



OHIO CONSTITUTIONAL MODERNIZATION COMMISSION

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Finance, Taxation & Economic Development Committee

Douglas Cole, Chair  
Karla Bell, Vice-chair

Part I

June 9, 2016

Ohio Statehouse  
Room 017

## **OCMC Finance, Taxation, and Economic Development Committee**

Chair	Mr. Douglas Cole
Vice-chair	Ms. Karla Bell
	Rep. Ron Amstutz
	Mr. Herb Asher
	Rep. Kathleen Clyde
	Ms. Jo Ann Davidson
	Mr. Fred Mills
	Sen. Bob Peterson
	Sen. Charleta Tavares
	Ms. Kathleen Trafford

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**OHIO CONSTITUTIONAL MODERNIZATION COMMISSION**

**FINANCE, TAXATION, AND ECONOMIC DEVELOPMENT COMMITTEE**

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**THURSDAY, JUNE 9, 2016**

**11:45 A.M.**

**OHIO STATEHOUSE ROOM 017**

**AGENDA**

I. Call to Order

II. Roll Call

III. Approval of Minutes

- Meeting of May 12, 2016

*[Draft Minutes – attached]*

IV. Presentations

- “Article VIII, Sections 4, 5, and 6 – Credit of State; Assumption of Debt by State; and Prohibition Against Local Governments Becoming Stockholders”

Gregory W. Stype  
Squire Patton Boggs (US) LLP  
Bond Counsel to Ohio Public Facilities Commission

- “Duties of Treasurer to Report Debt and Statement of Receipts and Expenditures”

Jonathan Azoff  
Director of Office of Debt Management  
Ohio Treasurer of State

*[Memorandum by Shari L. O’Neill titled “The Duties of the Treasurer and the Sinking Fund Commission,” dated May 10, 2016 – attached]*

## V. Report and Recommendation

- Article VIII, Sections 2l, 2m, 2n, 2o, 2q, 2r, and 2s (Additional Authorization of Debt Obligations)
  - First Presentation
  - Public Comment
  - Discussion

*[Report and Recommendation – attached]*

## VI. Committee Discussion

- The committee chair will lead discussion regarding the presentations on Article VIII, Sections 4, 5, and 6, and the duties of the treasurer to report debt.

*[ProgressOhio.Org, Inc. et al. v. Kasich, 129 Ohio St.3d 449, 2011-Ohio-4101 – attached]*

*[State ex rel. JobsOhio v. Goodman, 133 Ohio St.3d 297, 2012-Ohio-4425 – attached]*

*[ProgressOhio.Org, Inc. v. JobsOhio, 139 Ohio St.3d 520, 2014-Ohio-2382 – attached]*

## VII. Next Steps

- The committee chair will lead discussion regarding the next steps the committee wishes to take in preparation for upcoming meetings.

*[Planning Worksheet – attached]*

## VIII. Old Business

## IX. New Business

## X. Public Comment

## XI. Adjourn



## OHIO CONSTITUTIONAL MODERNIZATION COMMISSION

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### MINUTES OF THE FINANCE, TAXATION, AND ECONOMIC DEVELOPMENT COMMITTEE FOR THE MEETING HELD THURSDAY, MAY 12, 2016

#### **Call to Order:**

Chair Douglas Cole called the meeting of the Finance, Taxation, and Economic Development Committee to order at 12:06 p.m.

#### **Members Present:**

A quorum was present with Chair Cole, Vice-chair Karla Bell, and committee members Amstutz, Asher, Clyde, Mills, Peterson, and Tavares in attendance.

#### **Approval of Minutes:**

The minutes of the April 14, 2016 meeting of the committee were approved.

#### **Reports and Recommendations:**

##### *Article VIII, Sections 1, 2, and 3*

Chair Cole recognized Steven C. Hollon, executive director, for the purposes of providing a second presentation of a report and recommendation on Article VIII, Sections 1, 2, and 3.

Mr. Hollon noted the recommendation is for Sections 1 and 3 to be retained in their current form, with Section 2 being revised to remove a reference to the Sinking Fund. Mr. Hollon described that Section 1 provides the state's \$750,000 debt limit, with Section 2 allowing an exception to that debt limit in the case of civil unrest, and Section 3 emphasizing the state's strong interest in debt avoidance. Mr. Hollon summarized the conclusions of the committee as expressed in the report and recommendation, which are that Section 2 should be revised to reflect that the Sinking Fund and Sinking Fund Commission sections of the constitution (Sections 7 through 11) were being recommended for repeal, as described in a separate report and recommendation. Thus, the

report and recommendation recommends the reference to the Sinking Fund be removed from Section 2, but that Sections 1 and 3 remain in their present form.

*Article VIII, Sections 7, 8, 9, 10, and 11*

Mr. Hollon provided a second presentation of a report and recommendation for Article VIII, Sections 7, 8, 9, 10, and 11.

Mr. Hollon indicated the report and recommendation expresses the committee's view that sections of Article VIII related to the Sinking Fund be repealed for the reason that those functions are being performed by other state officers and agencies. He said the committee's conclusion, as described in the report and recommendation, is that the provisions are obsolete because the purpose of the Sinking Fund and the duties of the Sinking Fund Commission have been replaced by other state entities primarily through authorizations contained in constitutional amendments approved by the electors of the state; and by statutory enactment made pursuant to the authorizations contained in these subsequent constitutional amendments.

Chair Cole then opened the floor for public comment regarding the two reports and recommendations. There being none, he entertained a motion by committee member Fred Mills to issue the report and recommendation, which was seconded by Senator Bob Peterson. Representative Kathleen Clyde clarified that the report and recommendation for Article VIII, Sections 1, 2, and 3 was the one being voted on, and a roll call vote was taken. The committee voted unanimously to issue the report and recommendation for Article VIII, Sections 1, 2, and 3.

Chair Cole then entertained a motion by Ms. Bell to issue the report and recommendation for Article VIII, Sections 7 through 11, a motion that was seconded by Representative Ron Amstutz. There being no discussion by the committee, a roll call vote was taken, and the motion passed unanimously.

