencing a deposit or investment 1407
acquired under this section, including, but not limited to, 1408
safekeeping receipts evidencing securities deposited with a 1409
qualified trustee, as provided in section 135.37 of the Revised 1410
Code, and documents confirming the purchase of securities under 1411
any repurchase agreement under this section shall be deposited 1412
with a qualified trustee, provided, however, that the qualified 1413
trustee shall be required to report to the investing authority, 1414
auditor of state, or an authorized outside auditor at any time 1415
upon request as to the identity, market value, and location of the 1416
document evidencing each security, and that if the participating 1417
institution is a designated depository of the county for the 1418
current period of designation, the securities that are the subject 1419
of the repurchase agreement may be delivered to the treasurer or 1420
held in trust by the participating institution on behalf of the 1421
investing authority. 1422

Upon the expiration of the term of office of an investing 1423
authority or in the event of a vacancy in the office for any 1424
reason, the officer or the officer's legal representative shall 1425

transfer and deliver to the officer's successor all documents 1426
mentioned in this division for which the officer has been 1427
responsible for safekeeping. For all such documents transferred 1428
and delivered, the officer shall be credited with, and the 1429
officer's successor shall be charged with, the amount of moneys 1430
evidenced by such documents. 1431

(J)(1) All investments, except for investments in securities 1432
described in divisions (A)(5), (6), and (12) of this section, 1433
shall be made only through a member of the national association of 1434
securities dealers, through a bank, savings bank, ~~or~~ savings and 1435
loan association, or credit union regulated by the superintendent 1436
of financial institutions, or through an institution regulated by 1437
the comptroller of the currency, the federal deposit insurance 1438
corporation, or board of governors of the federal reserve system, 1439
the national credit union administration, or the federal farm 1440
credit administration. 1441

(2) Payment for investments shall be made only upon the 1442
delivery of securities representing such investments to the 1443
treasurer, investing authority, or qualified trustee. If the 1444
securities transferred are not represented by a certificate, 1445
payment shall be made only upon receipt of confirmation of 1446
transfer from the custodian by the treasurer, governing board, or 1447
qualified trustee. 1448

(K)(1) Except as otherwise provided in division (K)(2) of 1449
this section, no investing authority shall make an investment or 1450
deposit under this section, unless there is on file with the 1451
auditor of state a written investment policy approved by the 1452
investing authority. The policy shall require that all entities 1453
conducting investment business with the investing authority shall 1454
sign the investment policy of that investing authority. All 1455
brokers, dealers, and financial institutions, described in 1456
division (J)(1) of this section, initiating transactions with the 1457

investing authority by giving advice or making investment 1458
recommendations shall sign the investing authority's investment 1459
policy thereby acknowledging their agreement to abide by the 1460
policy's contents. All brokers, dealers, and financial 1461
institutions, described in division (J)(1) of this section, 1462
executing transactions initiated by the investing authority, 1463
having read the policy's contents, shall sign the investment 1464
policy thereby acknowledging their comprehension and receipt. 1465

(2) If a written investment policy described in division 1466
(K)(1) of this section is not filed on behalf of the county with 1467
the auditor of state, the investing authority of that county shall 1468
invest the county's inactive moneys and moneys of the county 1469
public library fund only in time certificates of deposits or 1470
savings or deposit accounts pursuant to division (A)(3) of this 1471
section, no-load money market mutual funds pursuant to division 1472
(A)(5) of this section, or the Ohio subdivision's fund pursuant to 1473
division (A)(6) of this section. 1474

(L)(1) The investing authority shall establish and maintain 1475
an inventory of all obligations and securities acquired by the 1476
investing authority pursuant to this section. The inventory shall 1477
include a description of each obligation or security, including 1478
type, cost, par value, maturity date, settlement date, and any 1479
coupon rate. 1480

(2) The investing authority shall also keep a complete record 1481
of all purchases and sales of the obligations and securities made 1482
pursuant to this section. 1483

(3) The investing authority shall maintain a monthly 1484
portfolio report and issue a copy of the monthly portfolio report 1485
describing such investments to the county investment advisory 1486
committee, detailing the current inventory of all obligations and 1487
securities, all transactions during the month that affected the 1488
inventory, any income received from the obligations and 1489

securities, and any investment expenses paid, and stating the 1490
names of any persons effecting transactions on behalf of the 1491
investing authority. 1492

(4) The monthly portfolio report shall be a public record and 1493
available for inspection under section 149.43 of the Revised Code. 1494

(5) The inventory and the monthly portfolio report shall be 1495
filed with the board of county commissioners. The monthly 1496
portfolio report also shall be filed with the treasurer of state. 1497

(M) An investing authority may enter into a written 1498
investment or deposit agreement that includes a provision under 1499
which the parties agree to submit to nonbinding arbitration to 1500
settle any controversy that may arise out of the agreement, 1501
including any controversy pertaining to losses of public moneys 1502
resulting from investment or deposit. The arbitration provision 1503
shall be set forth entirely in the agreement, and the agreement 1504
shall include a conspicuous notice to the parties that any party 1505
to the arbitration may apply to the court of common pleas of the 1506
county in which the arbitration was held for an order to vacate, 1507
modify, or correct the award. Any such party may also apply to the 1508
court for an order to change venue to a court of common pleas 1509
located more than one hundred miles from the county in which the 1510
investing authority is located. 1511

For purposes of this division, "investment or deposit 1512
agreement" means any agreement between an investing authority and 1513
a person, under which agreement the person agrees to invest, 1514
deposit, or otherwise manage, on behalf of the investing 1515
authority, a county's inactive moneys or moneys in a county public 1516
library fund, or agrees to provide investment advice to the 1517
investing authority. 1518

(N) An investment held in the county portfolio on September 1519
27, 1996, that was a legal investment under the law as it existed 1520

before September 27, 1996, may be held until maturity, or if the
investment does not have a maturity date the investment may be
held until five years from September 27, 1996, regardless of
whether the investment would qualify as a legal investment under
the terms of this section as amended.

(O) Upon a majority affirmative vote of the county investment
advisory committee in support of such action, an investment
authority may invest up to twenty-five per cent of the county's
total average portfolio of investments made under this section in
securities and obligations that mature on a date that is more than
ten years from the date of settlement.

Sec. 135.353. (A) In addition to the investments specified in
section 135.35 of the Revised Code, the investing authority of a
county may do all of the following:

(1) Invest inactive or public moneys in linked deposits as
authorized by resolution adopted pursuant to section 135.80 or
135.801 of the Revised Code;

(2) Invest inactive or public moneys in linked deposits as
authorized by resolution adopted pursuant to section 135.805 of
the Revised Code for a term considered appropriate by the
investing authority, but not exceeding fifteen years, which
investment may be renewed for up to two additional terms with each
additional term not exceeding fifteen years.

(3) Invest inactive moneys in certificates of deposit in
accordance with all of the following:

(a) The inactive moneys initially are deposited with an
eligible public depository described in section 135.32 of the
Revised Code and selected by the investing authority.

