

**As Passed by the House**

**131st General Assembly**

**Regular Session**

**2015-2016**

**H. B. No. 415**

**Representative Schuring**

**Cosponsors: Representatives Anielski, Antonio, Baker, Barnes, Blessing, Boose, Butler, Cera, Clyde, Conditt, Dever, DeVitis, Fedor, Green, Ginter, Grossman, Hackett, Hambley, Henne, Manning, McColley, O'Brien, M., O'Brien, S., Perales, Ramos, Retherford, Rezabek, Rogers, Scherer, Smith, K., Sweeney, Thompson, Young, Terhar, Kuhns, Brown, Lepore-Hagan, Strahorn**

---

**A BILL**

To amend sections 135.143, 135.18, 135.63, 135.71,  
1733.04, and 1733.24 and to enact sections  
135.77, 135.771, 135.772, 135.773, and 135.774  
of the Revised Code to create the business  
linked deposit program, to permit credit unions  
to participate in that program, to permit credit  
unions to participate in the agricultural linked  
deposit program, and to make other changes to  
the linked deposit law.

**BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:**

**Section 1.** That sections 135.143, 135.18, 135.63, 135.71,  
1733.04, and 1733.24 be amended and sections 135.77, 135.771,  
135.772, 135.773, and 135.774 of the Revised Code be enacted to  
read as follows:

**Sec. 135.143.** (A) The treasurer of state may invest or  
execute transactions for any part or all of the interim funds of

the state in the following classifications of obligations: 16

(1) United States treasury bills, notes, bonds, or any 17  
other obligations or securities issued by the United States 18  
treasury or any other obligation guaranteed as to principal and 19  
interest by the United States; 20

(2) Bonds, notes, debentures, or any other obligations or 21  
securities issued by any federal government agency or 22  
instrumentality; 23

(3) (a) Bonds, notes, and other obligations of the state of 24  
Ohio, including, but not limited to, any obligations issued by 25  
the treasurer of state, the Ohio public facilities commission, 26  
the Ohio building authority, the Ohio housing finance agency, 27  
the Ohio water development authority, and the Ohio turnpike 28  
infrastructure commission; 29

(b) Bonds, notes, and other obligations of any state or 30  
political subdivision thereof rated in the three highest 31  
categories by at least one nationally recognized standard rating 32  
service and purchased through a registered securities broker or 33  
dealer, provided the treasurer of state is not the sole 34  
purchaser of the bonds, notes, or other obligations at original 35  
issuance. 36

(4) (a) Written repurchase agreements with any eligible 37  
Ohio financial institution that is a member of the federal 38  
reserve system or federal home loan bank, or any registered 39  
United States government securities dealer, under the terms of 40  
which agreement the treasurer of state purchases and the 41  
eligible financial institution or dealer agrees unconditionally 42  
to repurchase any of the securities that are listed in division 43  
(A) (1), (2), or (6) of this section. The market value of 44

securities subject to these transactions must exceed the 45  
principal value of the repurchase agreement by an amount 46  
specified by the treasurer of state, and the securities must be 47  
delivered into the custody of the treasurer of state or the 48  
qualified trustee or agent designated by the treasurer of state. 49  
The agreement shall contain the requirement that for each 50  
transaction pursuant to the agreement, the participating 51  
institution or dealer shall provide all of the following 52  
information: 53

(i) The par value of the securities; 54

(ii) The type, rate, and maturity date of the securities; 55

(iii) A numerical identifier generally accepted in the 56  
securities industry that designates the securities. 57

(b) The treasurer of state also may sell any securities, 58  
listed in division (A) (1), (2), or (6) of this section, 59  
regardless of maturity or time of redemption of the securities, 60  
under the same terms and conditions for repurchase, provided 61  
that the securities have been fully paid for and are owned by 62  
the treasurer of state at the time of the sale. 63

(5) Securities lending agreements with any eligible 64  
financial institution that is a member of the federal reserve 65  
system or federal home loan bank or any recognized United States 66  
government securities dealer, under the terms of which 67  
agreements the treasurer of state lends securities and the 68  
eligible financial institution or dealer agrees to 69  
simultaneously exchange similar securities or cash, equal value 70  
for equal value. 71

Securities and cash received as collateral for a 72  
securities lending agreement are not interim funds of the state. 73

The investment of cash collateral received pursuant to a 74  
securities lending agreement may be invested only in such 75  
instruments specified by the treasurer of state in accordance 76  
with a written investment policy. 77

(6) Various forms of commercial paper issued by any entity 78  
that is organized under the laws of the United States or a 79  
state, which notes are rated in the two highest categories by 80  
two nationally recognized standard rating services, provided 81  
that the total amount invested under this section in any 82  
commercial paper at any time shall not exceed forty per cent of 83  
the state's total average portfolio, as determined and 84  
calculated by the treasurer of state; 85

