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OHIO LEGISLATIVE SERVICE COMMISSION

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Legislative Budget
Office

H.B. 687*
134th General Assembly

Bill Analysis

[Click here for H.B. 687's Fiscal Note](#)

Version: As Passed by the House

Primary Sponsor: Rep. Oelslager

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SUMMARY

Capital appropriations and reappropriations

- Makes capital appropriations totaling \$3.51 billion for the FY 2023-FY 2024 biennium, and authorizes about \$2.28 billion in new debt.
- Modifies several capital reappropriations.

Operating appropriations

- Appropriates a total of approximately \$1.21 billion to the Departments of Development and Transportation for FY 2022, and reappropriates the unexpended, unencumbered balance for FY 2023.

Megaproject tax incentives

- Establishes specialized criteria by which an Ohio semiconductor wafer manufacturing facility may qualify as a megaproject and, accordingly, its operators and suppliers may qualify for the enhanced tax incentives authorized by the bill and by continuing law.
- Generally, retains current wage and investment or payroll requirements for megaprojects, and applies those requirements to semiconductor wafer manufacturing projects that qualify for incentives under the bill's specialized criteria.
- Allows the Tax Credit Authority (TCA) to designate more than one business as an operator of the same megaproject.

* This analysis was prepared before the House's third consideration appeared in the House Journal. Note that the legislative history may be incomplete.

- Allows suppliers of a semiconductor wafer manufacturing megaproject to qualify for megaproject tax incentives, other than the extended job creation tax credit (JCTC) and community reinvestment area (CRA) property tax exemption, without meeting the payroll and investment thresholds generally required for megaprojects suppliers.
- Expands an existing sales and use tax exemption for qualified research and development equipment to include sales of any tangible personal property used to perform research and development at a semiconductor wafer manufacturing megaproject site.
- Allows a sales and use tax exemption for building and construction materials incorporated into a manufacturing or research and development facility at a semiconductor wafer manufacturing megaproject site.
- Allows a sales and use tax exemption for certain other tangible personal property used in a manufacturing process at a semiconductor wafer manufacturing megaproject site.
- Modifies an existing commercial activity tax (CAT) exclusion for tangible personal property sold by a megaproject supplier to a megaproject operator for use at a megaproject site.
- Allows a new CAT exclusion for gross receipts from the sale of new capital equipment used at the site of a semiconductor wafer manufacturing megaproject, provided the cost of the equipment exceeds \$100 million.
- Requires the Director of Development to issue a certificate of compliance for each year that a megaproject operator or supplier continues to qualify as such, for purposes of the megaproject tax incentives.
- Allows the TCA to impose recoupment payments on the operator of a noncompliant semiconductor wafer manufacturing megaproject, based on the amount of sales and use tax and CAT incentives granted in connection with the project.
- Requires megaproject operators to annually submit an economic impact report to the Director of Development detailing their purchasing, construction, and employment activity.

Agency capital project administration threshold adjustment

- Raises from \$1.5 million to \$3.0 million the threshold cost up to which the Ohio Facilities Construction Commission (OFCC) may authorize certain agencies to administer capital facilities projects on their own.

Professional design or design-build services

- Exempts projects of \$25,000 or less from the requirements for contracts for professional design services or design-build services.

Design-build projects

- Removes the requirement that a public authority using its own employee as an architect or engineer for a design-build project first notify OFCC.

Capital Donations Fund investment earnings

- Removes the requirement that OFCC quarterly certify to the Director of Budget and Management how it allocated investment earnings credited to the Capital Donations Fund.

Attorney General Collection System

- Authorizes the Attorney General (AG) to acquire and implement a secure, end-to-end collections and recovery management system designed to collect and recover more debt, control costs, and stay compliant with state rules and federal regulations.
- Permits the AG to enter into lease-purchase agreements to finance, or refinance, the system, and requires that lease payments be made from the Attorney General Claims Fund.
- Permits the AG to request the Director of Budget and Management to arrange for the issuance of obligations to finance the system, up to \$25 million.