(b) For the investing authority depositing the inactive
moneys pursuant to division (A)(3)(a) of this section, the

eligible public depository selected pursuant to that division 1551
invests the inactive moneys in certificates of deposit of one or 1552
more federally insured banks, savings banks, or savings and loan 1553
associations, farm credit system institutions, or credit unions 1554
insured pursuant to section 1733.041 of the Revised Code, wherever 1555
located. The full amount of principal and any accrued interest of 1556
each certificate of deposit invested in pursuant to division 1557
(A)(3)(b) of this section shall be insured by federal deposit 1558
insurance, by the national credit union administration or a share 1559
guaranty corporation as defined in section 1761.01 of the Revised 1560
Code, or by the farm credit system insurance corporation, as 1561
applicable. 1562

(c) For the investing authority depositing the inactive 1563
moneys pursuant to division (A)(3)(a) of this section, the 1564
eligible public depository selected pursuant to that division acts 1565
as custodian of the certificates of deposit described in division 1566
(A)(3)(b) of this section. 1567

(d) On the same date the public moneys are redeposited by the 1568
public depository, the public depository may, in its sole 1569
discretion, choose whether to receive deposits, in any amount, 1570
from other banks, savings banks, or savings and loan associations. 1571

(e) The public depository provides to the investing authority 1572
a monthly account statement that includes the amount of its funds 1573
deposited and held at each bank, savings bank, ~~or~~ savings and loan 1574
association, credit union, or farm credit system institution for 1575
which the public depository acts as a custodian pursuant to this 1576
section. 1577

(B) Inactive moneys deposited or invested in accordance with 1578
division (A)(3) of this section are not subject to any pledging 1579
requirements described in section 135.181 or 135.37 of the Revised 1580
Code. 1581

Sec. 135.37. (A) Except as provided in section 135.353 or 1582
135.354 of the Revised Code, any institution described in section 1583
135.32 of the Revised Code shall, at the time it receives a 1584
deposit of public moneys under section 135.33 or 135.35 of the 1585
Revised Code, pledge to and deposit with the investing authority, 1586
as security for the repayment of all public moneys to be 1587
deposited, eligible securities of aggregate market value equal to 1588
or in excess of the amount of public moneys to be at the time so 1589
deposited. Any securities listed in division (B) of section 135.18 1590
of the Revised Code are eligible for such purpose. The collateral 1591
so pledged or deposited may be in an amount that when added to the 1592
portion of the deposit insured by the federal deposit insurance 1593
corporation ~~or~~, any other agency or instrumentality of the federal 1594
government, a credit union share guaranty corporation as defined 1595
in section 1761.01 of the Revised Code, or the farm credit system 1596
insurance corporation will, in the aggregate, equal or exceed the 1597
amount of public moneys so deposited; provided that, when an 1598
investment of inactive moneys consists of the purchase of one or 1599
more of the type of securities listed in division (A)(1) or (2) of 1600
section 135.35 of the Revised Code, no additional collateral need 1601
be pledged or deposited. 1602

The investing authority also may require that additional 1603
eligible securities be pledged or deposited when depreciation 1604
occurs in the market value of any securities pledged or deposited. 1605

(B) The public depository may, at any time, provide for the 1606
exchange or substitution of securities for other eligible 1607
securities or the release of securities when the amount of public 1608
moneys on deposit does not require that they be pledged or 1609
deposited, by notifying the investing authority of its intent to 1610
take such action. 1611

Upon proper notification of the public depository's desire 1612

for release of securities, the investing authority may sign a 1613
release of such securities provided that the aggregate amount of 1614
collateral remaining pledged or deposited meets the requirements 1615
of divisions (A) to (E) of this section. 1616

When a public depository desires to exchange or substitute 1617
securities for other eligible securities, the investing authority 1618
may release the securities pledged or deposited after the deposit 1619
of other securities having a current market value equal to or 1620
greater than the current market value of securities then on 1621
deposit or after a safekeeping receipt has been received 1622
evidencing the deposit and pledge of such securities. 1623

(C) Upon request from the investing authority, the trustee or 1624
the public depository shall furnish a statement of the securities 1625
pledged against the public moneys deposited in the public 1626
depository. 1627

(D) If a public depository fails to pay over any part of any 1628
public deposit made as provided by law, the investing authority 1629
shall sell any pledged or deposited securities, as prescribed in 1630
division (C) of section 135.18 of the Revised Code. 1631

(E) A public depository may designate, in accordance with the 1632
provisions of division (D) of section 135.18 of the Revised Code, 1633
a trustee for the safekeeping of any pledged securities. Such 1634
trustee shall be any bank or other institution eligible as a 1635
trustee under division (I) of section 135.18 of the Revised Code, 1636
except that, for the purposes of this section, a bank to which a 1637
certificate of qualification is issued shall be an institution 1638
mentioned in division (A) of section 135.32 of the Revised Code. 1639

(F) In lieu of the pledging requirements prescribed in 1640
divisions (A) to (E) of this section, an institution designated as 1641
a public depository may pledge securities pursuant to section 1642
135.181 of the Revised Code. 1643

Sec. 135.51. In case of any default on the part of a bank ~~or~~, 1644
domestic ~~building and loan~~ association, savings bank, credit 1645
union, or farm credit system institution in its capacity as 1646
depository of the money of any county, municipal corporation, 1647
township, or school district, the board of county commissioners, 1648
the legislative authority of such municipal corporation, the board 1649
of township trustees, and the board of education of such school 1650
district, in lieu of immediately selling the securities received 1651
and held as security for the deposit of such money under authority 1652
of any section of the Revised Code, may retain the same, collect 1653
the interest and any installments of principal thereafter falling 1654
due on such securities, and refund, exchange, sell, or otherwise 1655
dispose of any of them, at such times and in such manner as such 1656
board of county commissioners, legislative authority, board of 1657
township trustees, or board of education determines to be 1658
advisable with a view to conserving the value of such securities 1659
for the benefit of such county, municipal corporation, township, 1660
or school district, and for the benefit of the depositors, 1661
creditors, and stockholders or other owners of such bank ~~or~~ 1662
~~building and loan, domestic~~ association, savings bank, credit 1663
union, or farm credit system institution. 1664

Sec. 135.52. In anticipation of the collection of the 1665
principal and interest of securities, or other disposition of 1666
them, as authorized by section 135.51 of the Revised Code, and of 1667
the payment of dividends in the liquidation of the depository bank 1668
~~or~~, domestic ~~savings and loan~~ association, savings bank, credit 1669
union, or farm credit system institution and for the purpose of 1670
providing public money immediately available for the needs of the 1671
county, municipal corporation, township, or school district, the 1672
taxing authority may issue bonds of the county, municipal 1673
corporation, township, or school district, in an amount not 1674

exceeding the moneys on deposit in the depository bank ~~or savings~~ 1675
~~and loan, domestic~~ association, savings bank, credit union, or 1676
farm credit system institution, the payment of which is secured by 1677
such securities, after crediting to such moneys the amount 1678
realized from the sale or other disposition of any other 1679
securities pledged or deposited for such moneys, or in an amount 1680
not exceeding the value or amount ultimately to be realized from 1681
such securities to be determined by valuation made under oath by 1682
two persons who are conversant with the value of the assets 1683
represented by such securities, whichever amount is the lesser, 1684
plus an amount equal to the interest accruing on such securities 1685
during one year from and after the date of default of such bank ~~or~~ 1686
~~savings and loan, domestic~~ association, savings bank, credit 1687
union, or farm credit system institution in its capacity as a 1688
depository. The maturity of such bonds shall not exceed ten years 1689
and they shall bear interest at a rate not exceeding the rate 1690
determined as provided in section 9.95 of the Revised Code. Such 1691
bonds shall be the general obligations of the county, municipal 1692
corporation, township, or school district issuing them. The 1693
legislation under which such bonds are issued shall comply with 1694
Section 11 of Article XII, Ohio Constitution. The amount of such 1695
bonds issued or outstanding shall not be considered in 1696
ascertaining any of the limitations on the net indebtedness of 1697
such county, municipal corporation, township, or school district 1698
prescribed by law. In all other respects, the issuance, 1699
maturities, and sale of such bonds shall be subject to Chapter 1700
133. of the Revised Code. 1701

A sufficient amount of the moneys received from principal on 1702
the sale of such bonds to cover the interest accruing on such 1703
securities for one year, to the extent determined by the authority 1704
issuing such bonds in the resolution or ordinance of issuance 1705
under this section, shall be paid into the bond retirement fund 1706
from which the bonds are to be redeemed, together with premiums 1707

and accrued interest. The balance of such principal shall be 1708
credited to the funds to which the moneys represented by such 1709
depository balance belong, and in the respective amounts of such 1710
funds. 1711