(7) Bankers acceptances, maturing in two hundred seventy 86  
days or less, provided that the total amount invested in bankers 87  
acceptances at any time shall not exceed ten per cent of the 88  
state's total average portfolio, as determined and calculated by 89  
the treasurer of state; 90

(8) Certificates of deposit in eligible institutions 91  
applying for interim moneys as provided in section 135.08 of the 92  
Revised Code, including linked deposits as provided in sections 93  
135.61 to 135.67 of the Revised Code, agricultural linked 94  
deposits as provided in sections 135.71 to 135.76 of the Revised 95  
Code, business linked deposits as provided in sections 135.77 to 96  
135.774 of the Revised Code, and housing linked deposits as 97  
provided in sections 135.81 to 135.87 of the Revised Code; 98

(9) The state treasurer's investment pool authorized under 99  
section 135.45 of the Revised Code; 100

(10) Debt interests, other than commercial paper described 101  
in division (A) (6) of this section, rated in the three highest 102

categories by two nationally recognized standard rating services 103  
and issued by entities that are organized under the laws of the 104  
United States or a state, or issued by foreign nations 105  
diplomatically recognized by the United States government, or 106  
any instrument based on, derived from, or related to such 107  
interests, provided that: 108

(a) The investments in debt interests other than 109  
commercial paper shall not exceed in the aggregate twenty-five 110  
per cent of the state's portfolio. 111

(b) The investments in debt interests issued by foreign 112  
nations shall not exceed in the aggregate one per cent of the 113  
state's portfolio. 114

The treasurer of state shall invest under division (A) (10) 115  
of this section in a debt interest issued by a foreign nation 116  
only if the debt interest is backed by the full faith and credit 117  
of that foreign nation, and provided that all interest and 118  
principal shall be denominated and payable in United States 119  
funds. 120

(c) When added to the investment in commercial paper, the 121  
investments in the debt interests of a single issuer shall not 122  
exceed in the aggregate five per cent of the state's portfolio. 123

(d) For purposes of division (A) (10) of this section, a 124  
debt interest is rated in the three highest categories by two 125  
nationally recognized standard rating services if either the 126  
debt interest itself or the issuer of the debt interest is 127  
rated, or is implicitly rated, in the three highest categories 128  
by two nationally recognized standard rating services. 129

(e) For purposes of division (A) (10) of this section, the 130  
"state's portfolio" means the state's total average portfolio, 131

as determined and calculated by the treasurer of state. 132

(11) No-load money market mutual funds rated in the 133  
highest category by one nationally recognized standard rating 134  
service or consisting exclusively of obligations described in 135  
division (A) (1), (2), or (6) of this section and repurchase 136  
agreements secured by such obligations. 137

(12) Obligations of a political subdivision issued under 138  
Chapter 133. of the Revised Code and identified in an agreement 139  
described in division (G) of this section. 140

(B) Whenever, during a period of designation, the 141  
treasurer of state classifies public moneys as interim moneys, 142  
the treasurer of state shall notify the state board of deposit 143  
of such action. The notification shall be given within thirty 144  
days after such classification and, in the event the state board 145  
of deposit does not concur in such classification or in the 146  
investments or deposits made under this section, the board may 147  
order the treasurer of state to sell or liquidate any of the 148  
investments or deposits, and any such order shall specifically 149  
describe the investments or deposits and fix the date upon which 150  
they are to be sold or liquidated. Investments or deposits so 151  
ordered to be sold or liquidated shall be sold or liquidated for 152  
cash by the treasurer of state on the date fixed in such order 153  
at the then current market price. Neither the treasurer of state 154  
nor the members of the state board of deposit shall be held 155  
accountable for any loss occasioned by sales or liquidations of 156  
investments or deposits at prices lower than their cost. Any 157  
loss or expense incurred in making these sales or liquidations 158  
is payable as other expenses of the treasurer's office. 159

(C) If any securities or obligations invested in by the 160  
treasurer of state pursuant to this section are registrable 161

either as to principal or interest, or both, such securities or 162  
obligations shall be registered in the name of the treasurer of 163  
state. 164

(D) The treasurer of state is responsible for the 165  
safekeeping of all securities or obligations under this section. 166  
Any such securities or obligations may be deposited for 167  
safekeeping as provided in section 113.05 of the Revised Code. 168

(E) Interest earned on any investments or deposits 169  
authorized by this section shall be collected by the treasurer 170  
of state and credited by the treasurer of state to the proper 171  
fund of the state. 172

(F) Whenever investments or deposits acquired under this 173  
section mature and become due and payable, the treasurer of 174  
state shall present them for payment according to their tenor, 175  
and shall collect the moneys payable thereon. The moneys so 176  
collected shall be treated as public moneys subject to sections 177  
135.01 to 135.21 of the Revised Code. 178

(G) The treasurer of state and any political subdivision 179  
issuing obligations referred to in division (A) (12) of this 180  
section, which obligations mature within one year from the 181  
original date of issuance, may enter into an agreement providing 182  
for: 183

(1) The purchase of those obligations by the treasurer of 184  
state on terms and subject to conditions set forth in the 185  
agreement; 186

(2) The payment by the political subdivision to the 187  
treasurer of state of a reasonable fee as consideration for the 188  
agreement of the treasurer of state to purchase those 189  
obligations; provided, however, that the treasurer of state 190

shall not be authorized to enter into any such agreement with a  
board of education of a school district that has an outstanding  
obligation with respect to a loan received under authority of  
section 3313.483 of the Revised Code.