Classroom facilities assistance programs

- Extends from one year to two years the time OFCC has to reimburse a school district under the Expedited Local Partnership Program if the district resources applied to its originally calculated portion of the project cost exceeds its recalculated portion.
- Eliminates redundant language in the statutory list of provisions that must be in the project agreement between OFCC and a school district.

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DETAILED ANALYSIS

Capital appropriations and reappropriations

The bill makes capital appropriations totaling \$3.51 billion for the biennium ending June 30, 2024 (FY 2023 and FY 2024), and authorizes about \$2.28 billion in new debt.¹ LSC's [Capital Item Analysis](#), available on the [LSC Website](#), and [Fiscal Note](#), available on the [Ohio General Assembly's](#) website, provide detailed information related to the capital appropriations and related items.

The bill also modifies several provisions from the recent capital reappropriations act, [H.B. 597](#), available on the [Ohio General Assembly's](#) website. The changes affect projects under the following departments: Developmental Disabilities, Mental Health and Addiction Services, Natural Resources, Public Safety, Rehabilitation and Correction, and the Facilities Construction Commission.²

Operating appropriations

The bill appropriates approximately \$1.21 billion for FY 2022 between the Departments of Development and Transportation. This includes GRF appropriations totaling \$805.0 million and

¹ Sections 201.10 through 247.10; Sections 509.01 through 531.10.

² Section 601.10.

State Fiscal Recovery Fund appropriations totaling \$401.2 million. The bill reappropriates the unexpended, unencumbered balance of these appropriations at the end of FY 2022 for FY 2023.³ The [LSC Fiscal Note](#), which is available on the [General Assembly's](#) website, provides detailed information related to the appropriations.

Megaproject tax incentives

The bill modifies the qualifications for, and the administration of, the tax incentives available under continuing law for operators and certain suppliers of a “megaproject,” i.e., a large scale development that meets certain wage and investment or payroll thresholds. It creates a specialized pathway to qualification for an Ohio semiconductor wafer manufacturing facility and its suppliers, and establishes several sales and use tax and commercial activity tax (CAT) incentives for only those projects and suppliers. The bill also prescribes new procedures and requirements related to the administration of megaproject incentives, some of which are specific to semiconductor wafer manufacturing facilities and others that apply more generally, to all megaprojects. For example, the bill allows the Tax Credit Authority (TCA), under certain conditions, to recoup all or part of the sales and use tax and CAT incentives that are available only in connection with a semiconductor wafer manufacturing megaproject. In addition, the bill requires all megaproject operators to submit an annual economic impact report detailing purchasing, construction, and employment activity at the project site.

Background

Special tax incentives for megaproject operators and suppliers were enacted as part of H.B. 110, the state’s biennial budget for the 134th General Assembly. That act (1) increased the maximum number of years, from 15 to 30, over which a megaproject operator or supplier may receive a job creation tax credit (JCTC), (2) authorized a megaproject supplier’s JCTC to be wholly or partially allocated to the megaproject’s operator, (3) authorized a megaproject supplier, in calculating its CAT liability, to exclude its gross receipts from sales to a megaproject operator, and (4) authorized local governments to grant a 30-year community reinvestment area (CRA) or enterprise zone (EZ) property tax exemption to a megaproject or property owned by a megaproject supplier.

The enhanced incentives are available only to businesses that operate or sell tangible personal property to a megaproject, which, by definition, must satisfy all of the following conditions:

- The operator must compensate the project’s employees at 300% of the federal minimum wage or more, exclusive of employee benefits;
- The operator must either invest at least \$1 billion in the project or create at least \$75 million in annual Ohio employee payroll at the project;

³ Sections 301.10 to 329.10.

- If the project qualifies on the basis of Ohio employee payroll, the operator must maintain at least \$75 million in annual payroll at the project throughout the term of the JCTC agreement;
- The project requires “unique sites, extremely robust utility service, and a technically skilled workforce.”

In addition to the megaproject’s operator, certain suppliers of a megaproject are eligible for enhanced tax incentives. Specifically, any business that sells tangible personal property may qualify if it satisfies both of the following requirements:

- The business invests at least \$100 million in Ohio;
- The business creates at least \$10 million in annual Ohio employee payroll and maintains that level of payroll throughout the term of the JCTC agreement.