Chair Cole expressed his appreciation to staff for their work on the reports and recommendations, and indicated that the two reports and recommendations, along with the report and recommendation voted on by the committee at its April 2016 meeting relating to Article VIII, Sections 2b through 2k, and Proposed Sections 2t and 18, would be forwarded to the Coordinating Committee for its approval and then to the full Commission in the coming months.

**Next Steps:**

Chair Cole then turned the committee's attention to the next steps it wished to take with regard to the remaining constitutional provisions assigned for its review. With regard to Article VIII, he said the committee had not yet addressed Sections 4, 5, and 6, nor had it looked at Sections 13 through 16, provisions that, like Sections 2l through 2s, authorize additional spending. He said that one question is whether the committee should finish Article VIII before turning to Article XII.

Chair Cole noted that Sections 13 through 16 probably would not be recommended for change. Kurt Kauffman, acting assistant director of the Office of Budget and Management (OBM), who was in the audience, indicated that his office had looked at Sections 13 through 16 and decided not to propose changes.

Chair Cole then called on Gregory W. Stype, who was present in the audience, for a summary of Sections 13 through 16, which deal with non-tax supported bond authorization for industrial development and housing, and for a tax-supported coal development program. Mr. Stype, an attorney with Squire Patton Boggs (US) LLP, serves as bond counsel to the Ohio Public Facilities Commission.

Mr. Stype indicated that Section 13 provides the authority for the state to issue industrial development bonds for economic development projects, relying on the credit of the private entity that is benefiting from the bond issue. Section 13 contains a specific prohibition against pledging tax dollars to pay these bonds, which once were more prevalent than today because they would confer federal tax exemption status. However, he said a change in federal tax law has constrained this kind of borrowing, so those bonds are not issued as frequently as they were. He said examples include the state's Air Quality Development Authority, or the Port Authority, which are agencies that issue bonds to support pollution control or economic vitality measures.

Mr. Stype said Section 14 was the first of two sections authorized by voters in connection with tax-exempt bond financing for housing. He said the first section enacted was a more limited program, a "loans to lenders" program, with bonds authorized by federal tax law to benefit a first-time homebuyer program in Ohio. Under that program, large numbers of bonds would be issued, with the savings passed through to home buyers, and being lent to home buyers through the banks. He said the authority to issue the bonds was not tax supported, and benefited multifamily housing projects. He said it is an active and vital program at this time.

Regarding Section 15, Mr. Stype said this is a program authorized for state coal development bonds, and is misplaced because it is not tax supported like Sections 13, 14, and 16. He said the bonds are issued by the state for the purpose of making loans and grants to support clean coal technology. He said this is an active program, with debt service paid out of the General Revenue Fund.

Mr. Stype described Section 16 as broadening the Section 14 housing authority to non-lenders. He added Section 16 also provides some authority for local governments to issue housing bonds that have some measure of tax support.

Mr. Mills asked Mr. Stype whether Section 15, because it does not belong with the other sections, should be renumbered, but Mr. Stype expressed that many statutes, regulations, and other documents refer to it, so that renumbering could cause confusion.

There being no further questions for Mr. Stype, Chair Cole thanked him for his assistance, and announced that staff could begin preparing a report and recommendation recommending no change to Sections 13 through 16.

Committee member Herb Asher suggested that the committee seek a response from the Office of the Ohio Treasurer, to be certain there would be no problem in retaining Sections 13 through 16 in their present form. Chair Cole requested that Jonathan Azoff, director of the Office of Debt Management and senior counsel to the Ohio Treasurer of State, who was present in the audience, look into the question and respond to Chair Cole with any concerns, and Mr. Azoff agreed.

With regard to Section 17, Chair Cole said the provision provides a cap on the debt service that may be paid out of the General Revenue Fund, which is generally equal to five percent. Mr. Kauffman commented the issue had been raised in an earlier presentation by Mr. Kauffman in 2013, as well as in a presentation by OBM Director Timothy S. Keen. Mr. Hollon asked that Mr. Kauffman locate and provide any written materials related to those presentations, so that the committee could be certain to have them as part of the record.

Senior Policy Advisor Steven H. Steinglass noted that the committee had not looked at Sections 2l through 2s, and that it may wish to do so for the same reason it is reviewing Sections 13 through 16. Chair Cole agreed, saying the committee would need staff to prepare a separate report and recommendation for no change to Sections 2l through 2s.

Chair Cole asked committee members for suggestions as to any presentations they might like related to Sections 4, 5, and 6. Ms. Bell said she would like more information about the JobsOhio litigation that is ongoing related to those sections.

Senator Charleta Tavares said the committee could have some testimony but would need advice as to who might have a background on this area of the constitution, and whether there are interested parties who might want to present.

Chair Cole asked Mr. Stype who he might recommend, and Mr. Stype agreed to suggest someone. Mr. Stype continued that the full scope of Sections 4 and 6 is worthy of the committee's understanding. He said a number of the sections of the debt issuance authority that have been approved by voters have created express exceptions to Sections 4 and 6 that the committee may want to note. Chair Cole said an example of this is Section 14, with Mr. Stype adding that Section 15 also requires an exception.

Sen. Tavares asked whether Mr. Stype was referring to an exception for housing as a public purpose, and Mr. Stype agreed.

Ms. Bell said she would like to see all the exceptions that have been put in place. She said she does not know the stage of the JobsOhio litigation, but if there are documents relating to each side's positions, she would be interested in reviewing them.

Chair Cole said three lawsuits involving JobsOhio have been decided on standing grounds rather than on the merits. He said he will work with Mr. Hollon to get the relevant materials. He said at the next meeting, Mr. Stype could testify on Sections 4, 5, and 6, and these materials could be provided in connection with that review. Sen. Tavares said she also would find some speakers to discuss Sections 4, 5, and 6.

Chair Cole requested that if members have ideas regarding additional provisions that could be added to Article VIII, this would be an appropriate time to consider those ideas, and to forward them to Mr. Hollon.

He said the committee's the two remaining articles for review are Article XII (Finance and Taxation), and XIII (Corporations), asking if committee members had any view as to the direction the committee should take.



