

PROPOSED CONSTITUTIONAL AMENDMENT

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(Proposed by Resolution of the General Assembly of Ohio)

1 To Adopt Sections 2(n) and 17 of Article VIII of the Constitution of the State of Ohio

THIS PROPOSED AMENDMENT WOULD:

1. AUTHORIZE THE STATE TO ISSUE BONDS AND OTHER OBLIGATIONS IN ORDER TO PAY COSTS OF FACILITIES FOR A SYSTEM OF COMMON SCHOOLS THROUGHOUT THE STATE AND FOR STATE-SUPPORTED AND STATE-ASSISTED INSTITUTIONS OF HIGHER EDUCATION, INCLUDING COSTS OF ACQUISITION, CONSTRUCTION, IMPROVEMENT, EXPANSION, PLANNING AND EQUIPPING FACILITIES.
2. PROVIDE THAT THESE OBLIGATIONS WILL BE GENERAL OBLIGATIONS OF THE STATE, BACKED BY THE FULL FAITH AND CREDIT, REVENUE AND TAXING POWER OF THE STATE.
3. PROVIDE THAT DIRECT OBLIGATIONS OF THE STATE, INCLUDING OBLIGATIONS REFERRED TO ABOVE, MAY NOT BE ISSUED IF THE AMOUNT REQUIRED FOR FUTURE FISCAL YEAR PAYMENT OF DEBT SERVICE ON STATE DIRECT OBLIGATIONS TO BE PAID FROM THE STATE GENERAL REVENUE FUND OR NET LOTTERY PROCEEDS WOULD EXCEED FIVE PER CENT OF THE TOTAL ESTIMATED REVENUES OF THE STATE FOR THE GENERAL REVENUE FUND AND FROM NET LOTTERY PROCEEDS DURING THE FISCAL YEAR IN WHICH THE PARTICULAR OBLIGATIONS ARE TO BE ISSUED. AN AFFIRMATIVE VOTE OF AT LEAST THREE-FIFTHS OF THE MEMBERS OF EACH HOUSE OF THE GENERAL ASSEMBLY MAY WAIVE THE FIVE PER CENT LIMITATION AS TO A PARTICULAR ISSUE OR AMOUNT.
4. PROVIDE THAT NET STATE LOTTERY PROCEEDS MAY BE PLEDGED OR USED FOR PAYMENT OF DEBT SERVICE ON OBLIGATIONS ISSUED TO PAY COSTS OF FACILITIES FOR A SYSTEM OF COMMON SCHOOLS, BUT NOT ON OBLIGATIONS ISSUED TO PAY COSTS OF FACILITIES FOR HIGHER EDUCATIONAL INSTITUTIONS.
5. PROVIDE THAT THE GENERAL ASSEMBLY SHALL PROVIDE BY LAW FOR COMPUTING THE AMOUNTS REQUIRED FOR PAYMENT OF DEBT SERVICE, AND MAY PROVIDE FOR ESTIMATING PAYMENTS OF DEBT SERVICE ON BONDS ANTICIPATED BY NOTES. THE CERTIFICATION OF THE GOVERNOR OR THE GOVERNOR'S REPRESENTATIVE OF THE FISCAL YEAR AMOUNTS REQUIRED TO BE APPLIED OR SET ASIDE FOR PAYMENT OF DEBT SERVICE AND RELATED OBLIGATIONS, RELEVANT TOTAL ESTIMATED REVENUES, AND OTHER FISCAL MATTERS SHALL BE CONCLUSIVE FOR THE PURPOSE OF THE VALIDITY OF ANY OBLIGATIONS ISSUED.

If adopted, this amendment shall take immediate effect.

A majority yes vote is necessary for passage.

	YES	SHALL THE PROPOSED AMENDMENT BE ADOPTED?
	NO	

ISSUE 1
TEXT OF PROPOSED
CONSTITUTIONAL AMENDMENT
(Amended Substitute Senate
Joint Resolution Number 1)

Proposing to enact Sections 2n and 17 of Article VIII of the Constitution of the State of Ohio to authorize the issuance of general obligation bonds to pay costs of facilities for a system of common schools and for state-supported and state-assisted institutions of higher education, and to establish a limit on the amount of obligations the state may issue based on the amount needed for debt service payments.

