



OHIO LEGISLATIVE SERVICE COMMISSION

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Fiscal Note & Local Impact Statement

Bill: H.B. 312 of the 132nd G.A.
(L_132_1530-8)

Status: In House Government Accountability and Oversight

Sponsor: Reps. Schuring and
Greenspan

Local Impact Statement Procedure Required: No

Subject: Makes changes regarding the use of credit and debit cards by political subdivisions

Local Fiscal Highlights

- The bill requires political subdivisions to adopt formal credit card usage policies and establishes reporting requirements related to these types of accounts. Collectively, these provisions could result in some additional administrative costs for the entities affected.

Detailed Fiscal Analysis

Overview

The bill establishes general procedures political subdivisions must follow when using credit cards. These changes apply to all political subdivisions except for counties. However, counties are subject to the bill's prohibition against the use of debit cards except for law enforcement purposes or for receiving grant money. Overall, the provisions of the bill would appear to impose only minimal additional costs to political subdivisions, chiefly because of the new compliance and reporting requirements.

Use of credit cards by all political subdivisions

The bill requires all political subdivisions to adopt a policy before first holding a credit card. Likewise, political subdivisions that hold a credit card on the bill's effective date must adopt a policy not later than three months after the effective date. The bill also requires the legislative authority of all political subdivisions to conduct a periodic review (semiannually for townships and library districts, and quarterly for other political subdivisions) of the number of credit cards that have been issued, the number of active cards issued, the cards' expiration dates, and the cards' credit limits. Additionally, the bill requires all political subdivisions to report to the Auditor of State any amount of money or rewards the political subdivision derives from the use of a credit card rewards program. Taken together, the periodic review of credit card accounts and the adoption of formal credit card usage policies might lead to an increase in administrative expenses for political subdivisions. These costs could vary by the size of the entity affected and how extensively they use credit cards in their operations.

Role of the credit card compliance officer

The bill requires a political subdivision to appoint a compliance officer if the political subdivision's fiscal officer does not retain general possession and control of all credit cards or if the name of the political subdivision does not appear on each credit card or check. The compliance officer must oversee officers' and employees' use of credit cards under the policy. Except for compliance officers designated by a municipality or a library district, the compliance officer may not use a credit card and may not authorize an officer or employee to use a credit card. In the case of townships and municipal corporations, only limited home rule townships and municipal corporations having the authority to operate a mayor's court are subject to the compliance officer requirement. In all other townships and municipal corporations whose fiscal officer does not retain possession and control of credit cards, the fiscal officer must present monthly reports of the credit card transaction details from the previous month.

If a fiscal officer retains general possession and control of the credit cards and the legislative authority authorizes officers or employees to use credit cards, including through a system where credit cards are signed out to authorized users, then the fiscal officer or employee must provide an itemized receipt for each charge upon return of the credit card. The officer or employee is liable in person and upon any official bond to the political subdivision to reimburse the treasury the amount for which the officer or employee does not provide itemized receipts.

Criminal penalty for misuse of credit cards

Finally, the bill establishes a first degree misdemeanor penalty if a political subdivision employee knowingly uses a credit card for expenses that are not authorized by a legislative authority.

Synopsis of Fiscal Effect Changes

The substitute bill makes various changes that do not appear to change the overall fiscal effect of the bill, which is to potentially add some new administrative costs for political subdivisions related to credit card usage. Among the changes are a modification to the offense for misusing a credit card, eliminating from the definition of such an offense the phrase "with purpose to defraud" in the As Introduced bill and replacing it with the phrase "knowingly misuses" in the sub bill. The sub bill also expands the individuals to whom this offense applies to include public servants, not just specifically officers, employees, or appointees of a political subdivision. Finally, the sub bill modifies the provisions affecting the role and the responsibilities of the credit card compliance officer in particular political subdivisions from those prescribed in the As Introduced version.