OHIO LEGISLATIVE SERVICE COMMISSION

Tom Wert

Fiscal Note & Local Impact Statement

Bill: H.B. 476 of the 131st G.A.

Date: December 1, 2016

Status: As Passed by the House

Sponsor: Rep. Schuring

Local Impact Statement Procedure Required: No

Contents: Prohibits state agencies from entering contracts with companies that are boycotting or divesting from Israel and increases state and county investment capacity in foreign debt interests

State Fiscal Highlights

- Although the state could pay more if the low bidder on a contract for the procurement of goods and services is eliminated from consideration as a result of the bill's prohibition, we do not know how often, if ever, this would be the case. Consequently, the bill will have an indeterminate fiscal effect on state procurement costs.
- The bill increases the percentage of the state's investment portfolio that can be invested in debt interests issued by foreign nations from 1% to 2%. Any fiscal effect of this change would depend upon the performance of particular investments.

Local Fiscal Highlights

- The bill increases the percentage of a county's investment portfolio that can be invested in debt interests issued by foreign nations from 1% to 2%. Any fiscal effect of this change would depend upon the performance of particular investments.

Detailed Fiscal Analysis

The bill prohibits state agencies from entering into or renewing contracts for the procurement of goods and services from a company unless the contract includes a term that declares that the company is not boycotting or divesting from Israel as a protest against the policies of the government of Israel. The bill also requires contracts to include a term that prohibits the company from boycotting or divesting from Israel in protest for the duration of the contract. While it is possible that the state could pay more if the low bidder on a contract for the procurement of goods and services is eliminated from consideration under the bill, we do not know how often, if ever, this would be the case. Thus, this provision has an indeterminate fiscal effect.

The bill also increases the investment limit that the state and counties may invest in debt interests issued by foreign nations. Under current law the state and counties may only invest up to 1% of their respective investment portfolios in this type of instrument. The bill would cap the amount at 2%. Although debt interests tend to be more predictable than other types of investments, there is no certainty that increasing the investment capacity on foreign debt interests would result in gains. Any fiscal effect from this change would depend upon the performance of the particular debt investments.

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