Sec. 135.53. All principal and interest collected by the 1712
proper officer or agent of the county, municipal corporation, 1713
township, or school district, on account of the securities 1714
mentioned in section 135.51 of the Revised Code, the proceeds of 1715
any sale or other disposition of any of such securities, and any 1716
dividends received from the liquidation of the defaulting bank ~~or~~, 1717
~~domestic building and loan~~ association, savings bank, credit 1718
union, or farm credit system institution shall be paid into the 1719
bond retirement fund from which the bonds provided for in section 1720
135.52 of the Revised Code are to be redeemed, until the aggregate 1721
of such payments equals the requirements of such fund, whereupon 1722
such securities, and any remaining depository balance, not 1723
anticipated by such bonds, to the extent then retained by such 1724
county, municipal corporation, township, or school district, shall 1725
be assigned and delivered to the defaulting bank ~~or building and~~ 1726
~~loan, domestic~~ association, savings bank, credit union, or farm 1727
credit system institution to its liquidating officer, or to its 1728
successor or assignee, together with a release or other instrument 1729
showing full satisfaction of the claim of such county, municipal 1730
corporation, township, or school district against such bank, 1731
~~building and loan domestic~~ association, savings bank, credit 1732
union, farm credit system institution, or officer. 1733

Sec. 1733.04. (A) In addition to the authority conferred by 1734
section 1701.13 of the Revised Code, but subject to any 1735
limitations contained in sections 1733.01 to 1733.45 of the 1736
Revised Code, and its articles and regulations, a credit union may 1737
do any of the following: 1738

(1) Make loans as provided in section 1733.25 of the Revised Code; 1739
1740

(2) Invest its money as provided in section 1733.30 of the Revised Code; 1741
1742

(3) If authorized by the code of regulations, rebate to the borrowing members a portion of the member's interest paid to the credit union; 1743
1744
1745

(4) If authorized by the regulations, charge a membership or entrance fee not to exceed one dollar per member; 1746
1747

(5) Purchase group savings life insurance and group credit life insurance; 1748
1749

(6) Make reasonable contributions to any nonprofit civic, charitable, or service organizations; 1750
1751

(7) Act as trustee or custodian, for which reasonable compensation may be received, under any written trust instrument or custodial agreement created or organized in the United States and forming part of a tax-advantaged savings plan that qualifies for specific tax treatment under sections 223, 401(d), 408, 408A, and 530 of the Internal Revenue Code, 26 U.S.C. 223, 401(d), 408, 408A, and 530, as amended, for its members or groups of its members, provided that the funds of such plans are invested in share accounts or share certificate accounts of the credit union. These services include, but are not limited to, acting as a trustee or custodian for member retirement, education, or health savings accounts. 1752
1753
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1763

(8) Act as a public depository for purposes of and in accordance with, Chapter 135. of the Revised Code. 1764
1765

(B) The authority of a credit union shall be subject to the following: 1766
1767

(1) A credit union may not borrow money in excess of 1768

twenty-five per cent of its shares and undivided earnings, without 1769
prior specific authorization by the superintendent of credit 1770
unions. 1771

(2) A credit union may not pay a commission or other 1772
compensation to any person for securing members or for the sale of 1773
its shares, except that reasonable incentives may be made 1774
available directly to members or potential members to promote 1775
thrift. 1776

(3) A credit union, subject to the approval of the 1777
superintendent, may have service facilities other than its home 1778
office. 1779

(4) Real estate may be acquired by lease, purchase, or 1780
otherwise as necessary and to the extent required for use of the 1781
credit union presently and in the future operation of its office 1782
or headquarters, and in case of a purchase of real estate, the 1783
superintendent must first be notified in writing prior to the 1784
purchase of the real estate. The superintendent shall notify the 1785
credit union not more than thirty days after receipt of the 1786
notification to purchase the real estate if the purchase is 1787
denied, approved, or modified. If the superintendent does not 1788
respond within thirty days after receipt of the notification to 1789
purchase the real estate, it shall be deemed approved. Nothing 1790
herein contained shall be deemed to prohibit a credit union from 1791
taking title to real estate in connection with a default in the 1792
payment of a loan, provided that title to such real estate shall 1793
not be held by the credit union for more than two years without 1794
the prior written approval of the superintendent. A credit union 1795
also may lease space in any real estate it acquires in accordance 1796
with rules adopted by the superintendent. 1797

(C)(1) As used in division (C) of this section: 1798

(a) "School" means an elementary or secondary school. 1799

(b) "Student" means a child enrolled in a school.	1800
(c) "Student branch" means the designation provided to the credit union for the in-school services and financial education offered to students.	1801 1802 1803
(2) A credit union, upon agreement with a school board, in the case of a public school, or the governing authority, in the case of a nonpublic school, and with the permission of the superintendent, may open and maintain a student branch.	1804 1805 1806 1807
(3) Notwithstanding any other provision of this section, any student enrolled in the school maintaining a student branch who is not otherwise qualified for membership in the credit union maintaining the student branch is qualified to be a member of that student branch.	1808 1809 1810 1811 1812
(4) The student's membership in the student branch expires upon the student's graduation from secondary school.	1813 1814
(5) The student branch is for the express use of students and may not be used by faculty, staff, or lineal ancestors or descendents of students.	1815 1816 1817
(6) Faculty, staff, or lineal ancestors or descendents of students are not eligible for membership in the credit union maintaining the student branch unless otherwise qualified by this section to be members.	1818 1819 1820 1821
(7) The superintendent may adopt rules appropriate to the formation and operation of student branches.	1822 1823
(D) A credit union may guarantee the signature of a member in connection with a transaction involving tangible or intangible property in which a member has or seeks to acquire an interest.	1824 1825 1826
Sec. 1733.041. Each credit union operating under this chapter or otherwise authorized to do business in this state shall obtain insurance for the protection of their members' accounts. Such	1827 1828 1829

share guarantee insurance may be obtained from the national credit 1830
union administration operating under the "Federal Credit Union 1831
Act," 84 Stat. 994 (1970), 12 U.S.C. 1751, and any amendments 1832
thereto, or from ~~the national deposit~~ a credit union share 1833
guaranty corporation, established under Chapter 1761. of the 1834
Revised Code, or from any insurer qualified under the laws of this 1835
state to write such insurance. 1836

Sec. 1733.24. (A) A credit union is authorized to receive 1837
funds for deposit in share accounts, share draft accounts, and 1838
share certificates from its members, from other credit unions, and 1839
from an officer, employee, or agent of the federal, state, or 1840
local governments, or political subdivisions of the state, in 1841
accordance with such terms, rates, and conditions as may be 1842
established by its board of directors and, if acting as a public 1843
depository, for purposes of, and in accordance with, Chapter 135. 1844
of the Revised Code. 1845

(B) The shares and share accounts of the credit union may be 1846
of one or more classes, as designated by the board of directors, 1847
subject to approval of the superintendent of credit unions based 1848
on rules that shall assure equitable distribution of dividends 1849
among classes, considering costs and advantages of each class to 1850
the members of the credit union, including without limitation 1851
special services rendered, length of ownership, minimum 1852
investment, conditions of repurchase, and other appropriate 1853
standards or combinations thereof. In the event the articles of 1854
incorporation of the credit union indicate the authorized number 1855
of shares to be unlimited, the designation of classification of 1856
shares and share accounts of the credit union may be effected by 1857
the board of directors, subject to the approval of the 1858
superintendent, and does not require amendment of the articles of 1859
incorporation. All shares of the credit union shall have a par 1860
value per share as set by the board of directors. Redemptions and 1861

liquidating dividends shall be prorated to each member on the 1862
basis of the price paid the credit union for such share, 1863
irrespective of the class of such shares. 1864

(C)(1) Each credit union shall have one class of shares 1865
designated as "membership share." The membership shares, or if a 1866
credit union has but one class of shares, then all of the shares 1867
of the credit union, shall have a par value as set by the board of 1868
directors. 1869

(2) Two or more persons that are eligible for membership that 1870
have jointly subscribed for one or more shares under a joint 1871
account each may be admitted to membership. 1872

(D) A credit union need not issue certificates for any or all 1873
of its classes of shares but irrespective of whether certificates 1874
are issued, a registry of shares must be kept, including all of 1875
the transactions of the credit union pertaining to such shares. 1876

(E) A credit union is authorized to maintain share draft 1877
accounts in accordance with rules prescribed by the 1878
superintendent. The credit union may pay dividends on share draft 1879
accounts, may pay dividends at different rates on different types 1880
of share draft accounts, and may permit the owners of such share 1881
draft accounts to make withdrawals by negotiable or transferable 1882
instruments or other orders for the purpose of making transfers to 1883
third parties. 1884

