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133rd General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Rogers and Cera

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SUMMARY

- Creates the Supplemental State Capital Improvements (SSCI) Pilot Program to provide additional infrastructure funding to local subdivisions through grants and low-interest or interest-free loans.
- Creates the SSCI Fund, which consists of: (1) transfers from the Budget Stabilization Fund (BSF) of not more than \$200 million per year, (2) 50% of the investment earnings on money in the BSF, and (3) repayments of loans made under the program.
- Terminates the program after five years.
- Requires that all money remaining in the SSCI Fund, and all loan repayments received after the program terminates, be transferred to the BSF.

DETAILED ANALYSIS

Supplemental State Capital Improvements Pilot Program

The bill creates the Supplemental State Capital Improvements (SSCI) Pilot Program to provide additional infrastructure funding to local subdivisions. The program provides the subdivisions with low-interest or interest-free loans and grants for capital improvement projects.¹ Eligible capital improvement projects include projects for constructing and improving roads and bridges, waste water treatment systems, water supply systems, and storm water and sanitary collection and treatment facilities, as provided under the current State Capital Improvement Program (SCIP).² In addition, the SSCI Pilot Program would provide funding for all of the following:

¹ R.C. 164.18.

² R.C. Chapter 164.

- The establishment, operation, maintenance, repair, and improvement of airports, landing fields, and other air navigation facilities;
- The improvement of railroad grade crossings, including the installation of warning signals or other protective devices;
- The preservation of facilities of historical interest or significance that are used in connection with cultural activities;
- The acquisition, construction, improvement, or equipment of transit facilities;
- The construction or improvement of dams;
- The maintenance or improvement of waterways or shorelines;
- The expansion of broadband in Ohio.³

Administration by PWC

The Director of the Ohio Public Works Commission (PWC) must approve requests for financial assistance submitted by district public works integrating committees and enter into agreements with one or more local subdivisions to provide the capital improvement loans and grants. Generally, the PWC Director must administer the SSCI loans and grants in the same manner as the Director does for SCIP.⁴ The bill also requires the Director to adopt, in accordance with the Administrative Procedure Act (R.C. Chapter 119), any rules necessary to implement the Pilot Program.⁵

Program funding source

The bill creates the SSCI Fund in the state treasury to be used solely for SSCI Pilot Program infrastructure funding.⁶ The fund consists of the following:

- For five years after the bill takes effect, 50% of the investment earnings on money held in the Budget Stabilization Fund (BSF; also known informally as the Rainy Day Fund);⁷
- All repayments of loans made to local subdivisions under the program;
- Transfers from the BSF, when the PWC Director determines that money is needed for the program. However, not more than \$200 million may be transferred from the BSF to the SSCI Fund in any fiscal year.⁸

³ R.C. 164.01(A)(2).

⁴ R.C. 164.18.

⁵ R.C. 164.18(B).

⁶ R.C. 164.18(A)(1).

⁷ R.C. 131.43 and 164.18(A)(1)(b).

⁸ R.C. 164.18(A)(1).

SSCI Fund grant account

The bill also creates a grant account within the SSCI Fund that is to consist of the BSF investment earnings transferred to the SSCI Fund (as described above) and any investment earnings on the SSCI Fund. This account is to be used solely to fund grants under the SSCI Program.⁹

Transfers from the BSF to the SSCI Fund

The bill expressly requires the Director of Budget and Management (OBM) to make the following transfers from the BSF to the SSCI Fund on July 1, 2019, and July 1, 2020:

- 50% of the BSF's investment earnings for the prior fiscal year, to be used for grants under the program;
- An amount that the PWC Director determines is necessary for loans, based on the program's funding needs. The PWC Director must certify this amount to the OBM Director, who must then approve all, a portion, or none of the amount, taking into consideration the cash balance and financial condition of the BSF.¹⁰

Impact on the Income Tax Reduction Fund

Under law unchanged by the bill, the OBM Director is required to transfer surplus GRF revenue amounts from the preceding fiscal year to maintain a balance in the BSF equal to 8.5% of the GRF revenues for the preceding fiscal year. The Director then must transfer any remaining surplus to the Income Tax Reduction Fund (ITRF).¹¹

The bill specifies that any money transferred to the SSCI Fund at the request of the PWC Director is to be counted as part of the BSF for this purpose.¹² Since this portion of the SSCI Fund will be included in the BSF calculation, the amount transferred to the ITRF is unaffected by the bill's provisions. The bill would, however, result in less money remaining in the BSF.

Sunset after five years

The Pilot Program is to terminate five years after the bill's effective date. All money remaining in the SSCI Fund, and all loan repayments received after that date, must be transferred back to the BSF.¹³

⁹ R.C. 164.18(A)(2).

¹⁰ Section 3.

¹¹ R.C. 131.44(B)(1).

¹² R.C. 131.44(B)(1)(a).

¹³ R.C. 164.18(C).

HISTORY

| Action | Date |
|------------|----------|
| Introduced | 02-14-19 |
