



# Ohio Legislative Service Commission

## Bill Analysis

Jennifer A. Parker

### **S.B. 312**

129th General Assembly  
(As Introduced)

Sen. Widener

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## **BILL SUMMARY**

- Makes capital reappropriations for the biennium ending June 30, 2014.
- Modifies the process under which money in the existing Adult and Juvenile Correctional Facilities Bond Retirement Fund may be transferred to the GRF, and additionally permits the transfer of that money to the Adult Correctional Building Fund and the Juvenile Correctional Building Fund.

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## **CONTENT AND OPERATION**

### **Capital reappropriations**

The bill makes capital reappropriations for the biennium ending June 30, 2014. Please refer to the Legislative Service Commission's Fiscal Note for further detail on those provisions.

### **Prevailing wage requirement**

Subject to the exemptions that apply under current law, moneys appropriated or reappropriated by the 129th General Assembly cannot be used for the construction of public improvements unless the mechanics, laborers, or workers engaged in the project are paid the prevailing rate of wages prescribed in existing law. This provision of the bill does not affect the wages and salaries established for state employees under R.C. Chapter 124., or collective bargaining agreements entered into by the state under the Public Employees' Collective Bargaining Law, while engaged on force account work. It also does not interfere with the use of inmate and patient labor by the state.<sup>1</sup>

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<sup>1</sup> Section 501.70.

## **Satisfaction of judgments and settlements against the state**

The bill provides that an appropriation in the bill or in any other act may be used for the purpose of satisfying judgments, settlements, or administrative awards ordered or approved by the Court of Claims or by any other court of competent jurisdiction in connection with civil actions against the state. This authorization does not apply to appropriations that are to be applied to or used for payment of guarantees by or on behalf of the state or for payments under lease agreements relating to or debt service on bonds, notes, or other obligations of the state. Notwithstanding any other provision of law to the contrary, this authorization includes appropriations from funds into which proceeds or direct obligations of the state are deposited only to the extent that the judgment, settlement, or administrative award is for or represents capital costs for which the appropriation may otherwise be used and is consistent with the purpose for which any related obligations were issued or entered into. Nothing in this provision is intended to subject the state to suit in any forum in which it is not otherwise subject to suit, nor is it intended to waive or compromise any defense or right available to the state in any suit against it.<sup>2</sup>

## **Adult and Juvenile Correctional Facilities Bond Retirement Fund**

The bill modifies the process under which moneys in the existing Adult and Juvenile Correctional Facilities Bond Retirement Fund may be transferred and the Fund abolished.<sup>3</sup> The Fund consists of proceeds derived from the sale of state adult or juvenile correctional facilities. Current law prohibits the transfer of Fund moneys if the effect of the transfer would be to adversely affect the tax exempt status of the state bonds issued for the state adult or juvenile correctional facilities that were sold pursuant to Am. Sub. H.B. 153 of the 129th General Assembly, the Main Operating Budget Bill. The bill, however, prohibits the transfer of Fund moneys if the effect of the transfer would be to adversely affect the tax exempt status of "obligations previously issued for state adult or juvenile correctional facilities."

Certain steps must be taken in order for the Director of Budget and Management to transfer the Fund moneys. The following diagram compares the process required under current law and that required under the bill, as well as the funds to which the moneys may be transferred.

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<sup>2</sup> Section 501.50.

<sup>3</sup> R.C. 5120.092.

**Adult and Juvenile  
Correctional Facilities  
Bond Retirement Fund**

\$

\$

**CURRENT PROCESS**

**PROCESS UNDER THE BILL**

To the extent necessary to maintain the tax exempt status of the bonds issued for the state adult or juvenile correctional facilities sold under Am. Sub. H.B. 153, Fund moneys first must be used to redeem or defease the outstanding bonds.

The Director of Budget and Management must receive one or more opinions of nationally recognized bond counsel that the transfer of Fund moneys will not adversely affect the tax exempt status of obligations previously issued for state or juvenile correctional facilities.



The Director of Budget and Management must receive **both** of the following:

The Director may then transfer moneys in the Fund to one or more of the GRF, the Adult Correctional Building Fund, or the Juvenile Correctional Building Fund. After those transfers, the Adult and Juvenile Correctional Facilities Bond Retirement Fund must be abolished.

(1) One or more opinions of a nationally recognized bond counsel firm appointed by the Ohio Building Authority stating that those outstanding bonds have been redeemed or defeased *and* that the transfer of Fund moneys will not adversely affect the tax exempt status of the bonds;

(2) A certification by both the Director of Administrative Services and the Director of Rehabilitation and Correction stating that all sales of state adult and juvenile correctional facilities contemplated by Am. Sub. H.B. 153 have been completed *or* that no further sales of any of those facilities will be undertaken.



The Director of Budget and Management may then transfer any moneys remaining in the Fund to the GRF. After that transfer, the Adult and Juvenile Correctional Facilities Bond Retirement Fund must be abolished.

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## HISTORY

ACTION

DATE

Introduced

03-13-12

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