



OHIO CONSTITUTIONAL MODERNIZATION COMMISSION

---

Finance, Taxation. cpf Economic Development Committee

Douglas Cole, Chair  
Karla Bell, Vice-chair

December 10, 2015

Ohio Statehouse  
Room 017

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

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

**For Internet Access in the Ohio Statehouse:** select "oga" from the list of network options.

A passcode/password is not required.



**OHIO CONSTITUTIONAL MODERNIZATION COMMISSION**

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

---

**THURSDAY, DECEMBER 10, 2015**

**11:00 A.M.**

**OHIO STATEHOUSE ROOM 017**

**AGENDA**

- I. Call to Order
- II. Roll Call
- III. Approval of Minutes
  - Meeting of October 8, 2015  
*[Draft Minutes – attached]*
- IV. Reports and Recommendations
  - None scheduled
- V. Presentation
  - None scheduled
- VI. Committee Discussion
  - Article VIII – Public Debt

The committee chair will lead discussion regarding the presentations made to the committee this year by Seth Metcalf, Richard Briffault, and Tim Keen, in an effort to reach conclusions on how it wishes to prepare reports and recommendations on Article VIII for review by the full Commission.

*[Proposed Constitutional Amendment regarding Article VIII, Section 2t, as offered by Office of Budget and Management Director Tim Keen as part of his remarks to the committee on October 8, 2015 – attached]*

*[Memorandum by Steven H. Steinglass and Steven C. Hollon titled “Next Steps Regarding Article VIII Issues,” dated December 1, 2015 – 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

---

### MINUTES OF THE FINANCE, TAXATION, AND ECONOMIC DEVELOPMENT COMMITTEE

#### FOR THE MEETING HELD THURSDAY, OCTOBER 8, 2015

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

Chair Douglas Cole called the meeting of the Finance, Taxation, and Economic Development Committee to order at 11:06 a.m.

#### **Members Present:**

A quorum was present with Chair Cole and committee members Amstutz, Clyde, Davidson, Mills, Peterson, Tavares, and Trafford in attendance.

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

The minutes of the June 4, 2015 meeting of the committee were approved.

#### **Presentation:**

*“Remarks Regarding Article VIII”*

*Tim Keen  
Director  
Office of Budget and Management*

Mr. Keen began by providing a brief history of Article VIII, indicating Ohio’s earliest debt was issued by the Ohio Canal Commission in 1825 to finance the canal system, with the General Assembly in 1837 passing the Ohio Loan Law intended to assist in the building of additional canals by loaning up to one-third of the cost of construction to Ohio businesses that were able to raise the remaining costs. Mr. Keen continued that, in practice, however, most of the loans went to railroad companies, spurring railroad growth in the state that competed with the canal business. Mr. Keen indicated that the end result of the debt issuance was an improved transportation system, but the debt also over-extended the treasury and the state had to borrow money to meet its expenses. Mr. Keen noted that, by 1839, Ohio had a deficit of more than one quarter of a million dollars and the Ohio Loan Law was repealed the next year. After reforms of the state’s taxation and tax collection system in 1846, the debt was refinanced and Ohio was able

to service the debt, but the concern over debt was a subject of discussion at the Constitutional Convention of 1850-1851. Mr. Keen pointed out that, as a result of this concern, Article VIII, Section 1 of the 1851 Constitution limits debt not expressly authorized by the voters to \$750,000.00.

Mr. Keen continued that Section 2, as well as select other sections of Article VIII, expressly authorize the purposes and amounts for which state debt may be issued, while Section 3 prohibits any other debt except that which has been expressly authorized. Further, he said, Section 4 prohibits the state from lending its aid and credit, and Section 5 prohibits the state from assuming the debts of any subdivision or corporation. Mr. Keen concluded that the state's challenging financial history at the time of enactment of Article VIII explains Ohio's conservative approach to debt, debt authorization, and debt repayment.

Turning to the present-day approach to state debt, Mr. Keen provided the committee with a summary of debt authorization provisions of Article VIII, as well as the amounts issued and outstanding under those provisions for debt that is backed by State of Ohio revenue (i.e., payable from the state treasury). He 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.

He said non-general obligation lease-appropriation debt is authorized to provide facilities for housing branches and agencies of state government and their functions, including state office buildings, correctional and juvenile detention facilities, and cultural, historical and sports facilities; mental health and developmental disability facilities; and parks and recreational facilities.

Mr. Keen then directed the committee's attention to a table summarizing the state's outstanding debt and debt service paid from the General Revenue Fund ("GRF") as of the end of fiscal year 2015 (June 30, 2015). He noted that the state currently has \$9.35 billion in outstanding GRF debt and paid \$1.28 billion in debt service from the GRF in fiscal year 2015. He observed that fiscal year 2015 GRF debt service represents approximately 3.9 percent of fiscal year 2015 GRF revenue plus lottery profits.

