

JOINT RESOLUTION

Proposing to amend Section 2p of Article VIII of the Constitution of the State of Ohio to permit the issuance of additional general obligation bonds to fund research and development.

Be it resolved by the General Assembly of the State of Ohio, three-fifths of the members elected to each house concurring herein, that there shall be submitted to the electors of the state, in the manner prescribed by law at the special election to be held on May 4, 2010, a proposal to amend Section 2p of Article VIII of the Constitution of the State of Ohio to read as follows:

ARTICLE VIII

Section 2p. (A) It is determined and confirmed that the development purposes referred to in this division, and provisions for them, are proper public purposes of the state and local governmental entities and are necessary and appropriate means to create and preserve jobs and enhance employment and educational opportunities; to improve the quality of life and the general and economic well-being of all the people and businesses in all areas of this state, including economically disadvantaged businesses and individuals; and to preserve and expand the public capital infrastructure; all to better ensure the public health, safety, and welfare. Those purposes are:

(1) Public infrastructure capital improvements, which shall be limited to roads and bridges, waste water treatment systems, water supply systems, solid waste disposal facilities, and storm water and sanitary collection, storage, and treatment facilities, including real property, interests in real property, facilities, and equipment related to or incidental thereto, and shall include, without limitation, the cost of acquisition, construction, reconstruction, expansion, improvement, planning, and equipping;

(2) Research and development in support of Ohio industry, commerce, and business (hereinafter referred to as "research and development purposes"), which shall include, without limitation, research and product innovation, development, and commercialization through efforts by and

collaboration among Ohio business and industry, state and local public entities and agencies, public and private education institutions, or research organizations and institutions, all as may be further provided for by state or local law, but excluding purposes provided for in Section 15 of Article VIII, Ohio Constitution; and

(3) Development of sites and facilities in Ohio for and in support of industry, commerce, distribution, and research and development purposes.

(B) The General Assembly may provide by law, in accordance with but subject to the limitations of this section, for the issuance of general obligation bonds and other obligations of the state for the purpose of financing or assisting in the financing of the cost of projects implementing those purposes.

(1) Not more than one billion three hundred fifty million dollars principal amount of state general obligations may be issued under this section for public infrastructure capital improvements. Not more than one hundred twenty million dollars principal amount of those obligations may be issued in each of the first five fiscal years of issuance and not more than one hundred fifty million dollars principal amount of those obligations may be issued in each of the next five fiscal years of issuance, plus in each case the principal amount of those obligations that in any prior fiscal year could have been but were not issued within those fiscal year limits. No infrastructure obligations may be issued pursuant to this division and division (C) of this section until at least one billion one hundred ninety-nine million five hundred thousand dollars aggregate principal amount of state infrastructure obligations have been issued pursuant to Section 2m of Article VIII, Ohio Constitution.

(2) Not more than ~~five~~ one billion two hundred million dollars principal amount of state general obligations may be issued under this section for research and development purposes. Not more than ~~one~~ four hundred fifty million dollars principal amount of those obligations may be issued in ~~each of the first three fiscal years of issuance~~ total from fiscal years 2006 through 2011, not more than two hundred twenty-five million dollars principal amount of those obligations may be issued in the next fiscal year of issuance, and not more than ~~fifty~~ one hundred seventy-five million dollars principal amount of those obligations may be issued in any other fiscal year, plus in each case the principal amount of those obligations that in any prior fiscal year could have been but were not issued.

(3) Not more than one hundred fifty million dollars principal amount of state general obligations may be issued under this section for development of sites and facilities for industry, commerce, distribution, and research and

development purposes. Not more than thirty million dollars principal amount of those obligations may be issued in each of the first three fiscal years of issuance, and not more than fifteen million dollars principal amount of those obligations may be issued in any other fiscal year, plus in each case the principal amount of those obligations that in any prior fiscal year could have been but were not issued.

(C) Each issue of state general obligations for public infrastructure capital improvements or development of sites and facilities shall mature in not more than thirty years from the date of issuance, and each issue of state general obligations for research and development purposes shall mature in not more than twenty years from the date of issuance; or, if issued to retire or refund other obligations, within that number of years from the date the debt being retired or refunded was originally issued. If state general obligations are issued as notes in anticipation of the issuance of bonds, provision shall be made by law for the establishment and maintenance, during the period in which the notes are outstanding, of a special fund or funds into which shall be paid, from the sources authorized for the payment of such bonds, the amount that would have been sufficient, if bonds maturing during the permitted period of years had been issued without such prior issuance of notes, to pay the principal that would have been payable on such bonds during such period. Such fund or funds shall be used solely for the payment of principal of such notes or bonds in anticipation of which such notes have been issued. Notwithstanding anything to the contrary in Section 2k or 2m of Article VIII, obligations issued under this section or Section 2k or 2m to retire or refund obligations previously issued under this section or Section 2k or 2m shall not be counted against the fiscal year or total issuance limitations provided in this section or Section 2k or 2m, as applicable.