Beginning in 2025, and every fifth following year, the Tax Commissioner must index for inflation the investment and Ohio employee payroll thresholds required for a project or supplier to qualify as a megaproject and megaproject supplier, respectively.⁴

Qualifications

Projects

The bill establishes specialized criteria by which an Ohio semiconductor wafer manufacturing facility may qualify as a megaproject and, accordingly, its operators and suppliers may qualify for the enhanced incentives authorized by the bill and by continuing law. Specifically, it expands the definition of “megaproject” to include a project operated by a business that meets all of the following requirements:

- Headquartered in the United States;
- Spends at least 50% of its research and development budget in the United States for the year preceding the JCTC agreement;
- Builds and operates a semiconductor manufacturing facility in Ohio, or intends to do so by a date specified in the JCTC agreement, i.e., the “metric evaluation date.”

The bill’s alternative criteria for a semiconductor wafer manufacturing facility work in place of the general unique site, robust utility service, and technically skilled workforce criteria that apply to other projects. All megaprojects, including semiconductor wafer manufacturing factories, must comply with the wage and investment or payroll thresholds prescribed by continuing law (see “**Background**,” above).

⁴ R.C. 122.17, 3735.67, 3735.671, 5751.01, 5751.052, and 5751.091; 3735.65, 5709.61, 5709.62, 5709.63, 5709.631, and 5709.632 (not in the bill); See also pages 113-115 of the LSC [Final Analysis for H.B. 110 \(PDF\)](#), which is available on the General Assembly’s website: legislature.ohio.gov.

The bill also changes the manner in which these thresholds are enforced. Current law states that the operator of the megaproject must *meet* the required thresholds, whereas, the bill states that the operator must *agree to meet* the required thresholds as part of the operator's JCTC agreement. It appears that, under current law, as soon as an operator fails to meet an applicable threshold (for example, by paying the project's employees less than 300% of the federal minimum wage) the project no longer qualifies as a megaproject. Conversely, under the bill, a noncompliant project remains a megaproject, but the project's operators and suppliers do not receive certificates of compliance for purposes of the associated tax incentives, and the Director of Development must notify the Tax Commissioner that the project failed to meet one or more of the applicable thresholds.⁵

Operators

The bill allows the TCA to designate more than one business as an operator of the same megaproject. Current law accounts for only one operator per megaproject. The bill also specifies that a business becomes a megaproject operator effective on the first day of the calendar year in which the businesses enters into a JCTC agreement with the TCA.⁶

Suppliers

The bill establishes specialized criteria by which suppliers of a semiconductor wafer manufacturing megaproject may qualify as a "megaproject supplier" for purposes of some, but not all, of the megaproject tax incentives. Such a supplier qualifies, notwithstanding the payroll and investment thresholds generally required by continuing law, so long as the supplier sells tangible personal property that underwent "substantial manufacturing, assembly, or processing" in Ohio directly to the operator of a semiconductor wafer manufacturing megaproject for use at the project site. Megaproject suppliers that qualify under the bill's specialized pathway, and that do not meet the general payroll and investment requirements, qualify for the megaproject supplier CAT exclusion and the extended, 30-year EZ property tax exemption. However, such suppliers are ineligible for the extended, 30-year JCTC or the extended, 30-year CRA property tax exemption – the general, 15-year cap on the incentives applies.

The bill also modifies the traditional pathway by which suppliers may qualify for megaproject tax incentives, by requiring that property sold by such a supplier must be used at the site of the megaproject. Current law states that the sale must be made to a megaproject operator, but includes no restrictions as to where the property is used. Furthermore, the bill changes the manner in which the investment and payroll thresholds are enforced. Current law states that a supplier must *meet* the required thresholds, whereas, the bill states that the supplier must *agree to meet* the required thresholds as part of the supplier's JCTC agreement. As discussed in "**Projects**," above, under the bill, megaproject suppliers that do not actually

⁵ R.C. 122.17(A)(11), (D)(11), and (U).