(F) Unless otherwise provided by written agreement of the 1885
parties, the rights, responsibilities, and liabilities attaching 1886
to a share draft withdrawn from, transferred to, or otherwise 1887
handled by a credit union are defined in and governed by Chapters 1888
1303. and 1304. of the Revised Code, as if the credit union were a 1889
bank. 1890

(G) Unless otherwise provided in the articles or regulations, 1891
a member may designate any person or persons to own or hold 1892

shares, or share accounts with the member in joint tenancy with 1893
right of survivorship and not as tenants in common. 1894

(H) Shares or share accounts may be issued in the name of a 1895
custodian under the Ohio transfers to minors act, a member in 1896
trust for a beneficiary, a fiduciary or custodian in trust for a 1897
member beneficiary, or a fiduciary or custodian in trust upon the 1898
death of a member. Redemption of such shares or payment of such 1899
share accounts to a member, to the extent of the payment, 1900
discharges the liability of the credit union to the member and the 1901
beneficiary, and the credit union shall be under no obligation to 1902
see to the application of the payment. Unless prior to the death 1903
of a member, the member has notified the credit union in writing 1904
in a form approved by the credit union of a different beneficiary 1905
to receive the proceeds of such shares or share accounts, then the 1906
proceeds shall be paid to the beneficiary or to the beneficiary's 1907
parent or legal representative. Any payment made pursuant to 1908
written instructions of the member or pursuant to the provisions 1909
herein contained shall be a valid and sufficient release and 1910
discharge of the credit union in connection with any such share or 1911
share accounts. 1912

(I)(1) Except as otherwise provided in the articles or 1913
regulations, and subject to the provisions thereof, a minor may 1914
purchase shares, share accounts, or other depository instruments, 1915
and except for qualification as a voting member, the credit union 1916
may deal with the minor with respect to shares, share accounts, or 1917
other depository instruments owned by the minor as if the minor 1918
were a person of legal age. 1919

(2) If shares, share accounts, or other depository 1920
instruments are issued in the name of a minor, redemption of any 1921
part or all of the shares or withdrawal of funds by payment to the 1922
minor of the shares or funds and any declared dividends or 1923
interest releases the credit union from all obligation to the 1924

minor as to the shares reduced or funds withdrawn. 1925

(J) The regulations may require advance written notice of a 1926
member's intention to withdraw the member's shares. Such advance 1927
notice shall not exceed sixty days. 1928

Sec. 1733.30. (A) A credit union may make any investment of 1929
any funds not required for the purpose of loans or not required to 1930
meet the pledging requirements of Chapter 135. of the Revised 1931
Code, in state or national banks or state or federally chartered 1932
savings and loan associations, savings banks, or credit unions, 1933
doing business in this state; in accounts, deposits, or shares of 1934
federally insured savings and loan associations or savings banks 1935
or insured credit unions, doing business outside this state; in 1936
deposits or accounts of federally insured banks, trust companies, 1937
and mutual savings banks doing business outside this state; in the 1938
shares of a corporate credit union subject to the regulations of 1939
that corporate credit union; in shares, stocks, or obligations of 1940
any other organization providing services that are associated with 1941
the routine operations of credit unions; or in United States 1942
government securities or municipal bonds issued by municipalities 1943
of this state; and, with the approval of the superintendent of 1944
credit unions, in securities other than those specified in this 1945
division. All investments under this division shall be made in 1946
United States dollars. 1947

(B) In accordance with rules adopted by, and subject to the 1948
approval of, the superintendent, notes or loans made by or to 1949
individual members of a credit union may be purchased by another 1950
credit union at such prices as may be agreed upon between the 1951
credit unions. 1952

(C) A corporate credit union may make investments provided 1953
the investments are in accordance with rules adopted by the 1954
superintendent, are consistent with the safety and soundness of 1955

the credit union, and are made with due regard to the investment 1956
requirements established by the applicable insurer recognized 1957
under section 1733.041 of the Revised Code. 1958

Sec. 1733.31. For purposes of this section, "gross income" 1959
means all income, before expenses, earned on risk assets. "Risk 1960
assets" shall be defined by rule adopted by the superintendent of 1961
credit unions. 1962

Each credit union shall establish and maintain reserves as 1963
required by Chapter 1733. of the Revised Code, by Chapter 135. of 1964
the Revised Code, if applicable, or by rules adopted by the 1965
superintendent, including the following: 1966

(A) Valuation allowances for delinquent loans, investments, 1967
other risk assets, and contingencies, which shall be established 1968
and maintained pursuant to rules adopted ~~adopted~~ by the 1969
superintendent. 1970

(B) A regular reserve as follows: 1971

(1) A credit union in operation for more than four years and 1972
having assets of five hundred thousand dollars or more shall 1973
reserve ten per cent of its gross income until its regular reserve 1974
equals four per cent of its total risk assets. Once the credit 1975
union has regular reserves equal to four per cent of its total 1976
risk assets, it shall reserve five per cent of its gross income 1977
until its regular reserve equals six per cent of its total risk 1978
assets. 1979

(2) A credit union in operation for less than four years or 1980
having assets of less than five hundred thousand dollars shall 1981
reserve ten per cent of its gross income until its regular reserve 1982
equals seven and one-half per cent of its total risk assets. Once 1983
the credit union has regular reserves equal to seven and one-half 1984
per cent of its total risk assets, it shall reserve five per cent 1985

of its gross income until its regular reserve equals ten per cent 1986
of its total risk assets. 1987

(3) The provision for loan losses, or other such provisions 1988
related to the valuation allowances described in division (A) of 1989
this section, recorded on the credit union's statement of income 1990
for the year shall be deducted from the appropriate regular 1991
reserve calculated under division (B)(1) or (2) of this section. 1992

(4) Once the credit union has closed out its net income or 1993
loss to undivided earnings, it may allocate any extraordinary loss 1994
for the year, as defined by AICPA APB Opinion No. 30 or by rules 1995
as promulgated by the superintendent, to the regular reserve. 1996

(5) If the regular reserve account becomes less than the 1997
percentage required by division (B)(1) or (2) of this section, 1998
then the schedule of allocation shall apply until the required 1999
percentages are achieved. 2000

(6) The superintendent may decrease the reserve requirements 2001
under division (B)(1) or (2) of this section when, in the 2002
superintendent's opinion, a decrease is necessary or desirable and 2003
is consistent with the purposes of this section. 2004

(7) Nothing herein shall prevent the superintendent from 2005
requiring a particular credit union or all credit unions to 2006
establish a regular reserve in excess of the percentages required 2007
by division (B)(1) or (2) of this section if, in the opinion of 2008
the superintendent, economic conditions or other appropriate 2009
circumstances so warrant. 2010

(C) Except as otherwise provided in this division, each 2011
credit union shall maintain a liquidity fund equal to five per 2012
cent of its shares. The assets included in the liquidity fund 2013
shall be defined by rule adopted by the superintendent. The 2014
superintendent may require a particular credit union or all credit 2015
unions to establish a liquidity fund greater than or less than 2016

five per cent of total shares, if, in the opinion of the 2017
superintendent, economic conditions or other appropriate 2018
circumstances so warrant. 2019

(D)(1) Reserves for corporate credit unions shall be 2020
established by the superintendent with due regard for the 2021
reserving requirements for corporate credit unions set by the 2022
applicable insurer recognized under section 1733.041 of the 2023
Revised Code. Specific reserving requirements shall be established 2024
by rule of the superintendent, but shall substantially parallel 2025
the reserving formula set by the applicable insurer recognized 2026
under section 1733.041 of the Revised Code. 2027

(2) Nothing in division (D)(1) of this section shall prevent 2028
the superintendent from requiring a particular corporate credit 2029
union or all corporate credit unions to establish a regular 2030
reserve in excess of those reserves established pursuant to 2031
division (D)(1) of this section if, in the opinion of the 2032
superintendent, economic conditions or other appropriate 2033
circumstances so warrant. 2034