Be it resolved by the General Assembly of the State of Ohio, three-fifths of the members elected to each house concurring herein, that there shall be submitted to the electors of the state, in the manner prescribed by law at a general election to be held on November 2, 1999, a proposal to enact Sections 2n and 17 of Article VIII of the Constitution of the State of Ohio to read as follows:

ARTICLE VIII

Section 2n. (A) THE GENERAL ASSEMBLY MAY PROVIDE BY LAW, SUBJECT TO THE LIMITATIONS OF AND IN ACCORDANCE WITH THIS SECTION, FOR THE ISSUANCE OF BONDS AND OTHER OBLIGATIONS OF THE STATE FOR THE PURPOSE OF PAYING COSTS OF FACILITIES FOR A SYSTEM OF COMMON SCHOOLS THROUGHOUT THE STATE AND FACILITIES FOR STATE-SUPPORTED AND STATE-ASSISTED INSTITUTIONS

OF HIGHER EDUCATION. AS USED IN THIS SECTION, "COSTS" INCLUDES, WITHOUT LIMITATION, THE COSTS OF ACQUISITION, CONSTRUCTION, IMPROVEMENT, EXPANSION, PLANNING AND EQUIPPING.

(B) EACH OBLIGATION ISSUED UNDER THIS SECTION SHALL MATURE NO LATER THAN THE THIRTY-FIRST DAY OF DECEMBER OF THE TWENTY-FIFTH CALENDAR YEAR AFTER ITS ISSUANCE EXCEPT THAT OBLIGATIONS ISSUED TO REFUND OTHER OBLIGATIONS SHALL MATURE NOT LATER THAN THE THIRTY-FIRST DAY OF DECEMBER OF THE TWENTY-FIFTH CALENDAR YEAR AFTER THE YEAR IN WHICH THE ORIGINAL OBLIGATION TO PAY WAS ISSUED OR ENTERED INTO.

(C) OBLIGATIONS ISSUED UNDER THIS SECTION ARE GENERAL OBLIGATIONS OF THE STATE. THE FULL FAITH AND CREDIT, REVENUE, AND TAXING POWER OF THE STATE SHALL BE PLEDGED TO THE PAYMENT OF DEBT SERVICE ON THOSE OUTSTANDING OBLIGATIONS AS IT BECOMES DUE. FOR PURPOSES OF THE FULL AND TIMELY PAYMENT OF THAT DEBT SERVICE, APPROPRIATE PROVISIONS SHALL BE MADE OR AUTHORIZED BY LAW FOR BOND RETIREMENT FUNDS, FOR THE SUFFICIENCY AND APPROPRIATION OF EXCISES, TAXES, AND REV-

EXPLANATION OF STATE ISSUE 1
(As prepared by the Ohio Ballot Board)

1. This amendment authorizes the State of Ohio to pay for or assist in paying for capital facilities of local public school districts and state-supported and state-assisted institutions of higher education, including the costs of acquisition, construction, improvement, expansion, planning and equipping facilities, by issuing general obligation bonds or notes.
2. Those general obligations would be backed by the full faith and credit, revenue, and taxing power of the state.
3. This amendment prohibits the State from issuing any direct obligations, including those referred to above, if such issuance would result in debt service on state direct obligations in a future fiscal year, to be paid from the State general revenue fund or net lottery proceeds, exceeding five per cent of the total estimated revenues of the State for the general revenue fund and from net lottery proceeds in the fiscal year in which the particular obligations are to be issued. The General Assembly, by at least a three-fifths majority vote of each house, may waive the five per cent limitation as to a particular issue or amount of obligations.
4. This amendment authorizes net state lottery proceeds to be pledged or used for payment of the debt service on the obligations issued by the State for public school facilities, but not on obligations issued for higher education institutions.
5. The General Assembly must establish the method for computing the amounts required for payment of debt service and may estimate payments of debt service on bonds anticipated by notes. The amounts required for payment of debt service, as well as other pertinent fiscal matters, as certified by the Governor or Governor's representative, will be conclusive for purposes of the validity of the obligations issued.

