



www.lsc.ohio.gov

OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

S.B. 4
133rd General Assembly

Bill Analysis

[Click here for S.B. 4's Fiscal Note](#)

Version: As Passed by the General Assembly

Primary Sponsors: Sens. Rulli and Kunze

Effective date: October 13, 2020

Megan Cummiskey, Assistant Director
Office of Research and Drafting

UPDATED VERSION*

SUMMARY

Capital appropriations

- Appropriates \$300 million in capital funding to the Facilities Construction Commission to support school facilities construction and authorizes the issuance of bonds in that amount.
- Appropriates \$255 million in capital funding to the to the Public Works Commission and authorizes the issuance of bonds totaling \$225 million.

Transportation improvement districts

- Requires a transportation improvement district to comply with the state Prevailing Wage Law, unless the amount of state and local funds the district receives for the contract or project is less than statutory thresholds specified in the law.

TIF service payments

- Allows municipalities and townships, through their 2021 fiscal year, to utilize some tax increment financing (TIF) service payments for public safety and road and bridge maintenance expenses unrelated to the TIF.
- Disallows diversion for any expense eligible to be paid from funding received from the federal Coronavirus Aid, Relief and Economic Security (CARES) Act.

* This version updates the effective date.

Political subdivision competitive bidding for PPE

- During the period of the emergency declared by Executive Order 2020-01D, issued on March 9, 2020, exempts the purchase of personal protective equipment from competitive bidding requirements for counties, county hospitals, townships, villages, and municipal hospitals.

DETAILED ANALYSIS

Capital appropriations

The act appropriates capital funding to two agencies, the Facilities Construction Commission (FCC) and the Public Works Commission (PWC), and authorizes the issuance of bonds to finance the appropriations.¹ Under the act:

- \$300 million is appropriated to the FCC for school building projects;
- \$255 million is appropriated to the PWC, as follows:
 - \$175 million, for local public infrastructure capital improvement projects;
 - \$42.5 million, for local capital improvement projects;
 - \$37.5 million, for conservation projects.

For more details, consult the Legislative Budget Office's [Fiscal Note for S.B. 4](#), as enacted.

Transportation improvement districts

The act requires a transportation improvement district to comply with the state Prevailing Wage Law² unless the amount of state and local funds the district receives on the contract or project is less than the statutory thresholds specified in the law. Formerly, transportation improvement districts were exempt from the law, regardless of the amount of state or local funds received for a contract or project.³

For construction and reconstruction related to roads and bridges (“horizontal” improvements), the thresholds are adjusted biennially by the Director of Commerce. The current thresholds for horizontal projects are \$93,292 for new construction and \$27,950 for other construction. The threshold for all other new construction (“vertical” improvements) is \$250,000 and the threshold for reconstruction is \$75,000.⁴ Therefore, under the act, a transportation improvement district must comply with the law only if the amount of state or

¹ Sections 3 through 16.

² R.C. 4115.03 through 4115.16 and 4115.99, not in the act.

³ R.C. 5540.03.

⁴ R.C. 4115.03(B) and 4115.034, not in the act; and Department of Commerce – Division of Industrial Compliance, Prevailing Wage Threshold Levels, available [here](#).

local funds received for the construction exceeds these thresholds. In most other cases, the law applies when the total cost of the project exceeds the thresholds.

TIF service payments: public safety and road expenses

The act authorizes municipalities and townships to temporarily divert some service payments they receive from tax increment financing (TIF) projects and use the diverted money to fund certain public safety and road and bridge maintenance expenses.

Background

Continuing law allows municipalities, townships, and counties to create a TIF to finance public infrastructure improvements. Through a TIF, the subdivision grants a real property tax exemption with respect to the incremental increase in the assessed value of designated parcels that are part of a development project. The owners of the parcels make annual payments in lieu of taxes to the subdivision equal to the amount of taxes that would otherwise have been paid with respect to the exempted improvements (“service payments”). TIFs thereby create a flow of revenue back to the subdivision that created the TIF, which generally uses those payments to pay the public infrastructure costs necessitated by the development project.⁵

Temporary service payment diversion

The act authorizes a municipality or township, but not a county, that has created a TIF to redirect, for their 2020 and 2021 fiscal years, some service payments to fund public safety and road and bridge maintenance expenses. For its FY 2020, a subdivision may divert up to 25% of the balance of unencumbered TIF service payments on hand on the act’s effective date, plus 25% of additional collections received during the remainder of that fiscal year. The diversion for its FY 2021 may be up to 25% of the unencumbered balance on hand on the first day of that year, plus 25% of additional collections during the year.

Any TIF service payments redirected in this manner may not be spent on public safety and road and bridge maintenance expenses that are eligible to be funded with federal Coronavirus Aid, Relief and Economic Security (CARES) Act funding; i.e., unbudgeted expenses directly related to the COVID-19 pandemic. Moreover, subdivisions must reimburse those diverted TIF funds before the TIF expires, but only to the extent the subdivision receives federal funds that may be used to pay such expenses.⁶

Political subdivision competitive bidding for PPE

The bill allows certain political subdivisions subject to statutory competitive bidding requirements to purchase personal protective equipment (PPE) during the COVID-19-related emergency declared on March 9, 2020, without satisfying those requirements. This includes

⁵ R.C. 5709.40 to 5709.43, 5709.73 to 5709.75, and 5709.78 to 5709.81, not in the act.

⁶ Section 17.

counties, county hospitals, townships, villages,⁷ and municipal hospitals.⁸ The bill also specifically authorizes charter counties to purchase PPE during the COVID-19-related emergency without using a competitive process, though charter counties may have applicable charter provisions that would prevail.⁹

The bill defines PPE as equipment worn to minimize exposure to hazards that cause workplace injuries and illnesses.

HISTORY

Action	Date
Introduced	02-12-19
Reported, S. Finance	03-13-19
Passed Senate (31-0)	03-27-19
Reported, H. Primary and Secondary Education	05-08-19
Re-referred to H. Finance	05-14-19
Reported, H. Finance	05-30-19
Re-referred to H. Rules and Reference	07-23-19
Reported, H. Rules and Reference	06-11-20
Passed House (78-12)	06-11-20
Senate concurred in House amendments (21-10)	06-24-20

20-SB4-UPDATED-133/ks

⁷ Villages that have a charter probably can establish in their charters a process that deviates from the statutory process, since purchase of goods is probably a matter of local self-government under the Home Rule Amendment. *Greater Cincinnati Plumbing Contractors' Ass'n v. City of Blue Ash*, 106 Ohio App.3d 608 (1st Dist., 1995). The charter provisions would prevail.

⁸ R.C. 307.86, 339.05, 505.08, 731.14, and 749.37. These political subdivisions are subject to various competitive bidding requirements under Ohio law. For example, counties and county hospitals must use competitive bidding for purchases of more than \$50,000 (subject to numerous exceptions). R.C. 307.86 and 339.05.

⁹ Section 18. See Ohio Constitution, Article X, Section 3.