Mr. Mills said there are at least two issues that have been litigated over the years and may engender discussion: the motor vehicle and fuel tax, and the tax on food.

Chair Cole suggested the committee consider the remaining parts of Article VIII at its next meeting and then move to taxation in Article XII, asking committee members to suggest persons who could testify.

Chair Cole said there is one remaining issue to address at the next meeting, which is the role of the treasurer and what might take the place of the Sinking Fund provisions. He said that topic will be on the agenda and that he will circulate a memorandum regarding it. Mr. Azoff noted his office has made a proposal in that regard, agreeing to have someone there to assist with the committee's review.

Mr. Steinglass said the committee may want to consider different methods for borrowing money, as suggested by Professor Richard Briffault in presentation to the committee in June 2015. Chair Cole explained that Professor Briffault had described constitutional models used in other states in which categories of state spending are presented to voters for their approval but that the actual authorization is not required to be memorialized by a constitutional provision. He said that method prevents the addition of multiple sections authorizing debt that later must be repealed so that the constitution does not grow to an unwieldy size.

Mr. Steinglass suggested that topic could be considered as a proposed Section 19, indicating he has research that could be presented to the committee later in the summer. Chair Cole agreed that this is a good plan.

### **Adjournment:**

With no further business to come before the committee, the meeting was adjourned at 1:04 p.m.

### **Approval:**

The minutes of the May 12, 2016 meeting of the Finance, Taxation, and Economic Development Committee were approved at the June 9, 2016 meeting of the committee.

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Douglas R. Cole, Chair

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Karla L. Bell, Vice-chair

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## OHIO CONSTITUTIONAL MODERNIZATION COMMISSION

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### MEMORANDUM

**TO:** Chair Douglas Cole, Vice-chair Karla Bell,  
and Members of the Finance, Taxation, and  
Economic Development Committee

**CC:** Steven C. Hollon, Executive Director

**FROM:** Shari L. O'Neill, Counsel to the Commission

**DATE:** May 10, 2016

**RE:** The Duties of the Treasurer and the Sinking Fund Commission

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One question that arises as a result of the committee's decision to recommend the repeal of Article VIII, Sections 7 through 11, relating to the Sinking Fund, is whether there should be a replacement provision that would clarify the role of the treasurer and/or the role of the Ohio Public Facilities Commission (PFC). This memorandum seeks to provide some background on that issue, and to propose some questions for the committee to consider.

#### Comments by Presenters

In his comments to the committee at the October 2015 meeting, Timothy S. Keen, director of the Office of Budget and Management (OBM) suggested that, if the committee recommends the repeal of the Sinking Fund provisions, it should consider replacing them with a provision that assigns necessary, ongoing debt-reporting functions to the treasurer of state.

In addition, Seth Metcalf, deputy treasurer, in March 2016, proposed to the committee a constitutional change that would create the following provision:

The issuance of all direct obligations of the state subject to the limitation set forth in division (A) of section 17 of this article shall be authorized by a majority of the governor, treasurer of state, auditor of state, secretary of state, and attorney general, and it shall be the duty of the treasurer of state to issue, maintain, and

ensure the timely payment of interest and redemption of principal on all such direct obligations.

On April 14, 2016, Jonathan Azoff, director of the Office of Debt Management and senior counsel to the Ohio Treasurer of State, described to the committee that his office performs the ongoing roles and responsibilities of the Sinking Fund Commission, including paying debt service on the state's general obligation debt from the Commissioners of the Sinking Fund's designated bond service funds, and fulfilling the treasurer's reporting role as a member of the Commission of the Sinking Fund. Mr. Azoff urged the committee to recommend the retention of constitutional authorization for the performance of the Sinking Fund Commissioners' duties.

Also at the April meeting, Kurt Kauffman, acting assistant director of OBM, described the duties and functions of OBM, the PFC, and the treasurer's office as follows:

It is important to note that the Constitutional debt authorizations, with the exception of debt for veterans' bonus programs, provide that the General Assembly provide by law for the issuance of debt, including designation of the bond issuer. This empowers the General Assembly to modernize debt issuance functions as deemed necessary. This approach has served the State well as illustrated by the organizational efficiencies achieved in recent years through consolidation of bonds that share the same security and source of payment within a particular State bond issuer. For example, in 2000, the General Assembly eliminated the Sinking Fund Commission as a bond issuer and consolidated the issuance of State general obligation bonds paid from the General Revenue Fund (GRF) under the Ohio Public Facilities Commission. The Ohio Public Facilities Commission – comprised of the Governor, Treasurer, Auditor, Secretary of State, Attorney General, and the Director of Budget and Management – has served as the State's most active debt issuer since its creation in 1969. In 2012, the General Assembly eliminated the Ohio Building Authority and, at the request of the Treasurer of State and with the support of the Administration, transferred the OBA's lease-appropriation bond issuance responsibility to the Treasurer who issues similar types of subject-to-appropriation debt.

Today, thanks to the General Assembly's ability to enact debt issuer changes, we have in place a thoughtful and efficient organization of State debt financings in which two entities perform debt issuance functions as provided for by law: i) the [PFC]; and ii) the Treasurer of State. The [PFC] issues the State's general obligation debt backed by the GRF for K-12 and higher education, local public works infrastructure, natural resources, clean Ohio conservation, third frontier, and coal research and development. The Treasurer of State issues highway general obligation debt and lease-appropriation debt for the departments of transportation and public safety, all payable from highway user receipts, as well as major new transportation infrastructure debt that is secured by and payable from federal highway grant receipts. The Treasurer also issues lease-appropriation debt payable from the GRF for State office buildings, correctional and juvenile



detention facilities, cultural and sports facilities; mental health and developmental disability facilities; and parks and recreational facilities. Additionally, the Treasurer serves as a conduit issuer for a number of bond programs that are not directly secured by State revenue.

With respect to debt management and administration, [OBM] serves as staff of [PFC] and the manager of state debt pursuant to Ohio Revised Code Section 126.11. This includes coordinating the scheduling of State bond issuances, reviewing or approving debt service payment schedules, and serving as the lead agency for communicating with the credit rating agencies. The payment of State debt and certain reporting requirements related to State debt are carried out by the Treasurer's office.