With respect to the issuance of debt backed by state revenues, Mr. Keen described that two entities carry out the issuance functions as directed by the Ohio General Assembly under law – the Ohio Public Facilities Commission and the Treasurer of State. He said management and certain reporting of the state's debt are housed in the Office of Budget and Management, while payment functions and other reporting requirements are housed in the treasurer's office. He commented that the Sinking Fund Commission has not been an active issuer of state debt since 2001, and its constitutional reporting duties set forth in Sections 7 through 11 of Article VIII are performed by the state treasurer. He continued that the Sinking Fund Commission still technically exists and periodically must approve the reporting work done on its behalf by the treasurer's office.

Describing the bond issuing system, Mr. Keen noted that the Ohio Water Development Authority (OWDA), the Ohio Turnpike and Infrastructure Commission (OTIC), the Ohio Housing Finance Authority (OHFA), and the Ohio Air Quality Development Authority (OAQDA), issue bonds backed by or payable from dedicated revenue streams with no recourse to revenue of the state.

Prior to discussing potential modifications to Article VIII, 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.

As a result of these considerations, Mr. Keen said he would propose to the committee that Article VIII works as intended, indicating he would not recommend wholesale reform. As support for this position, he noted the credit agencies' ratings that emphasize Ohio's conservative debt practice, and that those agencies refer to Ohio's debt burden as being both "moderate" and "affordable". He said Ohio's credit rating is in the second highest possible category, known as "AA+", which keeps the interest rates paid on state bonds very low.

Mr. Keen also addressed the suggestion that Ohio needs to modernize the \$750,000.00 debt limitation of Section 1 because the 5.0 percent annual debt service limitation set forth in Section 17 of Article VIII is insufficient. He said this suggestion pre-supposes that the state's existing 5.0 percent debt service limitation could be thwarted by back-loading debt or substantially extending its amortization period, for example issuing 100-year debt. Mr. Keen directed the committee to Exhibit 1 of his printed materials, noting that, with respect to extremely long amortization periods, Ohio's debt authorizations include maximum terms that range from 10 to 30 years, and in practice Ohio's bond issuances have consistently been amortized over periods shorter than those maximums. He added that Section 17 itself requires that the numerator of the 5.0 percent annual debt service limitation be the highest debt service in any future fiscal year, thus capturing any debt service peaks that may occur due to back-loading. He said for these reasons, the 5.0 percent debt service limitation has been and remains an effective limitation on both the amount of debt and debt service. He added that, in fact, the 5.0 percent threshold is a key factor in the state's favorable credit rating. As an additional factor, Mr. Keen observed that Section 1 of Article VIII is critical because the \$750,000.00 limit, when considered in conjunction with other key constitutional provisions, forms the basis of Ohio's balanced budget requirement.

Mr. Keen acknowledged opportunities for improving the administrative efficiency and cost effectiveness of state debt.

First, he noted the security backing the state's debt affects its credit quality and thus the level of interest rates the state pays to investors. He said the state's general obligation debt carries its highest credit rating, currently "AA+", allowing Ohio to perform well in achieving low interest

rates in the municipal bond market. He said, since 1973, constitutional amendments authorizing new state debt have generally provided for general obligation security, but that the state still issues several categories of lease-appropriation debt under Section 2i, a section approved by the voters in 1968. He said that while this debt is functionally no different from the state's perspective, the subject-to-appropriation requirement lowers its credit rating to "AA" and, as a result, the state pays a higher rate of interest, typically ranging from 0.1 percent to 0.3 percent, versus its general obligation counterpart. Because of this, Mr. Keen suggested that the lease-appropriation debt authorization provisions of Section 2i for housing branches and agencies of state government, and for mental health, developmental disabilities, and parks and recreation facilities, be replaced with a general obligation authorization for those purposes. He estimated that, for each \$100 million of debt issued over 20 years, this change to general obligation security would save state taxpayers \$1.5 to 4 million over the life of the debt.

Mr. Keen suggested another opportunity to modernize and improve efficiency involves the administration of the Sinking Fund as provided for in Sections 7 through 11 of Article VIII. Mr. Keen noted that the Commissioners of the Sinking Fund – originally consisting of the attorney general, auditor and secretary of state – were established in 1851 to administer a fund that would pay-off, or "sink", the state's then-existing canal and railroad debt, and to report their activities and progress to the governor and General Assembly. He said that over the years, the duties of the commissioners expanded to include administering and issuing many types of state debt, and in 1947 the governor and treasurer were added as members. Mr. Keen then described how, in the late 1950's, new state bond programs began to use dedicated bond service funds separate from the sinking fund, with debt service payments effectuated by the treasurer and the Office of Budget and Management. Then, in 2001, the General Assembly transferred bond issuance authority from the commissioners to the Ohio Public Facilities Commission. Mr. Keen said, as a result of these changes, all of the functions historically performed by the Commissioners of the Sinking Fund are now performed by other state entities, indicating that the sinking fund provisions of Article VIII are viable candidates for repeal. Mr. Keen noted, however, 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.

