



# Ohio Legislative Service Commission

## Bill Analysis

Amber Hardesty

### Sub. H.B. 292

130th General Assembly

(As Reported by S. State Government Oversight and Reform)

**Reps.** Perales, Grossman, Rosenberger, Fedor, Landis, Baker, Rogers, Sheehy, Blair, Stebelton, Foley, Butler, Barnes, Burkley, Driehaus, C. Hagan, Henne, Williams, R. Adams, Amstutz, Anielski, Antonio, Beck, Bishoff, Blessing, Boose, Boyce, Brown, Buchy, Carney, Celebrezze, Clyde, Conditt, Derickson, DeVitis, Dovilla, Duffey, Gerberry, Gonzales, Green, Hackett, Hayes, Huffman, Kunze, Letson, Lundy, McClain, McGregor, Milkovich, O'Brien, Patterson, Pelanda, Pillich, Ramos, Retherford, Roegner, Romanchuk, Ruhl, Scherer, Schuring, Slesnick, Strahorn, Terhar, Thompson, Winburn, Young, Batchelder

**Sens.** Bacon, LaRose, Uecker, Smith, Brown

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## BILL SUMMARY

### Federal-Military Jobs Program

- Creates the Federal-Military Jobs Program and specifies that it must enhance, foster, and aid job creation and job preservation in connection with "eligible federal-military projects."
- Declares that it is the public policy of Ohio to assist in and facilitate the establishment or development of eligible federal-military projects and to assist and cooperate with any government agency in achieving that purpose.
- Creates the nine-member Federal-Military Jobs Commission (FMJC) to develop and maintain an ongoing strategy for retention and growth of federal-military jobs and associated private sector jobs in Ohio.
- Specifies that the FMJC is responsible for the "furtherance and implementation" of federal-military installation jobs and investment programs and for implementing the Federal-Military Jobs Program.
- Requires the FMJC to establish criteria for evaluating proposals by January 31, 2015, and allows the FMJC to designate regional economic development entities for technical or administrative assistance with the application process.

- Requires the FMJC to develop and implement plans for encouraging local support for the Federal-Military Jobs Program and for each eligible federal-military project that receives financial assistance from the FMJC.
- Permits the FMJC to adopt internal rules and policies to implement the Federal-Military Jobs Program and do FMJC work and to perform all other acts and enter into contracts and execute all instruments as necessary or appropriate.
- Allows any government agency to enter into an agreement with the FMJC, any other government agency, or a person, to take or provide for any governmental action it is authorized to take or provide under the bill.
- Prohibits the FMJC from incurring debt for the state or any political subdivision.
- Requires the FMJC to submit an annual report that outlines the activities for the preceding year and includes a listing of recipients of financial assistance, if any.
- Requires the Treasurer of State to provide administrative assistance to the FMJC.
- Creates the Federal-Military Jobs Fund, which must consist of moneys appropriated to it by the General Assembly, repayments of principal and interest on financial assistance made from the Fund, and any grants or donations received from nonpublic entities.

### **Ohio Aerospace and Aviation Technology Committee**

- Creates a permanent Ohio Aerospace and Aviation Technology Committee to advise the Federal-Military Jobs Commission, to study and develop strategies to promote, to encourage communication and resource sharing, and to foster research and development in the aerospace and technology industry.
- Requires that the Committee be composed of 21 members: three from the Senate, three from the House of Representatives, one appointed by the Governor, and 14 appointed by the Committee's legislative members to represent the aviation, aerospace, or technology industry, the military, or academia.
- Requires the Ohio Aerospace and Aviation Council to serve as an advisory council to the Committee.
- Requires the Committee to compile an annual report of its activities, findings, and recommendations, and furnish that report to the Governor, the President of the Senate, and the Speaker of the House of Representatives.