ENUES SO PLEDGED TO THAT DEBT SERVICE, FOR WHICH PURPOSE, NOTWITHSTANDING SECTION 22 OF ARTICLE II OF THE OHIO CONSTITUTION, NO FURTHER ACT OF APPROPRIATION SHALL BE NECESSARY, AND FOR COVENANTS TO CONTINUE THE LEVY, COLLECTION, AND APPLICATION OF SUFFICIENT EXCISES, TAXES, AND REVENUES TO THE EXTENT NEEDED FOR THAT PURPOSE. THOSE OBLIGATIONS AND THE PROVISIONS FOR THE PAYMENT OF DEBT SERVICE ON THEM ARE NOT SUBJECT TO SECTIONS 5, 6, AND 11 OF ARTICLE XII OF THE OHIO CONSTITUTION. MONEYS REFERRED TO IN SECTION 5a OF ARTICLE XII OF THE OHIO CONSTITUTION MAY NOT BE PLEDGED OR USED FOR THE PAYMENT OF THE DEBT SERVICE ON THOSE OBLIGATIONS. MONEYS CONSISTING OF NET STATE LOTTERY PROCEEDS MAY BE PLEDGED OR USED FOR PAYMENT OF DEBT SERVICE ON OBLIGATIONS ISSUED UNDER THIS SECTION TO PAY COSTS OF FACILITIES FOR A SYSTEM OF COMMON SCHOOLS, BUT NOT ON OBLIGATIONS ISSUED UNDER THIS SECTION TO PAY COSTS OF FACILITIES FOR STATE-SUPPORTED AND STATE-ASSISTED INSTITUTIONS OF HIGHER EDUCATION.

IN THE CASE OF THE ISSUANCE OF ANY OF THOSE OBLIGATIONS AS BOND ANTICIPATION NOTES, PROVISION SHALL BE MADE BY LAW OR IN THE BOND OR NOTE PROCEEDINGS FOR THE ESTABLISHMENT AND THE MAINTENANCE, DURING THE PERIOD THE NOTES ARE OUTSTANDING, OF SPECIAL FUNDS INTO WHICH THERE SHALL BE PAID, FROM THE SOURCES AUTHORIZED FOR PAYMENT OF THE BONDS ANTICIPATED, THE AMOUNT THAT WOULD HAVE BEEN SUFFICIENT TO PAY THE PRINCIPAL THAT WOULD HAVE BEEN PAYABLE ON THOSE BONDS DURING THAT PERIOD IF BONDS MATURING SERIALLY IN EACH YEAR OVER THE MAXIMUM PERIOD OF MATURITY REFERRED TO IN DIVISION (B) OF THIS SECTION HAD BEEN ISSUED WITHOUT THE PRIOR ISSUANCE OF THE NOTES. THOSE SPECIAL FUNDS AND INVESTMENT INCOME ON THEM SHALL BE USED SOLELY FOR THE PAYMENT OF PRINCIPAL OF THOSE NOTES OR OF THE BONDS ANTICIPATED.

(D) AS USED IN THIS SECTION, "DEBT SERVICE" MEANS PRINCIPAL AND INTEREST AND OTHER ACCRETED AMOUNTS PAYABLE ON THE OBLIGATIONS REFERRED TO.

(E) OBLIGATIONS ISSUED UNDER THIS SECTION, THEIR TRANSFER, AND THE INTEREST,

INTEREST EQUIVALENT, AND OTHER INCOME OR ACCRETED AMOUNTS ON THEM, INCLUDING ANY PROFIT MADE ON THEIR SALE, EXCHANGE, OR OTHER DISPOSITION, SHALL AT ALL TIMES BE FREE FROM TAXATION WITHIN THE STATE.

(F) THIS SECTION SHALL BE IMPLEMENTED IN THE MANNER AND TO THE EXTENT PROVIDED BY THE GENERAL ASSEMBLY BY LAW, INCLUDING PROVISION FOR THE PROCEDURE FOR INCURRING, REFUNDING, RETIRING AND EVIDENCING OBLIGATIONS ISSUED AS REFERRED TO IN THIS SECTION. THE TOTAL PRINCIPAL AMOUNT OF OBLIGATIONS ISSUED UNDER THIS SECTION SHALL BE AS DETERMINED BY THE GENERAL ASSEMBLY, SUBJECT TO THE LIMITATION PROVIDED FOR IN SECTION 17 OF THIS ARTICLE.

