

Fiscal Note & Local Impact Statement

127th General Assembly of Ohio

Ohio Legislative Service Commission
77 South High Street, 9th Floor, Columbus, OH 43215-6136 ♦ Phone: (614) 466-3615
♦ Internet Web Site: <http://www.lsc.state.oh.us/>

BILL: **H.J.R. 5** DATE: **May 28, 2008**
STATUS: **As Adopted – Effective May 28, 2008** SPONSOR: **Rep. Sears**
LOCAL IMPACT STATEMENT REQUIRED: **No — Not required for joint resolutions**
CONTENTS: **To seek voter approval of issuing general and other obligations to pay the costs for certain environmental conservation and revitalization purposes**

State Fiscal Highlights

- The resolution proposes to submit for the state voters' approval at the November 4, 2008 general election a constitutional amendment authorizing the state to issue up to \$400 million in general and other obligations for conservation and revitalization purposes.
- Issuing \$400 million of general and other obligations could increase the state's annual debt service expenses by approximately \$10 million to \$40 million. Actual amounts may be higher or lower depending on interest rates and the amounts and timing of bond issuances.
- The Secretary of State would incur approximately \$300,000 in GRF expenditures in FY 2009 for including the issue in the statewide general election and for statewide advertising campaign costs to inform Ohioans on the ballot issue. The actual costs could be higher or lower depending on the number of words that need to be included in the ballot issue.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.



Detailed Fiscal Analysis

Content of H.J.R. 5

The resolution proposes to include a constitutional amendment on the ballot of the statewide general election on November 4, 2008. If approved and ratified, the resolution would allow the General Assembly to enact a law providing for the issuance of up to \$200 million in general obligation (GO) bonds for conservation purposes and up to \$200 million in non-GO bonds for revitalization purposes. Conservation purposes include the conservation and preservation of natural areas, open spaces, farmlands, and other lands devoted to agriculture. Revitalization purposes include providing for and enabling the environmentally safe and productive development and use or reuse of public and privately owned lands. Under the proposed constitutional amendment, not more than \$50 million of conservation bonds may be issued within a single fiscal year and not more than \$200 million of conservation bonds may be outstanding at any time. Similar limits also apply to the bonds issued for revitalization purposes.

In November 2000, Ohio voters approved a similar constitutional amendment authorizing the state to issue up to \$200 million in GO bonds for conservation purposes and up to \$200 million in non-GO bonds for revitalization purposes. As of May 1, 2008, approximately \$166.4 million of conservation bonds and \$132.1 million of revitalization bonds were outstanding.

Debt service payments

The cost of bond issuance would depend primarily on the interest rates that would be paid on the bonds and the number of years over which they would be paid off. Debt service payments would be spread over the entire lifetime of the bonds. However, the payments would be added to the state's existing debt service schedule and may limit the availability of state revenue for other state programs.

The table below shows the estimated debt service payments for the new conservation and revitalization bonds. The estimates assume that for four years starting in FY 2009 the state issues \$50 million of GO obligations for conservation purposes and \$50 million of non-GO obligations for revitalization purposes, with 15-year maturities at a 5.5% interest rate. As can be seen from the table, once the state fully issues the \$400 million in obligations, it may incur approximately \$40 million in annual debt service costs for these obligations.

Estimated Debt Service (in millions of dollars)			
Fiscal Year	Conservation	Revitalization	Total
2010	\$5.0	\$5.0	\$10.0
2011	\$10.0	\$10.0	\$19.9
2012	\$14.9	\$14.9	\$29.9
2013	\$19.9	\$19.9	\$39.9
2014	\$19.9	\$19.9	\$39.9
2015	\$19.9	\$19.9	\$39.9
2016	\$19.9	\$19.9	\$39.9
2017	\$19.9	\$19.9	\$39.9
2018	\$19.9	\$19.9	\$39.9
2019	\$19.9	\$19.9	\$39.9
2020	\$19.9	\$19.9	\$39.9
2021	\$19.9	\$19.9	\$39.9
2022	\$19.9	\$19.9	\$39.9
2023	\$19.9	\$19.9	\$39.9
2024	\$19.9	\$19.9	\$39.9
2025	\$14.9	\$14.9	\$29.9
2026	\$10.0	\$10.0	\$19.9
2027	\$5.0	\$5.0	\$10.0
TOTAL	\$298.9	\$298.9	\$597.8

The Office of the Secretary of State

The Office of the Secretary of State would incur approximately \$300,000 in GRF expenditures in FY 2009 for including the issue in the statewide general election and for statewide advertising campaign costs to inform Ohioans on the ballot issue. The actual costs could be higher or lower depending on the number of words that need to be included in the ballot issue.

LSC fiscal staff: Ruhaiza Ridzwan, Economist

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