Mr. Keen also addressed the committee's consideration of whether to recommend repeal or removal of inactive bond issuance sections. He said while he has no concern with allowing those provisions to remain, he recognized that some committee members view elimination of inactive sections as helpful cleanup, noting there is precedent for such repeal because Section 2a, authorizing compensation payments to World War I veterans, was repealed in 1953. He further observed that the Ohio Constitutional Revision Commission in 1972 recommended the repeal or modification of additional sections within Article VIII, although only Section 12, providing for a superintendent of public works, was later repealed. Mr. Keen suggested current sections that would be candidates for repeal as including 2b, 2c, 2d, 2e, 2f, 2g, 2h, 2j, and 2k. He said repeal of these sections would shorten the length of Article VIII by 40 percent, but added there would need to be new language confirming the continuing validity of obligations issued under those sections.

Concluding his remarks, Mr. Keen said while some modernization could be effected, voters should continue to be the final arbiters of the purposes and amounts for which long-term debt of the state may be issued. Mr. Keen also provided the committee with draft language that would effectuate the potential changes noted in his testimony. He then invited questions from the committee.

Senator Charleta Tavares commented that the state is doing very well with its bond rating, but asked how it can do better. Mr. Keen answered that the next level up, the triple-A rating, is challenging to attain, and only a handful of states have it. He said the biggest challenge for Ohio will be the controls over how state debt is issued. He continued, noting that the economy of Ohio over the last 40 years has performed below the economy of the nation as a whole, and that this, combined with the fact that Ohio is a manufacturing-based economy, affects the state's performance. He said Ohio might be rated at double-A, rather than double-A plus, were it not for the long-time tradition of the state in effectively managing and controlling debt. He said if Ohio could attain a triple-A rating, it would reduce costs, but the realities of state economic performance over the last four years preclude that for the time being.

Sen. Tavares followed up, asking whether there are any Midwest states with a triple-A bond rating. Mr. Keen answered that Minnesota may have such a rating, but he doesn't know for sure.

Sen. Tavares then asked about Mr. Keen's remarks (on page five of his presentation) on debt amortizations, wondering if he was suggesting that Ohio should be reducing the number of years over which debt is amortized. Mr. Keen said the constitutional provisions offer a range, and that the general rule of public finance is that the cost of the asset is spread over a reasonable period, balanced against the cost the borrower pays. He said 20 years is a reasonable place to be.

Chair Cole asked for clarification, wondering whether Mr. Keen's position is that there is not much the committee could do regarding the language of Article VIII that would affect or improve the bond rating, meaning that the forces causing that are independent of the constitution. Mr. Keen answered that the limitations and parameters in the constitution support Ohio's current status, but there is not much that could be done in the constitution that would result in an upgrade.

Representative Ron Amstutz asked what types of expenditures would be outside the five percent debt limit. Mr. Keen said the five percent limit is for debt service paid from the GRF, measured against the GRF and the net lottery profits. He said this is most of the debt and most of the purposes he outlined. He said it doesn't include highway funds paid from the gas tax, the Third Frontier issue, or the Persian Gulf Conflict bond issue, for example. He said bonds subject to this limit are issued by the Ohio Public Facilities Commission or by the treasurer, but other bonds are from separate revenue streams and have no recourse to the GRF.

Rep. Amstutz commented he is not sure Ohio has a high bar, but, rather, may have a forest of bars and many mechanical hurdles because there are so many pieces and parts through the article. He asked whether, setting aside the "deadwood" in Article VIII, it would be possible or worthwhile in the remainder of the article to fashion something to modernize and clarify, but to keep checks and balances in place. Mr. Keen said he imagines that is possible, but that he comes

at it from the perspective that these provisions have served us well and that it is generally understood what is required and what they permit. As a result, he said, perhaps a modification is not necessary. He asked, if the provisions are generally working, why change them? He said his view is that they work and that a strict borrowing limitation without specific action by the people would deprive the state of an avenue to explore the issuance of new debt. He added there is also a value in having to follow specific steps before additional resources of the state are committed. He said he is generally comfortable with what Ohio currently has.

Following up, Rep. Amstutz asked whether it would work to keep the exact process and put it in the constitution but, for example, have the process presented to the voters on a schedule. Mr. Keen answered that if Rep. Amstutz is proposing a method or construction that would achieve the same end, he doesn't necessarily object to that. Rather, he said, his thought is that the very strict limitation on action without approval of the people has served Ohio well and he would want that reality or those parameters to stay in the constitution.

