

*In the opinion of Bricker Graydon LLP, Bond Counsel, under existing law, assuming renewal of the Lease through the final Lease Term and continuing compliance with certain covenants and the accuracy of certain representations, (i) interest on the Series 2024 Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum income tax; however, for tax years beginning after December 31, 2022, interest on the Series 2024 Certificates is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under section 55 of the Internal Revenue Code of 1986, as amended, and (ii) interest on the Series 2024 Certificates, and any profit made on the sale, exchange or other disposition of the Series 2024 Certificates, are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangible tax, the tax levied on the basis of total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Interest on the Series 2024 Certificates may be subject to certain federal income taxes imposed on certain corporations. For a more complete discussion of the tax aspects including the nonrenewal of the Lease, see **Tax Matters**.*

**\$23,195,000**  
**Certificates of Participation, Series 2024**  
**Evidencing Proportionate Interests of the Owners**  
**Thereof in Base Rent To Be Paid by the**  
**Ohio Attorney General**  
**(Ohio Attorney General Claims Fund Project)**

**Dated:** Date of Initial Delivery

**Due:** As shown on inside cover

**The Certificates.** The Series 2024 Certificates are certificates of participation evidencing proportionate interests in Base Rent to be paid by the Ohio Attorney General (Lessee) pursuant to a Master Lease-Purchase Agreement and a supplement thereto between the State of Ohio Leasing Corporation, Inc. (Corporation), as lessor, and the Lessee, as lessee, to be delivered pursuant to the Trust Agreement, as supplemented, between the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (Trustee). The Corporation will assign, or has assigned, without recourse, all of its rights under the Lease (except Unassigned Rights) to the Trustee pursuant to the Trust Agreement. Capitalized terms used on this cover have the meanings given herein.

**The Project.** The proceeds of the Series 2024 Certificates will be used to finance the acquisition and implementation of the Lessee's new collection system that is replacing the Lessee's legacy computerized debt collection system used in connection with the Attorney General Claims Fund, including, but not limited to, acquisition of the application hardware and software and the installation, implementation, and integration thereof.

**Subject to Appropriation.** The initial term of the Lease ends on June 30, 2025. The Lessee may renew the Lease for successive two-year terms, each ending on June 30 of an odd-numbered year, except the final Lease term, which ends on September 1, 2039. The obligation of the Lessee to pay Base Rent and any other obligations of the Lessee under the Lease after the current Lease term are subject to and dependent upon biennial renewal of the Lease by the Lessee and biennial appropriations being made by the General Assembly of the State of Ohio for that purpose from the Attorney General Claims Fund. In the event no such appropriation is made for the Lease, the Lease will terminate at the end of the then current Lease term. There can be no assurance that the Project can be sold or that proceeds from any such sale of the Project will be sufficient to pay principal and interest on outstanding Series 2024 Certificates. **The obligation of the Lessee to pay Base Rent does not constitute a debt of the Lessee or the State of Ohio within the meaning of any constitutional or statutory limitation. Certificate payments will be made solely from amounts derived under the Lease, including payments of Base Rent, and amounts from time to time on deposit under the terms of the Trust Agreement. See Investors' Risks herein. See also Source of Payment for the Series 2024 Certificates.**

**Book-Entry Only.** The Series 2024 Certificates will be issued in the denominations of \$5,000 or any integral multiple of \$5,000 and will be initially issued only as fully registered securities, one for each maturity, issuable under a book-entry system, registered initially in the name of The Depository Trust Company (DTC) or its nominee. There will be no distribution of Series 2024 Certificates to the ultimate purchasers. The Series 2024 Certificates in certificated form as such will not be transferable or exchangeable, except for transfer to another nominee of DTC or as otherwise described in this Offering Circular. See **Appendix B**.

**Payment.** Principal will be payable to the registered owner (DTC) upon presentation and surrender at the designated corporate trust office of the Trustee, and interest will be transmitted by the Trustee on each interest payment date (March 1 and September 1 of each year, commencing March 1, 2025) to DTC as the registered owner as of the 15th day of the calendar month preceding that interest payment date.

**Prior Redemption.** The Series 2024 Certificates are subject to optional redemption and special redemption prior to maturity. See **The Series 2024 Certificates of Participation – Prior Redemption**.

This cover page includes certain information for quick reference only. *It is not a summary of the certificate issue. Investors should read the entire Offering Circular to obtain information as a basis for making informed investment judgments.*

The Series 2024 Certificates are offered when, as and if executed and delivered by the Trustee and accepted by the Underwriter of the Series 2024 Certificates, subject to the opinion on certain legal matters relating to their issuance by Bricker Graydon LLP, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Corporation by Squire Patton Boggs (US) LLP, and by Thompson Hine LLP, Disclosure Counsel. Certain other legal matters will be passed upon for the Underwriter by Dinsmore & Shohl LLP. Acacia Financial Group, Inc., has acted as Municipal Advisor to the State in connection with the issuance of the Series 2024 Certificates. (See **Municipal Advisor**.)

This Offering Circular has been prepared by the Lessee in connection with the original offering for sale of the Series 2024 Certificates. This Offering Circular is the "final official statement" for purposes of Rule 15c2-12(b)(3).

The Series 2024 Certificates are expected to be available in definitive form for delivery through DTC on or about May 21, 2024.

**PNC CAPITAL MARKETS LLC**

*The date of this Offering Circular is May 8, 2024, and the information speaks only as of that date.*

**\$23,195,000**  
**Certificates of Participation, Series 2024**  
**Evidencing Proportionate Interests of the Owners Thereof in Base Rent To Be Paid by the**  
**Ohio Attorney General**  
**(Ohio Attorney General Claims Fund Project)**

**MATURITY SCHEDULE**  
**DUE ON SEPTEMBER 1**

Year	Par Amount	Interest Rate	Yield	Price	<u>CUSIP</u> <sup>(a)</sup> No. 677905
2025	\$1,065,000	5.000%	3.320%	102.079%	ET4
2026	1,120,000	5.000	3.220	103.874	EU1
2027	1,175,000	5.000	3.080	105.937	EV9
2028	1,235,000	5.000	2.970	108.094	EW7
2029	1,300,000	5.000	2.940	109.998	EX5
2030	1,370,000	5.000	2.940	111.726	EY3
2031	1,435,000	5.000	2.930	113.474	EZ0
2032	1,510,000	5.000	2.970	114.796	FA4
2033	1,590,000	5.000	2.980	116.263	FB2
2034	1,670,000	5.000	3.010	117.475	FC0
2035	1,755,000	5.000	3.080 <sup>c</sup>	116.800	FD8
2036	1,845,000	5.000	3.150 <sup>c</sup>	116.130	FE6
2037	1,940,000	5.000	3.290 <sup>c</sup>	114.804	FF3
2038	2,040,000	5.000	3.330 <sup>c</sup>	114.429	FG1
2039	2,145,000	5.000	3.410 <sup>c</sup>	113.682	FH9

<sup>(a)</sup> Copyright, American Bankers Association; see **Regarding This Offering Circular**.

<sup>c</sup> Yield to the call date of September 1, 2034.

## REGARDING THIS OFFERING CIRCULAR

This Offering Circular does not constitute an offering of any security other than the original offering of the Series 2024 Certificates identified on the cover. No dealer, broker, sales or other person, other than the Director of the Office of Budget and Management of the State of Ohio, has been authorized by the Lessee to give any information or to make any representation other than as contained in this Offering Circular. Any other information or representation should not be relied upon as having been given or authorized by the Lessee or the State. This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy, and there shall be no sale of the Series 2024 Certificates by any person, in any jurisdiction in which it is unlawful to make that offer, solicitation or sale.

Upon issuance, the Series 2024 Certificates will not be registered by the Lessee under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have, at the request of the Lessee, passed upon the accuracy or adequacy of this Offering Circular or approved or disapproved the Series 2024 Certificates for sale.

This Offering Circular contains statements that the Lessee believes may be "forward-looking statements." Words such as "plan," "estimate," "project," "budget," "anticipate," "expect," "intend," "believe" and similar terms are intended to identify forward-looking statements. The achievement of results or other expectations expressed or implied by such forward-looking statements involve known and unknown risks, uncertainties and other factors that are difficult to predict, may be beyond the control of the Lessee and could cause actual results, performance or achievements to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. The Lessee undertakes no obligation, and does not plan, to issue any updates or revisions to any of the forward-looking statements in this Offering Circular.

The information and expressions of opinion in this Offering Circular are subject to change without notice. Neither the delivery of this Offering Circular nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the affairs of the Lessee or the State since its date.

**The information approved and provided by the Lessee in this Offering Circular is the information relating to the particular subjects provided by the Lessee for the purpose of this Offering Circular. Reliance should not be placed on any other information publicly provided, in any format including electronic, by any State agency for other purposes, including general information provided to the public or to portions of the public.**

**The Underwriter has provided the following sentence for inclusion in this Offering Circular. The Underwriter has reviewed the information in this Offering Circular in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.**

**In connection with this offering, the Underwriter may over allot or effect transactions that stabilize or maintain the market price of the Series 2024 Certificates at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.**

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## SELECTED SUMMARY STATEMENT

**\$23,195,000**

**Certificates of Participation, Series 2024**

**Evidencing Proportionate Interests of the Owners Thereof in Base Rent To Be Paid by the  
Ohio Attorney General  
(Ohio Attorney General Claims Fund Project)**

The following summary supplements certain of the information on the Cover and summarizes selected other information in this Offering Circular relating to the Series 2024 Certificates. It is not intended as a substitute for the more detailed discussions in this Offering Circular, to which reference should be made.

**TRUSTEE.** The Bank of New York Mellon Trust Company, N.A. is the Trustee and the issuer of the Series 2024 Certificates.

**CORPORATION.** State of Ohio Leasing Corporation, Inc., an Ohio nonprofit corporation, is the Lessor under the Lease.

**LESSEE.** The Ohio Attorney General (Lessee) is the Lessee for the Series 2024 Certificates.

**AUTHORIZATION.** The Lessee has the authority to acquire the Project, including by lease-purchase which may be fractionalized under Section 133.01(N) of the Ohio Revised Code. The Series 2024 Certificates are authorized by Sub. House Bill Number 687 of the 134th General Assembly of the State, and Section 109.081 of the Ohio Revised Code (collectively, the Act).

**PURPOSE OF CERTIFICATES.** The proceeds of the Series 2024 Certificates will be used to finance the acquisition and implementation of the Lessee's new collection system that is replacing the Lessee's legacy computerized debt collection system used in connection with the Attorney General Claims Fund, including, but not limited to, acquisition of the application hardware and software and the installation, implementation, and integration thereof (the Project).

**SECURITY AND SOURCES OF PAYMENT.** The Series 2024 Certificates evidence a proportionate interest in Base Rent to be paid by the Lessee to the Trustee under the Lease and the assignment thereof in the Trust Agreement.

The obligation of the Lessee to make lease payments under the Lease is subject to and dependent on biennial renewal of the Lease by the Lessee, and biennial appropriations by the General Assembly from the Attorney General Claims Fund sufficient to pay lease payments. Under the Ohio Constitution, those appropriations may not be made for more than a two-year period. Failure of the General Assembly to appropriate moneys to the Lessee will result in termination of the Lease as of the end of the then current Lease term. See **Source of Payment for the Series 2024 Certificates.**

**The obligation of the Lessee to pay lease payments does not constitute a debt of the Lessee or the State of Ohio. The Series 2024 Certificates do not represent or constitute a debt of the Lessee or the State of Ohio or of any political subdivision thereof, or a pledge of the faith and credit of the State, any political subdivision thereof, or the Lessee.**

**PRIOR REDEMPTION.** The Series 2024 Certificates are subject to optional redemption and special redemption prior to maturity. See **The Series 2024 Certificates of Participation – Prior Redemption.**

**FORM AND MANNER OF MAKING PAYMENTS.** The Series 2024 Certificates will be originally issued only as fully registered certificates, one for each maturity bearing the same interest rate, under a book-entry only method, and registered initially in the name of Cede & Co., a nominee for The Depository Trust Company, New York, New York (DTC). There will be no distribution of Series 2024 Certificates to the ultimate purchasers. The Series 2024 Certificates in book-entry form will not be transferable or exchangeable, except for transfer to another

nominee of DTC or as otherwise described in this Offering Circular. The Series 2024 Certificates will be issued in the denominations of \$5,000 or any integral multiple of \$5,000.

Principal and interest will be payable to the registered owner (initially, Cede & Co., as nominee of DTC). Principal will be payable on presentation and surrender at the designated corporate trust office of the Paying Agent (initially, The Bank of New York Mellon Trust Company, N.A., Columbus, Ohio). Interest will be transmitted on each interest payment date (March 1 and September 1, beginning March 1, 2025) to the registered owner as of the fifteenth day of the calendar month preceding the interest payment date.

**TAX MATTERS.** In the opinion of Bond Counsel, under existing law, assuming renewal of the Lease through the final Lease Term and continuing compliance with certain covenants and the accuracy of certain representations, (i) interest on the Series 2024 Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum income tax; however, for tax years beginning after December 31, 2022, interest on the Series 2024 Certificates is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under section 55 of the Internal Revenue Code of 1986, as amended, and (ii) interest on the Series 2024 Certificates, and any profit made on the sale, exchange or other disposition of the Series 2024 Certificates, are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangible tax, the tax levied on the basis of total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Interest on the Series 2024 Certificates may be subject to certain federal income taxes imposed on certain corporations. For a more complete discussion of the tax aspects, including consequences of nonrenewal of the Lease, see "TAX MATTERS" herein.

**BOND COUNSEL.** Bricker Graydon LLP.

**CORPORATION COUNSEL.** Squire Patton Boggs (US) LLP.

**DISCLOSURE COUNSEL.** Thompson Hine LLP.

**MUNICIPAL ADVISOR.** Acacia Financial Group, Inc.

**UNDERWRITER.** The Series 2024 Certificates have been purchased by PNC Capital Markets LLC (the Underwriter) at a price of \$26,050,452.74.

**UNDERWRITER'S COUNSEL.** Dinsmore & Shohl LLP.

Questions regarding this Offering Circular or the Series 2024 Certificates should be directed to Debt Management, Office of Budget and Management, via email at [debtmanagement@obm.ohio.gov](mailto:debtmanagement@obm.ohio.gov), 30 East Broad Street, 34th Floor, Columbus, Ohio 43215-3457.

