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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

H.B. 264  
133<sup>rd</sup> General Assembly

## Fiscal Note & Local Impact Statement

[Click here for H.B. 264's Bill Analysis](#)

**Version:** As Enacted

**Primary Sponsors:** Reps. Wilkin and O'Brien

**Local Impact Statement Procedure Required:** No

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### Highlights

- The bill could result in an indirect fiscal effect on the Ohio Water Development Authority if additional loans are requested to be financed or refinanced by local governmental entities.
- Local government borrowers who refinance loans for public waste water and water management facilities could experience significant cost savings in terms of lower interest paid on existing and future loans.

### Detailed Analysis

#### Ohio Water Development Authority

Current law allows the Ohio Water Development Authority (OWDA)<sup>1</sup> to make loans and grants to governmental agencies, and loans to persons, but only for the acquisition or construction of waste water or water management facilities. Existing loans and grants cannot be refinanced under current law since the loans have been pledged to existing bonds. Consequently, OWDA's authority to issue revenue bonds is viewed as limited to the financing of loans and grants, not their refinancing. In 2018, OWDA provided \$943,669,918 in loans for 380 projects in 84 counties. Loans ranged from less than \$10,000 to more than \$111 million.<sup>2</sup>

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<sup>1</sup> OWDA is a bond-issuing authority created by the state of Ohio to provide financial assistance for environmental projects from the sale of municipal revenue bonds through loans to local governments in Ohio and from issuance of industrial revenue bonds for qualified projects.

<sup>2</sup> A complete listing of the 2018 projects and applying communities can be found at [https://www.owda.org/docs/documents/8//2018\\_Annual\\_Report\\_OWDA.pdf](https://www.owda.org/docs/documents/8//2018_Annual_Report_OWDA.pdf).

The bill provides greater flexibility for OWDA to issue revenue bonds for an additional purpose, which is paying any refinancing costs of improvements to environmental infrastructure. The bill also allows OWDA to use such bond proceeds to make loans for refinancing of such infrastructure. The refinancing of certain loans that were previously financed at a higher interest rate than what otherwise may be made available will be a cost savings for affected borrowers. The magnitude of any potential local savings will depend upon the terms of the loan participation agreement established. Because of the emergency clause, the bill goes into immediate effect. However, it is uncertain how quickly existing loans could be refinanced.

There would presumably be some cost to OWDA to promulgate rules and renegotiate loans if requested to do so by a grantee. According to OWDA staff, because of the bill some local entities may apply to OWDA to finance projects that were originally financed by debts entered into outside of OWDA. OWDA anticipates that the additional workload may necessitate at least one additional staff person to assist in processing the new applications. This additional cost will be mitigated through the collection of loan fees, which will be adjusted accordingly. OWDA is a self-funded entity of the state.