Sec. 2909.32. (A)(1) The director of public safety shall 2035
adopt rules in accordance with Chapter 119. of the Revised Code to 2036
identify licenses the state issues for which a holder with a 2037
connection to a terrorist organization would present a potential 2038
risk to the residents of this state. The rules shall not identify 2039
a renewable driver's license or permit as a license of this nature 2040
if the applicant is a resident of this state. 2041

(2)(a) The director shall prepare a document to serve as a 2042
declaration of material assistance/nonassistance for agencies to 2043
use to identify whether an applicant for a license or the renewal 2044
of a license has provided material assistance to an organization 2045
listed in the United States department of state terrorist 2046
exclusion list. The declaration shall be substantially in the form 2047

and of the same content as set forth in division (A)(2)(b) of this 2048
section. The director shall make the declaration available to each 2049
issuing agency of a license the director identifies pursuant to 2050
division (A)(1) of this section, along with a then-current copy of 2051
the United States department of state terrorist exclusion list. 2052
The director may adopt rules governing the preparation of the 2053
declaration and the distribution of the declaration and the list. 2054

(b) The declaration of material assistance/nonassistance this 2055
section requires shall be substantially as follows and shall 2056
include the following questions and the associated spaces for 2057
answering the questions: 2058

"DECLARATION REGARDING MATERIAL ASSISTANCE/NONASSISTANCE 2059
TO TERRORIST ORGANIZATION 2060

(1) Are you a member of an organization on the U.S. 2061
Department of State Terrorist Exclusion List? Yes; No 2062

(2) Have you used any position of prominence you have within 2063
any country to persuade others to support an organization on the 2064
U.S. Department of State Terrorist Exclusion List? Yes; No 2065
..... 2066

(3) Have you knowingly solicited funds or other things of 2067
value for an organization on the U.S. Department of State 2068
Terrorist Exclusion List? Yes; No 2069

(4) Have you solicited any individual for membership in an 2070
organization on the U.S. Department of State Terrorist Exclusion 2071
List? Yes; No 2072

(5) Have you committed an act that you know, or reasonably 2073
should have known, affords "material support or resources" (see 2074
below) to an organization on the U.S. Department of State 2075
Terrorist Exclusion List? Yes; No 2076

(6) Have you hired or compensated a person you knew to be a 2077
member of an organization on the U.S. Department of State 2078

Terrorist Exclusion List or a person you knew to be engaged in 2079
planning, assisting, or carrying out an act of terrorism? Yes 2080
.....; No 2081

For purposes of this declaration of material 2082
assistance/nonassistance, "material support or resources" means 2083
currency, payment instruments, other financial securities, funds, 2084
transfer of funds, and financial services that are in excess of 2085
one hundred dollars, as well as communications, lodging, training, 2086
safe houses, false documentation or identification, communications 2087
equipment, facilities, weapons, lethal substances, explosives, 2088
personnel, transportation, and other physical assets, except 2089
medicine or religious materials." 2090

(B)(1) Any agency that issues a license the director 2091
identifies pursuant to division (A)(1) of this section shall 2092
include with the agency's application form a copy of the 2093
declaration of material assistance/nonassistance the director 2094
prepares pursuant to this section and a then-current copy of the 2095
terrorist exclusion list. The agency shall inform applicants that 2096
they must truthfully answer each question. 2097

(2) Any person provided a declaration of material 2098
assistance/nonassistance pursuant to this section shall answer 2099
each question and attach the completed declaration to the 2100
application for the license or the license renewal. 2101

(C)(1) Any answer of "yes" to any question, or the failure to 2102
answer "no" to any question, on a declaration of material 2103
assistance/nonassistance an agency provides pursuant to this 2104
section shall serve for purposes of this section as a disclosure 2105
that the applicant has provided material assistance to an 2106
organization listed on the terrorist exclusion list. 2107

(2) Any person who discloses the provision of material 2108
assistance to any organization on the terrorist exclusion list 2109

shall be denied the license or the renewal of the license unless 2110
the department of public safety reinstates the application 2111
pursuant to division (D) of this section. 2112

(3) Any licensing entity that denies a license or a renewal 2113
of a license pursuant to this division shall send written notice 2114
of that denial to the applicant within three business days of the 2115
decision to deny. The notice shall inform the applicant of the 2116
right to have the department of public safety review the denial if 2117
the applicant requests a review within sixty days after the 2118
mailing date of the notice. The licensing entity shall provide the 2119
department of public safety with a copy of any notice that it 2120
sends to an applicant pursuant to this division. 2121

(D) The department of public safety shall review any decision 2122
to deny an application within thirty days of receiving an 2123
applicant's request for a review. The department shall reinstate 2124
the license application for good cause if it determines all of the 2125
following pursuant to guidelines the director adopts by rule: 2126

(1) That the provision of material assistance to an 2127
organization on the terrorist exclusion list was made more than 2128
ten years prior to the time of the application, or the applicant 2129
provided material assistance during the ten years prior to the 2130
application and the date of the review, but at the time of the 2131
assistance, the organization was either not on the list or was not 2132
involved in any activity or conduct that would have merited 2133
inclusion on the list had it existed at the time, or at the time 2134
of the assistance it was not reasonable to know of the 2135
organization's activities that would have merited its inclusion on 2136
the list. 2137

(2) That the applicant is unlikely in the future to provide 2138
material assistance to any organization on the terrorist exclusion 2139
list; 2140

(3) That the applicant does not pose a risk to the residents 2141
of this state. 2142

(E) The failure of an applicant for a license to complete and 2143
attach a declaration of material assistance/nonassistance as this 2144
section requires, the failure to disclose material assistance to 2145
an organization on the terrorist exclusion list, or the making of 2146
false statements regarding material assistance to an organization 2147
the applicant knew or should have known was on the terrorist 2148
exclusion list, shall result in the denial of the application and 2149
in the revocation of the license. 2150

(F) The failure of an applicant for a license to disclose, as 2151
this section requires, the provision of material assistance to an 2152
organization on the terrorist exclusion list or knowingly making 2153
false statements regarding material assistance to an organization 2154
on that list is a felony of the fifth degree. 2155

(G) An issuing agency shall notify the department of public 2156
safety if it denies an application for a license or the renewal of 2157
a license because the applicant disclosed the provision of 2158
material assistance to an organization listed on the terrorist 2159
exclusion list. 2160

(H) An agency may revoke a license issued to any person who, 2161
after providing a declaration of material assistance/nonassistance 2162
pursuant to this section, takes an action that would result in 2163
"yes" being the correct answer to any question on the declaration, 2164
had the declaration been readministered after taking that action. 2165
The agency shall conduct a hearing pursuant to Chapter 119. of the 2166
Revised Code prior to revoking any license pursuant to this 2167
division. 2168

(I) This section does not apply to a license issued to ~~either~~ 2169
any of the following: 2170

(1) A federally insured depository institution that is 2171

subject to anti-money laundering and antiterrorism requirements 2172
under federal law, any subsidiary of such a depository 2173
institution, or an officer or employee of such a depository 2174
institution or subsidiary when that license is related to the 2175
person's duties as an officer or employee; 2176

(2) Any affiliate of a depository institution described in 2177
division (I)(1) of this section, other than an affiliate that is a 2178
subsidiary of a depository institution, when that affiliate is 2179
subject to anti-money laundering and antiterrorism requirements 2180
under federal law, or an officer or employee of such an affiliate 2181
when that license is related to the person's duties as an officer 2182
or employee; 2183

(3) A credit union insured by the national credit union 2184
administration or by a credit union share guaranty corporation as 2185
defined in section 1761.01 of the Revised Code, that is subject to 2186
anti-money laundering and antiterrorism requirements under federal 2187
law, or an officer or employee of such a credit union when that 2188
license is related to the person's duties as an officer or 2189
employee; 2190

(4) A farm credit system institution insured by the farm 2191
credit system insurance corporation that is subject to anti-money 2192
laundering and antiterrorism requirements under federal law, or an 2193
officer or employee of such an institution when that license is 2194
related to the person's duties as an officer or employee. 2195

Sec. 2909.33. (A)(1) The director of public safety shall 2196
prepare a document to serve as a declaration of material 2197
assistance/nonassistance by which any person, company, affiliated 2198
group, or organization, or person who holds, owns, or otherwise 2199
has a controlling interest in a company, affiliated group, or 2200
organization, when required by this section, shall certify any 2201
provision of material assistance to an organization listed on the 2202