At the heart of these comments and recommendations is the recognition that the removal of Article VIII sections related to the Sinking Fund may necessitate the adoption of one or more constitutional provisions that would describe and clarify which state officers and/or agencies are to perform the duties that historically have been performed by the Sinking Fund Commission.

### **The Public Facilities Commission**

The PFC is governed by R.C. Chapter 151. The commission is created in R.C. 151.02(A), which provides:

(A) Pursuant to the powers granted to the general assembly under Article VIII, Ohio Constitution, to authorize the issuance of obligations, and pursuant to other authority vested in the general assembly, there is hereby created a body, both corporate and politic, constituting an agency and instrumentality of the state of Ohio and performing essential functions of the state, to be known as the "Ohio public facilities commission," which in that name may contract and be contracted with, sue and be sued, and exercise all other authority vested in that commission by sections 151.01 to 151.05 and 151.07 to 151.11 and Chapter 154. of the Revised Code.

R.C. Chapter 151 then creates and describes various "bond service funds," specifically the "common schools capital facilities bond service fund"; the "higher education capital facilities bond service fund"; the "natural resources projects bond service fund"; the "highway capital improvement bond service fund"; the "coal research and development bond service fund"; the "state capital improvements bond service fund"; the "conservation projects bond service fund"; the "third frontier research and development projects bond service fund"; the "job ready site development bond service fund"; and the "revitalization projects bond service fund."

Referenced in R.C. 151.02(A) as another source of authority for the PFC to act, R.C. Chapter 154 governs "Financing for Certain Capital Facilities." The chapter defines "capital facilities" at R.C. 154.01(J) as: "buildings, structures, and other improvements, and equipment, real estate, and interests in real estate therefor, within the state, and any one, part of, or combination of the

foregoing, to serve the general purposes for which the issuing authority is authorized to issue obligations pursuant to Chapter 154 of the Revised Code, including, but not limited to, drives, roadways, parking facilities, walks, lighting, machinery, furnishings, utilities, landscaping, wharves, docks, piers, reservoirs, dams, tunnels, bridges, retaining walls, riprap, culverts, ditches, channels, watercourses, retention basins, standpipes and water storage facilities, waste treatment and disposal facilities, heating, air conditioning and communications facilities, inns, lodges, cabins, camping sites, golf courses, boat and bathing facilities, athletic and recreational facilities, and site improvements.”

Similarly to Chapter 151, Chapter 154 provides authority for issuing bonds to finance various state facilities, including facilities for mental hygiene or developmental disability purposes, state universities, parks and recreation purposes, and cultural or sports activities. The chapter also provides many of the details of the bond issuance process, including requiring the issuing authority to make an annual report to the governor and the legislature (R.C. 154.05); the terms of the bond obligations and the bond proceedings (R.C. 154.08); and a procedure for issuing obligations for the purpose of refunding, funding, or retiring previously issued obligations (R.C. 154.11).

The chapter also further describes the powers of the PFC, including the authority to acquire, hold, lease, and dispose of real estate and personal property, to renovate, maintain, and operate capital facilities, to enter into lease agreements and contracts with governmental agencies, and other duties related to the use of capital facilities.

It appears that R.C. Chapters 151 and 154 are intended to give the PFC the authority that the constitution originally vested in the Sinking Fund Commission. Further, it would seem that the statutory scheme provides for the creation of “bond service funds” that at least mirror and may be intended to take the place of the Sinking Fund.

### **The Treasurer of State**

The role of the treasurer of state is prescribed in Revised Code Chapter 113, which sets out the duties of the treasurer, including a description of custodial funds, payment and procedures for payment to the treasurer, creation of the general revenue fund, creation of a contingent fund, and audit procedures.

As described on the treasurer’s website, the “Treasurer of State is the state’s cash manager and chief investment officer with the duty of managing and collecting public funds.”<sup>1</sup> The treasurer’s office includes departments performing activities such as reconciling state accounts, processing state warrants, providing education to public investment management personnel, providing debt management services, managing investment portfolios, providing state revenue services, and overseeing state trusts.<sup>2</sup>

<sup>1</sup> <http://www.tos.ohio.gov/departments> (last visited May 10, 2016).

<sup>2</sup> *Id.*

### Article XV, Section 3

A constitutional provision that may be related to the discussion of whether to replace the Sinking Fund provisions is Article XV, Section 3, which provides:

An accurate and detailed statement of the receipts and expenditures of the public money, the several amounts paid, to whom, and on what account, shall, from time to time, be published, as shall be prescribed by law.

The section would appear to track the requirement in Article VIII, Section 11, that the Sinking Fund Commissioners “\* \* \* make a full and detailed report of their proceedings to the Governor, who shall, immediately, cause the same to be published, and shall also communicate the same to the General Assembly \* \* \*.” The provision also may be interpreted as relating to the duties of the state treasurer, under R.C. 113.13, to “\* \* \* have available and, as requested, transmit to the director of budget and management and to the governor information concerning the amount in the inactive account, the amount in the active account, and the amount of cash on hand.”

### Questions

Some questions the committee may wish to explore include:

1. Does the PFC, in fact, now exercise all of the duties and functions of the Sinking Fund Commission?
2. Do any of the duties and functions described in these statutes need to be constitutionalized if the Sinking Fund and Sinking Fund Commission provisions are repealed?
3. With regard to the duties of the PFC, would it resolve the matter simply to provide a constitutional section authorizing the General Assembly to create related law, thereby lending constitutional imprimatur to the pre-existing statutory scheme?
4. The PFC statutory provisions fail to define and address the broader role and duties of the state treasurer, OBM, or others involved in this area. Moreover, there is no constitutional provision specifically creating the treasurer of state or describing the role of the treasurer. Does the committee wish to propose a constitutional provision related to the role of the treasurer and, possibly, other state officers in relation to state finances? Should the committee work in conjunction with the Legislative Branch and Executive Branch Committee in creating and defining these roles?