(H) For purposes of division (G) of this section, a fee  
shall not be considered reasonable unless it is set to recover  
only the direct costs, a reasonable estimate of the indirect  
costs associated with the purchasing of obligations of a  
political subdivision under division (G) of this section and any  
reselling of the obligations or any interest in the obligations,  
including interests in a fund comprised of the obligations, and  
the administration thereof. No money from the general revenue  
fund shall be used to subsidize the purchase or resale of these  
obligations.

(I) All money collected by the treasurer of state from the  
fee imposed by division (G) of this section shall be deposited  
to the credit of the state political subdivision obligations  
fund, which is hereby created in the state treasury. Money  
credited to the fund shall be used solely to pay the treasurer  
of state's direct and indirect costs associated with purchasing  
and reselling obligations of a political subdivision under  
division (G) of this section.

(J) As used in this section, "political subdivision" means  
a county, township, municipal corporation, or school district.

**Sec. 135.18.** (A) Each institution designated as a public  
depository and awarded public deposits under sections 135.01 to  
135.21 of the Revised Code, agricultural linked deposits under  
sections 135.71 to 135.76 of the Revised Code, business linked  
deposits under sections 135.77 to 135.774 of the Revised Code,  
and housing linked deposits under sections 135.81 to 135.87 of



the Revised Code, except as provided in section 135.144 or 221  
135.145 of the Revised Code, shall provide security for the 222  
repayment of all public deposits by selecting one of the 223  
following methods: 224

(1) Securing all uninsured public deposits of each public 225  
depositor separately as set forth in divisions (B) to (J) of 226  
this section; 227

(2) Securing all uninsured public deposits of every public 228  
depositor pursuant to section 135.181 or 135.182 of the Revised 229  
Code, as applicable, by establishing and pledging to the 230  
treasurer of state a single pool of collateral for the benefit 231  
of every public depositor at the public depository. 232

(B) If a public depository elects to provide security 233  
pursuant to division (A)(1) of this section, the public 234  
depository shall pledge to the public depositor, as security for 235  
the repayment of all public moneys deposited in the public 236  
depository during the period of designation pursuant to an award 237  
made under sections 135.01 to 135.21 of the Revised Code, 238  
eligible securities of aggregate market value at all times equal 239  
to at least one hundred five per cent of the total amount of the 240  
public depositor's uninsured public deposits. 241

(C) In order for a public depository to receive public 242  
moneys under this section, the public depository and the public 243  
depositor shall first execute an agreement that sets forth the 244  
entire arrangement among the parties and that meets the 245  
requirements described in 12 U.S.C. 1823(e). In addition, the 246  
agreement shall authorize the public depositor to obtain control 247  
of the collateral pursuant to division (D) of section 1308.24 of 248  
the Revised Code. 249

(D) The following securities or other obligations shall be	250
eligible for the purposes of this section:	251
(1) Bonds, notes, or other obligations of the United	252
States; or bonds, notes, or other obligations guaranteed as to	253
principal and interest by the United States or those for which	254
the faith of the United States is pledged for the payment of	255
principal and interest thereon, by language appearing in the	256
instrument specifically providing such guarantee or pledge and	257
not merely by interpretation or otherwise;	258
(2) Bonds, notes, debentures, letters of credit, or other	259
obligations or securities issued by any federal government	260
agency or instrumentality, or the export-import bank of	261
Washington; bonds, notes, or other obligations guaranteed as to	262
principal and interest by the United States or those for which	263
the faith of the United States is pledged for the payment of	264
principal and interest thereon, by interpretation or otherwise	265
and not by language appearing in the instrument specifically	266
providing such guarantee or pledge;	267
(3) Obligations of or fully insured or fully guaranteed by	268
the United States or any federal government agency or	269
instrumentality;	270
(4) Obligations partially insured or partially guaranteed	271
by any federal agency or instrumentality;	272
(5) Obligations of or fully guaranteed by the federal	273
national mortgage association, federal home loan mortgage	274
corporation, federal farm credit bank, or student loan marketing	275
association;	276
(6) Bonds and other obligations of this state;	277
(7) Bonds and other obligations of any county, township,	278

school district, municipal corporation, or other legally 279  
constituted taxing subdivision of this state, which is not at 280  
the time of such deposit, in default in the payment of principal 281  
or interest on any of its bonds or other obligations, for which 282  
the full faith and credit of the issuing subdivision is pledged; 283