Chair Cole said the committee is considering two potential structures. One would be to take the \$750,000.00 limit and modernize it to a corresponding number based on inflation and other indicators, arriving at a new number that would be consistent with the amount of debt that Ohio currently carries. He continued that the other construct would be a constitutional amendment that would strip the debt limit from the constitution and make the debt limit more of a statutory process, with a requirement of a supermajority in legislature to authorize new spending, followed by a voter referendum. He said that approach would not amend the constitution, but, because the provision requires voter approval, would still have a mechanism for voter authorization.

In response, Mr. Keen commented that the latter plan seems to be a substantial change to get us to the same place we already are, wondering why go through the process to change the constitution to arrive at the same place. Regarding the former plan, to increase the \$750,000.00 debt limit, he said he likes that limitation, particularly as it has been amended, because that method acknowledges there is a wide range of public purposes for which it is appropriate to issue debt. He said Ohio has the ability under the existing framework to issue debt for things we need, and he likes the fact that we are limited. He noted the \$750,000.00 limit, in conjunction with other provisions in the constitution, also provides for a balanced operating budget and precludes the borrowing of money for the operation of state government. He observed that the lack of limitation in other governments, particularly the federal government, has created problems, and that a strict limit on debt is essential. He noted that the debt limitation "is the bedrock of what keeps our finances sound and strong in this state; we don't borrow for any reason for operating purposes. Some states do that, we don't and we shouldn't." He said for these reasons there is a very high bar to make changes in this space.

Chair Cole said one of the advantages that was discussed when that second approach was raised was that it would declutter the constitution; the structure that requires a supermajority in the legislature and voter approval becomes a real-time decluttering process, ensuring the next constitutional commission doesn't need to consider whether to have a new decluttering process. Mr. Keen said he is not particularly motivated by a need to remove the old provisions, so he hasn't contemplated this. But, he said, there may be other ways to do this. For example, could there be a "self-repealer" in place, like a sunset clause? He said it doesn't bother him to have

constitutional provisions referencing older issues; it provides a sense of what has gone before so we don't forget.

Committee member Kathleen Trafford asked Mr. Keen to provide some background on the "revenue stream bonds"—wondering if the number provided is the sum total of what Ohio has out there. She asked whether Mr. Keen has a sense of how big that pot is, noting that the revenue stream bonds are a commitment of revenue that is under the control of the state. Mr. Keen answered that revenue bonds mean that the taxes of the state are not pledged for that particular purpose. Noting that he didn't have that information at hand, he gave an example that, with regard to the turnpike, the revenues pledged are the tolls on the turnpike. He also noted that the Air Quality Development Authority issues bonds for pollution control projects at a private facility that wants to avail itself of tax benefits of that type of financing. He said the revenues are payments, with the state having a contractual arrangement associated with a particular project, on a project-by-project basis.

Regarding the Water Development Authority, he said that authority makes loans to political subdivisions of the state to improve water, sewage treatment or other facilities, and that local subdivision agrees to pay back the loan, with the stream of those loan repayments as well as assets on hand being used to pay back those bonds. He said these are loans the state makes to political subdivisions that are then paid back to the state, after which the state pays back the bond issuer. He said, in those cases, there is no recourse to the tax dollars of the state of Ohio.

Chair Cole asked whether these revenue stream bonds are different from the lease appropriation bonds that are paid with GRF resources. Mr. Keen said under Section 2i, essentially, the revenue stream bonds are not general obligation bonds and had no reference to state tax revenues per se. He said, for instance, in the case of bonds issued for developmental disability or mental health facilities the idea is that, practically, the state makes GRF appropriations to the agencies that benefit. He said these are called lease appropriation because the state pledges the bonds will be paid out of lease appropriations, but under another provision of the constitution they are only for two years at a time, so the bond issuers know it is subject to appropriation of these debt service payments. Mr. Keen said if the debt is not paid, there is recourse to other revenue streams that might be generated by those facilities. He then explained that conduit issuance bonds are those that are issued on behalf of another entity.

Ms. Trafford asked whether there is a source list of all revenue stream bonds. State Debt Manager Kurt Kauffman, who also was attending the meeting, answered that the Office of Budget and Management website has debt and debt service information for all of the state-backed debt, particularly data regarding both state debt and bond authority debt.

Chair Cole asked whether the revenue stream bond debt is part of the Article VIII, Section 17 debt. Mr. Keen answered that the five percent figure is exclusively tied to debt from the GRF. Also, the lease appropriation is included in the 5 percent limit.

Sen. Tavares asked about the current debt ceiling, to which Mr. Keen replied that the ceiling was 3.9 percent at end of the last fiscal year, with 3.2 percent being the last certification that the office made. He explained that every time there is a bond issuance, his office has to make a

certification pursuant to the constitution. He said the numerator is the debt service, the denominator is the GRF. The GRF grows over time; this last time it grew a little more than usual because of the Medicaid expansion, so the denominator grew.