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## CONTENT AND OPERATION

### Federal-Military Jobs Program

The bill creates the Federal-Military Jobs Program and specifies that it must enhance, foster, and aid job creation and job preservation in connection with "eligible federal-military projects." Under the bill, "eligible federal-military projects" are projects and their associated public and private sector investment, the operation of which, alone, or in conjunction with other investments, will create new jobs or preserve existing jobs and employment opportunities and improve the economic welfare of the people of Ohio.<sup>1</sup>

#### State policy

The bill states that the General Assembly finds that the federal-military installations within the state (their presence and stability) create new jobs or preserve existing jobs and employment opportunities and improve the economic welfare of Ohioans. It also states that the installations materially contribute to regional economic stability.

The bill declares that, given the General Assembly findings, it is the public policy of the state to assist in and facilitate the establishment or development of eligible federal-military projects and to assist and cooperate with any government agency in achieving this purpose. "Government agency" means: the state and any state department, division, commission, institution, or authority; a state-wide elected official; a municipal corporation, county, or township of the state, or any agency thereof; any other political subdivision or public corporation or the United States or any agency thereof; any agency, commission, or authority established pursuant to an interstate compact or agreement; or any combination of the preceding.<sup>2</sup>

#### Federal-Military Jobs Commission

The bill creates the Federal-Military Jobs Commission (FMJC) to develop and maintain an ongoing strategy for retention and growth of federal-military jobs and associated private sector jobs in Ohio.

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<sup>1</sup> R.C. 193.03.

<sup>2</sup> R.C. 193.01 and 193.02.



## FMJC duties

The bill specifies that the FMJC is responsible for the "furtherance and implementation" of federal-military installation jobs and investment programs and for implementing the Federal-Military Jobs Program.<sup>3</sup> Duties of the FMJC include establishing criteria for and making financial assistance available to eligible federal-military projects.<sup>4</sup> Criteria for evaluating proposals must be established by January 31, 2015, and may include criteria such as the total number of jobs created or preserved, the expected impact on employment in the surrounding region, the expressed support from the applicable federal agency with respect to the eligible federal-military project, the expected return on investment for the project, the number of participating entities in the proposal, the probability of the proposal's success, the percentage of local matching funds available for the project, the ability to replicate the proposal in other political subdivisions, whether the proposal is part of a larger consolidation effort, a recommendation for JobsOhio on return investment for Ohio, and, if applicable, the federal or military value of the proposal, whether the proposal provides the ability to accommodate contingency, mobilization, surge, and future total force increases, and the operational value of the project for military purposes.

Applications describing proposals for financial assistance under the Federal-Military Jobs Program must be submitted to the FMJC. The FMJC may designate regional economic development entities for technical or administrative assistance with the application process. The FMJC must award financial assistance under the Federal-Military Jobs Program in accordance with criteria it develops.<sup>5</sup>

The bill also specifies that the FMJC must develop and implement plans for encouraging local support for the Federal-Military Jobs Program and for each eligible federal-military project that receives financial assistance from the FMJC.<sup>6</sup>

The FMJC may adopt internal rules and policies to implement the Federal-Military Jobs Program and to do FMJC work. In addition, the FMJC may perform all other acts and enter into contracts and execute all instruments as necessary or appropriate, including the following:

- After consultation with appropriate government agencies, make agreements for governmental actions, as authorized by the bill and other

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<sup>3</sup> R.C. 193.05.

<sup>4</sup> R.C. 193.04.

<sup>5</sup> R.C. 193.09.

<sup>6</sup> R.C. 193.11.



applicable laws, which actions are subject to any required action by the General Assembly or Controlling Board and subject to local regulation. "Governmental action" means any action by a government agency relating to the establishment, development, or operation of an eligible federal-military project and project facilities that the government agency has authority to take or provide for the purpose under law;

- Receive and accept grants, gifts, and contributions of money, property, labor, and other things of value, to be held, used, and applied for only the purpose for which the grants, gifts, and contributions are made, which, if applicable, must be deposited into the Federal-Military Jobs Fund;
- Provide financial assistance with moneys from the Fund in accordance with FMJC rules;
- Enter into appropriate arrangements with any government agency, under which the government agency may take or provide for any governmental action.