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## OHIO CONSTITUTIONAL MODERNIZATION COMMISSION

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### REPORT AND RECOMMENDATION OF THE FINANCE, TAXATION, AND ECONOMIC DEVELOPMENT COMMITTEE

#### OHIO CONSTITUTION ARTICLE VIII SECTIONS 2l, 2m, 2n, 2o, 2q, 2r, AND 2s

#### ADDITIONAL AUTHORIZATION OF DEBT OBLIGATIONS

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The Finance, Taxation, and Economic Development Committee of the Ohio Constitutional Modernization Commission issues this report and recommendation regarding Sections 2l, 2m, 2n, 2o, 2q, 2r, and 2s of Article VIII of the Ohio Constitution concerning public debt and public works. It is issued pursuant to Rule 8.2 of the Ohio Constitutional Modernization Commission's Rules of Procedure and Conduct.

#### **Recommendation**

*The committee recommends that Sections 2l, 2m, 2n, 2o, 2q, 2r, and 2s of Article VIII dealing with authorization of debt obligations be retained in their present form.*

#### **Background**

Article VIII deals with public debt and public works, and was adopted as part of the 1851 constitution.

Delegates to the 1851 Constitutional Convention sought to limit the actions of the General Assembly in obligating the financial interests of the state so as to avoid problems that had arisen when the state extended its credit to private interests and to prevent another debt crisis, such as the one resulting from the construction of the state's transportation system.<sup>1</sup> As proposed by delegates to the 1851 Constitutional Convention, Article VIII initially barred the state from incurring debt except in limited circumstances, primarily involving cash flow and military invasions and other emergencies. *See* Article VIII, Sections 1, 2, and 3.

For nearly one hundred years, from the adoption of the 1851 Constitution through 1947, the voters of the state approved just one constitutional provision authorizing the issuance of additional debt. That occurred in 1921, when the voters approved section 2a authorizing debt for establishing a system of adjusted compensation for Ohio veterans of World War I.<sup>2</sup> From 1947 through 1987, voters subsequently adopted other constitutional provisions authorizing the

issuance of state debt for purposes that included compensation to veterans of World War II, the Korean Conflict, and the Vietnam Conflict; construction of the state highway system, public buildings, and local public infrastructure; and the preservation and conservation of natural resources and the establishment of state recreational areas. These sections, enumerated as Sections 2b, 2c, 2d, 2e, 2f, 2g, 2h, 2j, and 2k, through a separate report and recommendation, have been recommended for repeal based on their obsolescence.

Beginning with Section 2l in 1993, voters approved eight additional constitutional provisions within Article VIII authorizing the creation of debt, seven of which – Sections 2l, 2m, 2n, 2o, 2q, 2r, and 2s – are the subject of this report and recommendation. In contrast to Sections 2b, 2c, 2d, 2e, 2f, 2h, 2j, and 2k, the sections covered in this report and recommendation do not involve bonds that have been fully issued and paid off, or their bonding authority has not yet lapsed.<sup>3</sup>

Section 2l authorizes the issuance of bonds and other obligations to finance the costs of capital improvements to state and local parks, land and water recreation facilities, soil and water restoration and protection, land and water management, fish and wildlife resource management, and other projects that enhance the use and enjoyment of natural resources. Adopted in 1993, the provision contains a statement of purpose that the capital improvements are necessary and appropriate to improve the quality of life of the people of Ohio, to ensure public health, safety and welfare, and to enhance employment opportunities. The section permits the state to support, by grants or contributions, capital improvements of this nature that are undertaken by local government entities. Significantly, the section exempts the bonds issued pursuant to its authority from operation of other constitutional provisions that strictly limit debt, or that limit the state's ability to enter into cooperative financial arrangements with private enterprise or local government.

Section 2m similarly provides for the issuance of bonds and other obligations to finance public infrastructure capital improvements of municipal corporations, counties, townships, and other governmental entities, and for highway capital improvements. The section defines “public infrastructure capital improvements” as being limited to roads and bridges, wastewater treatment and water supply systems, solid waste disposal facilities, and storm water and sanitary collection, storage, and treatment facilities, including costs related to real property, facilities, and equipment. Adopted in 1995, the section updates and modifies Section 2k, which had limited debt for public infrastructure to not more than \$120 million per calendar year, with the total debt not to exceed \$1.2 billion and a requirement that all obligations must mature within thirty years. Under Section 2m, the state is authorized to issue an additional \$1.2 billion, with no infrastructure obligations to be issued under Section 2m until at least \$1.2 billion aggregate principal amount of obligations have been issued pursuant to Section 2k. The provision also requires the use, where practicable, of Ohio products, materials, services, and labor for projects financed under Section 2m.

Section 2n authorizes debt issuance for the purpose of funding public school facilities for both K-12 and for state-supported and state-assisted institutions of higher education. Adopted in 1999, Section 2n also provides that net state lottery proceeds may be pledged or used to pay the debt service on bonds issued under the provision for K-12 educational purposes. As acknowledged by the Ohio Supreme Court in *DeRolph v. State*, 93 Ohio St.3d 309, 2001-Ohio-

1343, 754 N.E.2d 1184 (*DeRolph III*), Section 2n enhanced the state’s ability to issue bonds to fund schools, and was proposed and adopted subsequent to Court’s decision in *DeRolph v. State*, 78 Ohio St.3d 193, 208, 1997-Ohio-84, 677 N.E.2d 733, 744 (*DeRolph I*).<sup>4</sup> In *DeRolph I*, a majority of the Court concluded that state funding of schools is not adequate if school districts lack sufficient funds to provide a safe and healthy learning environment.

Section 2o, adopted in 2000, authorizes bonds for environmental, conservation, preservation, and revitalization projects in order to protect water and natural resources, preserve natural areas and farmlands, improve urban areas, clean up pollution, and enhance the use and enjoyment of natural areas and resources. Under the provision, while the full faith and credit of the state is pledged to conservation projects, it is not pledged to revitalization projects, the bonds for which are designated to be repaid from “all or such portion of designated revenues and receipts of the state as the General Assembly authorizes.” Section 2o(B)(2). The section requires the General Assembly to provide by law for limitations on the granting or lending of proceeds of these obligations to parties to pay costs of cleanup or remediation of contamination for which they are determined to be responsible. The section allows the state to provide grants, loans, or other support to finance projects undertaken by local government, or by non-profit organizations at the direction of local government, exempting such obligations from application of constitutional sections that limit or prohibit such arrangements.