Rep. Amstutz followed up on his earlier question by explaining that one goal of revising Article VIII would be to achieve efficiency. Mr. Keen answered that he has not contemplated the goal of making the article more efficient, but would be happy to consider it and engage in the discussion.

Chair Cole referenced Mr. Keen's comments regarding the sinking fund, asking whether he would give an example of his point about assigning the necessary, ongoing debt-reporting functions to the treasurer of state. Mr. Keen said that the sinking fund commission's duty is to meet two times a year and to issue an annual report on outstanding debt. He said this is the one remaining function of commissioners of the sinking fund that still occurs, and that the treasurer of state carries out this function. Mr. Keen said that function is important, and that his view is that the function should carry on, and should remain in the constitution. He said it might be possible to have the constitution reassign the function to the treasurer of state, who is doing it now, but that otherwise the provisions regarding the commissioner of the sinking fund should be retained.

There being no further questions for Mr. Keen, Chair Cole thanked him for his presentation.

### **Committee Discussion:**

Chair Cole then turned the committee's attention to a discussion regarding Article VIII. He said his plan for moving forward would be to present a memo he is finalizing that summarizes what the committee's course has been, with some updates. He said the current status of the possible courses of action focuses on four different approaches: 1.) do nothing; 2.) repeal obsolete provisions; 3.) revamp the \$750,000.00 limit; and, 4.) create a process where legislative and voter approval would still be necessary for new forms of debt issuance, but legislative and voter approval wouldn't be enshrined in the constitution to prevent future clutter. He said that approach would provide just the framework in the constitution, and the approval once obtained would not be part of the constitution. He said he would like to move into a phase where the committee provides a sense of how it wants to proceed. He said it makes sense to have a general agreement as to which approach makes the most sense, and then pursue the constitutional language associated with that. Chair Cole then invited comments from committee members.

Committee member Fred Mills commented that, based upon information provided by Deputy Treasurer Seth Metcalf at a previous meeting, there may be some outstanding and unreported bonds or coupons associated with some expired provisions. Chair Cole said the suggestion from everyone has been that some provision should be made in the constitution for the ongoing validity of issued, but not yet paid off, bonds.

Committee member Jo Ann Davidson said it would make sense to have some language prepared that could accomplish that. She further remarked that, as regards the sinking fund, it is a redundancy to have that provision there, as well as a provision requiring an ongoing reporting

duty. She said removing or revising those provisions appear to be the less complicated things to address. Chair Cole said that statement is both true and not true, explaining that if there are structural changes, there may be a purpose for a reinvigorated sinking fund, but if the goal is to return to the original plan with updated numbers, it may be important to retain the sinking fund. He said it depends on what the committee changes to and that it would be helpful to first have a sense of the general direction the committee wants to pursue first.

Ms. Davidson continued that she is “a minimalist” on this exercise, saying she thinks the committee is searching for an answer to a question that doesn’t exist. She said, “when you have something functioning extremely well for the state, anything that we do can have an unknown impact on that bond rating.” She said she would like to see the committee begin the drafting process and move on. Chair Cole said he agrees wholeheartedly, but feels that the approach of repealing obsolete provisions is good.

Chair Cole asked the committee if it had heard enough that additional summaries are not needed in order for the committee to vote. Rep. Amstutz said the four options described by Chair Cole aren’t mutually exclusive. He said the committee could easily get a consensus on getting two, and that he personally favors all three of the recommendations from the Office of Budget and Management, but that option precludes reinvigorating the sinking fund. Rep. Amstutz said he would like to pursue the four options that Chair Cole outlined, or some combination of these, and that his goal would be to keep all the concerns in place, including checks and balances. But, he added, the statement in the constitution could be a different mechanism.

Chair Cole asked if it would be worthwhile for the committee to vote, at least regarding the sinking fund question. Rep. Amstutz said if the committee takes Mr. Keen’s recommendation, it would be transferring the duties of the sinking fund to the treasurer.

Mr. Mills commented that he would like to see the memorandum being prepared by Chair Cole before taking further steps. Chair Cole agreed that he would be providing the memorandum soon after finalizing it.

Chair Cole asked the committee whether there is consensus regarding the sinking fund, and whether it may be worthwhile for staff to prepare constitutional language that would repeal those provisions and create a new section authorizing the treasurer to perform those functions. Mr. Mills noted that Mr. Keen had given the committee proposed language of this nature that he would ask staff to review that language.

Mr. Cole also asked about lease appropriation versus general appropriation bonds, asking whether there is a generalized sense of whether the committee would be comfortable with changing lease appropriation bonds into general appropriation bonds, as suggested by Mr. Keen. There being no objection, Chair Cole asked staff to work with language Mr. Keen provided with regard to the sinking fund and the reporting requirements for the treasurer, as well as Mr. Keen’s suggestions regarding changing lease appropriation bonds into general appropriation bonds. He requested that staff begin to work on proposed language that could be introduced at the committee’s next meeting. He added that the committee seemed to have a shared sense that it would be helpful to repeal unused sections, and that language would be needed on that. He said

it would be important to review Mr. Keen's proposed language, and that staff should highlight any legal concerns raised by the various possible courses of action for the next meeting.