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## INTRODUCTION

This Offering Circular has been prepared in connection with the original issuance and sale of the Certificates of Participation identified on the cover (Series 2024 Certificates). The Series 2024 Certificates evidence the proportionate interests of the Registered Owners thereof in Base Rent to be paid by the Ohio Attorney General (Lessee), for the lease of certain personal property comprised of the Project pursuant to a Master Lease-Purchase Agreement dated as of October 1, 2021, between the Corporation, as lessor, and the Lessee, as lessee (the Lease), as supplemented by the Supplemental Lease No. 2-24 dated as of May 1, 2024 (collectively, the Lease). The Corporation's rights as lessor, except for Unassigned Rights, have been assigned without recourse to the Trustee under the Trust Agreement dated as of October 1, 2021 between the Corporation and the Trustee, as supplemented by the Second Supplemental Trust Agreement dated as of May 1, 2024 (collectively, the Trust Agreement). See **Description of Documents**.

All financial and other information presented in this Offering Circular has been provided by the State from its records, except for information expressly attributed to other sources and except for certain information on the Cover and in **Appendix B**. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information. It is not intended to indicate future or continuing trends in the financial or other positions of the State. No representation is made that past experience, as might be shown by that financial and other information, will necessarily continue in the future. Also see **Regarding This Offering Circular**.

Certain financial and other information concerning the State is contained in **Appendix A – INFORMATION CONCERNING THE STATE OF OHIO** hereto.

This Offering Circular should be considered in its entirety and no one subject should be considered less important than another by reason of location in the text. Reference should be made to the laws, reports or documents referred to for more complete information regarding their contents.

References to provisions of Ohio law or of the Ohio Constitution are references to those provisions now in effect. Those provisions may be amended, repealed or supplemented.

As used in this Offering Circular (in addition to those defined terms in **DESCRIPTION OF DOCUMENTS – General; Definitions**):

"Attorney General Claims Fund" means the fund of that name within the State treasury and created pursuant to Section 109.081 of the Revised Code.

"Beneficial Owner" means the owner of a book-entry interest in the Series 2024 Certificates, as defined in **Appendix B**.

"Cover" or "cover" means the cover page and the inside cover of this Offering Circular.

"Debt Service" or, in reference to Certificates, "Certificate Payments", means principal (including mandatory redemption payments, if any) of and interest and any redemption premium payable on the obligations referred to.

"Direct Participant" means a participant in the DTC system, as described in Appendix B.

"Fiscal Year" means a State Fiscal Year, currently the 12 month period from July 1 ending on June 30, and reference to a particular Fiscal Year (such as "Fiscal Year 2024") means the Fiscal Year ending on June 30 of that year.

"Lessee" means the Ohio Attorney General.

"OBM" means the Office of Budget and Management of the State.

"Purchase Agreement" means the Certificate Purchase Agreement among the Underwriter, the Trustee, the Corporation and the Lessee, dated May 8, 2024 for the Series 2024 Certificates.

"Revised Code" means the Ohio Revised Code.

"State" or "Ohio" means the State of Ohio.

"Underwriter" means PNC Capital Markets LLC.

Certain other capitalized terms used and not otherwise defined in this Offering Circular have the meanings given to such terms under the heading Description of Documents – General; Definitions.

## THE SERIES 2024 CERTIFICATES OF PARTICIPATION

### **General; Book-Entry System**

The Series 2024 Certificates will be dated as of the date of their initial delivery, will mature in the amounts and on the dates, will bear interest payable on March 1 and September 1 of each year, commencing March 1, 2025, at the rates and will be payable at the place and in the manner, described on the Cover of this Offering Circular, under this heading and in **Appendix B**. The Series 2024 Certificates will be issued in the denominations of \$5,000 or any integral multiple of \$5,000.

The Series 2024 Certificates will be delivered in book-entry-only form and, when issued, registered in the name of The Depository Trust Company (DTC), New York, New York, or its nominee Cede & Co., which will act as securities depository for the Series 2024 Certificates. For discussion of the book-entry system and DTC and the replacement of Series 2024 Certificates in the event that the book-entry system is discontinued, see **Appendix B**.

Principal and interest will be payable to the registered owner (DTC). Principal will be payable on presentation and surrender at the designated office of the Trustee. Interest will be transmitted on each interest payment date (March 1 and September 1, beginning March 1, 2025), by the Trustee to DTC as the registered owner as of the 15th day preceding that interest payment date.

### **Prior Redemption**

#### ***Optional Redemption***

The Series 2024 Certificates maturing on or after September 1, 2035 are subject to redemption before maturity on or after September 1, 2034, by and at the option of the Corporation, either in whole or in part on any date and in Authorized Denominations, at a redemption price of 100% of the principal amount redeemed, plus interest accrued to the redemption date.

#### ***Special Redemption***

In the event the Lease is terminated because the General Assembly does not appropriate sufficient money to pay Lease Payments under the Lease for any immediately succeeding Renewal Term, or the Lessee defaults under the Lease, all of the Outstanding Certificates secured by the Lease, including the Series 2024 Certificates, are subject to special redemption by the Trustee at any time for which the required notice may be given, in whole, at a price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, from any available funds.

#### ***Notice of Redemption; Effect***

The Trustee is to cause notice of the call for redemption, identifying the Series 2024 Certificates to be redeemed, to be sent at least 30 days prior to the redemption date by first class mail to the registered owners of such Series 2024 Certificates at the addresses of such registered owners as they then appear on the books of registry. Any

failure to receive notice by mailing, or any defect in that notice, will not affect the validity of the proceedings for the redemption of any Series 2024 Certificate.

On the date designated for redemption, and unless a conditional notice of redemption has been given, the Series 2024 Certificates called for redemption shall become due and payable. If the Trustee then holds sufficient moneys for payment of principal, interest and any premium payable on that redemption date, interest on the Series 2024 Certificate so called for redemption will cease to accrue on that date.

So long as all Series 2024 Certificates are held under a book-entry system by a securities depository (such as DTC), notice of redemption will be sent by the Trustee only to the depository or its nominee. Selection of book-entry interests in the Series 2024 Certificates called, and notice of the call to the owners of those interests called of that series, is the responsibility of the depository and its participants and indirect participants. Any failure of the depository to advise any participant or of any participant or any indirect participant to notify the beneficial owners, of any such notice and its content or effect will not affect the validity of any proceedings for the redemption of any Series 2024 Certificates or portion of Series 2024 Certificates of that series. See **The Series 2024 Certificates of Participation – General; Book-Entry System**.

### SOURCE OF PAYMENT FOR THE SERIES 2024 CERTIFICATES

The Series 2024 Certificates evidence a respective proportionate right to, and are payable from, on a parity with all other Certificates issued under the Trust Agreement, Revenues received under the Trust Agreement, which consist of (a) Base Rent under the Lease, (b) all other money received or to be received by the Trustee under the Lease (other than fees in payment or reimbursement of ordinary or extraordinary fees and expenses of the Trustee as trustee, registrar or paying agent), including without limitation, all income or other money realized by the Trustee from the lease, sale or other disposition of the Project or Projects financed by the Lease, (c) any money in the Certificate Fund (including the Lease Payment Account, the Capitalized Interest Account and the Redemption Account), and (d) all income and profit from the investment of the foregoing money; provided, however, that any investment income required under the Code to be rebated to the United States will not be, and will not be deemed to be, Revenues, and the Certificate Holders will have no claim or interest in that income (collectively, the Revenues). The Lease requires Lease Payments including (i) Base Rent payable substantially concurrently with and in amounts that related Certificate Payments are due and (ii) Additional Rent in amounts sufficient to pay Trustee fees and all other enumerated expenses under the Lease.

The Lease provides that the obligation of the Lessee to pay its Lease Payments during a Lease Term is absolute and unconditional, subject to and dependent upon biennial appropriations by the General Assembly from the Attorney General Claims Fund to pay Lease Payments. During each Lease Term, Lease Payments are payable without any right of set-off or counterclaim regardless of any contingencies. See **Security for the Series 2024 Certificates – Nonappropriation**. The obligations of the Lessee to pay the Lease Payments during the Lease Term will continue until all Lease Payments and all other amounts due under the Lease have been paid, unless sooner terminated in accordance with the provisions of the Lease. See **Investors' Risks – Risks Associated with Nonappropriation of Lease Payments**.

The payments of Base Rent evidenced by the Series 2024 Certificates cannot be accelerated under the Lease or the Trust Agreement.

The Lessee is the chief legal officer of the State. See **Ohio Attorney General** herein. As such, one duty of the Lessee is to collect, or cause its special counsel to collect, claims of whatsoever nature that are certified to the Lessee for collection by the State and its political subdivisions. In addition to those amounts certified for collection, certain collection costs may be assessed pursuant to the Revised Code and may be fully recoverable from the party indebted. Under Section 109.081 of the Revised Code, up to 11% of all amounts collected by the Lessee (whether by the Ohio Attorney General's employees or agents or by special counsel appointed by the Lessee for that purpose) are to be paid into the State treasury to the credit of the Attorney General Claims Fund. For Fiscal Year 2023, the total amounts collected by the Lessee were \$565,063,696. The Lessee consults with the Director of OBM to set the exact percentage (up to 11%) of the amounts collected that are to be credited to the Attorney General Claims Fund. Monies in the Attorney General Claims Fund are then used for the payment of expenses incurred by the Lessee, which can include Lease Payments under the Lease for the Project.

The following table reflects the revenues, expenses, and cash balances of the Attorney General Claims Fund for the past five (5) complete Fiscal Years of the State.

	<b>Beginning Cash Balance</b>	<b>Revenue</b>	<b>Expense</b>	<b>Ending Cash</b>
FY 2019	\$5,716,024	\$39,186,080	\$38,969,439	\$5,932,665
FY 2020	5,932,665	41,671,418	33,056,814	14,547,269
FY 2021	14,547,269	46,800,811	41,833,292	19,514,788
FY 2022	19,514,788	57,183,544	41,874,449	34,823,883
FY 2023	34,823,883	54,672,768	40,897,943	48,598,708

The Lessee has covenanted in the Lease to include within its budget requests all amounts needed for payments of Base Rent and Additional Rent. In addition, the Lessee has covenanted to cause amounts collected and deposited to the Attorney General Claims Fund in each Fiscal Year to be in amounts no less than the amounts necessary to make Lease Payments on the outstanding Certificates during that Fiscal Year. See **Description of Documents – The Lease**.

**The renewal of the Lease beyond each Lease Term and the obligation of the Lessee to pay Lease Payments are subject to and dependent upon biennial renewal of the Lease and biennial appropriations by the General Assembly from the Attorney General Claims Fund sufficient to pay Lease Payments. The obligation of the Lessee to pay Lease Payments does not constitute a debt of the Lessee or the State within the meaning of any constitutional or statutory limitation. The Series 2024 Certificates do not represent or constitute a debt of the Lessee or the State or of any political subdivision thereof, or a pledge of the faith and credit of the State, any political subdivision thereof, or the Lessee. Payments with respect to the Series 2024 Certificates will be made solely from amounts derived under the terms of the Lease, including the Lease Payments, and amounts from time to time on deposit under the terms of the Trust Agreement.**

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If the Lease is renewed biennially for each Lease Term, the Lease requires that Base Rent be paid on the fifteenth (15<sup>th</sup>) day before the following dates and in the following amounts and the Trust Agreement provides that such amounts be deposited in the Certificate Funds and applied on a semiannual basis to pay amounts when due with respect to the Series 2024 Certificates and all other Outstanding Certificates.

### BASE RENT SCHEDULE

Payment Date	Existing Certificates OAG Claims Fund Base Rent	Series 2024 Certificates OAG Claims Fund Base Rent	Total Certificates OAG Claims Fund Base Rent
September 1, 2024	\$1,547,550.00	--	\$1,547,550.00
March 1, 2025	414,925.00	\$ 902,027.78	1,316,952.78
September 1, 2025	1,574,925.00	1,644,875.00	3,219,800.00
March 1, 2026	385,925.00	553,250.00	939,175.00
September 1, 2026	1,605,925.00	1,673,250.00	3,279,175.00
March 1, 2027	355,425.00	525,250.00	880,675.00
September 1, 2027	1,640,425.00	1,700,250.00	3,340,675.00
March 1, 2028	323,300.00	495,875.00	819,175.00
September 1, 2028	1,673,300.00	1,730,875.00	3,404,175.00
March 1, 2029	289,550.00	465,000.00	754,550.00
September 1, 2029	1,704,550.00	1,765,000.00	3,469,550.00
March 1, 2030	254,175.00	432,500.00	686,675.00
September 1, 2030	1,719,175.00	1,802,500.00	3,521,675.00
March 1, 2031	239,525.00	398,250.00	637,775.00
September 1, 2031	1,759,525.00	1,833,250.00	3,592,775.00
March 1, 2032	201,525.00	362,375.00	563,900.00
September 1, 2032	1,801,525.00	1,872,375.00	3,673,900.00
March 1, 2033	161,525.00	324,625.00	486,150.00
September 1, 2033	1,841,525.00	1,914,625.00	3,756,150.00
March 1, 2034	119,525.00	284,875.00	404,400.00
September 1, 2034	1,884,525.00	1,954,875.00	3,839,400.00
March 1, 2035	75,400.00	243,125.00	318,525.00
September 1, 2035	1,920,400.00	1,998,125.00	3,918,525.00
March 1, 2036	38,500.00	199,250.00	237,750.00
September 1, 2036	1,963,500.00	2,044,250.00	4,007,750.00
March 1, 2037	--	153,125.00	153,125.00
September 1, 2037	--	2,093,125.00	2,093,125.00
March 1, 2038	--	104,625.00	104,625.00
September 1, 2038	--	2,144,625.00	2,144,625.00
March 1, 2039	--	53,625.00	53,625.00
September 1, 2039	--	2,198,625.00	2,198,625.00
<b>Total</b>	<b>\$25,496,150.00</b>	<b>\$33,868,402.78</b>	<b>\$59,364,552.78</b>

## SECURITY FOR THE SERIES 2024 CERTIFICATES

### General

Each Series 2024 Certificate evidences a proportionate interest in Base Rent to be paid by the Lessee to the Trustee under the Lease and the assignment thereof in the Trust Agreement. See **The Series 2024 Certificates of Participation – General; Book Entry System** herein.