(8) Bonds of other states of the United States which have 284  
not during the ten years immediately preceding the time of such 285  
deposit defaulted in payments of either interest or principal on 286  
any of their bonds; 287

(9) Shares of no-load money market mutual funds consisting 288  
exclusively of obligations described in division (D) (1) or (2) 289  
of this section and repurchase agreements secured by such 290  
obligations; 291

(10) A surety bond issued by a corporate surety licensed 292  
by the state and authorized to issue surety bonds in this state 293  
pursuant to Chapter 3929. of the Revised Code, and qualified to 294  
provide surety bonds to the federal government pursuant to 96 295  
Stat. 1047 (1982), 31 U.S.C.A. 9304; 296

(11) Bonds or other obligations of any county, municipal 297  
corporation, or other legally constituted taxing subdivision of 298  
another state of the United States, or of any instrumentality of 299  
such county, municipal corporation, or other taxing subdivision, 300  
for which the full faith and credit of the issuer is pledged 301  
and, at the time of purchase of the bonds or other obligations, 302  
rated in one of the two highest categories by at least one 303  
nationally recognized statistical rating organization. 304

(E) An institution designated as a public depository shall 305  
designate a qualified trustee and place the eligible securities 306  
required by division (D) of this section with the trustee for 307

safekeeping. The trustee shall hold the eligible securities in 308  
an account indicating the public depositor's security interest 309  
in the securities. The trustee shall report to the public 310  
depositor information relating to the securities pledged to 311  
secure the public deposits in the manner and frequency required 312  
by the public depositor. 313

(F) The qualified trustee shall enter into a custodial 314  
agreement with the public depositor and public depository in 315  
which the trustee agrees to comply with entitlement orders 316  
originated by the public depositor without further consent by 317  
the public depository or, in the case of collateral held by the 318  
public depository in an account at a federal reserve bank, the 319  
public depositor shall have the public depositor's security 320  
interest marked on the books of the federal reserve bank where 321  
the account for the collateral is maintained. If the public 322  
depository fails to pay over any part of the public deposits 323  
made by the public depositor therein as provided by law, the 324  
public depositor shall give written notice of this failure to 325  
the qualified trustee holding the securities pledged against its 326  
public deposits and, at the same time, shall send a copy of this 327  
notice to the public depository. Upon receipt of this notice, 328  
the trustee shall transfer to the public depositor for sale, the 329  
securities that are necessary to produce an amount equal to the 330  
public deposits made by the public depositor and not paid over, 331  
less the portion of the deposits covered by any federal deposit 332  
insurance, plus any accrued interest due on the deposits. The 333  
public depositor shall sell any of the bonds or other securities 334  
so transferred. When a sale of bonds or other securities has 335  
been so made and upon payment to the public depositor of the 336  
purchase money, the public depositor shall transfer such bonds 337  
or securities whereupon the absolute ownership of such bonds or 338

securities shall pass to the purchasers. Any surplus after 339  
deducting the amount due the public depositor and expenses of 340  
sale shall be paid to the public depository. 341

(G) When the public depository has placed eligible 342  
securities described in division (D) (1) of this section with a 343  
trustee for safekeeping, the public depository may at any time 344  
substitute or exchange eligible securities described in division 345  
(D) (1) of this section having a current market value equal to or 346  
greater than the current market value of the securities then on 347  
deposit and for which they are to be substituted or exchanged, 348  
without specific authorization from any public depositor's 349  
governing board, boards, or treasurer of any such substitution 350  
or exchange. 351

(H) When the public depository has placed eligible 352  
securities described in divisions (D) (2) to (9) of this section 353  
with a trustee for safekeeping, the public depository may at any 354  
time substitute or exchange eligible securities having a current 355  
market value equal to or greater than the current market value 356  
of the securities then on deposit and for which they are to be 357  
substituted or exchanged without specific authorization of any 358  
public depositor's governing board, boards, or treasurer of any 359  
such substitution or exchange only if one of the following 360  
applies: 361

(1) The public depositor has authorized the public 362  
depository to make such substitution or exchange on a continuing 363  
basis during a specified period without prior approval of each 364  
substitution or exchange. The authorization may be effected by 365  
the public depositor sending to the trustee a written notice 366  
stating that substitution may be effected on a continuing basis 367  
during a specified period which shall not extend beyond the end 368

of the period of designation during which the notice is given. 369  
The trustee may rely upon this notice and upon the period of 370  
authorization stated therein and upon the period of designation 371  
stated therein. 372