**Public Comment:**

Chair Cole opened the floor to public comment, of which there was none.

**Adjournment:**

With no further business to come before the committee, the meeting was adjourned at 12:16 p.m.

**Approval:**

The minutes of the October 8, 2015 meeting of the Finance, Taxation, and Economic Development Committee were approved at the December 10, 2015 meeting of the committee.

---

Douglas R. Cole, Chair

---

Karla L. Bell, Vice-chair

Exhibit 2**§ 8.02t Issuance of general obligations for facilities for mental health and developmental disabilities, parks and recreation, and housing of branches and agencies of state government; provision for annual reporting of direct obligations by treasurer of state; repeal of obsolete sections for which issuance authority exhausted.**

(A)(1) The General Assembly may provide by law, subject to the limitations of and in accordance with this section, for the issuance of bonds and other obligations of the state for the purpose of paying costs for facilities for mental health and developmental disabilities, parks and recreation, and housing of branches and agencies of state government, and to refund obligations previously issued under the authority of the fifth paragraph of Section 2i of this Article VIII for those purposes (which Section 2i referred to "mental health and developmental disabilities" as "mental hygiene and retardation"). As used in this section, "costs" includes, without limitation, the costs of acquisition, construction, improvement, expansion, planning, and equipping.

(2) Each obligation issued under this division (A) shall mature no later than the thirty-first day of December of the twenty-fifth calendar year after its issuance except that obligations issued to refund other obligations shall mature not later than the thirty-first day of December of the twenty-fifth calendar year after the year in which the original obligation to pay was issued or entered into.

(3) Obligations issued under division (A) of this section are general obligations of the state. The full faith and credit, revenue, and taxing power of the state shall be pledged to the payment of debt service on those outstanding obligations as it becomes due, and bond retirement fund provisions shall be made for payment of that debt service. Provision shall be made by law for the sufficiency and appropriation, for purposes of paying debt service, of excises, taxes, and revenues so pledged or committed to debt service, and for covenants to continue the levy, collection, and application of sufficient excises, taxes, and revenues to the extent needed for that purpose. Notwithstanding Section 22 of Article II of the Ohio Constitution, no further act of appropriation shall be necessary for that purpose. Those obligations and the provisions for the payment of debt service on them are not subject to Sections 5, 6, and 11 of Article XII of the Ohio Constitution. Moneys referred to in Section 5a of Article XII of the Ohio Constitution may not be pledged or used for the payment of that debt service.

In the case of the issuance of any of those obligations as bond anticipation notes, provision shall be made by law or in the bond or note proceedings for the establishment and the maintenance, during the period the notes are outstanding, of special funds into which there shall be paid, from the sources authorized for payment of the bonds anticipated, the amount that would have been sufficient to pay the principal that would have been payable on those bonds during that period if bonds maturing serially in each year over the maximum period of maturity referred to in division (B) of this section had been issued without the prior issuance of the notes. Those special funds and investment income on them shall be used solely for the payment of principal of those notes or of the bonds anticipated.

(B) As used in this section, "debt service" means principal and interest and other accreted amounts payable on the obligations referred to.

Exhibit 2

(C) Obligations issued under, or pursuant to, this section, their transfer, and the principal interest, interest equivalent, and other income or accreted amounts on them, including any profit made on their sale, exchange, or other disposition, shall at all times be free from taxation within the state.

(D) This section shall be implemented in the manner and to the extent provided by the General Assembly by law, including provision for the procedure for incurring, refunding, retiring, and evidencing obligations referred to in this section. The total principal amount of obligations issued under division (A) shall be as determined by the General Assembly, subject to the limitation provided for in Section 17 of this article.

(E) The Treasurer of State shall annually make a full and detailed report to the Governor and the General Assembly of the authorized, issued, matured and outstanding direct obligations of the state as defined in division (E)(3) of that Section 17.

(F) The authorizations in this section are in addition to, cumulative with, and not a limitation upon, authorizations contained in other sections of this article; are in addition to, cumulative with and not a limitation upon the authority of the General Assembly under other provisions of this Constitution; and do not impair any law previously enacted by the General Assembly.

(G) Sections 2b, 2c, 2d, 2e, 2f , 2g, 2h, 2j, 2k, 7, 8, 9, 10, and 11 of this Article VIII are hereby repealed. All obligations issued or entered into and outstanding under any section of Article VIII repealed by this division after such obligation was incurred shall, nevertheless, remain in full force and effect and continue to be secured in accordance with their original terms.