The renewal of the Lease beyond a Lease Term and the Lessee's obligation to pay its Lease Payments and any other obligations of the Lessee under the Lease are subject to and dependent upon biennial appropriations by the General Assembly from the Attorney General Claims Fund to make Lease Payments and to pay such other obligations. Currently, each fiscal biennium (Biennium) of the State begins on July 1 of an odd-numbered year (the first "Fiscal Year" of such Biennium) and ends on June 30 of the second Fiscal Year of such Biennium. *Under the Ohio Constitution, an appropriation may not be made for more than a Biennium and, accordingly, the obligation of the Lessee to make payments of Base Rent and Additional Rent are only for each Biennium as appropriations are made. The Lease requires that all amounts needed for payments of Base Rent, and to the extent determinable, all amounts due as Additional Rent, be included in the estimated budget of the Lessee for the State budget estimates prepared by the OBM Director and submitted to the Governor and the State budget submitted by the Governor to the General Assembly.* If the General Assembly does not make an appropriation of money from the Attorney General Claims Fund sufficient to pay Lease Payments in any succeeding Lease Term with respect to the Lease, the Lease will terminate, subject to reinstatement as herein described, and the Lessee is required to return possession of the applicable Project or Projects to the Trustee and to transfer any money in the applicable Project Fund to the Trustee for deposit in the Lease Payment Account, all in accordance with and subject to the terms of the Lease and the Trust Agreement. In that event, the Trustee would be entitled to exercise all available remedies.

The money and investments held by the Trustee under the Trust Agreement are irrevocably held in trust for the benefit of the Certificate Holders and the Lessee, as their interests appear, and for the purposes specified in the Trust Agreement. Such money, and any income or interest earned thereon, will be expended only as provided in the Trust Agreement and will not be subject to levy or attachment by lien by or for the benefit of any creditor of the Trustee, the Lessee or any Certificate Holder.

Under the terms of the Lease, the Lessee is obligated during each Lease Term to pay on each Lease Payment Date during the current Lease Term an amount equal to the aggregate Base Rent payable on the Lease Payment Date. The Base Rent due on each Lease Payment Date equals the corresponding Certificate Payments on the Series 2024 Certificates becoming payable on the ensuing payment date. The initial term of the Series 2024 Supplemental Lease for the Series 2024 Certificates commence as of the date of initial delivery of the Series 2024 Certificates and will end on June 30, 2025, the end of the current Biennium, subject to renewal for a subsequent Renewal Term each Biennium, except the final Renewal Term, which ends on September 1, 2039.

### Nonappropriation

The Lease provides that the renewal of the Lease and the obligation of the Lessee to make Lease Payments are subject to biennial appropriation by the General Assembly from the Attorney General Claims Fund. That obligation is a current expense of the Lessee, payable exclusively from appropriated money from the Attorney General Claims Fund, and is not an indebtedness of the Lessee or the State. If the General Assembly fails to appropriate money to pay Lease Payments on the Lease, then the Lessee is relieved of any subsequent obligation under the Lease. The Lessee agrees in the Lease to use best efforts to budget sufficient appropriated money to pay Lease Payments, but the Lease acknowledges that appropriations with respect to the Lessee are a legislative action performed by the General Assembly.

If, prior to the beginning of any Renewal Term, sufficient funds have not been appropriated for the purpose of paying the Lease Payments on the Lease scheduled to be paid during that ensuing Renewal Term in accordance with the Lease, the Lease will terminate on such last day of then current Lease Term; provided, however, that if by August 15 of the next Fiscal Year Appropriations are made that would have caused the Lease to have continued in effect if the Appropriations had been made prior to the date of termination, then the Lease will be reinstated and deemed renewed as of the day following the date of such termination. See **Description of Documents – The Lease.**

In the event any of the Lease is terminated due to nonappropriation without reinstatement, the Lessee is under no obligation to make any future Lease Payments under the terminated Lease. Under those circumstances the Trustee will have all legal and equitable rights and remedies to take possession of the applicable Project or Projects (subject to appropriate indemnification of the Trustee by Certificate Holders), and the Lessee agrees to peaceably surrender possession of the Project or Projects, as applicable, to the Trustee not later than August 15 of the Fiscal Year immediately following such termination. In addition, the Trustee is required to transfer any remaining money in the Project Fund to the Lease Payment Account. In such event the Certificates will be subject to special redemption as described under **The Series 2024 Certificates of Participation – Prior Redemption – Special Redemption**. See **Investors' Risks – Risks Associated with Nonappropriation of Lease Payments** and **– Risks Associated with Acquisition and Installation of the Projects**.

### **Limitations on Remedies**

The enforceability of the Lease and the Trust Agreement is subject to bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion. The Project is, and additional Projects will likely be, designed as the acquisition and implementation of the hardware and software. Because of such design, the nature of the Project and the delays inherent in obtaining judicial remedies, it should not be assumed that the remedies available to the Trustee could be accomplished rapidly or that the proceeds of the sale or other disposition of the Project or the respective portion thereof by the Trustee would be adequate to provide for payment of all principal and interest with respect to the Certificates outstanding at that time. Any delays in the ability of the Trustee to obtain possession of a Project or the respective portion thereof could result in delays in the payment of any amounts available for principal and interest with respect to the Certificates.

*No assurance is given that the proceeds of any disposition of the Project or Projects by the Trustee, together with any moneys then remaining in the Certificate Fund, the Project Fund or otherwise under the Trust Agreement and securing the related Series 2024 Certificates, will be sufficient to pay all principal of and accrued interest on the related Series 2024 Certificates outstanding at the time.*

Before taking certain actions under the documents relating to the Certificates, the Trustee may require that a satisfactory indemnity or indemnity bond or other assurance be furnished to it by the Certificate Holders of the Certificates for the reimbursement of all expenses that it may incur and to protect it against all liability by reason of any action so taken, except liability that is adjudicated to have resulted from its negligence or willful misconduct. The Trustee may take action without that indemnity, and in that case, all of the Trustee's expenses pursuant to the Trust Agreement will be reimbursable as provided in the Lease.

In addition, upon the occurrence and continuance of an Event of Default, the Trustee may use any amounts available in the Certificate Fund to preserve and protect the Projects and the rights of the Certificate Holders and to pay expenses that it may incur in carrying out its responsibilities under the documents relating to those Certificates.

### **Additional Certificates**

So long as the Lease remains in effect, the Lessee may enter into a Supplemental Lease and direct the Trustee to sign and deliver Additional Certificates pursuant to a Supplemental Trust Agreement from time to time to provide funds to pay the costs of refunding outstanding Certificates or to pay costs of the Project or additional Projects as the Lessee deems necessary or desirable; provided, however, that if an Event of Default under the Trust Agreement or an event of nonappropriation under the Lease has occurred and is continuing, no additional Certificates will be signed and delivered by the Trustee under the Trust Agreement.

### **Defeasance**

The Series 2024 Certificates are subject to defeasance and may be paid or provided for with money or specified investment securities provided by the Lessee in connection with the refunding of those applicable Series 2024 Certificates. See **Description of Documents – The Trust Agreement**.

## INVESTORS' RISKS

This discussion of risk factors is not, is not intended to be, and cannot be exhaustive; see also **Security for the Series 2024 Certificates – Nonappropriation** and – **Limitations on Remedies and Tax Matters**.

### **Risks Associated with Nonappropriation of Lease Payments**

As set forth under **Source of Payment for the Series 2024 Certificates**, the Series 2024 Certificates are payable solely from Lease Payments under the Lease. Under the Lease, the obligation of the Lessee to make the Lease Payments during a Lease Term and to renew the Lease Term are subject to and dependent upon biennial appropriations by the General Assembly from the Attorney General Claims Fund sufficient to pay those Lease Payments. While the Lessee is required under the Lease to include in its budget requests to the Director of OBM, for purposes of the biennial budget requests to the General Assembly, sufficient money for the Lessee to make the Lease Payments, there is no assurance that the General Assembly will approve such budget appropriations. The failure of the General Assembly to make biennial appropriations from the Attorney General Claims Fund for Lease Payments under the Lease would cause the Lease to terminate as of the end of its current Lease Term, requiring the Lessee to return the Project or Projects to the Trustee and the Trustee to transfer any money in the Project Fund to the Lease Payment Account. If the Lease were to terminate, the only sources of payment for the Series 2024 Certificates secured by the Lease and the Trust Agreement would be (i) money in the Certificate Fund, to the extent available for such payments under the Trust Agreement, and (ii) rent or proceeds of sale received by the Trustee from lease or sale of the related Project or Projects, regardless of whether such Project or Projects have been completed. See **Risks Associated with Acquisition and Installation of the Project**. There is no assurance that the Trustee could replace the Lessee with a lessee or purchaser who would provide funds sufficient to pay the remaining amount of principal of and interest due on the Certificates to be paid from Lease Payments under the Lease.

A termination of the Lease would allow the Trustee to redeem the applicable Certificates under the special redemption provisions of the Trust Agreement. The Trustee, however, has no obligation under the Trust Agreement to call for a special redemption of the Certificates. Certificate Holders have no right to accelerate the maturities of the Certificates in the event of a nonrenewal of a Lease Term due to nonappropriation of funds for Lease Payments by the General Assembly. Certificate Holders, therefore, might be left without an adequate remedy in such an event. Moreover, Bond Counsel is expressing no opinion as to the treatment for federal income tax purposes or for Ohio state and local income tax purposes of money received by Holders of a series of Series 2024 Certificates following a termination of the Lease as a consequence of an event of nonappropriation. Each Certificate Holder should carefully examine the tax implications of such an event. See **Tax Matters**.

### **Risks Associated with Acquisition and Installation of the Projects**

Completion of acquisition and installation of a Project may be impacted by the inability to obtain materials, labor shortages, strikes and other causes beyond the State's control. Any increased costs relating to such items could adversely impact the ability of the Lessee to complete that Project as planned. See **The Projects**.

### **Risks Associated with Enforceability of Remedies/Special Nature of the Project**

Enforcement of remedies under the documents relating to the Certificates may be limited or restricted by laws relating to bankruptcy, insolvency, reorganization, moratorium on rights of creditors and by application of general principles of equity. The Project consists primarily of the acquisition and implementation of the Lessee's new collection system that is replacing the Lessee's legacy computerized debt collection system used in connection with the Attorney General Claims Fund, including, but not limited to, acquisition of the application hardware and software and the installation, implementation, and integration thereof. Due to the customization of the Project for the State's purposes and the nature of the Project as improvements and upgrades to existing and future State-specific systems, the Project may have limited or no value to another user, therefore the amount which might be available to the Trustee from a disposition of the Project or a portion thereof is unlikely to be sufficient to pay all principal of and interest on the Certificates at the time of any default thereon. The enforceability of the liens under the Trust Agreement and the Lease may be subject to the rights of other parties in certain instances. Examples of possible limitations include (i) statutory liens, (ii) rights arising in favor of the United States of America or any agency thereof, (iii) present or future prohibitions against assignment, (iv) constructive trusts, equitable liens or other rights impressed or conferred by any

state or federal court in exercise of its equitable jurisdiction, (v) claims that might arise with respect to certain property if appropriate financing or continuation statements are not filed in accordance with the Ohio Uniform Commercial Code (UCC) from time to time in effect or as a result of the UCC not providing for perfection of a security interest in those elements of Revenues that can be perfected under the UCC only by taking possession of such collateral, and (vi) federal bankruptcy laws, including, without limitation, those relating to payments made after and within 90 days prior to any institution of bankruptcy proceedings by or against the obligor.

### **SOURCES AND USES OF FUNDS**

Proceeds received from the sale and delivery of the Series 2024 Certificates will be applied as follows:

#### SOURCES OF FUNDS:

Par Amount of Series 2024 Certificates	\$23,195,000.00
Original Issue Premium	<u>2,960,523.30</u>
Total Source of Funds	<u>\$26,155,523.30</u>

#### USES OF FUNDS:

Deposit to Project Fund <sup>(a)</sup>	\$25,000,000.00
Capitalized Interest	902,027.78
Costs of Issuance <sup>(b)</sup>	<u>253,495.52</u>
Total Use of Funds	<u>\$26,155,523.30</u>

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<sup>(a)</sup> To pay costs of the Projects.

<sup>(b)</sup> Costs of issuance including, but not limited to, underwriter's discount, financial adviser fees, legal fees, rating agency fees, and additional proceeds.

### **THE PROJECT**

The proceeds of the Series 2024 Certificates will be used to pay the costs of the Project, comprised of the acquisition, installation, implementation and integration of application hardware and software of the Lessee's new collection system that is replacing the Lessee's legacy computerized debt collection system used in connection with the Attorney General Claims Fund, as authorized by the Act. The prior system for receiving and processing payments from over seven million active accounts and is based on obsolete information technology, leading to increased operational expense and risk of service failure for the Lessee. The following general components are expected to be included in the Project: the purchase and installation of hardware, the purchase and installation of software and necessary licenses for the purposes of component integration within a cloud-based information system, and implementation of these hardware and software for operational use. The Lessee's new collection system is designed to collect and recover more debt, control costs, and stay compliance with applicable State and federal regulations.

### **LESSEE**

The office of Ohio Attorney General was created by Article III, Section 1 of the Constitution of the State. The Ohio Attorney General is the chief legal officer of the State and the Ohio Attorney General is authorized to exercise the powers delegated to the Ohio Attorney General by the Constitution and the Revised Code, including Chapter 109 of the Revised Code. The current Ohio Attorney General is Dave Yost, who was re-elected on November 8, 2022 for a four year term that commenced in January, 2023 and ends in December, 2026.

### **THE CORPORATION**

The Articles of Incorporation of State of Ohio Leasing Corporation, Inc. (the Corporation) were filed with the Secretary of State of the State of Ohio in May of 2005 and amended in May of 2008. The Corporation was incorporated as a nonprofit corporation under the laws of the State of Ohio.

The Corporation has agreed to enter, or has entered, into the Lease with the Lessee to facilitate the financing of the Project. The Corporation has assigned without recourse all of its rights and interests under the Lease (other than Unassigned Rights) to the Trustee for the benefit of the Holders of the Certificates. The Corporation is not liable for the payment of Base Rent or Additional Rent, and the Certificate Holders have no right to look to the Corporation for any payments of the Certificates or for any other payments. In addition, the Corporation has no control over the expenditure of the proceeds of the Certificates.