Any government agency may enter into an agreement with the FMJC, any other government agency, or a person to be assisted under the bill, to take or provide for any governmental action it is authorized to take or provide under the bill. Any government agency may undertake, on behalf of and at the request of the FMJC, any action which the FMJC is authorized to undertake as described above. Ohio government agencies must cooperate with and provide assistance to the FMJC and the Controlling Board in the exercise of their respective functions under the bill.

The FMJC must adopt rules specifying the types of financial assistance that may be offered.<sup>7</sup>

### **Prohibitions**

Under the bill, the FMJC is not authorized to incur debt for the state or any political subdivision. The FMJC may not obligate or pledge moneys raised by taxation to pay any guarantees made under the bill.<sup>8</sup>

### **Report**

The bill requires the FMJC to submit a report, by January 31 each year, to the Governor, the President of the Senate, the Speaker of the House of Representatives, and

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<sup>7</sup> R.C. 193.01 and 193.05(A) and (C).

<sup>8</sup> R.C. 193.05(B).



to each Minority Leader of the Senate and House of Representatives. The report must outline the FMJC's activities for the preceding year and include a listing of recipients of financial assistance, if any. The listing also must include the amount of financial assistance provided and any other information about the Federal-Military Jobs Program that the FMJC determines is necessary to include.<sup>9</sup>

### **FMJC membership and organization**

The FMJC consists of nine members, who must be appointed by September 1, 2014. Three members are appointed by the President of the Senate, and three members are appointed by the Speaker of the House of Representatives. Of those members, one must be recommended by the Minority Leader of the Senate and one recommended by the Minority Leader of the House of Representatives. Three members are appointed by the Governor. The Governor's appointees serve staggered terms of three years (initial appointees serve a one, two, or three-year term) and members appointed by the President and Speaker serve three-year terms. Members appointed by the Governor must be confirmed by the Senate.

Members serve at the pleasure of their appointing authority and may be removed for just cause. They serve without compensation but are reimbursed for actual and necessary expenses incurred in the performance of FMJC duties.

The bill specifies that members may be reappointed to the FMJC and vacancies must be filled in the same manner as the original appointments.

The first person appointed by the Senate President must schedule the first meeting. At the first meeting, the FMJC must select a chairperson from among its members. After the first meeting, the FMJC must meet at least quarterly at the call of the chairperson or upon the request of a majority of the members. A majority of the members constitutes a quorum, and no action can be taken without the concurrence of a majority of the members.

The bill requires FMJC members to file financial disclosure statements described in the Ethics Law. The bill specifies that the Attorney General is to serve as the legal representative for the FMJC and may appoint special counsel as necessary for that purpose in accordance with the Attorney General Law.

### **Administrative duties of the Treasurer of State**

The bill requires the Treasurer of State to provide administrative assistance to the FMJC, including office space and facilities. The FMJC must administer any money

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<sup>9</sup> R.C. 193.13.



appropriated to it by the General Assembly, and the Treasurer of State can pay expenses related to the FMJC, which must be reimbursed from the Federal-Military Jobs Fund.

The bill permits the Treasurer of State to adopt rules under the Administrative Procedure Act to implement the bill, which rules must be consistent with rules adopted by the Commission specifying the types of financial assistance that may be offered under the bill.<sup>10</sup>

### **Federal-Military Jobs Fund**

The bill creates in the state treasury the Federal-Military Jobs Fund, which must consist of moneys appropriated to it by the General Assembly, repayments of principal and interest on financial assistance made from the Fund, and any grants or donations received from nonpublic entities. Interest earned on the money in the Fund must be credited to the Fund.