(2) The public depository notifies the public depositor 373  
and the trustee of an intended substitution or exchange, and the 374  
public depositor does not object to the trustee as to the 375  
eligibility or market value of the securities being substituted 376  
within three business days after the date appearing on the 377  
notice of proposed substitution. The notice to the public 378  
depositor and to the trustee shall be given in writing and 379  
delivered electronically. The trustee may assume in any case 380  
that the notice has been delivered to the public depositor. In 381  
order for objections of the public depositor to be effective, 382  
receipt of the objections must be acknowledged in writing by the 383  
trustee. 384

(3) The public depositor gives written authorization for a 385  
substitution or exchange of specific securities. 386

(I) The public depository shall notify any public 387  
depositor of any substitution or exchange under division (H) (1) 388  
or (2) of this section. 389

(J) Any federal reserve bank or branch thereof located in 390  
this state or federal home loan bank, without compliance with 391  
Chapter 1111. of the Revised Code and without becoming subject 392  
to any other law of this state relative to the exercise by 393  
corporations of trust powers generally, is qualified to act as 394  
trustee for the safekeeping of securities, under this section. 395  
Any institution mentioned in section 135.03 or 135.32 of the 396  
Revised Code that holds a certificate of qualification issued by 397  
the superintendent of financial institutions or any institution 398

complying with sections 1111.04, 1111.05, and 1111.06 of the 399  
Revised Code, is qualified to act as trustee for the safekeeping 400  
of securities under this section, other than those belonging to 401  
itself or to an affiliate as defined in section 1101.01 of the 402  
Revised Code. 403

Notwithstanding the fact that a public depository is 404  
required to pledge eligible securities in certain amounts to 405  
secure deposits of public moneys, a trustee has no duty or 406  
obligation to determine the eligibility, market value, or face 407  
value of any securities deposited with the trustee by a public 408  
depository. This applies in all situations including, without 409  
limitation, a substitution or exchange of securities. 410

Any charges or compensation of a designated trustee for 411  
acting as such under this section shall be paid by the public 412  
depository and in no event shall be chargeable to the state or 413  
the subdivision or to any officer of the state or subdivision. 414  
The charges or compensation shall not be a lien or charge upon 415  
the securities deposited for safekeeping prior or superior to 416  
the rights to and interests in the securities of the public 417  
depositor. The treasurer and the treasurer's bonders or surety 418  
shall be relieved from any liability to the public depositor or 419  
to the public depository for the loss or destruction of any 420  
securities deposited with a qualified trustee pursuant to this 421  
section. 422

**Sec. 135.63.** The treasurer of state may invest in linked 423  
deposits under sections 135.61 to 135.67, short-term installment 424  
loan linked deposits under sections 135.68 to 135.70, 425  
agricultural linked deposits under sections 135.71 to 135.76, 426  
business linked deposits under sections 135.77 to 135.774, 427  
housing linked deposits under sections 135.81 to 135.87, 428

assistive technology device linked deposits under sections 429  
135.91 to 135.97, and SaveNOW linked deposits under sections 430  
135.101 to 135.106 of the Revised Code, provided that at the 431  
time of placement of any such linked deposit the combined amount 432  
of investments in all such linked deposits is not more than 433  
twelve per cent of the state's total average investment 434  
portfolio as determined by the treasurer of state. When deciding 435  
whether to invest in any such linked deposits, the treasurer of 436  
state shall give priority to the investment, liquidity, and cash 437  
flow needs of the state. 438

**Sec. 135.71.** As used in sections 135.71 to 135.76 of the 439  
Revised Code: 440

(A) "Eligible agricultural business" means any person 441  
engaged in agriculture that has all of the following 442  
characteristics: 443

(1) Is headquartered and domiciled in this state; 444

(2) Maintains land or facilities for agricultural purposes 445  
in this state provided that the land or facilities within this 446  
state comprise not less than fifty-one per cent of the total of 447  
all lands or facilities maintained by the person; 448

(3) Is organized for profit. 449

(B) "Eligible lending institution" means a financial 450  
institution that is eligible to make commercial loans, agrees to 451  
participate in the agricultural linked deposit program, and is 452  
any of the following: 453

(1) Is a public depository of state funds under section 454  
135.03 of the Revised Code; ~~or~~ 455

(2) Notwithstanding sections 135.01 to 135.21 of the 456



Revised Code, is an institution of the farm credit system 457  
organized under the federal "Farm Credit Act of 1971," 85 Stat. 458  
583, 12 U.S.C.A. 2001, as amended; 459

(3) Notwithstanding sections 135.01 to 135.21 of the 460  
Revised Code, is a federal credit union, a foreign credit union 461  
licensed pursuant to section 1733.39 of the Revised Code, or a 462  
credit union as defined in section 1733.01 of the Revised Code, 463  
located in this state. 464