## DESCRIPTION OF DOCUMENTS

### General; Definitions

The following descriptions of provisions of the documents are only brief outlines of some of the provisions thereof, and do not purport to summarize or describe all of the provisions thereof. Reference is made to the Lease and the Trust Agreement relating to the Certificates. The following terms are used in the documents and have the meanings given below unless the context clearly requires otherwise.

**"Act"** means, with respect to Series 2024 Certificates or the Project, Sub. House Bill Number 687 of the 134th General Assembly of the State, and Section 109.081 of the Ohio Revised Code.

**"Additional Certificates"** means Certificates that may be signed and delivered subsequent to the issuance of the Series 2024 Certificates pursuant to the Trust Agreement.

**"Additional Rent"** means payments of Additional Rent as described under **Description of Documents – The Lease**.

**"Appropriation"** means an authorization granted by the General Assembly of the State to make expenditures and to incur obligations for specific purposes.

**"Assignment"** means the assignment of the Lease in the Trust Agreement assigning to the Trustee all rights and interest of the Corporation under the Lease (other than Unassigned Rights).

**"Authorized Denomination"** means the denomination of \$5,000 or any integral multiple thereof.

**"Authorized Officer"** means, as to the Corporation, any officer or employee of the Corporation authorized under the circumstances to perform the particular act or sign the particular document, as to the Lessee, means the Ohio Attorney General, or any person the Ohio Attorney General has designated in writing and, as to OBM, means the OBM Director, or any person the OBM Director has designated in writing.

**"Base Rent"** means the payments, including the principal and interest components of those payments, specified in the Lease and set forth herein under **Source of Payment for the Series 2024 Certificates**.

**"Biennium"** means each fiscal biennium of the State of Ohio.

**"Bond Counsel"** means an independent attorney or firm of attorneys admitted to practice law before the highest court of the State and nationally recognized as municipal bond counsel.

**"Book-entry form"** or **"book-entry system"** means, with respect to the Series 2024 Certificates, a form or system, as applicable, under which (i) the ownership of beneficial interests in Series 2024 Certificates and Certificate Payments may be transferred only through a book-entry and (ii) physical Certificates in fully registered form are registered only in the name of a Depository or its nominee as Certificate Holder, with the physical Certificates "immobilized" in the custody of the Depository or its agent. The book-entry system is maintained by and is the responsibility of the Depository and not the Corporation or the Trustee. The book entry is the record that identifies, and records the transfer of the interests of, the owners of beneficial (book-entry) interests in the Series 2024 Certificates.

**"Business Day"** means any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions in the City of Columbus, Ohio are authorized by law or executive order to close, (iii) any day on which the Federal Reserve Bank of Cleveland is closed or (iv) a day on which the Depository is closed.

**"Certificate Fund"** means the Certificate Fund established under the Trust Agreement and held by the Trustee for the payment of Certificate Payments.

**"Certificate Payments"** means, for any period or payable at any time, the principal of and interest and any premium on the Series 2024 Certificates (or all Certificates, as the context permits) for that period or payable at that time (whether on a Payment Date or pursuant to or upon redemption or otherwise), as the case may be.

**"Certificates"** means, collectively, the certificates issued pursuant to the terms of the Trust Agreement and includes the Series 2024 Certificates, and any Additional Certificates that may be issued pursuant to the Trust Agreement.

**"Certified/Certification"** means the certification by the OBM Director that there is a balance in the appropriation, not already obligated to pay existing obligations, sufficient to meet the obligations of the State under a particular contract, agreement or other obligation.

**"Closing Date"** means the date of delivery of the Series 2024 Certificates to the Underwriter against payment therefor.

**"Code"** means the Internal Revenue Code of 1986, as amended from time to time; references to the Code and sections thereof include relevant applicable regulations and temporary regulations thereunder and any successor provisions to those sections, regulations or temporary regulations.

**"Corporation"** means State of Ohio Leasing Corporation, Inc., and any successors thereto, as lessor under the Lease.

**"Counsel"** means an attorney or a firm of attorneys admitted to practice law before the highest court of the State.

**"Defeasance Obligations"** means:

(a) direct obligations of or obligations guaranteed as to payment of principal and interest by the United States, or senior debt obligations of U.S. government-sponsored enterprises (including, but not limited to, the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association and the Federal Farm Credit Bank) rated on the date of purchase in the highest category for short-term or long-term debt, as applicable, by any two nationally recognized rating services (Government Obligations); and

(b) evidences of ownership of proportionate interests in future interest and principal payments on Government Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Government Obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

**"Depository"** means The Depository Trust Company (a limited purpose trust company), New York, New York, until any successor Depository shall have become such pursuant to the applicable provisions of the Trust Agreement and, thereafter, "Depository" shall mean the successor Depository. Any Depository shall be a securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book-entry system to record ownership of beneficial interests in Certificates or Certificate Payments, and to effect transfer of Certificates, in a book-entry form.

**"Eligible Investments"** means, to the extent permitted by law:

(a) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described immediately hereafter), or direct obligations of (including obligations issued or held in book-entry form on the books of) the Department of the Treasury of the United States of America;

(b) obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including (1) the Farm Credit System Financial Assistance Corporation, (2) the Rural Economic Community Development Administration (formerly the Farmers Home Administration), (3) the General Services Administration, (4) the United States Maritime Administration, (5) the Government National Mortgage Association (GNMA), (6) the United States Department of Housing and Urban Development (PHAs) and (7) the Federal Housing Administration;

(c) direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: (1) senior debt obligations rated "Aaa" by Moody's issued by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC), (2) obligations of the Resolution Funding Corporation (REFCORP), (3) senior debt obligations of the Federal Home Loan Bank System, (4) senior debt obligations of the Student Loan Marketing Association (SLMA) and (5) senior debt obligations of other government-sponsored agencies approved by each Insurer;

(d) United States dollar denominated deposit accounts, demand deposits, including interest bearing money market accounts, federal funds, trust deposits and bankers' acceptances with domestic commercial banks (including the Trustee or any of its affiliates) which have a rating on their short term certificates of deposit on the date of purchase of "Prime-1" or "A3" or better by Moody's or "A-1+" or better by S&P and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank.);

(e) commercial paper which is rated at the time of purchase "P-1" by Moody's or "A- +" or better by S&P and which matures not more than 270 days after the date of purchase;

(f) pre-refunded Municipal Obligations, defined as any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(1) which are rated, based on an irrevocable escrow account or fund (the escrow), in the highest rating category of Moody's or S&P or any successors thereto; or

(2) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in (a)(i) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(g) general obligations of states or municipalities which are rated at the time of purchase by Moody's or S&P in one of the two highest long-term rating categories assigned by such agencies;

(h) money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating at the time of purchase by S&P of "AAAm- G", "AAA- m" or "AA- m" or if rated by Moody's, rated "Aaa", "Aa1" or "Aa2", including, without limitation, so long as they otherwise qualify, the JPMorgan Funds or any other

mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (1) the Trustee or an affiliate of the Trustee receives fees from such funds for services rendered, (2) the Trustee charges and collects fees for services rendered pursuant to the Trust Agreement, which fees are separate from the fees received from such funds, and (3) services performed for such funds and pursuant to the Trust Agreement may at times duplicate those provided to such funds by the Trustee or its affiliates; and

(i) so long as approved by each Insurer of a series of Certificates identified in a supplemental trust agreement relating thereto, investments in the State of Ohio Local Agency Investment Pool (S.T.A.R. Ohio) created and maintained pursuant to Section 135.45 of the Ohio Revised Code, provided S.T.A.R. Ohio maintains the highest letter or numerical rating provided by at least one nationally recognized rating service. The Trustee would not be required to divest funds during the initial 180 days following the Treasurer's receipt of notice that S.T.A.R. Ohio is not in compliance with the rating requirements;

(j) other forms of investments (including repurchase agreements) approved in writing by each Insurer of a series of Certificates identified in the supplemental trust agreements relating thereto.

Investments or deposits in certificates of deposit or investment contracts shall not be made without complying with Treasury Regulations Section 1.148-5(d)(6)(ii) and (iii), respectively, or with any successor provisions thereto or other similar applicable provisions. In determining whether the rating assigned by Moody's to an investment complies with the rating categories provided in this definition, the rating category shall be determined without regard to any numerical or plus or minus modifier, unless otherwise expressly provided in this definition.

**"Event of Default"** means an Event of Default under the Lease or the Trust Agreement, as applicable. See **The Lease – Defaults and Remedies** and **Trust Agreement – Events of Default**.

**"Extraordinary Services"** and **"Extraordinary Expenses"** mean all services rendered and all reasonable fees and expenses properly incurred by the Trustee, as such and as Registrar and Paying Agent, under the Trust Agreement, including without limitation any claims, losses, damages, penalties and reasonable attorneys' fees and expenses incurred by Trustee thereunder, subject to the provisions of the Trust Agreement, other than Ordinary Services and Ordinary Expenses.

**"Fiscal Year"** means a period of 12 consecutive months commencing on the first day of July of any year and ending on the last day of June of the following year, or, as to be evidenced for purposes of the Trust Agreement by a certificate of an Authorized Officer of OBM filed with the Trustee, such other consecutive 12-month period as may hereafter be established as the fiscal year of the State for budgeting, appropriations and accounting purposes.

**"Holder"**, **"Holder of a Certificate"** or **"Certificate Holder"** means the Person in whose name a Certificate is registered on the Register.

**"Initial Term"** means the period from the date of initial delivery of the Series 2024 Certificates ending on June 30, 2025.

**"Insurer"** means any Insurer defined in any Supplemental Trust Agreement in connection with a series of Certificates.

**"Interest Payment Date"** or **"Interest Payment Dates"** means, with respect to the Series 2024 Certificates, March 1 and September 1 of each year during which Series 2024 Certificates are outstanding, commencing March 1, 2025, and with respect to other Certificates, the dates for payment of interest thereon.

**"Interest Rate for Advances"** means one percent (1%) above the highest rate quoted as the "Prime Rate" in the column entitled "Money Rates" published in The Wall Street Journal on the day payment is due (or if such due date falls on a weekend or holiday, the immediately preceding Business Day).

**"Lease"** means the Master Lease-Purchase Agreement dated as of October 1, 2021, between the Corporation and the Lessee, as amended or supplemented from time to time.

**"Lease Payment Account"** means the Lease Payment Account of the Certificate Fund.

**"Lease Payment Date"** means each February 15 and August 15 during a Lease Term, commencing February 15, 2025.

**"Lease Payments"** means, for each Lease Term, the sum of the Base Rent due during such Lease Term plus any Additional Rent for which funds have been appropriated, being the total lease payment obligation of the Lessee for such Lease Term.

**"Lease Term"** means, individually and not collectively, the Initial Term for any series of Certificates, each Renewal Term, and any other renewal term during which the terms and conditions of the Lease is in force.

**"OBM"** means the Office of Budget and Management of the State.

**"Ordinary Services"** and **"Ordinary Expenses"** mean those services normally rendered, and those fees, advances, counsel fees and other expenses normally incurred, by a trustee, registrar or paying agent under instruments similar to the Trust Agreement.

**"Outstanding Certificates"**, **"Certificates outstanding"** or **"outstanding"** as applied to Certificates means, as of the applicable date, all Certificates that have been signed and delivered, or which are being delivered by the Trustee under the Trust Agreement, except:

(a) Certificates cancelled or retained in safekeeping upon surrender, exchange or transfer, or cancelled because of payment or redemption on or prior to that date;

(b) Certificates, or the portion thereof, for the payment, redemption or purchase for cancellation of which sufficient money has been deposited and credited with the Trustee on or prior to that date for that purpose (whether upon or prior to the maturity date of those Certificates);

(c) Certificates, or the portion thereof, that are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of the Trust Agreement; and

(d) Certificates in lieu of which others have been signed and delivered under the Trust Agreement.

**"Paying Agent"** means the Trustee acting in that capacity.

**"Payment Date"** means an Interest Payment Date and/or a Principal Payment Date.

**"Person"**, or words importing "persons", mean firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, public or governmental bodies, other legal entities and natural persons.

**"Principal Payment Date"** means September 1 of each year commencing September 1, 2025 and ending September 1, 2039, and any other date on which principal of the Series 2024 Certificates is due and payable whether at maturity or pursuant to redemption, and with respect to other Certificates, the dates for payment of principal, including at maturity or pursuant to redemption.

**"Project"** or **"Projects"** means the acquisition and implementation of the Lessee's new collection system, including but not limited to, acquisition of the application hardware and software and the installation, implementation and integration thereof, used in connection with the Attorney General Claims Fund, as authorized by the Act, the Project Costs of which have been or are to be paid from moneys derived from Certificates issued pursuant to the Trust

Agreement and deposited in the Project Fund, and for the payment of which Project Costs the General Assembly has authorized the Lessee to enter into lease-purchase arrangements relating thereto which lease-purchase arrangements may be fractionalized under Section 133.01(N) of the Ohio Revised Code. "Project" includes any portion of such system the part of Project Costs of which, respectively, are financed by the Series 2024 Certificates and described in the Lease.

**"Project Costs"** means the portion of the costs of the Project financed from the Series 2024 Certificates and the costs of issuance thereof.

**"Project Fund"** means the Project Fund established under the Trust Agreement and held by the Trustee to contain proceeds from the issuance of Certificates pending disbursement.

**"Redemption Account"** means the Redemption Account within a Certificate Fund.

**"Register"** means the books kept and maintained by the Registrar for registration and transfer of Certificates pursuant to the Trust Agreement.

**"Registrar"** means the Trustee acting in that capacity, as a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934.

**"Regular Record Date"** means, with respect to any Series 2024 Certificate, the 15th day of the calendar month next preceding an Interest Payment Date applicable to that Series 2024 Certificate.

**"Renewal Term"** means, individually and not collectively, the renewal terms designated in the Lease. See **The Lease – Lease Term; Renewals; Termination.**

**"Revenues"** means (a) the Base Rent, (b) all other money received or to be received by the Trustee under the Lease, other than amounts received in payment for fees, charges and expenses of the Trustee under the Trust Agreement but including without limitation, all income or other money realized from the lease, sale or other disposition of the Project, (c) any money and investments in the Certificate Fund (including the Lease Payment Account, the Capitalized Interest Account and the Redemption Account), and (d) all income and profit from the investment of the foregoing money; provided, however, that any investment income required under the Code to be rebated to the United States shall not, and shall not be, Revenues and the holders of Certificates shall have no claim or interest in that income.