## OHIO CONSTITUTIONAL MODERNIZATION COMMISSION

---

### MEMORANDUM

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

**FROM:** Steven H. Steinglass, Senior Policy Advisor  
Steven C. Hollon, Executive Director

**RE:** Next Steps Regarding Article VIII Issues

**DATE:** December 1, 2015

---

This memorandum follows up on our luncheon meeting on November 10, 2015, and identifies clusters of Article VIII issues that the Finance, Taxation, and Economic Development Committee may want to address during the next year.

It is our observation that these categories, as reviewed below, lend themselves to being included in a single report and recommendation for each grouping. We have formed up the issues into these smaller components so it will be easier to bring them forward in the right time sequence. To aid in determining the possible next steps, we also have listed possible actions required at the end of each category.

#### **1. Obsolete Provisions – Sections 2b, 2c, 2d, 2e, 2f, 2g, 2h, 2i, and 2j**

There are nine provisions that were identified as potentially obsolete by the Legislative Service Commission in its March 14, 2014 memorandum – Sections 2b, 2c, 2d, 2e, 2f, 2g, 2h, 2i, and 2j. Under these provisions, the state has no further issuance authority, and there are no bonds outstanding. To be sure, there are some unredeemed interest coupons and bonds, but as the Ohio Constitutional Revision Commission (the 1970s Commission) recommended in the 1970s, it is possible to include a savings provision or schedule that makes clear that the repeal of these provisions will not adversely affect persons having a financial interest in these coupons or bonds. In addition, any proposal to repeal these nine sections must recognize that some of them contain provisions that need to be preserved. Most importantly, Section 2i contains an authorization for revenue bonds. This was recognized and dealt with by the 1970s Commission. Thus, it will be essential to look carefully at all the arguably obsolete provisions to make sure there is no inadvertent repeal of language that should be retained.

In addition to the nine provisions identified above, the issuance authority for Section 2r (Persian Gulf, Afghanistan and Iraq Conflicts), which was adopted in 2009, ended on December 31, 2013, and was listed by Office of Budget and Management Director Tim Keen as inactive. A determination must be made as to what to do with this provision as well as with other provisions that are not identified above but have been succeeded. The latter category includes portions (but not necessarily all) of Sections 2k (local government public infrastructure bonds), 2m (local government public infrastructure bonds), and 2o (conservation and recreation). It should be noted that Director Keen's list of nine obsolete provisions included 2k but not 2i.

*Action Required: Prepare a report and recommendation focusing on the nine provisions that have been identified as being obsolete (Sections 2b, 2c, 2d, 2e, 2f, 2g, 2h, 2i, and 2j) and defer consideration of the other provisions identified above (Sections 2k, 2m, 2o, and 2r).*

## **2. Other General Obligation Authorizations – Sections 2k, 2l, 2m, 2n, 2o, 2p, 2q, 2r, 2s, and Sections 13, 14, 15, and 16**

As suggested in the preceding paragraph, it will be necessary to review carefully the other sections in Article VIII that deal with general obligation authorizations and whether they can be repealed as obsolete. These include Sections 2k, 2l, 2m, 2n, 2o, 2p, 2q, 2r, and 2s, and Sections 13, 14, 15, and 16.

Even for the active provisions, it is possible to consider the creation of a sunset provision under which these provisions would be automatically repealed on a date certain, assuming specific conditions are met.

*Action Required: Conduct further research to determine what such a provision or provisions would look like, and see if any state follows the same or a similar policy.*

## **3. \$750,000 Debt Limitation – Sections 1, 2, and 3**

Staff will not be ready to prepare a report and recommendation on Sections 1, 2 and 3 until the committee decides whether it wants to retain the current \$750,000 limitation on state debt set out in Section 1. As you know, Section 1 has that limit, Section 2 is an exception for invasions and other emergencies, and Section 3 supports the limitations of Sections 1 and 2.

The one presentation that challenged the \$750,000 limitation was by Seth Metcalf, deputy treasurer of state and general counsel, who argued that the limitation should be updated to reflect inflation since 1851. We are not sure Mr. Metcalf gave a precise figure, but, with the help of a compound interest calculator, we have determined a five percent inflation factor since 1851 would require an increase to \$2.3 billion. A four percent inflation factor would require an increase to \$466 million. Neither of these levels would account for current state debt, which, according to Mr. Metcalf, was \$10.93 billion as of June 30, 2014.