(C) "Agricultural linked deposit" means a certificate of 465  
deposit placed by the treasurer of state with an eligible 466  
lending institution under section 135.74 of the Revised Code or 467  
an investment in bonds, notes, debentures, or other obligations 468  
or securities issued by the federal farm credit bank with regard 469  
to an eligible lending institution. 470

(D) "Loan" means a contractual agreement under which an 471  
eligible lending institution agrees to lend money in the form of 472  
an upfront lump sum, a line of credit, or any other reasonable 473  
arrangement approved by the treasurer of state. 474

Sec. 135.77. As used in sections 135.77 to 135.774 of the 475  
Revised Code: 476

(A) "Business linked deposit" means a certificate of 477  
deposit or other financial institution instrument placed by the 478  
treasurer of state with an eligible lending institution in 479  
accordance with sections 135.772 to 135.774 of the Revised Code. 480

(B) "Eligible lending institution" means a federal credit 481  
union, a foreign credit union licensed pursuant to section 482  
1733.39 of the Revised Code, or a credit union as defined in 483  
section 1733.01 of the Revised Code, located in this state. 484

(C) "Eligible small business" means any person that has 485

all of the following characteristics: 486

(1) Is domiciled in this state; 487

(2) Maintains offices and operating facilities exclusively 488  
in this state and transacts business in this state; 489

(3) Employs fewer than one hundred fifty employees, the 490  
majority of whom are residents of this state; 491

(4) Is organized for profit; 492

(5) Is able to save or create one full-time job or two 493  
part-time jobs in this state for every fifty thousand dollars 494  
borrowed. 495

(D) "Full-time job" means a job with regular hours of 496  
service totaling at least forty hours per week or any other 497  
standard of service accepted as full-time by the employee's 498  
employer. 499

(E) "Loan" means a contractual agreement under which an 500  
eligible lending institution agrees to lend money in the form of 501  
an upfront lump sum, a line of credit, or any other reasonable 502  
arrangement approved by the treasurer of state. 503

(F) "Part-time job" means a job with regular hours of 504  
service totaling fewer than forty hours per week or any other 505  
standard of service accepted as part-time by the employee's 506  
employer. 507

**Sec. 135.771.** The general assembly finds that small 508  
businesses play an important role in creating jobs in this 509  
state. Accordingly, it is declared to be the public policy of 510  
the state through the business linked deposit program to foster 511  
economic growth and development within Ohio's small businesses, 512  
and to protect the jobs of this state. 513

Sec. 135.772. (A) In accordance with section 135.64 of the Revised Code, an eligible lending institution that desires to receive a business linked deposit shall accept and review applications for loans from eligible small businesses and forward to the treasurer of state a linked deposit loan package.

(B) No loan issued pursuant to sections 135.77 to 135.774 of the Revised Code shall exceed four hundred thousand dollars.

Sec. 135.773. In accordance with section 135.65 of the Revised Code, the treasurer of state may accept or reject a business linked deposit loan package, or any portion thereof, and shall enter into a deposit agreement regarding any accepted loan packages.

Sec. 135.774. (A) Upon the placement of a business linked deposit with an eligible lending institution, such institution is required to lend such funds to each approved eligible small business listed in the linked deposit loan package required by section 135.772 of the Revised Code and in accordance with the deposit agreement required by section 135.773 of the Revised Code. The loan shall be at a rate that reflects the following percentage rate reduction below the present borrowing rate applicable to each eligible small business:

(1) Three per cent if the present borrowing rate is greater than five per cent;

(2) Two and one-tenth per cent if the present borrowing rate is equal to or less than five per cent.

A certification of compliance with this section in the form and manner as prescribed by the treasurer of state shall be required of the eligible lending institution.

(B) The treasurer of state shall take any and all steps

necessary to implement the business linked deposit program and 543  
monitor compliance of eligible lending institutions and eligible 544  
small businesses, including the development of guidelines as 545  
necessary. 546

(C) The state and the treasurer of state are not liable to 547  
any eligible lending institution in any manner for payment of 548  
the principal or interest on the loan to an eligible small 549  
business. Any delay in payments or default on the part of an 550  
eligible small business does not in any manner affect the 551  
deposit agreement between the eligible lending institution and 552  
the treasurer of state. 553

**Sec. 1733.04.** (A) In addition to the authority conferred 554  
by section 1701.13 of the Revised Code, but subject to any 555  
limitations contained in sections 1733.01 to 1733.45 of the 556  
Revised Code, and its articles and regulations, a credit union 557  
may do any of the following: 558

(1) Make loans as provided in section 1733.25 of the 559  
Revised Code; 560

(2) Invest its money as provided in section 1733.30 of the 561  
Revised Code; 562

(3) If authorized by the code of regulations, rebate to 563  
the borrowing members a portion of the member's interest paid to 564  
the credit union; 565

(4) If authorized by the regulations, charge a membership 566  
or entrance fee not to exceed one dollar per member; 567