**"Series 2024 Certificates"** means the \$23,195,000 Certificates of Participation, Series 2024 Evidencing Proportionate Interests of the Owners Thereof in Base Rent to be paid by the Ohio Attorney General (Ohio Attorney General Claims Fund Project), issued May 21, 2024 pursuant to the Trust Agreement.

**"Series 2024 Supplemental Lease"** means the Supplemental Lease No. 2-24 dated as of May 1, 2024 between the Lessee and the Corporation.

**"Series 2024 Supplemental Trust Agreement"** means the Second Supplemental Trust Agreement dated as of May 1, 2024 between Corporation and the Trustee relating to the Series 2024 Certificates.

**"Special Funds"** or **"Special Funds and Accounts"** means each Project Fund and Certificate Fund and accounts in these Funds to the extent pertaining to the Certificates, and any other funds or accounts, established under or identified in a Supplemental Trust Agreement for a particular series, or more than one series of Certificates.

**"Special Record Date"** means, with respect to any Series 2024 Certificate, the date established by the Trustee in connection with the payment of overdue interest on that Series 2024 Certificate pursuant to the Trust Agreement.

**"State"** means the State of Ohio.

**"Subject to Appropriation and Certification"** means subject to the General Assembly's making Appropriation and Certification pursuant to the Lease.

**"Supplemental Lease"** means any one or more Supplemental Leases, as the same may be amended, modified or supplemented, entered into pursuant to the Lease and Trust Agreement.

**"Supplemental Trust Agreement"** means any one or more supplemental trust agreements, as the same may be amended, modified or supplemented, entered into pursuant to the Trust Agreement.

**"Tax Opinion"** means the opinion of Bond Counsel selected by the Trustee to the effect that the action or event referred to will not result in the interest payable on the Certificates becoming subject to federal income taxation.

**"Termination Date"** means September 1, 2039; and means with respect to any Lease Term the date on which the Lease terminate in accordance with the provisions of the Lease. See **The Lease – Lease Term; Renewals; Termination.**

**"Trust Agreement"** means the Trust Agreement, dated as of October 1, 2021, between the Trustee and the Corporation, as supplemented by the Series 2024 Supplemental Trust Agreement, as may be further amended or supplemented from time to time.

**"Trustee"** means The Bank of New York Mellon Trust Company, N.A., as Trustee, or any successor Trustee.

**"Unassigned Rights"** means the rights of the Corporation under certain provisions of the Lease for the payment of the Corporation's costs and expenses.

**"Underwriter"** means PNC Capital Markets LLC.

**"Underwriter's Counsel"** means Dinsmore & Shohl LLP.

## **The Lease**

### ***General***

The Lease, including the Series 2024 Supplemental Lease, is entered into between the Corporation as lessor and the Lessee as lessee. The Lease contains the terms and conditions under which the Project will be leased to the Lessee for the Lease Term. The Lessee will finance the acquisition of the Project by lease-purchase pursuant to the terms of the Lease. The Corporation, by the Trust Agreement, has assigned or will assign to the Trustee all its rights and interest in and to the Lease (other than Unassigned Rights) and the Project.

### ***Lease Term; Renewals; Termination***

The Initial Term of the Series 2024 Supplemental Lease commences as of the date of initial delivery of the Series 2024 Certificates and will expire on June 30, 2025, subject to renewal as provided under the Lease. The Lease may be renewed under the provisions of the Lease for consecutive Renewal Terms, each commencing on July 1 of the first Fiscal Year of a Biennium and terminating on June 30 of the second Fiscal Year of a Biennium, except that the final Renewal Term will terminate on September 1, 2039. The Lease may be renewed in accordance with the following:

(a) In order to exercise its right of renewal for a Renewal Term, the Lessee will proceed as follows:

On or prior to July 10 of the first Fiscal Year of the new Renewal Term, the Lessee shall determine that the General Assembly has in its biennial operating budget appropriated sufficient funds to enable it to pay all its Lease Payments due during that Renewal Term and shall determine that the General Assembly has affirmatively included in the biennial operating budget for the Lessee, a line item or line items, as applicable, supporting that Appropriation of funds for paying such Lease Payments. The Lessee will not be deemed to

have exercised its right of renewal under the Lease if the General Assembly has appropriated insufficient funds to pay all of the Lease Payments under the Lease due during the applicable Renewal Term. Such Appropriation will constitute the exercise by the Lessee of its right to renew the Lease and the Lease shall be renewed for the full Renewal Term of the Biennium for which the Appropriation or Appropriations were made. As evidence of the exercise by the Lessee of its renewal of the Lease for a Renewal Term, the Lessee, will on or prior to August 15 of that Fiscal Year deliver, or cause to be delivered, to the Corporation and the Trustee (i) a certified copy of the appropriation legislation, and (ii) a statement of the OBM Director certifying that the General Assembly has appropriated sufficient funds to enable the Lessee to pay the Lease Payments due during the Renewal Term.

(b) If a Lease Term terminates without a renewal of the Lease for a succeeding Renewal Term pursuant to paragraph (a) above and if by August 15 of the Fiscal Year immediately following the Termination Date the General Assembly appropriates sufficient funds to enable the Lessee to pay all the Lease Payments due during that Biennium, then such Lease will be reinstated and deemed renewed as of the day following the Termination Date of the preceding Lease Term and any payments of Lease Payments that would have been due and payable had the Lease been renewed on the first day of the Renewal Term will be paid on the date of reinstatement.

(c) The Lessee will endeavor to give the Corporation and the Trustee 120 days' prior written notice of its intent not to renew the Lease, but failure to do so will not constitute an Event of Default under the Lease and will not impair its right of renewal thereunder.

(d) The Lessee intends and reasonably believes that legally available funds of an amount sufficient to make all Lease Payments during each Lease Term can be appropriated and obtained. In that regard, the Lessee in the Lease represents that the Project and the State's use of the Projects are essential to the efficient operation and the well-being of the State. Further, the Lessee intends to do all things lawfully within its power to obtain and maintain funds from which Lease Payments may be made, including requesting provision for such payments to the extent necessary in each biennial budget and in the appropriation legislation for presentation to the General Assembly. The Lessee presently intends to renew the Lease through the final Termination Date, although such renewal remains subject to Appropriation by each future General Assembly.

A Lease Term will terminate upon the occurrence of the first of the following events:

- (a) the termination of the Lease in accordance with the provisions for biennial termination;
- (b) the Corporation's election to terminate the Lease pursuant to the remedial provisions of the Lease upon the occurrence of an Event of Default; or
- (c) the payment or deemed payment, by defeasance pursuant to the Lease, by the Lessee of all Lease Payments and all other amounts authorized or required to be paid by the Lessee under the Lease.

***Base Rent***

On or before the Lease Payment Dates during each Lease Term, the Lessee will pay to the Trustee, as assignee of the Corporation, in lawful money of the United States of America, an amount equal to the aggregate Base Rent payable on those Lease Payment Dates during the Lease Term, being the principal and interest components of the Base Rent equal to the principal and interest due on the applicable Certificates on the Payment Date that next follows; provided that credit will be given for amounts on deposit in the related Lease Payment Account.

Except as described in the following sentence, the obligation of the Lessee to make Lease Payments and all other amounts required to be paid by the Lessee under the Lease and to perform its obligations under the Lease will be absolute and unconditional and will not be subject to abatement, set-off, defense, recoupment or counterclaim. The obligations of the Lessee under the Lease is Subject to Appropriation and Certification for such purposes. The obligations of the Lessee under the Lease, including the obligation to pay Lease Payments in any Lease Term for

which the Lease are in effect, will constitute a current expense of the Lessee and the State for such Lease Term and will not constitute a general obligation indebtedness of the Lessee or the State within the meaning of the Ohio Constitution and laws of the State.

Base Rent will be payable in immediately available funds to the Trustee, as assignee of the Corporation, at the corporate trust office of the Trustee or at such other place as the Corporation may from time to time designate in writing. The Trustee will apply the amount received first to payment of the interest component of the Base Rent payment and second to the payment of the principal component of the Base Rent payment. Money in the Lease Payment Account on the Business Day immediately preceding a Lease Payment Date will be credited against the Base Rent due on the Lease Payment Date.

### ***Additional Rent***

During each Lease Term, the Lessee will pay to the Trustee, as assignee of the Corporation, if and whenever applicable, the following amounts as Additional Rent:

- (a) the fees of the Trustee under the Trust Agreement and Ordinary Expenses and Extraordinary Expenses, as defined in the Trust Agreement;
- (b) taxes and other governmental charges as provided under the Lease;
- (c) any premium due for insurance as required under the Lease; and
- (d) any amounts paid to the Corporation or others under the Lease relating to Unassigned Rights.

The obligation of the Lessee to pay Additional Rent in each Lease Term is Subject to Appropriation and Certification. If Appropriations are not made for payment of all or any part of that Additional Rent, the Trustee, as assignee of the Corporation, has the right, but not the obligation, to pay or advance the amount of such Additional Rent. If the Trustee advances any amount of Additional Rent, the Lessee will, Subject to Appropriation and Certification, repay the Trustee with interest and according to the schedule established in the Lease. If the Trustee pays or advances such Additional Rent and is repaid (with interest as required) as provided in the Lease, the Lease will not be deemed terminated as a result of such nonpayment of Additional Rent.

### ***Title***

The Corporation will retain title to the Projects during the Lease Term. The Corporation and the Lessee agree that any appropriate documents may be filed or recorded to evidence the parties' respective interests in the Projects and the Lease, including the Corporation's security interest in the Projects. The rights and interest of the Corporation in those documents will be assigned to the Trustee.

### ***Alterations and Additions***

The Lessee, at its expense but subject to Appropriation, will keep or cause to be kept the Projects in good order and condition (ordinary wear and tear excepted), and make, or cause to be made, all necessary, proper or appropriate repairs, replacements and renewals thereof, ordinary and extraordinary, foreseen and unforeseen. The Corporation has no responsibility for such maintenance or repair. The Corporation agrees, however, that during the Lease Term and for the applicable period of time designated in the Lease after termination of the Lease, it will not impair the ability of the Lessee to operate or maintain the Projects in sound operating condition.

The Lessee, at its discretion and at its expense or by causing Additional Certificates to be issued, may make any additions, modification or improvements to the Projects that each deems necessary or desirable in connection with its use of the applicable Project, provided that the undertaking and completion of such addition, modification and improvement will not cause the aggregate value of the applicable Project to be reduced below the value of the applicable Project immediately prior to the undertaking and completion of any such addition, modification and

improvement. All additions, modifications and improvements so made to the applicable Project by the Lessee will become and be deemed to constitute a part of the applicable Project.

### ***Substitutions and Removals***

(a) If the Lessee, in its reasonable discretion, determines that any item of personal property constituting a part of the applicable Project has become inadequate, obsolete, worn-out, unsuitable, undesirable, or unnecessary or should be replaced, the Lessee may remove such item, provided that such removal (taking into account any substitutions) will not impair the operative unity of the applicable Project and will not damage the Project, and provided further that the Lessee will:

(1) substitute and install other items of property having an equal or greater utility and value (but not necessarily the same property function in the operation of the applicable Project) as the removed property, which substituted property shall be free from all liens and encumbrances and shall become part of the applicable Project; or

(2) in the case of removal of property without substitution, promptly pay to the Corporation for application as provided in the Trust Agreement an amount equal to: (1) if the removed property is sold or scrapped, the proceeds of such sale or the scrap value; (2) if the removed property is used as a trade-in for property not to be included as part of the applicable Project, the trade-in credit received by the Lessee; or (3) in the case of the retention of such removed property by the Lessee for other purposes, the fair market value of such property, as determined by an engineer.

(b) The Lessee shall promptly report to the Corporation each such removal, substitution, sale or other disposition. In addition, the Lessee shall pay to the Corporation such amounts as are required by the provisions of the preceding subsection (a)(2) to be paid to the Corporation promptly after the sale, trade-in or other disposition requiring such payment. However, no such report or payment need be made until the amount to be paid to the Corporation on account of all such sales, trade-ins or other dispositions not previously paid aggregates at least \$1,000,000 in each Fiscal Year.

(c) Notwithstanding any other provisions of the Lease, individual items of personal property included in the applicable Project or Projects that have a value in excess of \$500,000 will not be removed from the applicable Project or Projects in any one Fiscal Year without the Corporation's prior written consent, which consent will not be unreasonably withheld. Personal property valued at less than \$500,000 may be removed from the applicable Project or Projects without the Corporation's consent.

(d) No removal under the Lease will adversely affect the obligation of the Lessee to make Lease Payments.

### ***Budget Requests***

The Lessee agrees that all amounts needed for payments of Base Rent for outstanding Certificates, and to the extent determinable, all amounts due as Additional Rent will be included in the estimated budgets of the Lessee for the State budget estimates prepared by the Director of OBM and submitted to the Governor and the State budget submitted by the Governor to the General Assembly, as provided in the Revised Code and any other applicable provisions of law. On the first day of each Fiscal Year, or as soon thereafter as is practicable, the Lessee shall submit to the Director of OBM an appropriate voucher or order to cause amounts deposited to the Attorney General Claims

Fund in each Fiscal Year to be in an amount not less than the amount needed by the Lessee for payments of Base Rent for outstanding Certificates, and to the extent determinable, all amounts due as Additional Rent under the Lease.

### ***Insurance***

The Lessee agrees to keep, or cause them to be kept, the Project continuously insured during each Lease Term in the manner and to the extent the Lessee deems appropriate in accordance with other practices of the State relating to insurance of State property or facilities.

### ***Risk of Loss***

Under the Lease, the Lessee assumes all risk of loss of or damage to the Project. No loss of or damage to, or appropriation by governmental authorities of, or defect in or unfitness or obsolescence of, a Project will relieve the Lessee of the obligation to make Lease Payments during a Lease Term or to perform any other obligation under the Lease.

To the extent permitted by law, as between the Corporation and the Lessee, the Lessee will bear the risk of loss for, shall pay directly, and shall defend against any and all claims, liabilities, proceedings, actions, expenses, damages or losses arising under or related to the Projects, including but not limited to, the possession, ownership, lease, use or operation thereof, except that the Lessee shall not bear the risk of loss of, nor pay for, any claims, liabilities, proceedings, actions, expenses, damages or losses that arise directly from events occurring after the Lessee has surrendered possession of the Project or Projects in accordance with the Lease or that arise directly from the gross negligence or willful misconduct of the Corporation.

