
DEPARTMENT OF DEVELOPMENT

Residential Broadband Expansion Program scoring system

- Modifies the application scoring system for the Ohio Residential Broadband Expansion Program.

State private activity bond ceiling and fund

- Grants the Department of Development (DEV) authority to allocate Ohio's volume ceiling on state private activity bonds established under federal income tax law.
- Requires DEV to adopt rules governing the administration of the volume ceiling, including an allocation formula.
- Establishes a custodial fund consisting of fees paid by issuers receiving volume ceiling allocations to pay DEV's costs in administering Ohio's volume ceiling.

Custodial funds

- Creates the Automated Clearing House Payments Fund consisting of regular loan repayments and fees by ACH transfer for loans made from loan programs administered by the DEV Director.
- Creates the Enterprise Bond Retirement Fund consisting of repayments, fees, and other money attributable to loans made by the DEV Director from the Facilities Establishment Fund.
- Creates the Regional Loan Escrow Fund consisting of all grants, gifts, contributions, and other money designated for or deposited in the fund, and all repayments, fees, and other money attributable to loans made under the Regional 166 Loan Program.
- Eliminates the Mortgage Insurance Fund and the corresponding authority of the DEV Director to insure mortgage payments on behalf of a person, partnership, corporation, or community improvement corporation using money from the fund.
- Eliminates the Mortgage Guarantee Fund.
- Eliminates the DEV Director's Purchase Fund.
- Eliminates sinking fund requirements for certain funds received by the DEV Director.

Residential Broadband Expansion Program scoring system

(R.C. 122.4041)

The bill makes changes to the scoring system used for applications submitted under the Ohio Residential Broadband Expansion Program. Specifically, the 300-point maximum score for eligible projects for unserved and underserved areas is to be calculated as follows:

- One-half point for each residential address in unserved areas of the application;

- One-quarter point for each residential address in underserved areas of the application.

Under current law, the 300-point maximum score for eligible projects for unserved/underserved areas is to be calculated as the sum of:

- The product of 300 multiplied by the percentage of “passes” in unserved areas of the application;
- One half of the product of 300 multiplied by the percentage of passes in underserved areas of the application.

Current law defines “passes” as the residential addresses in close proximity to a broadband provider’s broadband infrastructure network to which residents at those addresses may opt to connect. The bill repeals this definition as it is no longer needed with the bill’s amendments to those provisions.

State private activity bond ceiling and fund

(R.C. 122.97)

The bill grants DEV the authority to allocate Ohio’s volume ceiling on the aggregate amount of state private activity bonds issued as provided under federal law. Private activity bonds are issued by or on behalf of a state or local government for the purpose of providing special financial benefits for qualified projects. If the bonds meet specific criteria the interest earned may be tax-exempt. Federal law establishes the ceiling applicable for each state and grants states authority to allocate the ceiling among issuing authorities in the state.³⁶

The bill requires DEV to adopt rules under the Administrative Procedure Act (R.C. Chapter 119) that do the following:

- Provide a formula for allocating the volume ceiling, as authorized by federal law;
- Authorize procedures to administer those allocations;
- Impose fees on persons to which the allocations are issued;
- Establish any other requirements, processes, or procedures to administer the volume ceiling.

The bill creates the Development Volume Cap Fund as a custodial fund consisting of all fees paid by issuers receiving volume ceiling allocations. The fund pays DEV’s costs in administering ceiling allocations. The Treasurer of State must disburse money from the fund on DEV’s order. All interest and investment income earned by the fund must be deposited into the fund.

³⁶ 26 U.S.C. 141 and 146(d) and (e).

Custodial funds

(R.C. 166.36, 166.37, and 166.38, enacted; R.C. 122.451, 122.55, 122.56, 122.561, and 122.57, repealed; and R.C. 122.41, 122.42, 122.47, 122.49, 122.53, 122.571, 122.59, 165.04, 166.03, 166.08, 169.01, and 169.05 (conforming changes))

The bill creates three custodial funds, meaning the funds are held in the custody of the Treasurer of State but are not part of the state treasury. The new Automated Clearing House Payments Fund will consist of regular loan repayments and fees by ACH transfer for loans made from loan programs administered by the DEV Director; the Director has discretion to transfer money from this fund to the new Enterprise Bond Retirement Fund (also created under the bill) or to any fund within the state treasury. The new Enterprise Bond Retirement Fund will consist of repayments, fees, and other money attributable to loans made by the DEV Director from the Facilities Establishment Fund; the Director has discretion to transfer money from the fund to any fund related to certain economic development programs or to any fund in the state treasury. And finally, the new Regional Loan Escrow Fund will consist of all grants, gifts, contributions, and other money designated for or deposited in the fund, and all repayments, fees, and other money attributable to loans made under the Regional 166 Loan Program; the Director has discretion to release money in the fund for purposes of making loans related to certain economic development programs. Each fund retains all interest and investment income earned by the fund.

The bill eliminates the following funds:

- The Mortgage Insurance Fund, and the corresponding authority of the DEV Director to insure mortgage payments on behalf of a person, partnership, corporation, or community improvement corporation using money from the fund.
- The Mortgage Guarantee Fund, used for a variety of guaranty programs.
- The DEV Director's Purchase Fund, used for purchasing or improving certain properties.

The bill also eliminates sinking fund requirements for certain funds received by the DEV Director: payments of principal of and interest on the loans made by the Director, all rentals received under leases made by the Director, and all proceeds of the sale or other disposition of property held by the Director.