



OHIO LEGISLATIVE SERVICE COMMISSION

Tom Wert

Fiscal Note & Local Impact Statement

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

Date: December 8, 2016

Status: As Passed by the Senate

Sponsor: Rep. Schuring

Local Impact Statement Procedure Required: No

Contents: Prohibits state agencies from entering contracts with companies involved in a boycott and increases state and county investment capacity in foreign debt interests

State Fiscal Highlights

- The bill increases the percentage of the state's investment portfolio regarding interim funds 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.
- 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 on contracting with a company participating in a boycott, 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.

Local Fiscal Highlights

- The bill increases the percentage of a county's investment portfolio regarding county inactive moneys and public library funds 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

State and county investments in debt interests issued by foreign nations

The bill increases the investment limit placed on state interim funds and county inactive money and public library funds regarding investments in debt interests issued by foreign nations. Under current law up to 1% of their respective investment portfolios may be invested 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.

Procurement from companies participating in a boycott

The bill also 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 any jurisdiction with whom the state can enjoy open trade, including Israel, and will not do so during the contract period. 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.