(G) THE AUTHORIZATIONS IN THIS SECTION ARE IN ADDITION TO AUTHORIZATIONS CONTAINED IN OTHER SECTIONS OF THIS ARTICLE, ARE IN ADDITION TO AND NOT A LIMITATION UPON THE AUTHORITY OF THE GENERAL ASSEMBLY UNDER OTHER PROVISIONS OF THIS CONSTITUTION, AND DO NOT IMPAIR ANY LAW PREVIOUSLY ENACTED BY THE GENERAL ASSEMBLY.

Section 17. (A) DIRECT OBLIGATIONS OF THE STATE MAY NOT BE ISSUED UNDER THIS ARTICLE IF THE AMOUNT REQUIRED TO BE APPLIED OR SET ASIDE IN ANY FUTURE FISCAL YEAR FOR PAYMENT OF DEBT SERVICE ON DIRECT OBLIGATIONS OF THE STATE TO BE OUTSTANDING IN ACCORDANCE WITH THEIR TERMS DURING SUCH FUTURE FISCAL YEAR WOULD EXCEED FIVE PER CENT OF THE TOTAL ESTIMATED REVENUES OF THE STATE FOR THE GENERAL REVENUE FUND AND FROM NET STATE LOTTERY PROCEEDS DURING THE FISCAL YEAR IN WHICH THE PARTICULAR OBLIGATIONS ARE TO BE ISSUED. AS USED IN THIS DIVISION, "DEBT SERVICE" INCLUDES THE DEBT SERVICE ON THE BONDS TO BE ISSUED UNDER THIS ARTICLE THAT ARE DIRECT OBLIGATIONS OF THE STATE PLUS, IF THE OBLIGATIONS TO BE ISSUED ARE BOND ANTICIPATION NOTES, THE DEBT SERVICE ON THE BONDS ANTICIPATED, PLUS THE DEBT SERVICE ON ALL OTHER OUTSTANDING BONDS THAT ARE DIRECT OBLIGATIONS OF THE STATE, TO THE EXTENT THAT DEBT SERVICE ON ALL THOSE BONDS AND BONDS ANTICIPATED IS TO BE PAID FROM THE GENERAL REVENUE FUND OR NET STATE LOTTERY PROCEEDS.

(B) THE LIMITATIONS OF DIVI-

ARGUMENT FOR STATE ISSUE 1

State Issue 1 would permit the State of Ohio to issue general obligation bonds to support the construction, renovation and repair of facilities for Ohio's public schools and state-supported colleges and universities. **The ability to issue such bonds for this purpose will result in an overall savings for Ohio taxpayers.** General obligation bonds are backed by the full faith and credit of the state and therefore enable the state to secure a lower interest rate.

The Legislative Budget Office has estimated that **State Issue 1 could save taxpayers \$979,000 annually** in interest payments for each \$1 billion in bonds sold or \$14.6 million over the life of the 15-year bonds. For 20-year bonds, the savings is expected to be \$688,000 annually or \$13.7 million over the life of the bonds.

State Issue 1 includes a safeguard to prohibit the State from issuing more debt than may be managed in a fiscally responsible and efficient way. Bonds could only be issued if the annual principal and interest due on all bonds (excluding revenue-backed bonds) will not exceed 5% of the State's estimated general revenue funds and net lottery proceeds. The legislature could increase that percentage if necessary, but only by a 3/5th's vote of both the House of Representatives and the Senate.

Issue 1 will:

- Result in a lower-cost method of borrowing money for construction, renovation and repair of school buildings;

- **Save taxpayer dollars, while improving facilities for elementary, secondary and higher education;**

- Include a safeguard to responsibly control the amount of debt that can be issued.

COMMITTEE TO PREPARE ARGUMENT FOR STATE ISSUE 1

Senator James Carnes	Representative John R. Bender
Senator Ben Espy	Representative Charles Brading
Senator Robert Gardner	Representative Peter Lawson Jones
	Representative Kerry Metzger
	Representative E.J. Thomas

ARGUMENT AGAINST STATE ISSUE 1

The Ohio Ballot Board voted not to have an argument prepared against the proposed constitutional amendment.

SION (A) OF THIS SECTION SHALL NOT APPLY TO A PARTICULAR ISSUE OR AMOUNT OF OBLIGATIONS IF THE LIMITATIONS ARE WAIVED AS TO THAT PARTICULAR ISSUE OR AMOUNT BY THE AFFIRMATIVE VOTE OF AT LEAST THREE-FIFTHS OF THE MEMBERS OF EACH HOUSE OF THE GENERAL ASSEMBLY, OR TO OBLIGATIONS ISSUED TO RETIRE BOND ANTICIPATION NOTES THAT WERE ISSUED WHEN THE REQUIREMENTS OF DIVISION (A) OF THIS SECTION WERE ORIGINALLY MET AS ESTIMATED FOR THE BONDS ANTICIPATED.