United States department of state terrorist exclusion list. The 2203
declaration shall be substantially in the same format and of the 2204
same content as set forth in division (A)(2)(b) of section 2909.32 2205
of the Revised Code. 2206

(2) The director of public safety and the director of budget 2207
and management shall make available on their respective department 2208
web sites and by any other means the director of public safety 2209
deems appropriate, the declaration of material 2210
assistance/nonassistance and a then-current copy of the terrorist 2211
exclusion list. The director of public safety, in consultation 2212
with the director of budget and management, may adopt rules that 2213
govern the preparation of the declaration and the distribution of 2214
the declaration and terrorist exclusion list. 2215

(3)(a) Prior to entering into a contract to conduct business 2216
with or receive funding from any state agency, instrumentality, or 2217
political subdivision of the state any person, company, affiliated 2218
group, or organization, or person who holds, owns, or otherwise 2219
has a controlling interest in a company, affiliated group, or 2220
organization, may precertify that it has not provided material 2221
assistance to an organization on the terrorist exclusion list. The 2222
precertification this division describes shall be granted to any 2223
person, company, affiliated group, or organization that submits to 2224
the director of budget and management a completed copy of the 2225
declaration prepared pursuant to this section, with an answer of 2226
"no" to all questions. No person shall require any person, 2227
company, affiliated group, or organization that is precertified to 2228
complete any additional declarations prior to the expiration of a 2229
precertification. All precertifications expire the thirtieth day 2230
of June of the second year of each state biennium period. To be 2231
precertified during the two years subsequent to that expiration 2232
date, an entity shall submit a new declaration to the director of 2233
budget and management pursuant to rules the director adopts. 2234

(b) Any person, company, affiliated group, or organization 2235
that is precertified pursuant to this division and that takes any 2236
action or learns of anything that would result in an answer of 2237
"yes" to any question on the declaration of material 2238
assistance/nonassistance this division requires, shall cease to 2239
represent that it is precertified and, within thirty days of 2240
taking that action or learning the new information, shall notify 2241
the director of budget and management to request its 2242
precertification be rescinded. 2243

(c) When applying for a contract, falsely representing 2244
precertification, or representing precertification when that 2245
precertification has been rescinded or should have been rescinded 2246
pursuant to this division, is a felony of the fifth degree. 2247

(B) Any person who submits a declaration of material 2248
assistance/nonassistance pursuant to this section shall complete 2249
the entire declaration. Any answer of "yes" to any question, or 2250
the failure to answer "no" to any question, on the declaration 2251
shall serve for purposes of this section as a disclosure of the 2252
provision of material assistance to an organization that is listed 2253
on the terrorist exclusion list. 2254

(C)(1) Except as otherwise provided in divisions (C)(2) and 2255
(H) of this section, prior to entering into a contract with any 2256
state agency, instrumentality, or political subdivision to conduct 2257
business or receive funding, any person, company, affiliated 2258
group, or organization, and any person who holds, owns, or 2259
otherwise has a controlling interest in a company, affiliated 2260
group, or organization shall certify that it does not provide 2261
material assistance to any organization on the United States 2262
department of state terrorist exclusion list. The certification 2263
shall be made by completing and submitting the declaration of 2264
material assistance/nonassistance as described in division (A) of 2265
this section. 2266

(2) Certification pursuant to this division shall not be 2267
required unless the entity entering into a contract for business 2268
or funding has received, or will have received as a result of the 2269
pending contract, an aggregate amount greater than one hundred 2270
thousand dollars in business or funding, excluding the amount of 2271
any personal benefit, from the state, instrumentalities, and 2272
political subdivisions during the current fiscal year, measured 2273
from the first day of July until the thirtieth day of June. 2274

(D)(1) No state agency, instrumentality, or political 2275
subdivision shall conduct business with or provide any funding to 2276
any person, company, affiliated group or organization, or any 2277
person who has a controlling interest in a company, affiliated 2278
group, or organization unless that person, company, affiliated 2279
group, or organization is certified as this section requires. 2280

(2) No person, company, affiliated group or organization, or 2281
any person who holds, owns, or otherwise has a controlling 2282
interest in a company, affiliated group, or organization shall 2283
enter into a contract to conduct business with or receive funding 2284
from the state, an agency or instrumentality of the state, or a 2285
political subdivision of the state unless it is certified as this 2286
section requires. 2287

(E) For the purposes of this section, the office of budget 2288
and management shall be the repository for all declarations 2289
received pursuant to division (A)(3)(a) of this section and the 2290
director of budget and management shall maintain a centralized 2291
database of all such declarations received. If a person, company, 2292
affiliated group, or organization discloses the provision of 2293
material assistance to an organization listed on the terrorist 2294
exclusion list, within three business days of that disclosure, the 2295
director shall send the declarant a written notice of prohibition 2296
against doing business or receiving funding. The notice shall 2297
inform the declarant of the right to a review of the prohibition 2298

by the department of public safety if the declarant requests that 2299
review within sixty days after the notice of prohibition was 2300
mailed. The director shall send copy of any notice sent pursuant 2301
to this division to the department of public safety. 2302

The department of public safety shall review any prohibition 2303
within thirty days of the receipt of a request for a review and 2304
determine whether the prohibitions against doing business or 2305
receiving funding set forth in divisions (D)(1) and (D)(2) of this 2306
section should apply. The department of public safety shall order 2307
that the prohibitions do not apply if it determines all of the 2308
following pursuant to guidelines the director adopts by rule: 2309

(1) That the provision of material assistance to an 2310
organization on the terrorist exclusion list was made more than 2311
ten years prior to the time the declaration of material 2312
assistance/nonassistance was filled out, or the material 2313
assistance was provided during the ten years prior to the 2314
application and the date of the review, but at the time of the 2315
assistance, the organization was either not on the list or would 2316
not have merited inclusion had it existed at the time, or at the 2317
time of the assistance it was not reasonable to know of the 2318
organization's activities that would have merited its inclusion on 2319
the list. 2320

(2) That it is unlikely in the future that the person, 2321
company, affiliated group, or organization will provide material 2322
assistance to any organization on the terrorist exclusion list; 2323

(3) The person, company, affiliated group, or organization 2324
does not pose a risk to the residents of this state. 2325

(F) Any person, company, affiliated group, or organization 2326
that had not provided material assistance at the time a 2327
declaration of material assistance/nonassistance was answered, but 2328
starts providing material assistance to an organization on the 2329

terrorist exclusion list during the course of doing business with 2330
or receiving funding from the state, an agency or instrumentality 2331
of the state, or a subdivision of the state, is prohibited from 2332
entering into additional contracts to do business with or receive 2333
funding from the state, any agency or instrumentality, or any 2334
subdivision for a period of ten years after the provision of 2335
material assistance is discovered. 2336

(G)(1) Any person, company, affiliated group, or organization 2337
that knowingly provides a false certification pursuant to this 2338
section is permanently banned from conducting business with or 2339
receiving funding from the state, an agency or instrumentality of 2340
the state, or a political subdivision of the state is guilty of a 2341
felony of the fifth degree. 2342

(2) Any person, company, affiliated group, or organization 2343
that fails to certify as this section requires is subject to a 2344
fine of one thousand dollars for each day of doing business or 2345
receiving funding, except that any person, company, affiliated 2346
group, or organization that first reaches the threshold of one 2347
hundred thousand dollars in business or funding, due to the 2348
contract that it is entering into, shall not be subject to the 2349
fine for the first thirty days after entering into that contract, 2350
after which it shall be subject to the fine for each day that it 2351
is not certified. 2352

(H) This section does not apply to the following types of 2353
transactions: 2354

(1) An investment in a company that is publicly traded in any 2355
United States market; 2356

(2) An investment that is traded on a foreign market where 2357
United States investors regularly make investments; 2358

(3) An investment that is made through an agent or investment 2359
manager who has a fiduciary responsibility to the investor; 2360

(4) An investment in public agency debt; 2361

(5) An investment in derivatives that are regulated by a 2362
government agency; 2363