Section 2q, adopted in 2008 and titled the “Clean Ohio Fund Amendment,” authorizes the General Assembly to issue up to \$200 million in bonds for conservation and preservation of natural areas, farmlands, park and recreation facilities, and to support other natural areas and natural resource management projects. The provision also authorizes the issuance of bonds up to \$200 million for environmental revitalization and cleanup projects. Section 2q limits the amount borrowed in any one fiscal year to \$50 million, plus the principal amount of obligations that, in any prior fiscal year, could have been issued but were not.

Section 2r was adopted in 2009 to provide compensation to the veterans of the Persian Gulf, Afghanistan, and Iraq Conflicts, and their survivors. To be eligible for compensation, veterans had to have served on active duty in one or more of those locations during the specified time periods. Unlike previous war veteran compensation amendments, Section 2r authorizes the Public Facilities Commission, rather than the Sinking Fund Commission, to issue and sell bonds and other obligations to fund payment, pledging the state’s full faith and credit, revenue, and taxing power to pay the debt service. Additionally, the section gives responsibility to the Ohio Department of Veterans Services for paying compensation and adopting rules regarding amounts, residency, or other relevant factors, in accordance with Revised Code Chapter 119.

Section 2s, adopted in 2014, authorized the General Assembly to issue bonds to finance public infrastructure capital improvements of municipal corporations, counties, townships, and other governmental entities, with the improvements being limited to roads and bridges, wastewater treatment and water supply systems, solid waste disposal facilities, and storm water and sanitary collection, storage, and treatment facilities. With broad, nearly unanimous bipartisan support in the General Assembly, the ballot measure was submitted to voters on May 6, 2014, and was approved by a margin of 65.11 percent to 34.89 percent.<sup>5</sup>

## Amendments, Proposed Amendments, and Other Review

Sections 2l, 2m, 2n, 2o, 2q, 2r, and 2s, are of relatively recent adoption and have not been amended.

## Litigation Involving the Provisions

There has been no litigation involving Article VIII, Sections 2l, 2m, 2n, 2o, 2q, 2r, or 2s.

The Ohio Supreme Court generally has upheld the adoption of constitutionally-based exceptions to the limitations on incurring debt. *See, e.g., Kasch v. Miller*, 104 Ohio St. 281, 135 N.E. 813 (1922), at syllabus (where statute provides that an improvement is to be paid for by the issue and sale of state bonds, with the principal and interest to be paid by revenues derived from the improvement, a state debt is not incurred within the purview of the state constitution).

The Court also has recognized the status of revenue bonds. In *State ex rel. Pub. Institutional Bldg. Auth. v. Griffith*, 135 Ohio St. 604, 22 N.E.2d 200 (1939), at syllabus paragraph 1, the Court held that the \$750,000 debt limitation contained in Article VIII, Section 1 only applies to debt for which the state assumes the risk of default; thus, it is not applicable to revenue bonds. More recently, in *State ex rel. Ohio Funds Mgmt. Bd. v. Walker*, 55 Ohio St.3d 1, 561 N.E.2d 927 (1990), the court reviewed the limitations on borrowing in Article VIII, holding that borrowing for short-term cash flow is state debt within the meaning of the limitations in Article VIII, Sections 1 and 3, and further rejecting the use of revenue bonds to finance short-term deficiencies in tax revenue. *Id.*, 55 Ohio St. 3d at 7, 561 N.E.2d at 932. *Accord State ex rel. Shkurti v. Withrow*, 32 Ohio St.3d 424, 513 N.E.2d 1332.

## Presentations and Resources Considered

### *Metcalf Presentation*

Seth Metcalf, deputy treasurer and executive counsel for the Ohio Treasurer of State, presented to the committee on May 8, 2014, March 12, 2015, and March 10, 2016. In addition to reviewing the history of Article VIII, including the \$750,000 limitation in Section 1, with the difficulties inherent in needing to go to the ballot for approval of additional borrowing. Although he identified areas of possible reform, Mr. Metcalf expressed that the state framework for authorizing debt has served the state exceptionally well.

As a supplement to an increased overall debt limitation, Mr. Metcalf pointed to the adoption in 1999 of Article VIII, Section 17, which contains a sliding scale under which the total debt service of the state is limited to five percent of the total estimated revenues of the state for the general revenue fund. He also pointed out that this approach would not tie borrowing to specific purposes, thus giving the General Assembly flexibility as to how to use the public debt.

### *Briffault Presentation*

On June 4, 2015, Professor Richard Briffault of the Columbia University Law School, provided ideas for modernizing Article VIII to eliminate obsolete provisions and to prevent the need for provisions that might become obsolete in the future.

Describing the different ways states have dealt with the subject of state debt, Prof. Briffault recognized some states' approach of using a constitutional ban on debt. While those limits are considered low today, they were not necessarily low at the time of adoption. Prof. Briffault noted that no state has learned to live without debt, with the result that, if the state constitution prohibits debt, states will amend their constitutions to allow it. The real debt limit then becomes the complicated nature of enacting a constitutional amendment, according to Prof. Briffault.

### *Keen Presentation*

On October 8, 2015, Timothy S. Keen, director of the Ohio Office of Budget and Management, provided an in-depth analysis of the history and purpose of Article VIII, as well as suggestions for modernizing its debt provisions.

Mr. Keen noted that, by 22 constitutional amendments approved from 1921 to the present, Ohio voters have expressly authorized the incurrence of state debt for specific categories of capital facilities, to support research and development activities, and provide bonuses for Ohio's war veterans. He said, currently, general obligation debt is authorized to be incurred for highways, K-12 and higher education facilities, local public works infrastructure, natural resources, parks and conservation, and third frontier and coal research and development.

