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S.J.R. 4*
135th General Assembly

Bill Analysis

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Version: As Adopted by the Senate

Primary Sponsors: Sens. Chavez and Craig

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SUMMARY

- Proposes a constitutional amendment to extend the State Capital Improvement Program with the issuance of an additional \$2.5 billion of general obligation bonds to fund local infrastructure capital improvements.

DETAILED ANALYSIS

State Capital Improvement Program – new bond authority

The resolution proposes to amend the Ohio Constitution by authorizing the issuance of additional general obligation bonds and other general obligations of the state to finance or assist in the financing of local public capital improvement projects. Bonds issued for similar purposes over the years are used to fund the State Capital Improvement Program (SCIP).¹ Under the resolution, eligible recipients are municipal corporations, counties, townships, or other governmental entities designated by law. The state may participate in these capital improvement projects by providing grants, loans, or contributions to the local subdivisions.²

Permitted projects under SCIP

The capital improvement projects funded by the bonds are limited to roads and bridges, waste water treatment systems, water supply systems, solid waste disposal facilities, and storm water and sanitary collection, storage, and treatment facilities, including related or incidental

* This analysis was prepared before the report of the Senate Finance Committee appeared in the Senate Journal. Note that the legislative history may be incomplete.

¹ Article VIII, Sections 2k and 2s, Ohio Constitution, for examples.

² Proposed Article VIII, Section 2t(E), Ohio Constitution.

real property related to the project. The cost of acquisition, construction, reconstruction, expansion, improvement, planning, and equipping are also included.³

Amount of obligations

The proposed amendment limits the bond issuing authority to not more than \$2.5 billion. Up to \$250 million principal amount of state general obligations may be issued in each of the ten fiscal years of issuance. If annual limits are not reached, the amount not issued may be issued in a subsequent year and does not count towards that fiscal year's limit.⁴

No obligations may be issued, however, until all of the state's obligations authorized under past amendments for the same purpose have been issued.⁵ The most recent SCIP bond issuance was approved by voters in 2014, as Article VIII, Section 2s. Section 2s authorized a total of \$1.875 billion of general obligation bonds for public infrastructure capital improvements. The 2s bonds are issued by the Ohio Public Facilities Commission. The proceeds of the 2s bonds are allocated among the state's district public works integrating committees by the Public Works Commission.⁶ As of November 2024, approximately \$340 million is left to be issued under the Article VIII, 2s authorization.

Maturity of obligations

Each issue of general obligations must mature within 30 years from the date of issuance. If the obligations are issued to retire or refund other obligations, the obligations must mature within 30 years from the date the debt being retired or refunded was originally issued.⁷

Debt service

Because the debt being issued is backed by the full faith and credit of the state, the General Assembly must provide by law for sufficient funds (such as excises, taxes, and other revenues) to pay the required debt service. The General Assembly also must establish a bond retirement fund. No further act of appropriation is necessary for these purposes.

The resolution prohibits fees and taxes received in connection with the use of public highways by motor vehicles from being pledged to the payment of debt service on the general obligations authorized under the amendment.⁸

³ Proposed Article VIII, Section 2t(A), Ohio Constitution.

⁴ Proposed Article VIII, Section 2t(B), Ohio Constitution.

⁵ Proposed Article VIII, Section 2t(B), Ohio Constitution.

⁶ R.C. 151.01, 151.08, 164.03, and 164.08, not in the resolution.

⁷ Proposed Article VIII, Section 2t(C), Ohio Constitution.

⁸ Proposed Article VIII, Section 2t(D), Ohio Constitution.

Tax exemption

The resolution states that the obligations, their transfer, and the interest or other income from the obligations, including any profit made on the sale, exchange, or other disposition of them, are free from state taxation.⁹

Election and effective date

The resolution provides that the proposed constitutional amendment will be submitted to the electors at the special election to be held on May 6, 2025. If approved by a majority of the electors voting on the proposal, the constitutional amendment will take effect immediately.

HISTORY

| Action | Date |
|------------------------|----------|
| Introduced | 11-06-24 |
| Reported, S. Finance | 11-20-24 |
| Adopted, Senate (30-1) | 11-20-24 |

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⁹ Proposed Article VIII, Section 2t(F), Ohio Constitution.