



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** Sub. H.B. 1 of the 129th G.A. **Date:** January 27, 2011  
**Status:** As Re-referred to House Finance & Appropriations **Sponsor:** Rep. Duffey

**Local Impact Statement Procedure Required:** No

**Contents:** Creates the JobsOhio nonprofit economic development corporation

### State Fiscal Highlights

- The bill requires the Director of Development and Director of Budget and Management to reallocate \$1 million in FY 2011 GRF appropriations to the Department of Development (ODOD) to a new line item, 195527, JobsOhio, for the initial transition and start-up costs of the nonprofit JobsOhio corporation. This provision would have no net fiscal effect on ODOD's GRF budget.
- The bill requires ODOD to enter into a contract with the newly created JobsOhio corporation to assist in the performance of certain powers, functions, and duties, to be determined after a six-month evaluation of ODOD operations. Any additional costs for the transition of ODOD programs to JobsOhio would depend on the outcome of this evaluation.

### Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

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## Detailed Fiscal Analysis

### Overview of JobsOhio

The bill authorizes the Governor to create a nonprofit corporation to be named JobsOhio for the purpose of promoting economic development, job creation, job retention, job training, and the recruitment of business to the state. Under the bill, JobsOhio would be governed by a nine-member board of directors, consisting of the Governor as chairperson and eight other members appointed by the Governor. The bill also sets out requirements for articles of incorporation, including the appointment of a Chief Investment Officer, who would be appointed by the Governor and oversee the day-to-day operations of the corporation. For a more detailed breakdown of the specific statutory requirements related to the board of directors and articles of incorporation, please see the LSC Bill Analysis.

In authorizing the Governor to create this nonprofit corporation, the bill specifies that JobsOhio is not a state agency and its employees are not to be considered state or public employees for the purposes of public retirement systems or collective bargaining agreements. However, JobsOhio is included in the definition of "state employee" for the purposes of the Inspector General's jurisdiction. The bill also establishes the relationship of JobsOhio to the state with respect to such legal issues as public records, open meetings, state procurement, and other issues of state government. The LSC Bill Analysis describes these aspects in further detail.

As described further below, to provide funding for transition and start-up costs, the bill requires the Director of Development to reallocate \$1 million from existing GRF resources for this purpose. Overall, the fiscal effect of transitioning economic development functions from the Ohio Department of Development (ODOD) to JobsOhio would depend on the outcome of the evaluation of the Department required by the bill.

### Department of Development contract with JobsOhio

The bill requires ODOD to enter into a contract with JobsOhio to assist with certain functions currently performed by ODOD. In doing so, the bill requires the Director of Development to evaluate all of ODOD's current powers, duties, and functions within six months of the bill's effective date. Upon completion of this evaluation, the Director is required to submit a report to the General Assembly containing recommendations on statutory changes necessary to improve ODOD's functionality and efficiency and transfer certain functions to JobsOhio or other state agencies, or to eliminate them altogether. In addition, the bill requires the Director to engage in ongoing evaluations of ODOD's functions and continue to recommend potential changes to the General Assembly.

There is likely to be some additional administrative cost to ODOD to carry out this evaluation, which could potentially be covered by the appropriation discussed below. Any additional costs for the transition or elimination of ODOD programs or employees would depend on the outcome of the Director's evaluation and the statutory changes ultimately enacted by the General Assembly.

The bill also requires that ODOD's contract with JobsOhio include a provision requiring certain records to be held by ODOD as public records. These include JobsOhio's tax returns, expenditure reports, employee compensation records, audit reports, and records of executed economic development incentives. This provision would likely require some ongoing administrative cost to ODOD; however, such costs would likely be minimal because ODOD generally already keeps such records for its own programs.

### **Initial appropriation**

In order to provide an initial source of funding for the transition and start-up costs of JobsOhio, the bill requires the Director of Development, in consultation with the Director of Budget and Management, to reallocate up to \$1 million from ODOD's current FY 2011 GRF appropriation to a new appropriation line item, 195527, JobsOhio. This provision requires the directors to identify existing GRF line items with sufficient unexpended and unencumbered appropriations and reduce the appropriations to those line items by a collective amount of up to \$1 million. This amount would then be appropriated to the new line item, which would be used to fund the initial creation and operation of JobsOhio.