⁶ R.C. 122.17(A)(12).

meet the required thresholds do not receive certificates of compliance for the purposes of the associated tax incentives.⁷

Sales and use tax

Qualified research and development equipment

The bill expands an existing sales tax and use exemption for qualified research and development equipment to include sales of *any* tangible personal property used primarily by a megaproject operator to perform research and development at a semiconductor wafer manufacturing megaproject site, regardless of whether that property is capitalized. The expanded exemption applies during any period in which the megaproject is subject to a valid JCTC agreement.

The current exemption for qualified research and development equipment applies only to the sale of *capitalized property* used primarily for research and development other than product testing.⁸

Building and construction materials

The bill allows an exemption for building and construction materials to be incorporated into a manufacturing or research and development facility owned by a megaproject operator and located at a semiconductor wafer manufacturing megaproject site. The exemption applies during any period in which the megaproject is subject to a valid JCTC agreement.

Continuing law allows a similar exemption for building and construction materials and services sold to a construction contractor to be incorporated by the contractor into certain buildings, structures, or improvements, such as those owned by the state, a church, or a 501(c)(3) nonprofit organization.⁹

Other property and equipment

The bill exempts sales of tangible personal property to a megaproject operator for use at the site of a semiconductor wafer manufacturing megaproject primarily for any of the following purposes:

- To store, transmit, convey, distribute, recycle, circulate, or clean water, steam, or other gases used in or produced as a result of manufacturing activity;
- To clean or prepare inventory or equipment used in a manufacturing activity;
- To regulate, treat, filter, condition, improve, clean, maintain, or monitor environmental conditions within areas where manufacturing activities take place; or
- To handle, transport, or convey inventory.

⁷ R.C. 122.17(A)(13), (D)(11), and (U).

⁸ R.C. 5739.01(HH) and (RRR); 5739.02(B)(42)(i), in the bill but unchanged.

⁹ R.C. 5739.02(B)(13) and 5739.01(RRR).

The exemption applies during any period in which the megaproject is subject to a valid JCTC agreement.¹⁰

Continuing law allows an exemption for certain items used in a “manufacturing operation.” Some of the items described above may overlap with this existing exemption; however, the existing exemption is generally limited in terms of which items qualify due requirements for how and when they are used in the manufacturing process.¹¹

CAT

Continuing law imposes the CAT based on a business’s taxable gross receipts from sales in Ohio. CAT is remitted on an annual or quarterly basis (referred to as a “tax period”) depending on the amount of taxable gross receipts. Current law, changed in part by the bill, authorizes a megaproject supplier to exclude, in calculating the supplier’s taxable gross receipts, gross receipts from the sale of tangible personal property to a megaproject operator, but only if the supplier has been awarded a JCTC and holds a certificate issued by the Tax Commissioner (referred to in this analysis as a “CAT exclusion certificate”).

Megaproject supplier exclusion

The bill specifies that, to qualify for the existing megaproject supplier exclusion, the tangible personal property sold to the megaproject operator must be used at the site of the megaproject. It also requires that the sale occur during a period in which the megaproject is subject to a valid JCTC agreement. The bill clarifies that only megaproject suppliers that qualify for the incentive under the general payroll and investment criteria (see “**Background**,” above) must hold, as a prerequisite of claiming the exclusion, a certificate that validates compliance with the supplier’s JCTC agreement. Megaproject suppliers that qualify for the exclusion based only on the bill’s new semiconductor wafer manufacturing pathway, but do not meet the payroll or investment thresholds, need not obtain such a certificate.¹²

Exclusion certificates

Under continuing law, for a megaproject supplier to obtain a CAT exclusion certificate, the megaproject’s operator must first file with the Tax Commissioner, by October 1 of each year, a list of megaproject suppliers the operator anticipates will sell tangible personal property to the operator during the following calendar year. The list must include the name, address, and federal tax identification number of each megaproject supplier. The Commissioner will then issue a CAT exclusion certificate to the megaproject operator and to each supplier on that list. The bill specifies that a megaproject operator must submit the list only for years in which the megaproject is subject to a valid JCTC agreement.

¹⁰ R.C. 5739.02(B)(58) and 5739.01(RRR).

¹¹ R.C. 5739.02(B)(42)(g) and 5739.011.