Mr. Keen emphasized that Article VIII's framework for authorizing debt has served the state exceptionally well for more than 150 years. He said the process of asking voters to review and approve bond authorizations sets an appropriately high bar for committing the tax resources of the state over the long term, adding that Ohio's long tradition of requiring voter approval ensures that debt is proposed only for essential needs, and those needs must be explained and presented to voters for their careful consideration. He complimented voters, calling them "worthy arbiters," based on their having approved 26 and rejected 17 Article VIII debt-related ballot issues since 1900.

### **Discussion and Consideration**

In reviewing Article VIII, Sections 2l, 2m, 2n, 2o, 2q, 2r, and 2s, the committee discussed whether the provisions should be retained because their bonding authority remains current, and for the reason that the bonds issued pursuant to their authority have not been paid off. The committee also considered, but left for future resolution, the concept of a constitutional amendment allowing for the automatic retirement of bond authority provisions once they become obsolete, so as to relieve the need to go to the ballot to repeal expired provisions.

## Conclusion

Upon consideration of the foregoing, the Finance, Taxation, and Economic Development Committee concludes that Article VIII, Sections 2l, 2m, 2n, 2o, 2q, 2r, and 2s do not involve bonds that have been fully issued and paid off, and their bonding authority has not lapsed due to the passage of time. Therefore, it is necessary to retain them in their present form, and so the committee recommends no change to these provisions.

## Date Issued

After formal consideration by the Finance, Taxation, and Economic Development Committee on June 9, 2016, and \_\_\_\_\_, the committee voted to issue this report and recommendation on \_\_\_\_\_.

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## Endnotes

<sup>1</sup> Steven H. Steinglass & Gino J. Scarselli, *The Ohio State Constitution* 233 (2<sup>nd</sup> prtg. 2011). Ohio was not unique in facing the economic consequences of overspending on transportation infrastructure, nor in adopting constitutional limitations on state debt as a result. By 1860, 19 states had constitutional debt limitations, and by the early 20<sup>th</sup> Century, nearly all state constitutions contained such limitations. Richard Briffault, *Foreword: The Disfavored Constitution: State Fiscal Limits and State Constitutional Law*, 34 Rutgers L.J. 907, 917, citing B. U. Ratchford, *American State Debts* (1941); Alberta M. Sbragia, *Debt Wish, Entrepreneurial Cities, U.S. Federalism, and Economic Development* (1996). See also Richard Briffault, "State and Local Finance," in *State Constitutions for the Twenty-first Century* (G. Alan Tarr & Robert F. Williams, eds. New York: SUNY Press. 2006); Stewart E. Sterk & Elizabeth S. Goldman, *Controlling Legislative Shortsightedness: The Effectiveness of Constitutional Debt Limitations*, 1991 Wis. L.Rev. 1301 (1991).

For more on the history of the 1850-51 Constitutional Convention in relation to the state debt provisions in Article VIII, see David M. Gold, *Public Aid to Private Enterprise Under the Ohio Constitution: Sections 4, 6, and 13 of Article VIII in Historical Perspective*, 16 U. Tol. L.Rev. 405 (1984-85).

<sup>2</sup> Section 2a was later repealed in 1953. The text of repealed Section 2a may be found at: Page's Ohio Rev. Code Ann., 518 (Carl L. Meier & John L. Mason, eds. 1953).

<sup>3</sup> The committee's review of Section 2p is not included in this report and recommendation, but will be included in the committee's consideration of Article VIII, Sections 4, 5, and 6.

<sup>4</sup> In *DeRolph III*, the Court observed:

One recent development with significant potential is that the state has enhanced its ability to issue bonds to pay part of the state share of the costs of local projects. In *DeRolph II*, 89 Ohio St. 3d at 14, 728 N.E.2d at 1004, this court noted that Senate Joint Resolution No. 1 placed on the November 2, 1999 ballot a proposal, approved by Ohio voters, to amend the Ohio Constitution "to allow the state to issue general obligation bonds to pay for school facilities." See, principally, Section 2n, Article VIII, Ohio Constitution; see, also, 1997 Am.Sub.S.B. No. 102, Section 8, 147 Ohio Laws, Part IV, 7417. The deposition of Randall A. Fischer, executive director of the Ohio School Facilities Commission, reveals that these bonds are being issued. However, it is unclear from the record before us how effectively the bonds are being utilized and whether the

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state has fully taken advantage of the opportunities presented by bond issuance. Our state could benefit greatly if our legislators were able to exercise additional vision to put in place plans that would make bonds a more efficacious method of paying for school facilities.

*DeRolph III*, 93 Ohio St.3d at 368, 754 N.E.2d at 1235.

<sup>5</sup> See <http://www.sos.state.oh.us/SOS/elections/Research/electResultsMain/2014Results.aspx> (last visited May 25, 2016).

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## Finance, Taxation, and Economic Development Committee

### Planning Worksheet (Through May 2016 Meetings)

#### Article VIII – Public Debt and Public Works

##### Sec. 1 – Public debt; limit of deficit spending by state (1851)

Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved
<b>Completed</b>	<b>4.14.16</b>	<b>5.12.16</b>	<b>5.12.16</b>				

##### Sec. 2 – State may incur debts for defense or to retire outstanding debts (1851)

Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved
<b>Completed</b>	<b>4.14.16</b>	<b>5.12.16</b>	<b>5.12.16</b>				

##### Sec. 2b – Adjusted compensation for service in World War II; World War II veterans' bonuses (1947)

Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved
<b>Completed</b>	<b>3.10.16</b>	<b>4.14.16</b>	<b>4.14.16</b>				

##### Sec. 2c – Construction of state highway system (1953)

Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved
<b>Completed</b>	<b>3.10.16</b>	<b>4.14.16</b>	<b>4.14.16</b>				

Sec. 2d – Korean War veterans’ bonus (1956)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved
<b>Completed</b>	<b>3.10.16</b>	<b>4.14.16</b>	<b>4.14.16</b>				

Sec. 2e – Providing means for securing funds for highway and public building construction (1955)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved
<b>Completed</b>	<b>3.10.16</b>	<b>4.14.16</b>	<b>4.14.16</b>				