(C) FOR PURPOSES OF DIVISION (A) OF THIS SECTION, DEBT CONTRACTED BY THE STATE PURSUANT TO SECTION 2 OF ARTICLE VIII OF THE OHIO CONSTITUTION TO REPEL INVASION, SUPPRESS INSURRECTION, OR TO DEFEND THE STATE IN WAR, SHALL NOT BE INCLUDED IN THE CALCULATION OF TOTAL DEBT SERVICE.

(D) FOR PURPOSES OF DIVISION (A) OF THIS SECTION, THE GENERAL ASSEMBLY SHALL PROVIDE BY LAW FOR COMPUTING THE AMOUNTS REQUIRED FOR PAYMENT OF DEBT SERVICE, AND MAY PROVIDE FOR ESTIMATING PAYMENTS OF DEBT SERVICE ON BONDS ANTICIPATED BY NOTES, FOR INCLUDING PAYMENTS OF DEBT SERVICE ON OBLIGATIONS ISSUED TO REFUND OR RETIRE PRIOR OBLIGATIONS IN LIEU OF SUCH PAYMENTS ON THE PRIOR REFUNDED OR RETIRED OBLIGATIONS, AND FOR THE METHOD OF COMPUTING PAYMENTS OF DEBT SERVICE ON ANY OBLIGATIONS REQUIRED TO BE RETIRED OR FOR WHICH SINKING FUND DEPOSITS ARE REQUIRED PRIOR TO STATED MATURITY. THE GOVERNOR OR THE GOVERNOR'S DESIGNEE FOR SUCH PURPOSE SHALL DETERMINE AND CERTIFY THE FISCAL YEAR AMOUNTS REQUIRED TO BE APPLIED OR SET ASIDE FOR PAYMENT OF DEBT SERVICE, THE OBLIGATIONS TO WHICH THAT DEBT SERVICE RELATES, THE TOTAL ESTIMATED REVENUES OF THE STATE FOR THE STATE GENERAL REVENUE FUND AND FROM NET

STATE LOTTERY PROCEEDS DURING THE PARTICULAR FISCAL YEAR, OTHER FINANCIAL DATA NECESSARY FOR THE PURPOSES OF COMPUTATIONS UNDER DIVISION (A) OF THIS SECTION, AND THE PERMITTED LATEST MATURITY OF OBLIGATIONS. THAT CERTIFICATION SHALL BE CONCLUSIVE FOR THE PURPOSES OF THE VALIDITY OF ANY OBLIGATIONS ISSUED UNDER THIS ARTICLE.

(E) AS USED IN THIS SECTION: (1) "FISCAL YEAR" MEANS THE STATE FISCAL YEAR.

(2) "DEBT SERVICE" MEANS PRINCIPAL AND INTEREST AND OTHER ACCRETED AMOUNTS PAYABLE ON THE OBLIGATIONS REFERRED TO.

(3) "DIRECT OBLIGATIONS OF THE STATE" MEANS OBLIGATIONS ISSUED BY THE STATE ON WHICH THE STATE OF OHIO IS THE PRIMARY OR ONLY DIRECT OBLIGOR.

EFFECTIVE DATE

If adopted by a majority of the electors voting on this proposal, enacted Sections 2n and 17 of Article VIII of the Constitution of the State of Ohio shall take immediate effect.

OFFICE OF THE
SECRETARY OF STATE
OF OHIO

I, J. Kenneth Blackwell, Secretary of State, do hereby certify that the foregoing is the full text of the constitutional amendment proposed by the General Assembly and filed in the office of the Secretary of State pursuant to Article XVI, Section 1 of the Constitution of the State of Ohio, together with the ballot language and explanation certified to me by the Ohio Ballot Board and argument submitted to me by the proponents of the amendment, as prescribed by law.

IN TESTIMONY WHEREFORE, I have hereunto subscribed my name at Columbus, Ohio this 1st day of September, 1999.

J. Kenneth Blackwell
SECRETARY OF STATE