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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

S.B. 166
135th General Assembly

Fiscal Note & Local Impact Statement

[Click here for S.B. 166's Bill Analysis](#)

Version: As Introduced

Primary Sponsors: Sens. Sykes and Reynolds

Local Impact Statement Procedure Required: No

Tom Wert, Senior Budget Analyst

Highlights

- The bill expands the permissible uses of loaned funds under the Minority Business Direct Loan Program to include working capital. If this results in additional loans being made, the Minority Business Enterprise Loan Fund (Fund 4W10) would see increased expenditures.

Detailed Analysis

The bill's expansion of permissible uses of minority business enterprise (MBE) loan funding may result in increased expenditures from the Minority Business Enterprise Loan Fund (Fund 4W10). Under current law, the Department of Development (DEV), with Controlling Board approval, issues fixed rate, low interest loans to MBEs through the Ohio Minority Business Direct Loan Program. Loans may be used for the acquisition of real estate, new construction, or the acquisition of machinery and equipment. The bill expands the permissible uses by specifically allowing MBE loan funds to be used for working capital. It is unknown how many additional loans would be made under the expanded program or in what amounts those loans would be made.

Fund 4W10 is used to provide MBE loans and to cover the operating expenses of the Minority Business Development Division within DEV. Expenditures from Fund 4W10 averaged approximately \$1.0 million per year over the FY 2020-FY 2023 time frame. During those years, approximately 60.0% (\$2.4 million) was paid out in loans, with administrative expenses accounting for the remaining 40.0% (\$1.6 million). To pay these costs during the FY 2024-FY 2025 biennium, H.B. 33 of the 135th General Assembly appropriated \$5.0 million in each fiscal year under Fund 4W10 appropriation item 195646, Minority Business Enterprise Loan. Fund 4W10 receives revenue from principal and interest payments from borrowers. As of December 8, 2023, Fund 4W10 had a cash balance of approximately \$6.4 million.

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