Sec. 2f – Authorizing bond issue to provide school classrooms, support for universities, for recreation and conservation and for state buildings (1963)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved
<b>Completed</b>	<b>3.10.16</b>	<b>4.14.16</b>	<b>4.14.16</b>				

Sec. 2g – Authorizing bond issue or other obligations for highway construction (1964)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved
<b>Completed</b>	<b>3.10.16</b>	<b>4.14.16</b>	<b>4.14.16</b>				

Sec. 2h – Bond issue for state development (1965)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved
<b>Completed</b>	<b>3.10.16</b>	<b>4.14.16</b>	<b>4.14.16</b>				

Sec. 2i – Capital improvement bonds (1968)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved
<b>Completed</b>	<b>3.10.16</b>	<b>4.14.16</b>	<b>4.14.16</b>				

Sec. 2j – Vietnam conflict compensation fund (1973)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved
<b>Completed</b>	<b>3.10.16</b>	<b>4.14.16</b>	<b>4.14.16</b>				

Sec. 2k – Issuance of bonds for local government public infrastructure capital improvements (1987)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved
<b>Completed</b>	<b>3.10.16</b>	<b>4.14.16</b>	<b>4.14.16</b>				

Sec. 2l – Parks, recreation, and natural resources project capital improvements (1993)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Sec. 2m – Issuance of general obligations (1995)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Sec. 2n – Facilities for system of common schools (1999)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Sec. 2o – Issuance of bonds and other obligations for environmental conservation and revitalization purposes (2000)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Sec. 2p – Issuance of bonds for economic and educational purposes and local government projects ((2005, 2010)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Sec. 2q – Issuance of bonds for continuation of environmental revitalization and conservation (2008)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Sec. 2r – Persian Gulf, Afghanistan, and Iraq conflicts compensation fund (2009)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Sec. 2s – Issuance of bonds for municipal and county roads, bridges, waste water treatment (2014)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Proposed Sec. 2t – Issuance of bonds for mental health and developmental disabilities (____)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved
<b>Completed</b>	<b>3.10.16</b>	<b>4.14.16</b>	<b>4.14.16</b>				

Sec. 3 – The state to create no other debt; exceptions (1851)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved
<b>Completed</b>	<b>4.14.16</b>	<b>5.12.16</b>	<b>5.12.16</b>				

Sec. 4 – Credit of state; the state shall not become joint owner or stockholder (1851)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Sec. 5 – No assumption of debts by the state (1851)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Sec. 6 – Counties, cities, towns, or townships, not authorized to become stockholders, etc.; insurance, etc. (1851, am. 1912)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Sec. 7 – Sinking fund (1851)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved
<b>Completed</b>	<b>4.14.16</b>	<b>5.12.16</b>	<b>5.12.16</b>				

Sec. 8 – The commissioners of the sinking fund (1851, am. 1947)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved
<b>Completed</b>	<b>4.14.16</b>	<b>5.12.16</b>	<b>5.12.16</b>				

Sec. 9 – Biennial report of the sinking fund commissioners (1851)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved
<b>Completed</b>	<b>4.14.16</b>	<b>5.12.16</b>	<b>5.12.16</b>				

Sec. 10 – Application of sinking fund (1851)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved
<b>Completed</b>	<b>4.14.16</b>	<b>5.12.16</b>	<b>5.12.16</b>				

Sec. 11 – Semiannual report of sinking fund commissioners (1851)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved
<b>Completed</b>	<b>4.14.16</b>	<b>5.12.16</b>	<b>5.12.16</b>				

Sec. 13 – Economic development (1965, am. 1974)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Sec. 14 – Financing for housing program (1982)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Sec. 15 – State assistance to development of coal technology (1985)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Sec. 16 – State and political subdivisions to provide housing for individuals (1990)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Sec. 17 – Limitations on obligations state may issue (1999)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Proposed Sec. 18 – Outstanding debt or obligation remains in full force and effect (____)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved
<b>Completed</b>	<b>3.10.16</b>	<b>4.14.16</b>	<b>4.14.16</b>				

## Article XII – Finance and Taxation

Sec. 1 – Poll taxes prohibited (1851, am. 1912)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Sec. 2 – Limitation on tax rate; exemption (1851, am. 1906, 1912, 1918, 1929, 1933, 1970, 1974, 1990)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Sec. 2a – Authority to classify real estate for taxation; procedures (1980)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved



Sec. 3 – Imposition of taxes (1976)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Sec. 4 – Revenue to pay expenses and retire debts (1851, am. 1976)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Sec. 5 – Levying of taxes (1851)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Sec. 5a – Use of motor vehicle license and fuel taxes restricted (1947)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Sec. 6 – No debt for internal improvement (1851, am. 1912)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Sec. 9 – Apportionment of income, estate, and inheritance taxes (1912, am. 1930, 1976)
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Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Sec. 11 – Sinking fund (1912)
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Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Sec. 13 – Wholesale taxes on foods (1994)
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Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

## Article XIII - Corporations

### Sec. 1 – Special acts conferring corporate powers; prohibited (1851)

Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

### Sec. 2 – Corporations, how formed (1851, am. 1912)

Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

### Sec. 3 – Liability of stockholders for unpaid subscriptions; dues from corporations; how secured; inspection of private banks (1851, am. 1903, 1912, 1937)

Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

### Sec. 4 – Corporate property subject to taxation (1851)

Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Sec. 5 – Corporate power of eminent domain to obtain rights of way; procedure; jury trial (1851)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Sec. 6 – Organization of cities, etc. (1851)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

Sec. 7 – Acts authorizing associations with banking powers; referendum (1851)							
Draft Status	Committee 1 <sup>st</sup> Pres.	Committee 2 <sup>nd</sup> Pres.	Committee Approval	CC Approval	OCMC 1 <sup>st</sup> Pres.	OCMC 2 <sup>nd</sup> Pres.	OCMC Approved

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## OHIO CONSTITUTIONAL MODERNIZATION COMMISSION

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### **2016 Meeting Dates**

July 14

September 8

October 13

November 10

December 8