¹² R.C. 5751.01(F)(2)(oo).

Under current law, if the legal name or structure of any supplier on that list changes, the operator must, within 60 days of becoming aware of the change, notify the Commissioner, who will issue updated CAT exclusion certificates to the operator and to every supplier. The bill instead requires the operator to notify the Commissioner within a “reasonable period of time” after becoming aware of such a change. It also expressly requires the Commissioner, upon receiving such notice, to determine whether the listed suppliers still qualify for the CAT exclusion.¹³

Capital equipment exclusion

The bill authorizes any CAT taxpayer, in calculating the taxpayer’s taxable gross receipts, to exclude gross receipts from the sale of new capital equipment used at the site of a semiconductor wafer manufacturing megaproject, if the cost of that equipment exceeds \$100 million. The exclusion applies only if the sale occurs during a period in which the megaproject is subject to a valid JCTC agreement. No CAT exclusion certificate is required to claim the exclusion.

If a taxpayer improperly claims the capital equipment exclusion, a recoupment charge is imposed equal to 0.26% (the general CAT rate) of the taxpayer’s taxable gross receipts received from selling the equipment. A taxpayer that is assessed such a charge for three consecutive calendar years is prohibited from claiming the CAT exclusion for any future year. The same recoupment charge applies, under continuing law, to the megaproject supplier exclusion.¹⁴

Property tax incentives

Continuing law authorizes counties and municipal corporations to grant up to a 30-year EZ or CRA property tax exemption to the site of a megaproject or a site owned and operated by a qualifying megaproject supplier, provided the megaproject operator or supplier, respectively, has been awarded a JCTC. EZ and CRA exemptions are generally limited to no more than a 15-year term.

CRA exemptions

The bill specifies that, with respect to a CRA exemption, only megaproject suppliers that meet the payroll and investment criteria (see “**Background**,” above) are eligible for a 30-year exemption. Megaproject suppliers that qualify based on the bill’s new semiconductor wafer manufacturing pathway, but that do not meet those criteria, may still receive a CRA exemption, but the term is limited to 15 years. All megaproject operators, including operators of semiconductor wafer manufacturing megaprojects, are eligible for an extended, 30-year CRA exemption, at the discretion of the granting county or municipal corporation.¹⁵

¹³ R.C. 5751.052.

¹⁴ R.C. 5751.01(F)(2)(pp) and 5751.091.

¹⁵ R.C. 3735.67 and 3735.671.

EZ exemptions

The bill makes no corresponding changes to the law governing EZ exemptions. Therefore, it appears that any megaproject operator and any megaproject supplier qualifies for an extended 30-year exemption, at the discretion of the granting county or municipal corporation. In effect, the bill extends the longer exemption to semiconductor wafer manufacturing megaproject suppliers that do not meet the payroll and investment criteria required by current law.¹⁶

Background

Under continuing law, counties and municipal corporations may designate areas within the county or municipal corporation as an EZ or a CRA. After an EZ designation is approved by the Director of Development, the county or municipal corporation may then enter into enterprise zone agreements with businesses for the purpose of fostering economic development in the zone.

In contrast, a CRA is more generally established to encourage new construction or the remodeling of existing structures. Similar to an EZ, after a CRA is approved by the Director, the county or municipal corporation may enter into an agreement with a business exempting the increased value of new construction or remodeling of a commercial or industrial structure in the CRA in exchange for the creation or retention of jobs at the structure. (Unlike an EZ, residential construction and remodeling may also qualify for a CRA exemption, but no agreement is required for residential exemptions.)

Administration

Annual certification

The bill requires the Director of Development to issue a certificate of compliance for each year that a megaproject operator or supplier meets and maintains compliance with all thresholds and requirements to which the operator or supplier agreed, as a condition of qualifying for the megaproject tax incentives (see “**Qualifications**,” above). Current law already requires the Director to annually verify compliance with JCTC agreements, including agreements involving megaprojects. The bill’s new megaproject compliance certificate appears to supplement, rather than replace, the existing JCTC compliance certificate.

