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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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H.B. 687
134th General Assembly

Final Analysis

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Primary Sponsor: Rep. Oelslager

Effective date: September 13, 2022; appropriations in Sections 301.10 to 329.10 effective June 14, 2022

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UPDATED VERSION*

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 tax incentives authorized by the act and by continuing law.
- Generally, retains the same wage and investment or payroll thresholds required for megaprojects under prior law, and applies them to semiconductor wafer manufacturing projects that qualify for incentives under the act's specialized criteria.
- Allows the Tax Credit Authority (TCA) to designate more than one business as an operator of the same megaproject.

* This version updates the effective date.

- 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.
- Exempts from sales and use tax sales of tangible personal property used to perform research and development or certain other manufacturing processes at a semiconductor wafer manufacturing megaproject site and sales of building and construction materials incorporated into site facilities.
- Modifies a commercial activity tax (CAT) exclusion under continuing law for tangible personal property sold by a megaproject supplier to a megaproject operator for use at a megaproject site.
- Allows a 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, not to exceed the amount of sales and use tax and CAT incentives granted in connection with the project.
- Requires a megaproject operator to annually submit an economic impact report to the Director of Development detailing the operator's 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.

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

Capital Donations Fund investment earnings

- Removes the requirement that OFCC quarterly certify to the Director of Budget and Management (OBM Director) 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 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 OBM Director 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 from the provisions that must be in a project agreement between OFCC and a school district.

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DETAILED ANALYSIS

Capital appropriations and reappropriations

The act 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 act 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 act appropriates approximately \$1.21 billion for FY 2022 between the Departments of Development and Transportation. This includes GRF appropriations totaling \$805.0 million and State Fiscal Recovery Fund appropriations totaling \$401.2 million. The act 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.

¹ Sections 201.10 through 247.10; Sections 509.01 through 531.10.

² Section 601.10.

³ Sections 301.10 to 329.10.

Megaproject tax incentives

The act modifies the qualifications for, and the administration of, 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 by which the operators and suppliers of an Ohio semiconductor wafer manufacturing facility may qualify for the continuing incentives, and establishes several sales and use tax and commercial activity tax (CAT) incentives available only in connection with those projects. The act 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.

Background

Special tax incentives for megaproject operators and suppliers were enacted in 2021 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 (TPP) to a megaproject, which, by definition revised in part by the act, 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 and maintain that level of payroll throughout the term of the JCTC agreement;
- The project must require “unique sites, extremely robust utility service, and a technically skilled workforce.”

Both the operator and certain suppliers of a megaproject are eligible for enhanced tax incentives. A supplier that sells TPP to the megaproject qualifies if the supplier meets both of the following requirements:

- The supplier invests at least \$100 million in Ohio;
- The supplier 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 act 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 act 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:

- Is 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 wafer manufacturing facility in Ohio, or intends to do so by a date specified in the JCTC agreement, i.e., the “metric evaluation date.”

The act’s alternative criteria for a semiconductor wafer manufacturing facility take the place of the unique site, robust utility service, and technically skilled workforce criteria that apply generally to other potential megaprojects.

All megaproject operators, including operators of semiconductor wafer manufacturing facilities, must agree to comply with the wage and investment or payroll thresholds prescribed by continuing law (see “**Background**,” above). However, the act changes the manner in which these thresholds are enforced. Prior law stated that the operator of the megaproject must *meet* the required thresholds, whereas, the act states that the operator must *agree to meet* the required thresholds as part of the operator’s JCTC agreement. It appears that, under prior law, as soon as an operator failed 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 qualified as a megaproject. Conversely, under the act, 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 (see “**Annual certification**,” below).⁵

⁴ R.C. 122.17, 3735.67, 3735.671, 5751.01, 5751.052, and 5751.091; R.C. 3735.65, 5709.61, 5709.62, 5709.63, 5709.631, and 5709.632, not in the act. 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.

