



John R. Kasich
Governor

OBM

Timothy S. Keen
Director

MEMORANDUM

To: Chairman Douglas Cole
Ohio Constitutional Modernization Commission,
Finance, Taxation, and Economic Development Committee

From: Timothy S. Keen, Director, Office of Budget and Management

Date: March 3, 2017

Re: Constitutional Provision on Reporting of State Debt

At the Committee's last meeting of November 10, 2016, I understand that OBM's perspective was solicited with respect to whether the State debt reporting function should be set forth in the Constitution or set forth in statute. First, thank you for the opportunity to provide OBM's perspective on this subject.

As discussed in my October 2015 testimony, OBM supports the repeal of the Commissioners of the Sinking Fund provisions (Sections 7 through 11 of Article VIII), including the requirement under Section 11 to prepare a semi-annual debt report. All of the functions historically performed by the Commissioners of the Sinking Fund are now defunct and its constitutional reporting duties have been and continue to be performed by the Treasurer of State. Additionally, debt statutes and bond proceedings designate the Treasurer as paying agent on State general obligation bonds. Consistent with this construct, OBM believes it would be appropriate to replace the Sinking Fund debt reporting provision with a modernized provision assigning debt reporting functions to the Treasurer. If the Committee determines that a debt reporting provision does not rise to the level of the Constitution, the assignment of this necessary function could be accomplished in statute.

In either case, I would recommend that the language require a full and detailed report to the Governor and General Assembly of the authorized, issued, matured, and outstanding direct obligations of the State (as defined in Section 17 of Article VIII), including a schedule of future debt service requirements for each purpose and type of obligation for which debt has been authorized, and that this report be issued within 60 days of the close of each State fiscal year.