### ***Assignments***

The Lessee may not, without the written consent of the Corporation and the Trustee: (i) assign, transfer, pledge, hypothecate or grant any security interest in or otherwise dispose of the Lease, or the Projects (without replacement or substitution as provided in the Lease) or any interest in the Lease or the Projects, or (ii) sublease the Projects or permit them to be operated by anyone other than the Lessee, the employees of the Lessee, or employees of the State or persons authorized by the Lessee, in connection with the operation and maintenance of the Projects by the Lessee. See **The Projects**. Except pursuant to the Trust Agreement, the Corporation may not assign or grant a security interest in its interest in the Lease or the Projects without prior written consent of the Lessee.

### ***Defaults and Remedies***

The following are Events of Default under the Lease:

- (a) The failure of the Lessee to pay any Base Rent payment as it becomes due in accordance with the terms of the Lease; or
- (b) The failure of the Lessee to perform or observe any other covenant, condition or agreement to be performed or observed by it under the Lease, other than the failure to pay Base Rent as it becomes due, if the failure is not cured or steps satisfactory to the Corporation are not taken to cure the failure within 30 days after written notice of the failure to the Lessee by the Corporation, unless the Corporation agrees to an extension of time to cure.

Notwithstanding the foregoing, if, by reason of Force Majeure, as defined in the Lease, the Lessee is unable to perform or observe any agreement, terms or condition of the Lease, other than its obligation to make any payment under the Lease, the Lessee will not be deemed in default during the continuance of such inability. However, the Lessee is required to promptly give notice to the Corporation of the existence of any event of Force Majeure and to use best efforts to remove the effects thereof; provided that the settlement of strikes or other labor disturbances shall be entirely within the discretion of the Lessee.

Upon the occurrence and during the continuance of an Event of Default, the Corporation may, pursuant to the Lease, exercise any one or more of the following remedies:

(a) by 60 days' prior written notice to the Lessee, terminate the Lease and direct the Lessee to (the Lessee agrees that it will), at the expense of the Lessee promptly return possession of the applicable Project or Projects to the Corporation, or, at the Corporation's option, Corporation may enter upon the property where the Project are located and take immediate possession of and remove any applicable Project or Projects;

(b) upon 60 days' prior written notice to the Lessee, sell or lease the applicable Project or Projects for the account of the Lessee pursuant to the terms of the Lease, holding the Lessee liable for all applicable Lease Payments and other payments due during then-current Fiscal Year to the effective date of such sale or lease and for the difference between the purchase price, rental and other amounts paid by the purchaser or lessee pursuant to such sale or lease and the amounts payable during then-current Fiscal Year by the Lessee under the Lease; and

(c) exercise any other right, remedy or privilege that may be available to it under the applicable laws of the State or any other applicable law or proceed by appropriate court action to enforce the terms of the Lease or to recover damages for the breach of the Lease or to rescind the Lease as to the Projects.

The payment obligations of the Lessee under the remedies available to the Corporation and pursuant to the Lease are Subject to Appropriation and Certification.

#### ***Amendments to Lease***

The Lease may not be modified, amended, altered or changed except with the written consent of the Lessee and the Corporation, and of the Certificate Holders as provided for in the Trust Agreement, provided, however, that it is expressly anticipated that Supplemental Leases will be entered into with respect to Additional Certificates to be issued and that neither the Corporation nor the Certificate Holders shall have the right to consent to the issuance of such Additional Certificates.

#### **The Trust Agreement**

##### ***Assignment***

In order to secure the payment of the Certificates and the performance of the obligations contained in the Trust Agreement, the Corporation will assign without recourse to the Trustee all its right, title and interest under the Lease in and to (i) the Revenues, (ii) the Lease, and (iii) the Projects, except Unassigned Rights.

##### ***Project Fund***

The Trust Agreement establishes a Project Fund that is to be maintained by the Trustee. There will be deposited in the Project Fund the proceeds received upon the original sale of each series of the Certificates, after deposit of accrued interest, if any, in the Lease Payment Account and issuance costs in the Costs of Issuance subaccount of the Project Fund. Money in the Project Fund will be drawn by the Lessee to pay Project Costs. If the Lease is terminated because of nonappropriation, the Trustee is required under the Trust Agreement to transfer any money in the Project Fund for deposit in the related Lease Payment Account.

##### ***Certificate Fund***

The Trust Agreement creates a Certificate Fund as a separate deposit account in the custody of the Trustee consisting of a Lease Payment Account, a Capitalized Interest Account and a Redemption Account. There will be deposited in the Certificate Fund (and credited, as required by the Trust Agreement or the Lease, to appropriate Accounts therein) amounts from the proceeds of the Certificates constituting capitalized interest thereon, as provided in the applicable Supplemental Trust Agreement, amounts transferred from the Project Fund after the payment of

Project Costs pursuant to the Trust Agreement and the Lease Payments to be made by the Lessee to the Trustee under the terms of the Lease and the Trust Agreement. The Certificate Fund (and the Accounts therein) and the money and Eligible Investments therein will be used solely and exclusively for the payment of Certificate Payments as they become due, except as otherwise provided in the Trust Agreement. The Trustee will transmit to itself as Paying Agent from money in the Certificate Fund, amounts sufficient to make timely payments of Certificate Payments. Certificate Payments will be payable as they become due in the following order, (i) in the first instance from the Capitalized Interest Account, to the extent then available for interest on the Certificates, (ii) from the Lease Payments to be made directly by the Lessee to the Trustee pursuant to the terms of the Lease and the Trust Agreement and to be deposited in the Lease Payment Account in the Certificate Fund, (iii) if those Lease Payments are not made or if money then on deposit in the Certificate Fund, and available for that purpose is not sufficient to pay the Certificate Payments, from other Revenues to the extent then available, and (iv) from any other source lawfully available to the Trustee, including, without limitation, proceeds from the lease, sale or liquidation of the applicable Project or Projects in accordance with the Lease. Payments of Base Rent under the Lease, proceeds of insurance, if any, or condemnation and all other money derived from the lease, sale, sublease or other disposition of the Project or Projects, and such other amounts as may be paid to the Trustee as assignee of the Corporation pursuant to the Lease and to the Trust Agreement will be immediately deposited by the Trustee in the Lease Payment Account as provided in the Lease.

### ***Investment of Funds***

Any money held in the Project Fund or the Certificate Fund will, at the direction of the OBM Director or Authorized Officer of OBM, be invested or reinvested by the Trustee in Eligible Investments.

The Lessee has agreed in the Lease to restrict the investment, reinvestment and use of the proceeds of the Certificates in such manner and to such extent, if any, as may be necessary, after taking into account reasonable exceptions at the time of issuance of such Certificates, so that they will not constitute arbitrage bonds under federal tax laws. An investment made from money credited to the Certificate Fund or the Project Fund will constitute part of that respective Fund and such respective Fund will be credited with all proceeds of sale and income from such investment.

### ***Defeasance***

When all the Certificate Payments for a particular series have been paid or provision has been made for such payment of all amounts and provision has been made for payment of all amounts due under the Lease and the Trust Agreement, then the Trust Agreement (except for certain provisions thereof that need to remain operative, such as those relating to the holding of funds for the benefit of particular Certificate Holders or for the Lessee) will cease, determine and become null and void, and the covenants, agreements and other obligations of the Trustee thereunder will be released, discharged and satisfied. Thereupon, the Trustee will release the Trust Agreement and sign and deliver to the Corporation and to the Lessee such instruments in writing as will be required to evidence such release and discharge as may be reasonably required by the Corporation and the Lessee. The Trustee will assign and deliver to the Lessee any property in its possession that is, at that time, subject to the lien of the Trust Agreement, except amounts remaining in the Certificate Fund that are required pursuant to the Trust Agreement to be held by the Trustee or otherwise for payment of the Certificate Payments on the Certificates.

All the outstanding Certificates under the Trust Agreement will be deemed to have been paid and discharged within the meaning of the Trust Agreement if the Trustee has received, in trust for and irrevocably committed thereto, sufficient money or Defeasance Obligations that are certified by an independent public accounting firm to be of such maturities or redemption dates and payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient together with money referred to above, for the payment of all Certificate Payments on the Certificates secured by the Trust Agreement, at their maturity or redemption dates, including all payments, if any, due but not paid as a result of a default in payment. As a condition to such defeasance, a Tax Opinion shall be delivered.

### ***Events of Default***

The following are Events of Default under the Trust Agreement:

- (a) Payment of any principal of or interest evidenced by any Certificate issued under the Trust Agreement or any premium thereon is not made when and as that principal or interest becomes due and payable, whether at stated maturity or by redemption;
- (b) The occurrence and continuance of an Event of Default as defined in the Lease (see **Description of Documents – The Lease – *Defaults and Remedies***); or
- (c) The Lease is not renewed for any Renewal Term as provided for in the Lease.

### ***Remedies***

Upon the occurrence and continuance of an Event of Default, the Trustee may pursue any available remedy to enforce the payment of Certificate Payments or the observance and performance of any other covenant, agreement or obligation under the Trust Agreement, the related Lease or any other instrument providing security, directly or indirectly, for the Certificates; provided, however, that there will be no right under any circumstances to accelerate the maturities of the Certificates or otherwise to declare any Lease Payment not then past due or in default to be immediately due and payable. If, upon the occurrence and continuance of an Event of Default, the Trustee is requested to do so by the Holders of at least 25% in aggregate principal amount of Certificates outstanding under the Trust Agreement, the Trustee will exercise one or more rights and powers conferred by the Trust Agreement as the Trustee, advised by Counsel, deems to be in the interests of the Holders of those Certificates.

No remedy conferred upon or reserved to the Trustee (or to the Certificate Holders) by the Trust Agreement is intended to be exclusive of any other remedy. Each remedy will be cumulative and will be in addition to every other remedy given under the Trust Agreement or otherwise to the Trustee or to the related Certificate Holders now or hereafter existing.

No delay in exercising or omission to exercise any remedy, right or power accruing upon any default or Event of Default will impair that remedy, right or power or will be construed to be a waiver of any default or Event of Default or acquiescence therein. Every remedy, right and power may be exercised from time to time and as often as may be deemed to be expedient.

### ***Right of Certificate Holders to Direct Proceedings***

The Holders of a majority in aggregate principal amount of Certificates then outstanding under the Trust Agreement will have the right at any time to direct, by instruments or documents in writing signed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Trust Agreement or any other proceedings under the Trust Agreement. However, each such direction must be in accordance with the provisions of law and the Trust Agreement, and the Trustee must be indemnified to its satisfaction and the Trustee may take any other action that it deems to be proper and that is not inconsistent with the direction.

### ***Rights and Remedies of Certificate Holders***

The Holder of any Certificate will not have any right to institute any suit, action or proceeding for the enforcement of the Trust Agreement, for the execution of any trust under the Trust Agreement or for the exercise of any other remedy under the Trust Agreement, unless (i) an Event of Default under the Trust Agreement has occurred and is continuing, of which the Trustee has been notified or is deemed to have notice, (ii) the Holders of not less than 25% in aggregate principal amount of Certificates then outstanding under the Trust Agreement have made written request to the Trustee and have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers provided in the Trust Agreement or to institute such action, suit or proceeding in its own name and have offered to the Trustee indemnity as provided in the Trust Agreement, and (iii) the Trustee thereafter has failed or

refused to exercise its remedies, rights and powers under the Trust Agreement or to institute such action, suit or proceeding in its own name.

### ***Waivers of Events of Default***

Except as described herein, at any time, the Trustee may waive any Event of Default under the Trust Agreement and its consequences. The Trustee will do so upon the written request of the Holders of (a) at least a majority in aggregate principal amount of all Certificates then outstanding under the Trust Agreement in respect of which an Event of Default in the payment of Certificate Payments exists or (b) at least 25% percent in aggregate principal amount of all Certificates then outstanding under the Trust Agreement, in the case of any other Event of Default under the Trust Agreement.

There will not be so waived, however, any Event of Default described in item (a) of **The Trust Agreement - Events of Default** herein, unless at the time of that waiver payments of all Certificate Payments then due and payable under the Trust Agreement have been made or provision has been made therefor. In the case of the waiver, or in case any suit, action or proceedings taken by the Trustee on account of any Event of Default under the Trust Agreement has been discontinued, abandoned or determined adversely to it, the Trustee and the Holders of Certificates issued under the Trust Agreement will be restored to their former positions and rights under the Trust Agreement. No waiver will extend to any subsequent or other Event of Default or impair any right consequent thereon.

### ***Application of Money***

All money received by the Trustee pursuant to any remedial action will be applied first to the payment of the costs and expenses of the proceedings resulting in the collection of the money. The balance of such money will be deposited in the Certificate Fund and applied to the payment of principal of, premium, if any, and interest on the Certificates, in the order of priority set forth in the Trust Agreement.

### ***Supplemental Trust Agreement***

The Trustee may enter into supplemental trust agreements, without the consent of or notice to any of the Certificate Holders, for any one or more of the following purposes:

- (a) to cure any ambiguity, inconsistency or formal defect or omission in the Trust Agreement;
- (b) to grant to or confer upon the Trustee for the benefit of the Certificate Holders additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Certificate Holders or the Trustee;
- (c) to assign additional revenues under the Trust Agreement;
- (d) to accept security and instruments and documents of further assurance with respect to the Project;
- (e) to add to the covenants, agreements and obligations under the Trust Agreement, other covenants, agreements and obligations to be observed for the protection of all or particular Certificate Holders, or to surrender or limit any right, power or authority reserved to or conferred in the Trust Agreement, including the limitation of rights of redemption so that in certain instances Holders of different Series of Certificates issued under the Trust Agreement will be redeemed in some prescribed relation to one another;
- (f) to evidence any succession to the Trustee and the assumption by its successor of the covenants, agreements and obligations of the Trustee under the Trust Agreement and the Certificates;
- (g) in connection with the issuance of series of Certificates in accordance with the Trust Agreement, including any and all appropriate provisions relating to the issuance of Additional Certificates in other than book-entry form, subject to a Tax Opinion relating to that issuance and registration;

- (h) to permit compliance of the Trust Agreement with changes in any applicable federal or state securities or tax laws or regulations subject to a Tax Opinion relating to those amendments; and
- (i) to permit the Trustee to comply with any obligations imposed upon it by law;
- (j) to specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Registrar and the Paying Agent;
- (k) the transfer of respective Certificates from one Securities Depository to another, and the succession of Securities Depositories, and the withdrawal of respective Certificates issued to a Securities Depository for holding in a book-entry system and the issuance of replacement registered Certificates to others than a Securities Depository; and
- (l) to permit any other amendment that, in the judgment of the Trustee, is not materially to the prejudice of the Trustee or the Certificate Holders.

