

On June 30, 2015, Governor Kasich signed Am. Sub. H.B. 64 (the "Budget Bill"), after vetoing many of its provisions. Many of the Budget Bill's provisions will become effective on Tuesday, September 29, 2015.

In addition to funding formula provisions, Ohio school districts may be interested in the following updates contained in the Budget Bill.

Elections

The Budget Bill eliminates February special elections. This means an election may be held in March, August and November in a presidential election year, and in May, August and November in all other years. (Please see note below under "Other Recent Developments" regarding legislation passed earlier this year changing the date of the primary election in March.)

The Budget Bill requires payment of 65% of the estimated cost of a special election not less than 10 business days after the election filing deadline, and contains post-election true-up provisions.

Lease-Purchase Financings

School districts have been permitted to enter into lease-purchase agreements for, among other things, buildings or improvements to buildings. The Budget Bill removes certain interpretive issues by amending ORC Section 3313.375 to provide that lease-purchase agreements may apply to "facilities or improvements to facilities, including but not limited to buildings, playgrounds, parking lots, athletic facilities, and safety enhancements". Furthermore, the amendments to this Section require the sum total of the one-year renewable lease terms to be no more than "the number of years equivalent to the useful life of the asset" and in no event more than 30 years.

In the context of State co-funded projects, uncodified Section 285.80 of the Budget Bill calls for a nine-month "study" of the "impacts, benefits, and risks" of lease-purchasing financing for Chapter 3318 projects. During this month-month period, no local share of the basic project cost of a Chapter 3318 project may be funded with the proceeds of a lease-purchase financing that is not subject to voter approval; provided, however, that, with State approval, lease-purchase proceeds may be used to finance (a) an increase in the basic project cost approved under ORC 3318.083, (b) locally funded initiatives (LFIs) or (c) an Expedited Local Partnership Program (ELPP) project.

Refunding Bonds

Amendments to ORC Section 133.34 (a) permit general obligation refunding securities to mature later than 30 years under certain circumstances, and (b) confirm that general obligation escrow funds may be held in cash.

Property Tax Levies for Community Schools

Amendments to ORC Sections 5705.21 and 5705.212 permit any "qualifying school district" (i.e., a school district that has a "partnering community school" within its territory) to move forward with certain property tax levies for the sole or partial benefit of partnering community schools.

Disposition of Property; Transfer Restrictions on Community Schools

Under the new ORC Section 3313.413, before offering real property to a start-up community school under ORC Section 3313.41(G) or offering unused school facilities to a start-up community school under ORC Section 3311.411, a school district must first offer that real property/those unused school facilities for sale to "high-performing community schools and any newly established community schools that are implementing a community school model that has a track record of high quality academic performance" as determined by the Ohio Department of Education (in the case of 3313.41(G)) or just "high-performing community schools" (in the case of 3313.411).

If a community school purchases unused property from a school district under ORC Section 3313.411, the Budget Bill provides that it may not sell that property within five years of purchase, with certain exceptions.

Public Deposits

Budget Bill modifications to the Uniform Depository Act (ORC Chapter 135) affect security requirements and arrangements (with a qualified trustee) for uninsured public deposits and require the Treasurer of State to establish a pooled collateral program by July 1, 2017 to secure public deposits.

Veto

The Governor vetoed what were called (in the veto document) the “Wealthy School District Funding Guarantee” and the “School District TPP Supplement . . . Second Year Appropriation”. The former veto relates to a provision requiring school districts to receive a minimum level of per-pupil payments from the State (essentially amounting to 20% of the formula amount multiplied by the school district’s formula ADM). A FY 2016 TPP Supplement contained in the Budget Bill provides that each school district will receive at least as much combined State aid and TPP reimbursement payments as received in the prior fiscal year; a FY 2017 TPP Supplement was vetoed.

Other Recent Developments

As mentioned in a recent [Client Alert](#), for those planning bond issues and tax levies in 2016, be advised that the March primary has been moved to March 15. For school district bond issues and tax levies, there are three elections in 2016 – March 15, August 2 and November 8.

For those considering or planning energy conservation projects, a recently effective administrative rule requires a selection process involving a request for qualifications prior to contracting for a technical report that serves as the foundation for a HB 264 application. Certain projects can be “grandfathered,” depending on the circumstances.

Please contact the Squire Patton Boggs lawyer with whom you work for more information about that which is highlighted above, and the Budget Bill in general.

The contents of this update are not intended to serve as legal advice related to individual situations or as legal opinions concerning such situations nor should they be considered a substitute for taking legal advice.

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