



Ohio Legislative Service Commission

Bill Analysis

Brian D. Malachowsky

H.B. 374

131st General Assembly
(As Reported by H. Finance)

Rep. Schuring

BILL SUMMARY

- Permits the Treasurer of State to determine by rule the total market value of securities that must be pledged to secure the repayment of all uninsured public deposits at a particular public depository, as part of the Ohio Pooled Collateral Program.
- Requires a public depositor to be responsible for periodically confirming the accuracy of its account balance with the Treasurer, otherwise the Treasurer is the sole public depositor responsible for monitoring and ensuring the sufficiency of securities.
- Declares an emergency.

CONTENT AND OPERATION

Pledged security rules

The bill amends the Ohio Pooled Collateral Program ("Program"), part of the Uniform Depository Law (R.C. Chapter 135.). It authorizes the Treasurer of State to determine by rule the total market value of securities that must be pledged to secure the repayment of all uninsured public deposits at a particular public depository. Under continuing law, public depositories must pledge a security for uninsured public deposits.¹ The Program permits a public depository to pledge to the Treasurer a single pool of securities to secure the repayment of all public moneys deposited in that

¹ R.C. 135.18(A) and 135.37(A). The Federal Deposit Insurance Corporation insures deposits up to \$250,000. An amount above that limit, if not insured by any other agency or instrument of the federal government, is uninsured (R.C. 135.01(Q) and 12 C.F.R. Part 330).

financial institution, rather than for the individual deposits. Under existing law, the Program requires public depositories to pledge at least 102% of the total amount of all uninsured public deposits.²

The bill permits the Treasurer to adopt rules to select a different amount, in lieu of the 102%. The criteria for selecting the different amount must include prudent capital and liquidity management by the public depository and the safety and soundness of the public depository as determined by a third-party rating organization.³

Under continuing law, a "public depository" is an institution which receives or holds any public deposits as provided in the Uniform Depository Law.⁴

Public depositor responsibility

The bill holds a public depositor responsible for periodically confirming the accuracy of its account balance with the Treasurer. Otherwise, the Treasurer shall be the sole public depositor responsible for monitoring and ensuring the sufficiency of securities pledged in the Program.⁵

Under continuing law, "public depositor" means the state or a subdivision or a county or any municipal corporation that has adopted a charter under the Ohio Constitution that deposits public moneys in a public depository pursuant to certain provisions in the Revised Code.⁶

HISTORY

ACTION	DATE
Introduced	10-19-15
Reported, H. Finance	12-03-15

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² R.C. 135.182(B)(1).

³ R.C. 135.182(B)(1)(b).

⁴ R.C. 135.182(A)(2).

⁵R.C. 135.182(B)(2). A corrective amendment may help clarify the intended responsibilities and consequences within the division.

⁶ R.C. 135.182(A)(2).

