



## Ohio Revised Code

### Section 3317.18 Withholding payments in order to pay debt charges on securities.

Effective: October 3, 2023

Legislation: House Bill 33

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(A) As used in this section, the terms "Chapter 133. securities," "credit enhancement facilities," "debt charges," "general obligation," "legislation," "public obligations," and "securities" have the same meanings as in section 133.01 of the Revised Code.

(B) The board of education of any school district authorizing the issuance of securities under section 133.10 or 3313.372 of the Revised Code or general obligation Chapter 133. securities may adopt legislation requesting the department of education and workforce to approve, and enter into an agreement with the school district and the primary paying agent or fiscal agent for such securities providing for, the withholding and deposit of funds, otherwise due the district under Chapter 3317. of the Revised Code, for the payment of debt service charges on such securities.

The board of education shall deliver to the state department a copy of such resolution and any additional pertinent information the department may require.

The department and the office of budget and management shall evaluate each request received from a school district under this section and the department, with the advice and consent of the director of budget and management, shall approve or deny each request based on all of the following:

(1) Whether approval of the request will enhance the marketability of the securities for which the request is made;

(2) Any other pertinent factors or limitations established in rules made under division (I) of this section, including:

(a) Current and projected obligations of funds due to the requesting school district under Chapter 3317. of the Revised Code including obligations of those funds to public obligations or relevant credit enhancement facilities under this section, Chapter 133. and section 3313.483 of the Revised



Code, and under any other similar provisions of law;

(b) Whether the department of education and workforce or the office of budget and management has any reason to believe the requesting school district will be unable to pay when due the debt charges on the securities for which the request is made.

The department may require a school district to establish schedules for the payment of all debt charges that take into account the amount and timing of anticipated distributions of funds to the district under Chapter 3317. of the Revised Code.

(C) If the department approves the request of a school district to withhold and deposit funds pursuant to this section, the department shall enter into a written agreement with the district and the primary paying agent or fiscal agent for the securities which shall provide for the withholding of funds pursuant to this section for the payment of debt charges on those securities, and may include both of the following:

(1) Provisions for certification by the district to the department, at a time prior to any date for the payment of applicable debt charges, whether the district is able to pay those debt charges when due;

(2) Requirements that the district deposit amounts for the payment of debt charges on the securities with the primary paying agent or fiscal agent for the securities prior to the date on which those debt charge payments are due to the owners or holders of the securities.

(D) Whenever a district notifies the department that it will be unable to pay debt charges when they are due, subject to the withholding provisions of this section, or whenever the applicable paying agent or fiscal agent notifies the department that it has not timely received from a school district the full amount needed for the payment when due of those debt charges to the holders or owners of such securities, the department shall immediately contact the school district and the paying agent or fiscal agent to confirm or determine whether the district is unable to make the required payment by the date on which it is due.

Upon demand of the treasurer of state while holding a school district obligation purchased under division (G)(1) of section 135.143 of the Revised Code, the department, without a request of the



school district, shall withhold and deposit funds pursuant to this section for payment of debt service charges on that obligation.

If the department confirms or determines that the district will be unable to make such payment and payment will not be made pursuant to a credit enhancement facility, the department shall promptly pay to the applicable primary paying agent or fiscal agent the lesser of the amount due for debt charges or the amount due the district for the remainder of the fiscal year under Chapter 3317. of the Revised Code. If this amount is insufficient to pay the total amount then due the agent for the payment of debt charges, the department shall pay to the agent each fiscal year thereafter, and until the full amount due the agent for unpaid debt charges is paid in full, the lesser of the remaining amount due the agent for debt charges or the amount due the district for the fiscal year under Chapter 3317. of the Revised Code.

(E) The department may make any payments under this division by direct deposit of funds by electronic transfer.

Any amount received by a paying agent or fiscal agent under this section shall be applied only to the payment of debt charges on the securities of the school district subject to this section or to the reimbursement to the provider of a credit enhancement facility that has paid such debt charges.

(F) To the extent a school district whose securities are subject to this section is unable to pay applicable debt charges because of the failure to collect property taxes levied for the payment of those debt charges, the district may transfer to or deposit into any fund that would have received payments under Chapter 3317. of the Revised Code that were withheld under this section any such delinquent property taxes when later collected, provided that transfer or deposit shall be limited to the amounts withheld from that fund under this section.

(G) The department may make payments under this section to paying agents or fiscal agents only from and to the extent that money is appropriated by the general assembly for Chapter 3317. of the Revised Code or for the purposes of this section. No securities of a school district to which this section is made applicable constitute an obligation or a debt or a pledge of the faith, credit, or taxing power of the state, and the holders or owners of such securities have no right to have taxes levied or appropriations made by the general assembly for the payment of debt charges on those securities,



and those securities, if the department requires, shall contain a statement to that effect. The agreement for or the actual withholding and payment of moneys under this section does not constitute the assumption by the state of any debt of a school district.

(H) In the case of securities subject to the withholding provisions of this section, the issuing board of education shall appoint a paying agent or fiscal agent who is not an officer or employee of the school district.

(I) The department, with the advice of the office of budget and management, may adopt reasonable rules not inconsistent with this section for the implementation of this section and division (B) of section 133.25 of the Revised Code as it relates to the withholding and depositing of payments under Chapter 3317. of the Revised Code to secure payment of debt charges on school district securities. Those rules shall include criteria for the evaluation and approval or denial of school district requests for withholding under this section and limits on the obligation for the purpose of paying debt charges or reimbursing credit enhancement facilities of funds otherwise to be paid to school districts under Chapter 3317. of the Revised Code.

(J) The authority granted by this section is in addition to and not a limitation on any other authorizations granted by or pursuant to law for the same or similar purposes.