(6) Financial services provided by or through ~~either~~ any of 2364
the following: 2365

(a) A federally insured depository institution that is 2366
subject to anti-money laundering and antiterrorism requirements 2367
under federal law or any subsidiary of such a depository 2368
institution; 2369

(b) An affiliate of a depository institution described in 2370
division (H)(6)(a) of this section, other than an affiliate that 2371
is a subsidiary of the depository institution, when the affiliate 2372
is subject to anti-money laundering and antiterrorism requirements 2373
under federal law; 2374

(c) A credit union insured by the national credit union 2375
administration or by a credit union share guaranty corporation as 2376
defined in section 1761.01 of the Revised Code, that is subject to 2377
anti-money laundering and antiterrorism requirements under federal 2378
law; 2379

(d) A farm credit system institution insured by the farm 2380
credit system insurance corporation that is subject to anti-money 2381
laundering and antiterrorism requirements under federal law. 2382

"Financial services" include, but are not limited to, 2383
services related to currency, payment instruments, other financial 2384
securities, funds, and transfer of funds; 2385

(7) Any contract to conduct business or receive funding 2386
between state agencies, instrumentalities, or political 2387
subdivisions of the state; 2388

(8) Any person, company, affiliated group, or organization 2389
providing necessary, nonelective healthcare services. 2390

(I) As used in this section, "personal benefit" means all of 2391
the following: 2392

(1) Pensions and disability and survivor benefits; 2393

(2) Money, goods, services, or other things of value provided 2394
by the United States, the state, or a political subdivision of the 2395
state to which the recipient is entitled by reason of age, medical 2396
condition, or a financial need that is established pursuant to an 2397
act of congress or the general assembly; 2398

(3) Salary or compensation a person receives as an employee 2399
of the state or a political subdivision of the state. 2400

Sec. 5733.01. (A) The tax provided by this chapter for 2401
domestic corporations shall be the amount charged against each 2402
corporation organized for profit under the laws of this state and 2403
each nonprofit corporation organized pursuant to Chapter 1729. of 2404
the Revised Code, except as provided in sections 5733.09 and 2405
5733.10 of the Revised Code, for the privilege of exercising its 2406
franchise during the calendar year in which that amount is 2407
payable, and the tax provided by this chapter for foreign 2408
corporations shall be the amount charged against each corporation 2409
organized for profit and each nonprofit corporation organized or 2410
operating in the same or similar manner as nonprofit corporations 2411
organized under Chapter 1729. of the Revised Code, under the laws 2412
of any state or country other than this state, except as provided 2413
in sections 5733.09 and 5733.10 of the Revised Code, for the 2414
privilege of doing business in this state, owning or using a part 2415
or all of its capital or property in this state, holding a 2416
certificate of compliance with the laws of this state authorizing 2417
it to do business in this state, or otherwise having nexus in or 2418
with this state under the Constitution of the United States, 2419
during the calendar year in which that amount is payable. 2420

(B) A corporation is subject to the tax imposed by section 2421

5733.06 of the Revised Code for each calendar year that it is so 2422
organized, doing business, owning or using a part or all of its 2423
capital or property, holding a certificate of compliance, or 2424
otherwise having nexus in or with this state under the 2425
Constitution of the United States, on the first day of January of 2426
that calendar year. 2427

(C) Any corporation subject to this chapter that is not 2428
subject to the federal income tax shall file its returns and 2429
compute its tax liability as required by this chapter in the same 2430
manner as if that corporation were subject to the federal income 2431
tax. 2432

(D) For purposes of this chapter, a federally chartered 2433
financial institution shall be deemed to be organized under the 2434
laws of the state within which its principal office is located. 2435

(E) For purposes of this chapter, any person, as defined in 2436
section 5701.01 of the Revised Code, shall be treated as a 2437
corporation if the person is classified for federal income tax 2438
purposes as an association taxable as a corporation, and an equity 2439
interest in the person shall be treated as capital stock of the 2440
person. 2441

(F) For the purposes of this chapter, "disregarded entity" 2442
has the same meaning as in division (D) of section 5745.01 of the 2443
Revised Code. 2444

(1) A person's interest in a disregarded entity, whether held 2445
directly or indirectly, shall be treated as the person's ownership 2446
of the assets and liabilities of the disregarded entity, and the 2447
income, including gain or loss, shall be included in the person's 2448
net income under this chapter. 2449

(2) Any sale, exchange, or other disposition of the person's 2450
interest in the disregarded entity, whether held directly or 2451
indirectly, shall be treated as a sale, exchange, or other 2452

disposition of the person's share of the disregarded entity's 2453
underlying assets or liabilities, and the gain or loss from such 2454
sale, exchange, or disposition shall be included in the person's 2455
net income under this chapter. 2456

(3) The disregarded entity's payroll, property, and sales 2457
factors shall be included in the person's factors. 2458

(G) The tax a corporation is required to pay under this 2459
chapter shall be as follows: 2460

(1)(a) For financial institutions, the greater of the minimum 2461
payment required under division (E) of section 5733.06 of the 2462
Revised Code or the difference between all taxes charged the 2463
financial institution under this chapter, without regard to 2464
division (G)(2) of this section, less any credits allowable 2465
against such tax. 2466

(b) A corporation satisfying the description in division 2467
(E)(5), (6), (7), (8), or (10) of section 5751.01 of the Revised 2468
Code that is not a financial institution, insurance company, or 2469
dealer in intangibles is subject to the taxes imposed under this 2470
chapter as a corporation and not subject to tax as a financial 2471
institution, and shall pay the greater of the minimum payment 2472
required under division (E) of section 5733.06 of the Revised Code 2473
or the difference between all the taxes charged under this 2474
chapter, without regard to division (G)(2) of this section, less 2475
any credits allowable against such tax. 2476

(2) For all corporations other than those persons described 2477
in division (G)(1)(a) or (b) of this section, the amount under 2478
division (G)(2)(a) of this section applicable to the tax year 2479
specified less the amount under division (G)(2)(b) of this 2480
section: 2481

(a)(i) For tax year 2005, the greater of the minimum payment 2482
required under division (E) of section 5733.06 of the Revised Code 2483

or the difference between all taxes charged the corporation under 2484
this chapter and any credits allowable against such tax; 2485

(ii) For tax year 2006, the greater of the minimum payment 2486
required under division (E) of section 5733.06 of the Revised Code 2487
or four-fifths of the difference between all taxes charged the 2488
corporation under this chapter and any credits allowable against 2489
such tax, except the qualifying pass-through entity tax credit 2490
described in division (A)~~(30)~~(31) and the refundable credits 2491
described in divisions (A)~~(31)~~(32) to ~~(35)~~(36) of section 5733.98 2492
of the Revised Code; 2493

(iii) For tax year 2007, the greater of the minimum payment 2494
required under division (E) of section 5733.06 of the Revised Code 2495
or three-fifths of the difference between all taxes charged the 2496
corporation under this chapter and any credits allowable against 2497
such tax, except the qualifying pass-through entity tax credit 2498
described in division (A)~~(30)~~(31) and the refundable credits 2499
described in divisions (A)~~(31)~~(32) to ~~(35)~~(36) of section 5733.98 2500
of the Revised Code; 2501

(iv) For tax year 2008, the greater of the minimum payment 2502
required under division (E) of section 5733.06 of the Revised Code 2503
or two-fifths of the difference between all taxes charged the 2504
corporation under this chapter and any credits allowable against 2505
such tax, except the qualifying pass-through entity tax credit 2506
described in division (A)~~(30)~~(31) and the refundable credits 2507
described in divisions (A)~~(31)~~(32) to ~~(35)~~(36) of section 5733.98 2508
of the Revised Code; 2509

(v) For tax year 2009, the greater of the minimum payment 2510
required under division (E) of section 5733.06 of the Revised Code 2511
or one-fifth of the difference between all taxes charged the 2512
corporation under this chapter and any credits allowable against 2513
such tax, except the qualifying pass-through entity tax credit 2514
described in division (A)~~(30)~~(31) and the refundable credits 2515

described in divisions (A)~~(31)~~, (32), (33), ~~and~~ (34), and (35) of
section 5733.98 of the Revised Code;

(vi) For tax year 2010 and each tax year thereafter, no tax.