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

Operators

The act allows the Tax Credit Authority (TCA) to designate more than one business as an operator of the same megaproject, whereas, prior law accounted for only one operator per megaproject. The act 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 act 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 TPP that undergoes “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 act’s specialized criteria, and that do not meet the general payroll and investment requirements, qualify for only the megaproject supplier CAT exclusion and the extended, 30-year EZ property tax exemption, as described below. Such suppliers are ineligible for the extended, 30-year JCTC or the extended, 30-year CRA property tax exemption – instead, the general, 15-year cap on those incentives applies.

The act also modifies the traditional pathway by which suppliers may qualify for megaproject tax incentives, by requiring that property sold by such a supplier be used at the megaproject site. Prior law stated only that the sale must be made to a megaproject operator, and placed no restrictions as to where the property was used. Furthermore, the act changes the manner in which the investment and payroll thresholds are enforced. Prior law stated that a supplier must *meet* the required thresholds, whereas, the act 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 act, megaproject suppliers that do not actually 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 act expands a sales and use tax exemption for qualified research and development equipment to include sales of *any* TPP used primarily by a megaproject operator to perform research and development, other than product testing, at a semiconductor wafer manufacturing megaproject site, regardless of whether that property is capitalized, i.e., classified as a capital asset. The expanded exemption applies during any period in which the megaproject is subject to a valid JCTC agreement.

⁶ R.C. 122.17(A)(12).

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

Under continuing law, the general 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 act allows a sales and use tax exemption for building and construction materials to be incorporated into or in support of 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 act exempts sales of TPP to a megaproject operator for use at a semiconductor wafer manufacturing megaproject site 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.

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

Continuing law, unchanged by the act, allows an exemption for certain items used in a “manufacturing operation.” Some of the items expressly exempted by the act may overlap with this continuing exemption; however, the continuing exemption is generally more limited in terms of which items qualify due to requirements for how and when the items are used in the manufacturing process.¹¹

⁸ R.C. 5739.01(HH) and (RRR) and 5739.02(B)(42)(i).

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

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

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

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 a business's taxable gross receipts. Continuing law, changed in part by the act, authorizes a megaproject supplier to exclude, in calculating the supplier's taxable gross receipts, receipts from the sale of TPP 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 act specifies that, to qualify for continuing law's megaproject supplier exclusion, the TPP sold to the megaproject operator must be used at the megaproject site. It also requires that the sale occur during a period in which the megaproject is subject to a valid JCTC agreement. The act 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 (this certificate of compliance is different than the CAT exclusion certificate, discussed below). Megaproject suppliers that qualify for the exclusion based on the act's semiconductor wafer manufacturing criteria, but do not meet the general payroll or investment thresholds, need not hold 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 TPP 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 must then issue a CAT exclusion certificate to the megaproject operator and to each supplier on that list. The act specifies that a megaproject operator must submit the list only for years in which the megaproject is subject to a valid JCTC agreement.

Prior law required megaproject operators to notify the Commissioner within 60 days of becoming aware of any change to the legal name or structure of a supplier on the list described above. The act instead requires operators to notify the Commissioner within a "reasonable period of time" after becoming aware of such a change. Under continuing law, upon receiving such a notice, the Commissioner must issue updated CAT exclusion certificates to the operator and each affected supplier. The act expressly requires the Commissioner to determine whether the affected suppliers still qualify for the CAT exclusion before issuing the updated CAT exclusion certificates.¹³

¹² R.C. 5751.01(F)(2)(oo).

¹³ R.C. 5751.052.

Capital equipment exclusion

The act 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, which is available regardless of whether the claimant qualifies as a megaproject operator or megaproject supplier.

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 an improperly claimed megaproject supplier exclusion.¹⁴

Property tax incentives

Continuing law authorizes counties and municipal corporations to grant up to a 30-year enterprise zone (EZ) or community reinvestment area (CRA) property tax exemption to the site of a megaproject or a site owned and operated by a 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 act specifies that only megaproject suppliers that meet the payroll and investment criteria (see "**Background**," above) are eligible for a 30-year CRA exemption. Megaproject suppliers that qualify based on the act's new semiconductor wafer manufacturing pathway, but that do not meet the payroll and investment 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

EZ exemptions

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

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

¹⁵ R.C. 3735.67 and 3735.671.

