Fiscal Note & Local Impact Statement

123 rd General Assembly of Ohio

BILL:	**Sub. H.B. 452**	DATE:	**November 10, 1999**
STATUS:	**As Reported by Senate Ways and Means**	SPONSOR:	**Rep. Goodman**

LOCAL IMPACT STATEMENT REQUIRED: **No — No local cost**

CONTENTS: **Requires Public Utilities Commission to issue a report on whether the acceptance of a tender offer for the stock of a natural gas company will promote the public convenience**

State Fiscal Highlights

STATE FUND	FY 2000	FY 2001	FUTURE YEARS
Utility and Railroad Regulation Fund			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Minimal increase	- 0 -	- 0 -

Note: The state fiscal year is July 1 through June 30. For example, FY 2000 is July 1, 1999 – June 30, 2000.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

The bill concerns any person making a "control bid" for the equity securities of an Ohio natural gas utility, if this acquisition does not have the approval of the natural gas company's board of directors. (A control bid involves the purchase of or offer to purchase securities from an Ohio resident, the result of which would be that the offeror would directly or indirectly own more than 10% of the issued and outstanding shares of the subject company. Such an offer would be considered "hostile.") The bill would require any such offeror to file the offer with the Public Utilities Commission of Ohio (PUCO) at the time that the control bid is initiated (or within 5 days of the effective date of the bill in the case of pending offers). The PUCO would then be required to hold a hearing and to issue a public finding or report on whether the "acceptance" of the bid would promote the public convenience and result in the provision of adequate utility service at a reasonable rate. The report must be filed in 20 days.

The focus of the bill is very narrow: it concerns only hostile offers with respect to natural gas companies. The PUCO already has the authority to approve or disapprove the acquisition of control of domestic telephone companies, domestic electric companies, or their respective holding companies. Consequently, the bill would not appreciably affect the costs of the PUCO. The issuance of such a report or finding is similar to activities already undertaken by the Commission and could easily be undertaken in the normal course of the Commission's activitites. Moreover, so-called hostile offers are not common in the public utility arena, so it is not anticipated that the bill would greatly increase the number of findings the PUCO would be required to issue.

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