(b) A corporation shall subtract from the amount calculated
under division (G)(2)(a)(ii), (iii), (iv), or (v) of this section
any qualifying pass-through entity tax credit described in
division (A)~~(30)~~(31) and any refundable credits described in
divisions (A)~~(31)~~(32) to ~~(35)~~(36) of section 5733.98 of the
Revised Code to which the corporation is entitled. Any unused
qualifying pass-through entity tax credit is not refundable.

(c) For the purposes of computing the amount of a credit that
may be carried forward to a subsequent tax year under division
(G)(2) of this section, a credit is utilized against the tax for a
tax year to the extent the credit applies against the tax for that
tax year, even if the difference is then multiplied by the
applicable fraction under division (G)(2)(a) of this section.

(3) Nothing in division (G) of this section eliminates or
reduces the tax imposed by section 5733.41 of the Revised Code on
a qualifying pass-through entity.

Sec. 5733.51. (A) As used in this section:

(1) "Community bank" means a financial institution that meets
all of the following conditions:

(a) It is a depository financial institution.

(b) It has its principal location in this state.

(c) It has a net worth of not more than one billion dollars.

(2) "Public depository" has the same meaning as in section
135.01 of the Revised Code, but also means an institution that
receives or holds any public deposits as defined in section 135.31
of the Revised Code.

(3) "Public moneys" means that term as defined in section 2545
135.01 of the Revised Code and that term as defined in section 2546
135.31 of the Revised Code. 2547

(B) There is hereby allowed a nonrefundable credit against 2548
the tax imposed by section 5733.06 of the Revised Code for a 2549
community bank that is a public depository and that receives or 2550
holds during the bank's taxable year at least two hundred fifty 2551
thousand dollars of public moneys. The credit shall equal ten 2552
thousand dollars. The credit shall be claimed in the order 2553
prescribed by section 5733.98 of the Revised Code. The credit 2554
shall not exceed the amount of tax otherwise due under section 2555
5733.06 of the Revised Code after deducting any other credits that 2556
precede the credit claimed under this section in that order. The 2557
credit may be claimed for tax years 2012 and thereafter. 2558

Sec. 5733.98. (A) To provide a uniform procedure for 2559
calculating the amount of tax imposed by section 5733.06 of the 2560
Revised Code that is due under this chapter, a taxpayer shall 2561
claim any credits to which it is entitled in the following order, 2562
except as otherwise provided in section 5733.058 of the Revised 2563
Code: 2564

(1) For tax year 2005, the credit for taxes paid by a 2565
qualifying pass-through entity allowed under section 5733.0611 of 2566
the Revised Code; 2567

(2) The credit allowed for financial institutions under 2568
section 5733.45 of the Revised Code; 2569

(3) The credit for qualifying affiliated groups under section 2570
5733.068 of the Revised Code; 2571

(4) The subsidiary corporation credit under section 5733.067 2572
of the Revised Code; 2573

(5) The savings and loan assessment credit under section 2574

5733.063 of the Revised Code;	2575
(6) The credit for recycling and litter prevention donations under section 5733.064 of the Revised Code;	2576 2577
(7) The credit for employers that enter into agreements with child day-care centers under section 5733.36 of the Revised Code;	2578 2579
(8) The credit for employers that reimburse employee child care expenses under section 5733.38 of the Revised Code;	2580 2581
(9) The credit for maintaining railroad active grade crossing warning devices under section 5733.43 of the Revised Code;	2582 2583
(10) The credit for purchases of lights and reflectors under section 5733.44 of the Revised Code;	2584 2585
(11) <u>The credit for community banks that are public depositories under section 5733.51 of the Revised Code;</u>	2586 2587
<u>(12)</u> The nonrefundable job retention credit under division (B) of section 5733.0610 of the Revised Code;	2588 2589
(12) <u>(13)</u> The credit for tax years 2008 and 2009 for selling alternative fuel under section 5733.48 of the Revised Code;	2590 2591
(13) <u>(14)</u> The second credit for purchases of new manufacturing machinery and equipment under section 5733.33 of the Revised Code;	2592 2593
(14) <u>(15)</u> The job training credit under section 5733.42 of the Revised Code;	2594 2595
(15) <u>(16)</u> The credit for qualified research expenses under section 5733.351 of the Revised Code;	2596 2597
(16) <u>(17)</u> The enterprise zone credit under section 5709.66 of the Revised Code;	2598 2599
(17) <u>(18)</u> The credit for the eligible costs associated with a voluntary action under section 5733.34 of the Revised Code;	2600 2601
(18) <u>(19)</u> The credit for employers that establish on-site child day-care centers under section 5733.37 of the Revised Code;	2602 2603

(19) <u>(20)</u> The ethanol plant investment credit under section 5733.46 of the Revised Code;	2604 2605
(20) <u>(21)</u> The credit for purchases of qualifying grape production property under section 5733.32 of the Revised Code;	2606 2607
(21) <u>(22)</u> The export sales credit under section 5733.069 of the Revised Code;	2608 2609
(22) <u>(23)</u> The credit for research and development and technology transfer investors under section 5733.35 of the Revised Code;	2610 2611 2612
(23) <u>(24)</u> The enterprise zone credits under section 5709.65 of the Revised Code;	2613 2614
(24) <u>(25)</u> The credit for using Ohio coal under section 5733.39 of the Revised Code;	2615 2616
(25) <u>(26)</u> The credit for purchases of qualified low-income community investments under section 5733.58 of the Revised Code;	2617 2618
(26) <u>(27)</u> The credit for small telephone companies under section 5733.57 of the Revised Code;	2619 2620
(27) <u>(28)</u> The credit for eligible nonrecurring 9-1-1 charges under section 5733.55 of the Revised Code;	2621 2622
(28) <u>(29)</u> For tax year 2005, the credit for providing programs to aid the communicatively impaired under division (A) of section 5733.56 of the Revised Code;	2623 2624 2625
(29) <u>(30)</u> The research and development credit under section 5733.352 of the Revised Code;	2626 2627
(30) <u>(31)</u> For tax years 2006 and subsequent tax years, the credit for taxes paid by a qualifying pass-through entity allowed under section 5733.0611 of the Revised Code;	2628 2629 2630
(31) <u>(32)</u> The refundable credit for rehabilitating a historic building under section 5733.47 of the Revised Code;	2631 2632

~~(32)~~(33) The refundable jobs creation credit or job retention credit under division (A) of section 5733.0610 of the Revised Code;

~~(33)~~(34) The refundable credit for tax withheld under division (B)(2) of section 5747.062 of the Revised Code;

~~(34)~~(35) The refundable credit under section 5733.49 of the Revised Code for losses on loans made to the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code;

~~(35)~~(36) For tax years 2006, 2007, and 2008, the refundable credit allowable under division (B) of section 5733.56 of the Revised Code;

~~(36)~~(37) The refundable motion picture production credit under section 5733.59 of the Revised Code.

(B) For any credit except the refundable credits enumerated in this section, the amount of the credit for a tax year shall not exceed the tax due after allowing for any other credit that precedes it in the order required under this section. Any excess amount of a particular credit may be carried forward if authorized under the section creating that credit.

Section 2. That existing sections 122.60, 122.71, 135.03, 135.032, 135.04, 135.06, 135.08, 135.10, 135.14, 135.144, 135.18, 135.32, 135.321, 135.33, 135.35, 135.353, 135.37, 135.51, 135.52, 135.53, 1733.04, 1733.041, 1733.24, 1733.30, 1733.31, 2909.32, 2909.33, 5733.01, and 5733.98 of the Revised Code are hereby repealed.

Section 3. Section 135.14 of the Revised Code is presented in this act as a composite of the section as amended by both Sub. H.B. 473 and Am. Sub. H.B. 640 of the 123rd General Assembly. The General Assembly, applying the principle stated in division (B) of section 1.52 of the Revised Code that amendments are to be

harmonized if reasonably capable of simultaneous operation, finds	2663
that the composite is the resulting version of the section in	2664
effect prior to the effective date of the section as presented in	2665
this act.	2666