Under current law, if the Director determines that a megaproject operator or megaproject supplier is not in compliance with the JCTC agreement, the Director must notify the Tax Commissioner. The bill instead requires the Director to notify the Commissioner in the event that a megaproject operator or megaproject supplier is not eligible to receive the new, megaproject certificate of compliance. Presumably, this notification is intended to assist the

¹⁶ R.C. 5709.61, 5709.62, 5709.63, 5709.631, and 5709.632, not in the bill.

Commissioner in determining whether a megaproject operator or supplier is eligible for the associated CAT exclusions and sales and use tax exemptions.¹⁷

Recoupment

The bill adds a new recoupment provision specific to the CAT and sales and use tax incentives associated with a semiconductor wafer manufacturing megaproject. If the operators of such a project fail to *substantially meet* investment, employment, or payroll thresholds included in the agreement, the recoupment payment amount must not exceed the sum of the following, for all years prior to the metric evaluation date: (1) sales and use taxes that would have been imposed in the absence of the agreement, and (2) CAT that would have been imposed on receipts realized from sales to the operators in the absence of the agreement. The maximum recoupment payment for operators that fail to *substantially maintain* such investment, employment, or payroll thresholds is determined in the same manner, except only the taxes that would have been collected in the year in which the operators failed to maintain the requirements are included.

Subject to the terms of the JCTC agreement and the limitations described above, the amount of the recoupment payment is determined by the TCA. The bill expressly allows the TCA, in determining the payment amount, to consider the operators' past performance under the agreement, as well as any market conditions that may have contributed to the operators' failure to comply. The bill does not address what it means to "substantially" meet or maintain investment, employment, or payroll thresholds, as compared to actually meeting or maintaining those thresholds.¹⁸

The bill's new recoupment provision supplements a similar claw back mechanism, under continuing law, for credit amounts awarded pursuant to the JCTC. In addition, whenever a taxpayer fails to comply with a JCTC agreement, the TCA is permitted to amend the agreement to reduce the percentage or term of the JCTC.¹⁹

Economic impact report

The bill requires a megaproject operator to annually submit an economic impact report to the Director of Development, on or before July 1, beginning with the year specified in the JCTC agreement. The report must be certified as true and correct by an officer of the megaproject operator. It must include the following information:

- The total amount of purchases made by the megaproject operator for the megaproject from megaproject suppliers;
- The total amount of such purchases made from suppliers other than megaproject suppliers;

¹⁷ R.C. 122.17(D)(11) and (U).

¹⁸ R.C. 122.17(E)(2) and (3).

¹⁹ R.C. 122.17(E)(1) and (K).

- A summary of the construction activity at the megaproject site;
- The total amount of the megaproject operator's research and development expenditures at the site of the megaproject for that year;
- The number of employees working at the megaproject site and their counties of residence; and
- A summary of the supply chain activity in support of the megaproject, including a list of the 25 suppliers with a physical presence in Ohio from which the megaproject operator made the most purchases in that year.

The bill specifies that economic activity reports are public records.²⁰

Application date

The bill's new and expanded sales and use tax exemptions apply sales made on or after January 1, 2022. A consumer that paid, or a vendor that remitted sales or use tax on a transaction that is taxable under current law, but exempted by the bill, may apply to the Tax Commissioner for a refund. The bill requires a vendor that is granted such a refund to pay the amount refunded to the consumer.

The bill's new CAT exclusion applies to tax periods beginning on and after January 1, 2022.

All of the remaining megaproject provisions apply to JCTC agreements entered into on and after the bill's effective date, as well as to those entered into before that effective date, so long as the bill supports the actions taken by such agreements.²¹

Agency capital project administration threshold adjustment

(R.C. 123.211 and 1501.011)

The bill doubles, from \$1.5 million to \$3.0 million, the cost threshold below which the Executive Director of the Ohio Facilities Construction Commission (OFCC) may authorize certain agencies to administer capital facilities projects on their own. Otherwise, OFCC administers the project.²²

The agencies include the Departments of Mental Health and Addiction Services, Developmental Disabilities, Agriculture, Job and Family Services, Rehabilitation and Correction, Youth Services, Public Safety, Transportation, Veterans Services, and Administrative Services; the Bureau of Workers' Compensation; the State School for the Deaf; and the State School for the Blind.