Exclusive of supplemental agreements for the purposes above stated, the consent of the Holders of not less than a majority in aggregate principal amount of each series of the Certificates then outstanding under the Trust Agreement will be required to approve any supplemental trust agreement, provided, however, that, except as provided in (i) and (ii) below, for any Certificates for which principal and interest payments are insured by an Insurer, and so long as such Insurer is not in default on its financial guarantee insurance policy, the Insurer shall have the right to give consent on behalf of the Holders of such Certificates and provided further that no supplemental trust agreement may permit: (i) an extension of the maturity of the principal of or the interest on any Certificate, or a reduction in the principal amount of any Certificate, or the rate of interest or premium on any Certificate, or a reduction in the amount or extension of the time of payment required by any mandatory sinking fund requirements of the Trust Agreement, without the consent of the Holder of each Certificate so affected, or (ii) the creation of a privilege or priority of any Certificate over any other Certificate (except to the extent permitted by the Trust Agreement with respect to a required reserve or credit support in connection with the issuance of a particular series of Certificates), or a reduction in the aggregate principal amount of Certificates required for consent to such supplemental trust agreement, without the consent of the Holders of all of the Certificates then outstanding under the Trust Agreement. In addition, the consent of the Lessee to any Supplemental Trust Agreement that materially adversely affects the Lessee must be obtained before such supplemental trust agreement is effective.

#### **THE TRUSTEE**

The Trustee, The Bank of New York Mellon Trust Company, N.A., is a national banking association with a designated corporate trust office in Columbus, Ohio.

The Trustee will, prior to the occurrence of an Event of Default and after the cure of any Events of Default that may have occurred, undertake to perform only such duties as are specifically set forth in the Trust Agreement. At the time of an Event of Default and during its continuation, the Trustee will exercise the rights and powers vested in the Trustee by the Trust Agreement and is to use the same degree of care and skill in their exercise as a prudent corporate trustee would exercise or use under the circumstances in the conduct of its own affairs.

#### **RATINGS**

The Series 2024 Certificates have been rated "Aa1" (outlook stable) by Moody's Investors Service, Inc. and "AA+" (outlook stable) by S&P Global Ratings. No application for a rating has been made by the State to any other rating service.

The ratings and ratings outlooks in effect from time to time, when available, reflect only the views of the particular rating organization. The explanation of its views of the meaning and significance of its rating or outlook may be obtained from the respective rating agency. The State furnished to each rating agency certain information and materials, some of which may not be included in this Offering Circular, relating to the Series 2024 Certificates and

other obligations, the State and the Lessee. Generally, rating agencies base their ratings on that information and materials, and on their own investigations, studies and assumptions.

There can be no assurance that the ratings or outlooks assigned, or when assigned, will continue for any given time, or that a rating will not be lowered or withdrawn by a rating agency if in its judgment circumstances so warrant. Any downward change in or withdrawal of a rating, or change in rating outlook or other actions of a rating agency, may have an adverse effect on the marketability and market price of the Series 2024 Certificates.

## **UNDERWRITING**

PNC Capital Markets LLC (the Underwriter) has agreed, pursuant to the Purchase Agreement dated May 8, 2024 (the Purchase Agreement) among the Underwriter, the Trustee, the Corporation and the Lessee, to purchase all, but not less than all, of the Series 2024 Certificates at a purchase price of \$26,050,452.74, being the principal amount (\$23,195,000.00) plus original issue premium of \$2,960,523.30 and less Underwriter's discount of \$105,070.56.

The Underwriter is purchasing the Series 2024 Certificates as originally issued for purpose of resale. The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2024 Certificates to the public. The Underwriter may offer and sell the Series 2024 Certificates to certain dealers (including dealer banks and dealers depositing the Series 2024 Certificates into unit investment trusts, certain of which may be sponsored or managed by the Underwriter), and others at prices lower than the public offering prices noted on the Cover. The initial offering prices of the Series 2024 Certificates may be changed, from time to time, by the Underwriter.

The obligation of the Underwriter to accept delivery of the Series 2024 Certificates is subject to various conditions of the Purchase Agreement. The Underwriter is obligated to purchase all of the Series 2024 Certificates if any of the Series 2024 Certificates of that particular series are purchased.

The Underwriter and its affiliates, including but not limited to PNC Bank, National Association, comprise a full-service financial institution engaged in various activities, including securities trading, commercial and investment banking, corporate and investment advisory services, investment management and brokerage activities for a wide range of corporations, municipal and non-profit entities and individuals. The Underwriter may engage PNC Investments LLC (PNCI), to sell the Series 2024 Certificates to retail investors. Securities in the Underwriter's inventory for resale to PNCI's customers may include securities such as those to be offered by the State.

## **MUNICIPAL ADVISOR**

Acacia Financial Group, Inc. is serving as the Municipal Advisor to the State in connection with the signing and delivery of the Series 2024 Certificates and is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Offering Circular. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## **LITIGATION**

There is no litigation pending contesting the validity of the Series 2024 Certificates or the proceedings for their signing, sale, and delivery. A no-litigation certificate to that effect will be delivered to the Underwriter at the time of initial delivery of the Series 2024 Certificates.

The State is a party to various legal proceedings seeking damages or injunctive relief and generally incidental to its operations, but unrelated to the security for the Series 2024 Certificates. The ultimate disposition of these proceedings is not presently determinable, but in the opinion of the Lessee will not have a material adverse effect on the Series 2024 Certificates or the security for the Series 2024 Certificates.

## **LEGAL MATTERS**

Certain legal matters incident to the signing and delivery of the Series 2024 Certificates and with regard to the tax-exempt status of the interest on the Series 2024 Certificates (see **Tax Matters**) are subject to opinions of

Bricker Graydon LLP, Bond Counsel. The signed opinion of Bond Counsel, substantially in the form attached hereto as **Exhibit A**, dated and premised on law in effect on the date of original delivery of the Series 2024 Certificates, will be delivered to the Underwriter at the time of original delivery.

The text of the opinion to be delivered may vary from the text as set forth in **Exhibit A** if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of the Offering Circular or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referred to in the opinion subsequent to its date.

Certain legal matters will be passed upon for the Corporation by its counsel Squire Patton Boggs (US) LLP, and by Thompson Hine LLP, Disclosure Counsel. Bricker Graydon LLP will assist in the preparation of and advise the Lessee concerning documents for the transcript of proceedings for the Series 2024 Certificates. Certain additional legal matters will be passed upon for the Underwriter by its counsel, Dinsmore & Shohl LLP.

Although Disclosure Counsel has participated in the preparation of portions of this Offering Circular, it has not been engaged to confirm or verify, and expresses and will express no opinion as to, the accuracy, completeness or fairness of any statements in this Offering Circular, or in any other reports, financial information, offering or disclosure documents or other information pertaining to the Lessee or the State or the Series 2024 Certificates that may be prepared or made available by the Lessee or the State or others to the purchasers or owners of the Series 2024 Certificates or of book-entry interests in the Series 2024 Certificates or others.

## TAX MATTERS

In the opinion of Bricker Graydon LLP, Bond Counsel, under existing law, assuming renewal of the Lease through the final Lease Term and continuing compliance with certain covenants and the accuracy of certain representations, (i) interest on the Series 2024 Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum income tax; however, for tax years beginning after December 31, 2022, interest on the Series 2024 Certificates is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under section 55 of the Internal Revenue Code of 1986, as amended (the Code), and (ii) interest on the Series 2024 Certificates, and any profit made on the sale, exchange or other disposition of the Series 2024 Certificates, are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangible tax, the tax levied on the basis of total equity capital of financial institutions, and the net worth base of the corporate franchise tax.

Bond Counsel will express no opinion as to the federal income tax treatment of amounts paid to the Owners of the Series 2024 Certificates or Ohio state or local tax treatment of amounts paid to Owners of the Series 2024 Certificates in the event of termination of the Lease by nonappropriation or as to any other tax consequences regarding the Series 2024 Certificates. See **Security for the Series 2024 Certificates – Nonappropriation**.

The opinions on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Lessee contained in the transcripts of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2024 Certificates are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of and the Lessee' certifications and representations of or the continuing compliance of the Lessee with its covenants.

The opinions of Bond Counsel are based on current legal authority and cover certain matters not directly addressed by that authority. They represent Bond Counsel's legal judgment as to the exclusion of interest on the Series 2024 Certificates from gross income for federal income tax purposes but are not a guaranty of that conclusion. The opinions are not binding on the Internal Revenue Service (IRS) or any court. Bond Counsel will express no opinion as to (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require

future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Lessee may cause the loss of such status and result in the interest on the applicable of Series 2024 Certificates being included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2024 Certificates.

The Lessee has covenanted to take all actions that may be required of them for the interest on the Series 2024 Certificates to be and remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. Notwithstanding the foregoing, the Lessee is not obligated to appropriate funds for subsequent renewal periods, even though the failure to renew the Lease may result in adverse tax consequences to the holders of the Series 2024 Certificates. In particular, should the Lease terminate, and payments thereafter be made on the Series 2024 Certificates from other sources, the interest portion of such payments may be subject to federal income taxation and to certain taxes levied by the State and its political subdivisions. In addition, in the event of termination of the Lease, use of the Project in a manner that would cause the Series 2024 Certificates, if the Project were originally used in such manner, to constitute a "private activity bond" under Section 141 of the Code may prompt the Internal Revenue Service to take the position that the Interest is not excluded from gross income for federal income tax purposes, retroactive to the effective date of the Lease. After the date of issuance of the Series 2024 Certificates, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2024 Certificates or the market value of the Series 2024 Certificates.

Interest earned on the Series 2024 Certificates may be subject: (1) to a federal branch profits tax imposed on certain foreign corporations doing business in the United States; (2) to a federal tax imposed on excess net passive income of certain S corporations; and (3) to the alternative minimum tax imposed under Section 55(b) of the Code on "applicable corporations" (within the meaning of Section 59(k) of the Code). Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2024 Certificates. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2024 Certificates, are generally subject to IRS Form 1099-INT information reporting requirements. If an owner of the Series 2024 Certificates is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Series 2024 Certificates ends with the issuance of the Series 2024 Certificates, and, unless separately engaged, Bond Counsel is not obligated to defend the Lessee, the State or the owners of the Series 2024 Certificates regarding the federal tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2024 Certificates, under current IRS procedures, the IRS will treat the State as the taxpayer and the Beneficial Owners of the Series 2024 Certificates will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series 2024 Certificates for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value or marketability of those Series 2024 Certificates.

Prospective purchasers of the Series 2024 Certificates upon their original issuance at prices other than the respective prices indicated on the Cover, and prospective purchasers of the Series 2024 Certificates at other than their original issuance, should consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

## **Risk of Future Legislative Changes and/or Court Decisions**

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed the outcome of which could modify the tax treatment of obligations such as the Series 2024 Certificates. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2024 Certificates will not have an adverse effect on the tax status of interest or other income on the Series 2024 Certificates or the market value or marketability of Series 2024 Certificates. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2024 Certificates from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, federal tax legislation that was enacted on December 22, 2017 reduced corporate tax rates, modified individual tax rates, eliminated many deductions, repealed the corporate alternative minimum tax, and eliminated tax-exempt advance refunding of tax-exempt or tax-advantaged bonds, among other things. Additionally, investors in the Series 2024 Certificates should be aware that future legislative actions may increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Series 2024 Certificates for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Series 2024 Certificates may be affected and the ability of holders to sell their Series 2024 Certificates in the secondary market may be reduced. The Series 2024 Certificates are not subject to special mandatory redemption, and the interest rates on the Series 2024 Certificates are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Series 2024 Certificates.

Investors should consult their own financial and tax advisers to analyze the importance of these risks.

## **Original Issue Discount**

Certain of the Series 2024 Certificates may be sold to the public at a price of less than 100% of their face amount (the Discount Certificates). The following information, which has not been included in the opinion of Bond Counsel, may be helpful to prospective purchasers of the Discount Certificates.

Under present federal income tax law, original issue discount (i.e., the difference between the issue price, as hereinafter defined, of a Discount Certificates and the stated redemption price at maturity of such Discount Certificates), is treated as accruing ("accreted") over the term of such Discount Certificate. The issue price is the price at which a substantial amount of the Discount Certificates is sold to the public (excluding bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers). In general, the amount of original issue discount that is to be accreted in each "accretion period" will equal (a) the issue price of that Discount Certificates, increased by the amount of original issue discount that has been accreted in all prior accretion periods, multiplied by (b) the initial offering yield of that Discount Certificates reflected on the Cover of this Offering Circular (determined on the basis of compounding at the close of each accretion period and properly adjusted for the length of the accretion period), minus, with respect to the Series 2024 Certificates, interest actually paid during such accretion period. For these purposes, "accretion period" means a six-month period (or shorter period from the date the Discount Certificate was issued) which ends on a day in the calendar year corresponding to the maturity date of that Discount Certificate or the date six months before such maturity date.

With respect to any Discount Certificates, such accreted amount is used for purposes of determining the adjusted basis for federal income tax purposes of the holder of such Discount Certificate but is not included in such holder's gross income for federal income tax purposes. Consequently, a purchaser who buys a Discount Certificate in the initial offering at the issue price and holds such Discount Certificate to its maturity would not realize any gain or loss for federal income tax purposes upon payment of the stated redemption price of that Discount Certificate at maturity.

## Original Issue Premium

Certain of the Series 2024 Certificates may be sold to the public at a price in excess of their stated redemption price at maturity (the principal amount) (Premium Certificates). That excess constitutes certificate premium. For federal income tax purposes, certificate premium is amortized over the period to maturity of a Premium Certificate, based on the yield to maturity of that Premium Certificate, compounded semiannually. No portion of that certificate premium is deductible by the owner of a Premium Certificate. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Certificate, the owner's tax basis in the Premium Certificate is reduced by the amount of certificate premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Certificate for an amount equal to or less than the amount paid by the owner for that Premium Certificate. A purchaser of a Premium Certificate in the initial public offering at the price for that Premium Certificate stated on the Cover who holds that Premium Certificate to maturity will realize no gain or loss upon the retirement of that Premium Certificate.

