



Ohio Legislative Service Commission

Final Analysis

Jennifer A. Parker

Sub. H.B. 209

129th General Assembly
(As Passed by the General Assembly)

- Reps.** R. Adams, Coley, Blessing, Stebelton, Grossman, Bubp, Combs, Hottinger, Rosenberger, Murray, Pillich, Hackett, Kozlowski, Boose, Thompson, McKenney, Hall, Carey, Huffman, Wachtmann, Brenner, Derickson, Phillips, Stinziano, McGregor, J. Adams, Sears, Slesnick, Anielski, Barnes, Beck, Buchy, Budish, Carney, Celeste, Damschroder, Dovilla, Driehaus, Duffey, Fende, Foley, Garland, Gentile, Goyal, C. Hagan, Henne, Hollington, Johnson, Letson, Luckie, McClain, Mecklenborg, Milkovich, Newbold, O'Brien, Patmon, Peterson, Reece, Roegner, Ruhl, Slaby, Szollosi, Uecker, Weddington, Winburn, Young, Yuko, Batchelder
- Sens.** Hughes, Beagle, Bacon, Coley, Daniels, Eklund, Jordan, Niehaus, Obhof, Oelslager, Sawyer, Seitz, Skindell, Wagoner

Effective date: March 22, 2012

ACT SUMMARY

- Expands state and political subdivision investment authority by permitting the state and political subdivisions to authorize a public depository, upon the deposit of public money with the depository, to arrange for the redeposit of the money with other federally insured financial institutions.
- Requires that the full amount of the public money redeposited (plus any accrued interest) be insured by the Federal Deposit Insurance Corporation.
- Modifies the law governing investment of certain public money in certificates of deposit.
- Requires public depositories to provide certain information, including monthly account statements, to the state or a political subdivision about its public deposits.

CONTENT AND OPERATION

Investment authority of the state and political subdivisions

Redeposit authority

The act expands the investment authority that the state and political subdivisions may exercise regarding public money. The act allows them to authorize a public depository, on or after receiving a deposit of public money, to redeposit it into deposit accounts in one or more federally insured banks, savings banks, or savings and loan associations located in the United States and act as custodian of the money.¹

Qualifying deposits

This authority applies with respect to (1) the deposit of interim money, and the award of the active and inactive deposits, of the state or a political subdivision (other than a county) and (2) the deposit of active and inactive money of a county.²

Deposit insurance; pledging

If the amount of public money deposited with and held at the close of business by the public depository exceeds the amount insured by the Federal Deposit Insurance Corporation (FDIC) – which amount, currently, is \$250,000 – the excess amount is subject to the pledging requirements of ongoing law governing public deposits.³ Generally, under those requirements, a public depository must pledge eligible securities of a specified market value to ensure repayment of the amount of deposited money that exceeds the insured amount.⁴

The act requires, with regard to any *redeposited* money, that the full amount, plus any accrued interest, be insured by the FDIC.⁵ Consequently, money redeposited into any one financial institution cannot (currently) exceed \$250,000 and is not subject to pledging requirements.

¹ R.C. 135.145(A)(1) and 135.354(A)(1).

² R.C. 135.145(A) and 135.354(A).

³ R.C. 135.145(A)(2) and 135.354(A)(2).

⁴ R.C. 135.18, 135.181 (not in the act), and 135.37.

⁵ R.C. 135.145(A)(3) and (B), 135.18(A), 135.354(A)(3) and (B), and 135.37(A).

Swapping

The act provides that on the same date the public money is redeposited by the public depository, the depository may, in its sole discretion, choose to receive deposits in any amount from other banks, savings banks, and savings and loan associations.⁶

Account statement/reporting

The act requires the public depository to provide the state or political subdivision a monthly account statement and access to daily reporting that include the amount of the redeposited money held at each bank, savings bank, or savings and loan association for which the public depository acts as custodian.⁷

Certificate of deposit authority

The act permits the state to invest interim money in certificates of deposit in the same manner that political subdivisions may make such an investment.⁸ The act also modifies that authority by altering the ongoing swapping provisions, adding a requirement for account statements, changing the maturity date of certain certificates, and expanding the financial institutions from which certificates of deposit may be issued.

Swapping

The act provides that, on the same date the public moneys are redeposited by the public depository, the depository may, in its sole discretion, choose whether to receive deposits, in any amount, from other banks, savings banks, or savings and loan associations. This language replaces the prior law provision that required the swapping of an equal or greater amount from other federally insured financial institutions.⁹

Account statement

The act requires the public depository to provide the state or political subdivision a monthly account statement that includes the amount of the state's or subdivision's funds deposited and held at each bank, savings bank, and savings and loan association for which the depository acts as a custodian.¹⁰

⁶ R.C. 135.145(A)(4) and 135.354(A)(4).

⁷ R.C. 135.145(A)(5) and 135.354(A)(5).

⁸ R.C. 135.144(A).

⁹ R.C. 135.144(A)(4) and 135.353(A)(3)(d).

¹⁰ R.C. 135.144(A)(5) and 135.353(A)(3)(e).

Certificates of deposit for interim deposits

The act eliminates the one-year maturity limitation on certificates of deposits of interim deposits under prior law.¹¹

Inclusion of savings banks

With respect to the investment of interim money of the state or a political subdivision (other than a county), and inactive money of a county, in certificates of deposits, the act includes federally insured savings banks as eligible issuers of such instruments.¹²

HISTORY

ACTION	DATE
Introduced	04-26-11
Reported, H. Financial Institutions, Housing & Urban Development	05-24-11
Passed House (95-0)	06-14-11
Reported, S. Financial Institutions	11-21-11
Passed Senate (31-0)	11-30-11
House concurred in Senate amendments (92-0)	12-06-11

11-hb209-129.docx/ks

¹¹ R.C. 135.13.

¹² R.C. 135.144 and 135.353.