²⁰ R.C. 122.17(D)(12).

²¹ Section 757.01.

²² R.C. 123.211.

The bill likewise doubles from \$1.5 million to \$3.0 million the threshold below which the OFCC Executive Director may authorize the Department of Natural Resources (DNR) to administer certain projects or improvements.²³

Continuing law otherwise requires DNR to administer the following projects, no matter the cost:

- Dam repairs;
- Improvements administered by the Division of Parks and Watercraft;
- Projects or improvements administered by the Division of Wildlife;
- Activities conducted by DNR in order to maintain its roadway inventory.

Professional design or design-build services

The bill outright exempts projects of \$25,000 or less from certain requirements for contracts for professional design services or design-build services for public authorities, including the following:²⁴

- The submission and review of statements of qualifications;
- Advertising contract opportunities;
- Ranking multiple potential contractors;
- Obtaining services of an architect or engineer;
- Professional liability insurance policy requirements.²⁵

These requirements under current law apply to most contracts for professional design services or design-build services. Under current law, contracts with an estimated fee of up to \$50,000 are exempt under certain conditions. Therefore, under the bill, contracts with an estimated fee between \$25,000 and \$50,000 will continue to be exempt under those conditions specified in continuing law.²⁶

Design-build projects

The bill eliminates the requirement that a public authority notify OFCC before allowing its own employee to serve as a criteria architect or engineer on a project for the public authority. Continuing law requires a public authority that contracts for design-build services to first obtain the services of a criteria architect or engineer.²⁷

²³ R.C. 1501.011.

²⁴ R.C. 153.71 and 6115.20.

²⁵ R.C. 153.66 to 153.70, not in the bill.

²⁶ R.C. 153.71.

²⁷ R.C. 153.692.

Capital Donations Fund investment earnings

The bill removes the requirement that OFCC quarterly certify to the Director of Budget and Management (OBM) how it allocated investment earnings credited to the Capital Donations Fund.²⁸ The OBM Director sits on OFCC. The fund consists of donations made to OFCC for the construction or improvement of cultural and sports facilities. Fund moneys must be used in accordance with the donations' specific purposes.

Attorney General Collection System

The bill authorizes the Attorney General (AG) to acquire and implement a secure, end-to-end collections and recovery management system that is designed to collect and recover more debt, control costs, and stay compliant with state rules and federal regulations. In acquiring and implementing this system, the AG may acquire application hardware and software and install, implement, and integrate the system.²⁹

The AG may enter into lease-purchase agreements to finance, or refinance, the system. Lease payments must be made solely from the Attorney General Claims Fund, if appropriated by the General Assembly. In addition, the AG may request the OBM Director to arrange for the issuance of obligations to finance the system, up to \$25 million in proceeds.

Classroom facilities assistance programs

Expedited Local Partnership Program

The bill extends from one to two years the deadline by which OFCC must reimburse a school district under the Expedited Local Partnership Program. This reimbursement is required if the amount of resources the district applied to its portion of the project cost as originally calculated exceeds its recalculated portion.³⁰ The bill also corrects a division cross-reference in the statute to a district facilities maintenance requirement.³¹

CFAP project agreements

The bill removes redundant language in the statutory list of provisions that must be in the project agreement between OFCC and a school district under the Classroom Facilities Assistance Program (CFAP). It retains current law requiring a district to "adhere to a facilities maintenance plan approved by the Commission"³² and eliminates a similar requirement that a district must maintain a project according to an approved plan.

CFAP is a graduated, cost-sharing program designed to provide each city, exempted village, and local school district with partial funding to address all of its classroom facilities

²⁸ R.C. 123.201.

²⁹ Section 709.01.

³⁰ R.C. 3318.36(E).

³¹ R.C. 3318.36(D), last paragraph.

³² R.C. 3318.08(Q) and (W).

needs, and under which its portion of the total cost of the project (“basic project cost”) and priority for partial state funding are based on its relative wealth.

HISTORY

Action	Date
Introduced	05-25-22
Reported, H. Finance	---
Passed House (82-8)	---