(5) Purchase group savings life insurance and group credit 568  
life insurance; 569

(6) Make reasonable contributions to any nonprofit civic, 570

charitable, or service organizations; 571

(7) Act as trustee or custodian, for which reasonable 572  
compensation may be received, under any written trust instrument 573  
or custodial agreement created or organized in the United States 574  
and forming part of a tax-advantaged savings plan that qualifies 575  
for specific tax treatment under sections 223, 401(d), 408, 576  
408A, and 530 of the Internal Revenue Code, 26 U.S.C. 223, 577  
401(d), 408, 408A, and 530, as amended, for its members or 578  
groups of its members, provided that the funds of such plans are 579  
invested in share accounts or share certificate accounts of the 580  
credit union. These services include, but are not limited to, 581  
acting as a trustee or custodian for member retirement, 582  
education, or health savings accounts. 583

(8) Participate in and pledge assets in connection with 584  
the business linked deposit program under sections 135.77 to 585  
135.774 of the Revised Code and the agricultural linked deposit 586  
program under sections 135.71 to 135.76 of the Revised Code. 587

(B) The authority of a credit union shall be subject to 588  
the following: 589

(1) A credit union may not borrow money in excess of 590  
twenty-five per cent of its shares and undivided earnings, 591  
without prior specific authorization by the superintendent of 592  
credit unions. 593

(2) A credit union may not pay a commission or other 594  
compensation to any person for securing members or for the sale 595  
of its shares, except that reasonable incentives may be made 596  
available directly to members or potential members to promote 597  
thrift. 598

(3) A credit union, subject to the approval of the 599

superintendent, may have service facilities other than its home 600  
office. 601

(4) Real estate may be acquired by lease, purchase, or 602  
otherwise as necessary and to the extent required for use of the 603  
credit union presently and in the future operation of its office 604  
or headquarters, and in case of a purchase of real estate, the 605  
superintendent must first be notified in writing prior to the 606  
purchase of the real estate. The superintendent shall notify the 607  
credit union not more than thirty days after receipt of the 608  
notification to purchase the real estate if the purchase is 609  
denied, approved, or modified. If the superintendent does not 610  
respond within thirty days after receipt of the notification to 611  
purchase the real estate, it shall be deemed approved. Nothing 612  
herein contained shall be deemed to prohibit a credit union from 613  
taking title to real estate in connection with a default in the 614  
payment of a loan, provided that title to such real estate shall 615  
not be held by the credit union for more than two years without 616  
the prior written approval of the superintendent. A credit union 617  
also may lease space in any real estate it acquires in 618  
accordance with rules adopted by the superintendent. 619

(C) (1) As used in division (C) of this section: 620

(a) "School" means an elementary or secondary school. 621

(b) "Student" means a child enrolled in a school. 622

(c) "Student branch" means the designation provided to the 623  
credit union for the in-school services and financial education 624  
offered to students. 625

(2) A credit union, upon agreement with a school board, in 626  
the case of a public school, or the governing authority, in the 627  
case of a nonpublic school, and with the permission of the 628

superintendent, may open and maintain a student branch. 629

(3) Notwithstanding any other provision of this section, 630  
any student enrolled in the school maintaining a student branch 631  
who is not otherwise qualified for membership in the credit 632  
union maintaining the student branch is qualified to be a member 633  
of that student branch. 634

(4) The student's membership in the student branch expires 635  
upon the student's graduation from secondary school. 636

(5) The student branch is for the express use of students 637  
and may not be used by faculty, staff, or lineal ancestors or 638  
descendents of students. 639

(6) Faculty, staff, or lineal ancestors or descendents of 640  
students are not eligible for membership in the credit union 641  
maintaining the student branch unless otherwise qualified by 642  
this section to be members. 643

(7) The superintendent may adopt rules appropriate to the 644  
formation and operation of student branches. 645

(D) A credit union may guarantee the signature of a member 646  
in connection with a transaction involving tangible or 647  
intangible property in which a member has or seeks to acquire an 648  
interest. 649

**Sec. 1733.24.** (A) A credit union is authorized to receive 650  
funds for deposit in share accounts, share draft accounts, and 651  
share certificates from its members, from other credit unions, 652  
and from an officer, employee, or agent of the federal, state, 653  
or local governments, or political subdivisions of the state, in 654  
accordance with such terms, rates, and conditions as may be 655  
established by its board of directors, and for purposes of the 656  
agricultural linked deposit program created under sections 657

135.71 to 135.76 of the Revised Code and the business linked 658  
deposit program created under sections 135.77 to 135.774 of the 659  
Revised Code. 660