Funds for financial assistance authorized by, or powers exercised by, the FMJC, including incidental administrative costs and expenses, must be made from the Fund. Except as otherwise prescribed in the bill, all expenses incurred by the FMJC in carrying out its powers and in exercising its duties are payable solely from, as appropriate, moneys in the Federal-Military Jobs Fund.<sup>11</sup>

## **Ohio Aerospace and Aviation Technology Committee**

### **Overview**

The bill creates the Ohio Aerospace and Aviation Technology Committee to do the following: (1) advise the Federal-Military Jobs Commission on matters related to a statewide strategy to maintain and grow jobs in the areas of aviation, aerospace, and technology, (2) study and develop comprehensive strategies to promote the aviation, aerospace, and technology industry throughout Ohio, including through the commercialization of aviation, aerospace, and technology products and ideas, (3) encourage communication and resource-sharing among individuals and organizations involved in the aviation, aerospace, and technology industry, including business, the military, and academia, (4) promote research and development in the aviation, aerospace, and technology industry, including research and development of unmanned aerial vehicles, and (5) provide assistance related to military base realignment and closure. The Committee is charged with compiling an annual report of its activities,

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<sup>10</sup> R.C. 193.04.

<sup>11</sup> R.C. 193.05 and 193.07.



findings, and recommendations, and furnishing the report to the Governor, the President of the Senate, and the Speaker of the House of Representatives by July 1 of each year.<sup>12</sup>

### **Committee membership**

The Committee is composed of 21 members: three from the Senate; three from the House of Representatives; and 15 general members representing the aviation, aerospace, and technology industry, the military, or academia. The bill requires the President of the Senate and the Speaker of the House of Representatives to appoint the initial Senate and House members of the Committee by September 1, 2014. In subsequent General Assemblies, the legislative members of the Committee are appointed by the President and the Speaker within ten days after the convening of the first regular session. No more than two of the House members and two of the Senate members may be members of the same political party.

One of the 15 general members is appointed by the Governor. Generally, the bill requires the Governor to appoint this member to the Committee within ten days after the legislative members are appointed by the President and Speaker.

The 14 remaining general members of the Committee are appointed by the legislative members of the Committee. The initial appointments are required to be made within ten days after the initial appointment of the legislative members of the Committee. Thereafter, the appointment of these 14 general members is required within ten days after the legislative members of the Committee are appointed at the beginning of each General Assembly.

The term of the Committee members begins on the date of appointment and ends on December 31 of the following year. The initial term of all members ends on December 31, 2016. The bill requires that vacancies on the Committee be filled in the same manner as the original appointment.<sup>13</sup>

### **Committee leadership**

The bill requires the first legislator appointed to the Committee by the Speaker of the House of Representatives after the bill's effective date to serve as the first chairperson of

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<sup>12</sup> R.C. 193.15(B) and (D).

<sup>13</sup> R.C. 193.15(A) and Section 2. It appears that the bill contains an inconsistency for the appointment of members to the Committee. The bill both requires the initial legislative members to be appointed by September 1, 2014, and on or before 30 days after the bill's effective date. Also, the bill both requires the other members to be appointed within ten days after the legislative appointments and on or before 30 days after the legislative appointments.

the Committee and to serve until December 31, 2016. Every subsequent General Assembly, the chairperson must alternate between the first legislator appointed by the Senate President and the first legislator appointed by the Speaker of the House of Representatives.<sup>14</sup>

### **Advisory council**

The bill requires the Ohio Aerospace and Aviation Council to serve as an advisory council to the Committee. The Council is an industry driven organization designed to attract and retain key growth oriented companies and to work collaboratively as leaders from all regions to strengthen and grow Ohio's aerospace and aviation industry. The Council is comprised of leaders from Ohio's aerospace, aviation, defense, space, university, and support organizations.<sup>15</sup>

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## **HISTORY**

<b>ACTION</b>	<b>DATE</b>
Introduced	10-10-13
Reported, H. Economic Development & Regulatory Reform	11-19-13
Passed House (90-0)	12-11-13
Reported, S. State Gov't Oversight & Reform	05-22-14

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<sup>14</sup> R.C. 193.15(A).

<sup>15</sup> <http://ohioaerospacestrategy.org/overview/>.