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

CRA and EZ 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 EZ 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 act 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). Continuing law already requires the Director to annually verify compliance with JCTC agreements, including agreements involving megaprojects. The act’s new megaproject compliance certificate appears to supplement, rather than replace, the continuing JCTC compliance certificate.

Under prior law, if the Director determined that a megaproject operator or megaproject supplier was not in compliance with the JCTC agreement, the Director was required to notify the Tax Commissioner. The act 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 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 act creates a new recoupment mechanism specific to the CAT and sales and use tax incentives associated with a semiconductor wafer manufacturing megaproject. If an operator of such a project fails to *substantially meet* investment, employment, or payroll thresholds included in the JCTC agreement, the TCA may impose a recoupment payment up to 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 operator in the absence of the agreement. The maximum recoupment payment for an operator that fail to *substantially maintain* such

¹⁷ R.C. 122.17(D)(11) and (U).

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 operator failed to maintain the requirements are included.

The TCA, in determining the payment amount, may consider the operator's past performance under the agreement, as well as any market conditions that may have contributed to the operator's failure to comply. The act 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 act's new recoupment provision supplements a similar clawback mechanism, under continuing law, for credit amounts awarded pursuant to a JCTC agreement. In addition, continuing law allows the TCA to amend a JCTC agreement by reducing the percentage or term of the JCTC whenever a taxpayer fails to comply with the agreement.¹⁹

Economic impact report

The act 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;
- 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.

These reports are public records.²⁰

¹⁸ R.C. 122.17(E)(2) and (3).

¹⁹ R.C. 122.17(E)(1) and (K).

²⁰ R.C. 122.17(D)(12).

Application date

The act'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 was taxable under prior law, but exempted by the act, may apply to the Tax Commissioner for a refund. The act requires a vendor that is granted such a refund to pay the amount refunded to the consumer.

The act'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 September 13, 2022, the act's effective date, as well as to those entered into before that date, so long as the act supports the actions taken by such agreements.²¹

Agency capital project administration threshold

The act 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.

The act 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.

²¹ Section 803.10.

²² R.C. 123.211.

²³ R.C. 1501.011.

Projects involving professional design or design-build services

The act 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

Generally, the state and political subdivisions are subject to these requirements when entering into a contract for professional design services or design-build services. Continuing law exempts contracts with an estimated fee between \$25,000 and \$50,000 under certain conditions. Under the act, contracts with an estimated fee of \$25,000 or less are outright exempt.²⁶

Additionally, the act eliminates the requirement that a public authority notify OFCC before allowing its own employee to serve as the architect or engineer on a project for the public authority.²⁷

Capital Donations Fund investment earnings

The act removes the requirement that OFCC quarterly certify to the Director of Budget and Management (OBM Director) 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 act 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

²⁴ R.C. 153.71 and 6115.20.

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

²⁶ R.C. 153.71.

²⁷ R.C. 153.692.

²⁸ R.C. 123.201.

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 act 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 when it becomes eligible for main Classroom Facilities Assistance Program (CFAP).³⁰ The act also corrects a division cross-reference in the statute to a district facilities maintenance requirement.³¹

CFAP project agreements

The act removes redundant language in the statutory list of provisions that must be in the project agreement between OFCC and a school district under CFAP and most of its other school facilities programs. It retains the law requiring a district to “adhere to a facilities maintenance plan approved by the Commission” and eliminates a similar requirement that a district must maintain a project according to an approved plan.³²

HISTORY

Action	Date
Introduced	05-25-22
Reported, H. Finance	06-01-22
Passed House (84-8)	06-01-22
Passed Senate (32-0)*	06-01-22

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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).

* The Senate voted to suspend the requirement of Art. II, Sec. 15(c), Ohio Constitution that a bill be heard on three different days and brought up H.B. 687 for third consideration (a vote during floor session) following its referral from the House of Representatives.