(B) The shares and share accounts of the credit union may 661  
be of one or more classes, as designated by the board of 662  
directors, subject to approval of the superintendent of credit 663  
unions based on rules that shall assure equitable distribution 664  
of dividends among classes, considering costs and advantages of 665  
each class to the members of the credit union, including without 666  
limitation special services rendered, length of ownership, 667  
minimum investment, conditions of repurchase, and other 668  
appropriate standards or combinations thereof. In the event the 669  
articles of incorporation of the credit union indicate the 670  
authorized number of shares to be unlimited, the designation of 671  
classification of shares and share accounts of the credit union 672  
may be effected by the board of directors, subject to the 673  
approval of the superintendent, and does not require amendment 674  
of the articles of incorporation. All shares of the credit union 675  
shall have a par value per share as set by the board of 676  
directors. Redemptions and liquidating dividends shall be 677  
prorated to each member on the basis of the price paid the 678  
credit union for such share, irrespective of the class of such 679  
shares. 680

(C) (1) Each credit union shall have one class of shares 681  
designated as "membership share." The membership shares, or if a 682  
credit union has but one class of shares, then all of the shares 683  
of the credit union, shall have a par value as set by the board 684  
of directors. 685

(2) Two or more persons that are eligible for membership 686  
that have jointly subscribed for one or more shares under a 687



joint account each may be admitted to membership. 688

(D) A credit union need not issue certificates for any or 689  
all of its classes of shares but irrespective of whether 690  
certificates are issued, a registry of shares must be kept, 691  
including all of the transactions of the credit union pertaining 692  
to such shares. 693

(E) A credit union is authorized to maintain share draft 694  
accounts in accordance with rules prescribed by the 695  
superintendent. The credit union may pay dividends on share 696  
draft accounts, may pay dividends at different rates on 697  
different types of share draft accounts, and may permit the 698  
owners of such share draft accounts to make withdrawals by 699  
negotiable or transferable instruments or other orders for the 700  
purpose of making transfers to third parties. 701

(F) Unless otherwise provided by written agreement of the 702  
parties, the rights, responsibilities, and liabilities attaching 703  
to a share draft withdrawn from, transferred to, or otherwise 704  
handled by a credit union are defined in and governed by 705  
Chapters 1303. and 1304. of the Revised Code, as if the credit 706  
union were a bank. 707

(G) Unless otherwise provided in the articles or 708  
regulations, a member may designate any person or persons to own 709  
or hold shares, or share accounts with the member in joint 710  
tenancy with right of survivorship and not as tenants in common. 711

(H) Shares or share accounts may be issued in the name of 712  
a custodian under the Ohio transfers to minors act, a member in 713  
trust for a beneficiary, a fiduciary or custodian in trust for a 714  
member beneficiary, or a fiduciary or custodian in trust upon 715  
the death of a member. Redemption of such shares or payment of 716

such share accounts to a member, to the extent of the payment, 717  
discharges the liability of the credit union to the member and 718  
the beneficiary, and the credit union shall be under no 719  
obligation to see to the application of the payment. Unless 720  
prior to the death of a member, the member has notified the 721  
credit union in writing in a form approved by the credit union 722  
of a different beneficiary to receive the proceeds of such 723  
shares or share accounts, then the proceeds shall be paid to the 724  
beneficiary or to the beneficiary's parent or legal 725  
representative. Any payment made pursuant to written 726  
instructions of the member or pursuant to the provisions herein 727  
contained shall be a valid and sufficient release and discharge 728  
of the credit union in connection with any such share or share 729  
accounts. 730

(I) (1) Except as otherwise provided in the articles or 731  
regulations, and subject to the provisions thereof, a minor may 732  
purchase shares, share accounts, or other depository 733  
instruments, and except for qualification as a voting member, 734  
the credit union may deal with the minor with respect to shares, 735  
share accounts, or other depository instruments owned by the 736  
minor as if the minor were a person of legal age. 737

(2) If shares, share accounts, or other depository 738  
instruments are issued in the name of a minor, redemption of any 739  
part or all of the shares or withdrawal of funds by payment to 740  
the minor of the shares or funds and any declared dividends or 741  
interest releases the credit union from all obligation to the 742  
minor as to the shares reduced or funds withdrawn. 743

(J) The regulations may require advance written notice of 744  
a member's intention to withdraw the member's shares. Such 745  
advance notice shall not exceed sixty days. 746

**Section 2.** That existing sections 135.143, 135.18, 135.63, 747  
135.71, 1733.04, and 1733.24 of the Revised Code are hereby 748  
repealed. 749

**Section 3.** Section 135.63 of the Revised Code is presented 750  
in this act as a composite of the section as amended by both 751  
Sub. H.B. 545 and Am. Sub. H.B. 562 of the 127th General 752  
Assembly. The General Assembly, applying the principle stated in 753  
division (B) of section 1.52 of the Revised Code that amendments 754  
are to be harmonized if reasonably capable of simultaneous 755  
operation, finds that the composite is the resulting version of 756  
the section in effect prior to the effective date of the section 757  
as presented in this act. 758