*Action Required: The committee needs to determine whether it wishes to retain, remove or update the debt limitation before a report and recommendation can be prepared on Sections 1, 2, and 3.*

#### **4. Sinking Fund – Possible Repeal of Sections 7, 8, 9, 10, and 11**

Mr. Metcalf identified Sections 7, 8, 9, 10 and 11 as viable candidates for removal, but cautioned the committee to take care to recognize the need to assure that there is an appropriate mechanism for the payment and oversight of debt administration. Director Keen also addressed this issue and also recognized that the sinking fund provisions are viable candidates for repeal, but he cautioned that any repeal should be accompanied by the adoption of provisions that assigns necessary, ongoing debt-reporting functions the Treasurer of State. In any case, there appears to be broad understanding that the functions of the Commissioners of the Sinking Fund have been moved to the Treasurer of State and that the current provisions could be repealed without doing any damage. Finally, it should also be noted that there are references to the (state) “commissioners of the sinking fund” in several places in the constitution (as contrasted to references to sinking funds on the local level). If a decision is made to repeal these provisions, it will be necessary to identify the other references and determine what to do with them.

*Action Required: The committee needs to determine if it wishes to recommend the repeal of the provisions on the Sinking Fund before a report and recommendation can be prepared on Sections 7, 8, 9, 10, and 11.*

#### **5. Conversion of Revenue Bonds to General Obligation Bonds – Section 2i**

Director Keen suggested that the revenue bonds authorized in Section 2i be converted from lease-appropriation bonds to general obligation bonds to permit the state to save between \$1.5 and \$4 million over the life of the debt by obtaining the lower interest on general obligation bonds, and he provided language to accomplish this. It will be necessary to review his proposed language carefully and to determine if there is other borrowing that could also be transferred to general obligation debt for the same reason.

*Action Required: Staff will prepare a research memorandum setting out the rationale and requirements to convert appropriation bonds into general obligation bonds so the committee can determine how it wishes to address this topic.*

#### **6. Future Issuance of General Obligation Bonds**

Staff is reviewing the patterns throughout the country for issuing general obligation bonds. Preliminarily, it appears that Ohio is one of a small minority of states that requires the adoption of constitutional amendments in order to issue general obligation bonds. The national trend in the 40 years since the 1970s Commission studied these issues has been to move away from mandatory constitutional amendments to issue general obligation bonds.

*Action Required: Staff will provide the committee with a research document that compares the different ways the states incur public debt in advance of its February 11, 2016, meeting.*

## **7. Use of State Credit – Sections 4, 5, and 6**

The requirements of Sections 4 and 5 (both of which relate to state government) have not been reviewed by the committee. Nor has the committee looked at Section 6 (which relates to local government) and to other non-Article VIII provisions, such as Article XII, Section 6, which prohibits the state from contracting debt for internal improvement.

*Action Required: The committee needs to provide staff with direction as to whether it wishes to receive presentations or a research memorandum on the issue of the use of state credit as set out in Sections 4, 5 and 6, or whether it wishes to issue a report and recommendation calling for the retention of the provisions as written.*

## **8. Economic Development – Section 13**

The Committee heard presentations during its first year on economic development, including economic development on the local level, but it has not had focused discussions on economic development or the relationship between Article VIII and economic development.

*Action Required: The committee must determine if it wishes to receive additional presentations on the issue of including language in the constitution on economic development and whether it wishes to issue a report and recommendation to include such language.*

## **9. Five Percent Limitation on Debt Service – Section 17**

This issue was addressed briefly in the presentations by Mr. Metcalf and Mr. Keen, but the committee has not had a full discussion of it. At an appropriate time, we can present the committee with a short research memorandum on this.

*Action Required: The committee needs to provide staff with direction as to whether it wishes to receive additional presentations or a research memorandum on the issue of the five percent limitation on direct obligations of the state as contained in Section 17 or if it wishes to issue a report and recommendation continuing the limitation as written.*

## **10. Revenue Anticipation Notes**

The committee received information on the issue of state authority to engage in short-term borrowing to address cash flow deficiencies during a fiscal year, something not permitted under current law. *See State ex rel. Ohio Funds Management Board v. Walker*, 55 Ohio St.3d 1, 561 N.E.2d 927 (1990). Apparently, the state has a way to work around this problem, but this may be a topic that merits discussion.

*Action Required: Staff will prepare a research memorandum on the issue of revenue anticipation notes as a way of framing discussion by the committee at a future meeting.*

### **Conclusion**

There are many topics that are forming up for the committee to provide guidance to staff for the preparation of reports and recommendations and the provision of additional research material and presentations on topics that require additional study.

Staff stands ready to assist the committee as it makes its way through these topics.

This page intentionally left blank.

## Finance, Taxation, and Economic Development Committee

### Planning Worksheet (Through November 2015 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

##### 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

##### 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

##### 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

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

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

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

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

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

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

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

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

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 and facilities for state-supported and state-assisted institutions of higher education (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. 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

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

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

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

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

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

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

**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)							
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)							
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)							
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

This page intentionally left blank.



## OHIO CONSTITUTIONAL MODERNIZATION COMMISSION

---

### **2016 Meeting Dates (Tentative)**

January 14

February 11

March 10

April 14

May 12

June 9

July 14

August 11

September 8

October 13

November 10

December 8