The obligations issued under this division and division (B) of this section are general obligations of the state. The full faith and credit, revenue, and taxing power of the state shall be pledged to the payment of the principal of and premium and interest and other accreted amounts on outstanding obligations as they become due (hereinafter called debt service), and bond retirement fund provisions shall be made for payment of that debt service. Provision shall be made by law for the sufficiency and appropriation, for purposes of paying debt service, of excises, taxes, and revenues so pledged or committed to debt service, and for covenants to continue the levy, collection, and application of sufficient excises, taxes, and revenues to the extent needed for that purpose. Notwithstanding Section 22 of Article II, Ohio Constitution, no further act of appropriation shall be

necessary for that purpose. The obligations and the provision for the payment of debt service, and repayment by governmental entities of any loans made under this section, are not subject to Sections 5, 6, and 11 of Article XII, Ohio Constitution. Moneys referred to in Section 5a of Article XII, Ohio Constitution may not be pledged or used for the payment of that debt service. Debt service on obligations issued for research and development purposes and for development of sites and facilities shall not be included in the calculation of total debt service for purposes of division (A) of Section 17 of Article VIII, Ohio Constitution.

(D)(1) The state may participate in any public infrastructure capital improvement under this section with municipal corporations, counties, townships, or other governmental entities as designated by law, or any one or more of them. Such participation may be by grants, loans, or contributions to them for any such capital improvements. The entire proceeds of the infrastructure obligations shall be used for public infrastructure capital improvements of municipal corporations, counties, townships, and other governmental entities, except to the extent that the General Assembly provides by law that the state may reasonably be compensated from such moneys for planning, financial management, or administrative services performed in relation to the issuance of infrastructure obligations.

(2)(a) Implementation of the research and development purposes includes supporting any and all related matters and activities, including: attracting researchers and research teams by endowing research chairs or otherwise; activities to develop and commercialize products and processes; intellectual property matters such as copyrights and patents; property interests, including time sharing arrangements; and financial rights and matters such as royalties, licensing, and other financial gain or sharing resulting from research and development purposes. State and local public moneys, including the proceeds of bonds, notes, and other obligations, may be used to pay costs of or in support of or related to these research and development purposes, including, without limitation, capital formation, direct operating costs, costs of research and facilities, including interests in real property therefor, and support for public and private institutions of higher education, research organizations or institutions, and private sector entities. The exercise of these powers by the state and state agencies, including state-supported and state-assisted institutions of higher education, and local public entities and agencies, may be jointly or in coordination with each other, with researchers or research organizations and institutions, with private institutions of higher education, with individuals, or with private

sector entities. State and local public participation may be in such manner as the entity or agency determines, including by any one or a combination of grants, loans including loans to lenders or the purchase of loans, subsidies, contributions, advances, or guarantees, or by direct investments of or payment or reimbursement from available moneys, or by providing staffing or other support, including computer or other technology capacity, or equipment or facilities, including interests in real property therefor, and either alone or jointly, in collaborative or cooperative ventures, with other public agencies and private sector entities including not for profit entities. In addition to other state-level monetary participation as referred to in this section or otherwise, state-supported and state-assisted institutions of higher education may, as authorized from time to time by the General Assembly, issue obligations to pay costs of participating in and implementing research and development purposes. In addition to the other obligations authorized in or pursuant to this section, the General Assembly also may authorize the state and state agencies and local public entities and agencies, and corporations not for profit designated by any of them as such agencies or instrumentalities, to issue obligations to borrow and loan or otherwise provide moneys for research and development purposes, including, but not limited to, obligations for which moneys raised by taxation shall not be obligated or pledged for the payment of debt service and which are therefore not subject to Sections 5, 6, and 11 of Article XII, Ohio Constitution.

