



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 374 of the 131st G.A.

Date: December 4, 2015

Status: As Reported by House Finance

Sponsor: Rep. Schuring

Local Impact Statement Procedure Required: No

Contents: To authorize 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, to make other changes relative to the Ohio Pooled Collateral Program, and to declare an emergency

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

The bill modifies the pledging of security requirements related to the Ohio Pooled Collateral Program. Under the program, a public depository is required to pledge a pool of securities to the Treasurer of State as collateral for uninsured public deposits; the securities are pledged to the Treasurer of State rather than to each individual public depositor. Under existing law, the program specifies that the total market value of pledged securities must equal 102% of the total amount of all uninsured public deposits. The bill authorizes the Treasurer of State to determine, by rule, a set of criteria to determine the total market value of securities that must be pledged to secure the repayment of all uninsured public deposits at a particular public depository, in lieu of the amount specified under existing law.¹ The bill also specifies that a public depository is responsible for periodically confirming the accuracy of its account balances with the Treasurer of State. Otherwise, the Treasurer of State will be the sole public depository responsible for monitoring and ensuring the sufficiency of securities pledged.

The bill would have no direct fiscal impact on the state or local governments.

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¹ The amount specified under existing law is the 102% figure cited above. The bill specifies some characteristics of the public depository that must be included in the criteria, including prudent capital and liquidity management and a rating of the safety and soundness of the depository by a "third-party rating organization." Such organizations are not defined in the bill.