(b) Implementation of the research and development purposes shall include utilization of independent reviewers to review the merits of proposed research and development projects and to make recommendations concerning which proposed projects should be awarded support from the proceeds of the sale of obligations under this section. Prior to the utilization of an independent reviewer, the state agency proposing to award the support for a project shall provide the name and other descriptive information regarding the independent reviewer to the Governor, the President and Minority Leader of the Senate, and the Speaker and Minority Leader of the House of Representatives. If the recommendations of an independent reviewer with respect to a proposed project are not adopted by the state agency proposing to award the support for the project, the agency shall notify the Governor, the President and Minority Leader of the Senate, and the Speaker and Minority Leader of the House of Representatives of that fact and explain the reasons for not adopting the recommendations.

(c) From the proceeds of the sale of obligations issued under this section, not more than four hundred fifty million dollars may be awarded, promised, or otherwise committed in total for research and development

purposes from fiscal years 2006 through 2011, not more than two hundred twenty-five million dollars may be awarded, promised, or otherwise committed for research and development purposes in fiscal year 2012, and not more than one hundred seventy-five million dollars may be awarded, promised, or otherwise committed for research and development purposes in any other fiscal year beginning in fiscal year 2013 and thereafter, plus in each case the amount of the proceeds that in any prior fiscal year could have been but were not awarded.

(3) Development of sites and facilities for and in support of industry, commerce, distribution, and research and development purposes includes acquisition of real estate and interests in real estate, site preparation including any necessary remediation and cleanup, constructing and improving facilities, and providing public infrastructure capital improvements and other transportation and communications infrastructure improvements for and in support of the use of those sites and facilities for those purposes. State and local public moneys, including the proceeds of bonds, notes, and other obligations, may be used to pay costs of those purposes. The exercise of these powers by the state and state agencies and local public entities and agencies, may be jointly or in coordination with each other, and with individuals or private sector business entities. State and local public participation may be in such manner as the entity or agency determines, including by any one or a combination of grants, loans including loans to lenders or the purchase of loans, subsidies, contributions, advances, or guarantees, or by direct investments of or payment or reimbursement from available moneys. In addition to other state-level monetary participation as referred to in this section or otherwise, state-supported and state-assisted institutions of higher education, and local public entities and agencies may, as authorized from time to time by the General Assembly, issue obligations to pay costs of participating in and implementing the development of sites and facilities.

(E) Obligations issued under authority of this section for research and development purposes and site and facility development purposes, provisions for the payment of debt service on them, the purposes and uses to which and the manner in which the proceeds of those obligations or moneys from other sources are to or may be applied, and other implementation of those development purposes as referred to in this section, are not subject to Sections 4 and 6 of Article VIII, Ohio Constitution. Obligations issued under authority of this section, the transfer thereof, and the interest, interest equivalent, and other income and accreted amounts therefrom, including any profit made on the sale, exchange, or other disposition thereof, shall at all

times be free from taxation within the state.

(F) This section shall otherwise be implemented in the manner and to the extent provided by law by the General Assembly, including provision for the procedure for incurring and issuing obligations, separately or in combination with other obligations, and refunding, retiring, and evidencing obligations; provision for ensuring the accountability of all state funding provided for the development purposes referred to in division (A) of this section; provision for restricting or limiting the taking of private property under Section 19 of Article I for disposition to private sector entities for the purposes identified in divisions (A)(2) and (3) of this section or restricting the disposition of that property to private sector entities or individuals; and provision for the implementation of the development purposes referred to in division (A) of this section to benefit people and businesses otherwise qualified for receipt of funding for the development purposes referred to in division (A) of this section, including economically disadvantaged businesses and individuals in all areas of this state, including by the use to the extent practicable of Ohio products, materials, services, and labor.

(G) The powers and authority granted or confirmed by and under, and the determinations in, this section are independent of, in addition to, and not in derogation of or a limitation on, powers, authority, determinations, or confirmations under laws or under other provisions of the Ohio Constitution including, without limitation, Section 7 of Article I, Section 5 of Article VI, Sections 2i, 2n, 2o, 13, and 15 of Article VIII, Article X, and Section 3 of Article XVIII, and do not impair any previously adopted provisions of the Ohio Constitution or any law previously enacted by the General Assembly or by a local public agency.

EFFECTIVE DATE AND REPEAL

If adopted by a majority of the electors voting on this proposal, the proposal shall take effect immediately, and existing Section 2p of Article VIII of the Constitution of the State of Ohio shall be repealed from that effective date.

Speaker _____ *of the House of Representatives.*

President _____ *of the Senate.*

Adopted _____, 20____