*Owners of Discount and Premium Certificates should consult their own tax advisors as to the determination for federal income tax purposes of the existence of original issue discount or certificate premium, the determination for federal income tax purposes of the amount of original issue discount or certificate premium properly accruable or amortizable in any period with respect to the Discount or Premium Certificates, other federal tax consequences in respect of original issue discount and certificate premium, and the treatment of original issue discount and certificate premium for purposes of state and local taxes on, or based on, income.*

## CONTINUING DISCLOSURE AGREEMENT

The Director of OBM has agreed, for the benefit of the holders and beneficial owners from time to time of the Series 2024 Certificates, in accordance with, and as the only obligated person with respect to the Series 2024 Certificates under SEC Rule 15c2-12 (the Rule), to provide or cause to be provided such financial information and operating data (Annual Information), audited financial statements and notices, in such manner as may be required for purposes of paragraph (b)(5)(i) of the Rule (Continuing Disclosure Agreement).

The State will provide to the Municipal Securities Rulemaking Board (the MSRB) through its Electronic Municipal Market Access (EMMA) system:

- Annual Information for each State Fiscal Year (beginning with Fiscal Year 2024) not later than the 90th day following the end of the Fiscal Year (or, if that is not a State business day, the next State business day), consisting of annual financial information and operating data of the type included in this Offering Circular in the chart of revenues, expenses and cash balances of the Attorney General Claims Fund under the caption **Source of Payment for the Series 2024 Certificates** and the type included in **Appendix A** of this Offering Circular under the captions **Fiscal Matters, State Debt, State Employees and Collective Bargaining Agreements, Retirement Systems, and Tax Levels and Tax Bases**. The State expects that Annual Information will be provided directly by the State (specifically, by OBM) and may be provided in part by cross-reference to other documents, such as the State's Comprehensive Annual Financial Report, and subsequent final official statements.
- When and if available, audited general purpose financial statements of the State for each Fiscal Year. The State expects that those financial statements will be prepared, that they will be available separately from the Annual Information, and that the accounting principles to be applied in their preparation will, except as may otherwise then be stated, be as described under and by reference in **Appendix A** under **Fiscal Matters - Accounts and Controls; Financial Reports**.

It will provide to the MSRB through the EMMA system, in a timely manner, notice of:

- The occurrence of any of the following events with respect to the Series 2024 Certificates, within the meaning of the Rule, within 10 business days of the occurrence of the event:

- principal and interest payment delinquencies;
  - non-payment related defaults, if material;
  - unscheduled draws on any debt service reserves or on credit enhancements (Credit Enhancement Facility) reflecting financial difficulties;
  - substitution of credit or liquidity providers (Credit Enhancement Facility providers), or their failure to perform\*;
  - adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of that series of the Series 2024 Certificates, or other material events affecting that series of the tax-exempt status of the Series 2024 Certificates;
  - modifications to rights of registered owners or Beneficial Owners, if material;
  - Series 2024 Certificate calls, if material, and tender offers related to that series;
  - defeasances;
  - release, substitution, or sale of property securing repayment of that series of the Series 2024 Certificates, if material;
  - bankruptcy, insolvency, receivership or similar event of the obligated person;
  - consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, or the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
  - appointment of a successor or additional trustee or the change of name of a trustee, if material;
  - rating changes;
  - incurrence of a Financial Obligation<sup>†</sup> of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the issuer or obligated person, any of which affect security holders, if material; and
  - default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the issuer or obligated person, any of which reflect financial difficulties.
- The failure to provide the Annual Information within the specified time.
  - Any change in the accounting principles applied in the preparation of the annual financial statements or in the Fiscal Year, any failure of the General Assembly to appropriate moneys for the purpose of paying costs to be incurred by the State in performing the Continuing Disclosure Agreement for the applicable fiscal period (biennium), and termination of the Continuing Disclosure Agreement.

The State reserves the right to amend each Continuing Disclosure Agreement and to obtain the waiver of noncompliance with any provision of such Continuing Disclosure Agreement, as may be necessary or appropriate:

- To achieve its compliance with any applicable federal securities law or rule.
- To cure any ambiguity, inconsistency or formal defect or omission.
- To address any change in circumstances arising from a change in legal requirements, change in law, or change in the identity, nature, or status of the State.

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\* Neither the State nor the Lessee has obtained or provided, or expects to obtain or provide, any debt service reserves, other credit enhancements or credit or liquidity providers for the Series 2024 Certificates.

<sup>†</sup> "Financial Obligation" means a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of an obligation or instrument described in either clause (a) or (b). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Any such amendment or waiver will not be effective unless that Continuing Disclosure Agreement (as amended or taking into account the waiver) would have complied with the requirements of the Rule at the time of the primary offering of the Series 2024 Certificates, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the State shall have received either:

- A written opinion of bond, disclosure or other qualified independent special counsel selected by the State that the amendment or waiver would not materially impair the interest of holders or Beneficial Owners of the Series 2024 Certificates; or
- The written consent to the amendment, or waiver, by the holders of at least a majority of the aggregate outstanding principal amount of the Series 2024 Certificates.

In order to provide certain continuing disclosure with respect to the Series 2024 Certificates in accordance with the Rule, the State has entered into a Disclosure Dissemination Agent Agreement (Disclosure Dissemination Agreement) for the benefit of the holders of the Series 2024 Certificates with Digital Assurance Certification, L.L.C. (DAC), under which the State has designated DAC as Disclosure Dissemination Agent (Disclosure Dissemination Agent).

The Disclosure Dissemination Agent has only the duties specified in the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described in the Disclosure Dissemination Agreement is limited to the extent the State has provided that information to the Disclosure Dissemination Agent as required by that Disclosure Dissemination Agreement. The Disclosure Dissemination Agent has no duty with respect to the content of any disclosures or notice made pursuant to the terms of the Disclosure Dissemination Agreement or duty or obligation to review or verify any information in the Annual Report, Audited Financial Statements, notice of Notice Event or any voluntary report, or any other information, disclosure or notices provided to it by the State, and the Disclosure Dissemination Agent shall not be or be deemed to be acting in any fiduciary capacity for the State, the holders of the Series 2024 Certificates or any other party. The Disclosure Dissemination Agent has no responsibility for any failure by the State to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof, or to determine or liability for failing to determine whether the State has complied with the Continuing Disclosure Agreement, and the Agent may conclusively rely upon certification of the State at all times.

The Continuing Disclosure Agreement will be solely for the benefit of the holders and Beneficial Owners of the Series 2024 Certificates including holders of book-entry interests in them. The right to enforce the provisions of a Continuing Disclosure Agreement may be limited to a right of the respective Holders and beneficial owners to enforce to the extent permitted by law (by mandamus, or other suit, action or proceedings at law or in equity) the obligations and duties under it.

The performance by the State, as the only obligated person with respect to the Series 2024 Certificates, of the Continuing Disclosure Agreement will be subject to the biennial appropriation by the General Assembly of moneys for that purpose.

The Continuing Disclosure Agreement will remain in effect only for such period that the Series 2024 Certificates are Outstanding under the Trust Agreement and the State remains an obligated person with respect to the Series 2024 Certificates within the meaning of the Rule.

Over the last five years, the State of Ohio has complied in all material respects with its prior continuing disclosure undertakings applicable to (a) the Certificates and other certificates of participation referenced in **Appendix A – State Debt – General – Certificates of Participation**, and (b) State general obligations and other State direct obligations payable from its General Revenue Fund or net State lottery proceeds, except as described in this paragraph. The State's Annual Information Filing for Fiscal Year 2019 filed on September 26, 2019 with the MSRB through its EMMA system inadvertently omitted information relating to the Portsmouth Bypass Project. Notice of such omission and a supplement to the Annual Information Filing for Fiscal Year 2019 containing the information relating to the Portsmouth Bypass Project was filed with EMMA on November 5, 2019. In addition, the Annual Information Filing for Fiscal Year 2019 was not associated with a CUSIP for the Infrastructure Improvement Refunding Bonds, Series 2002A, but the Annual Information Filing for Fiscal Year 2019 and supplemental information was linked to this CUSIP on November 5, 2019. The State has put processes in place to ensure full compliance with its continuing disclosure agreements going forward.

## CONCLUDING STATEMENT

To the extent that any statements made in this Offering Circular involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these opinions or estimates have been or will be realized. Information in this Offering Circular has been derived by the Lessee and the State from official and other sources and is believed by the Lessee and the State to be accurate and reliable. Information other than that obtained from official records of the State has not been independently confirmed or verified by the Lessee or the State and its accuracy is not guaranteed.

Neither this Offering Circular nor any statements that may have been or that may be made orally or in writing is to be construed as a part of a contract with the Underwriter or subsequent Registered Holders of the Series 2024 Certificates.

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## APPENDIX A

### INFORMATION CONCERNING THE STATE OF OHIO

The following discusses certain matters relating to general State of Ohio (State) finances and debt, and the State's economy, employment, population, agriculture, resources, tax bases and related subjects. This information is from the State's official records, except for information expressly attributed to other sources, and summarizes and describes current and recent historical information. It is not intended to indicate future or continuing trends in the financial or other positions of the State. No representation is made that past experience, as might be shown by this financial and other information, will necessarily continue in the future.

Owners of the Series 2024 Certificate have no right to have taxes or excises levied by the General Assembly to pay principal or interest on the Series 2024 Certificates. The Series 2024 Certificates are subject to biennial appropriation paid from the Attorney General Claims Fund.

### FISCAL MATTERS

#### General

Consistent with the constitutional provision that no appropriation may be made for a period longer than two years, the State operates on the basis of a fiscal biennium for its appropriations and expenditures. Under current law, the biennium for operating purposes runs from July 1 in an odd-numbered year to June 30 in the next odd-numbered year (e.g., the current fiscal biennium began July 1, 2023, and ends June 30, 2025). Conversely, the biennium for general capital appropriations purposes runs from July 1 in an even-numbered year to June 30 in the next even-numbered year (e.g., July 1, 2022, through June 30, 2024). Within a fiscal biennium, the State operates based on a July 1 to June 30 fiscal year.

The Governor is required to submit the Executive Budget to the General Assembly no later than four weeks after the General Assembly convenes in January each odd-numbered year. In years of a new Governor's inauguration, the budget must be submitted by March 15th. Appropriations legislation reflecting that Executive Budget is then introduced for committee hearings and review first in the House and then in the Senate and finally in Conference Committee, with that appropriations legislation as approved by the General Assembly then presented to the Governor for approval (with possible line-item vetoes). See **FISCAL MATTERS – Recent and Current Finances – Current Biennium** for discussion of the enacted budget for the 2024-2025 fiscal biennium.

Authority for appropriating state moneys subject to appropriation rests in the bicameral General Assembly, which consists of a 99-member House of Representatives (elected to two-year terms) and a 33-member Senate (elected to overlapping four-year terms). Members of both houses are subject to term limits, with a maximum of eight consecutive years in either. The Governor has veto power, including the power to make line-item vetoes in bills making appropriations. Vetoes may be overridden by a three-fifths vote of each house.

The Ohio Constitution, Article XII, Section 4, requires the General Assembly to “provide for raising revenue, sufficient to defray the expenses of the state, for each year, and also a sufficient sum to pay the principal and interest as they become due on the state debt.” Therefore, the State is effectively precluded by law from ending a fiscal year or a biennium in a “deficit” position. State borrowing to meet casual deficits or failures in revenues or to meet expenses not otherwise provided for is limited by the Ohio Constitution to \$750,000 (Article VIII, Section 1).

The General Revenue Fund (GRF) is the largest fund in the State. Personal income and sales and use taxes are the major sources of GRF tax revenue. The last complete fiscal year ended June 30, 2023, with an unobligated GRF fund balance of \$7.357 billion. The State also has a “rainy day” fund (the Budget Stabilization Fund (BSF)) which by law is intended to carry a balance of up to 10 percent of the GRF revenue for the preceding fiscal year.<sup>1</sup> The BSF balance as of January 8, 2024, was \$3.72 billion (includes \$150

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<sup>1</sup> H.B. 33 of the 135th General Assembly raised the threshold from 8.5 percent to 10 percent.

million of transfers), which equals 8.7 percent of FY 2023 GRF revenue. Recent fiscal year-end BSF balances and their percent of GRF revenue for that fiscal year were:

**(\$ in Millions)**

<b>Fiscal Year-Ending</b>	<b>BSF Balance</b>	<b>Percent of GRF Revenue</b>
2019	\$2,692	8.0%
2020	2,692	8.0
2021	2,692	6.8
2022	2,706 <sup>(a)</sup>	6.7
2023	3,501 <sup>(a)(b)</sup>	8.2

- (a) H.B. 110 of the 134<sup>th</sup> General Assembly authorized the BSF to retain any interest credited to the fund instead of allocating these funds to the GRF beginning in fiscal year 2022. As a result, the BSF accrued \$14.6 million in interest during fiscal year 2022 and \$67.7 million during fiscal year 2023.
- (b) Does not include year-end transfer of \$150 million into BSF that occurred in the following fiscal year, includes approximately \$727.3 million in transfers that occurred during FY 2023.

Listed in the tables below under **Recent Receipts and Disbursements** are the major categories of state revenue sources, including taxes and excises, and the amounts received from those categories. There is no present constitutional limit on the rates of those state levied taxes and excises (except for taxes on intangible property which the State does not currently levy).

At present, the State does not levy ad valorem taxes on real or tangible personal property. Ad valorem taxes on tangible personal property of public utilities and on real property are levied by political subdivisions and local taxing districts, and State law does not currently allow the imposition of a general ad valorem tax on tangible personal property other than that of public utilities. Since 1934, the Ohio Constitution has limited the amount of the aggregate levy of ad valorem property taxes on particular property, without a vote of the electors or municipal charter provision, to 1 percent of true value in money, and statutes limit the amount of that aggregate levy without a vote or charter provision to 10 mills per \$1 of assessed valuation -- commonly referred to in the context of Ohio local government finance as the "ten-mill limitation." See **TAX LEVELS AND TAX BASES** for a discussion of the phase-out of local tangible personal property taxes in 2006 through 2009.

The Ohio Constitution directs or restricts the use of certain revenues. Highway fees and excises, including gasoline taxes, are limited in use to highway-related purposes. Not less than 50 percent of the receipts from state income taxes must be returned to the originating political subdivisions and school districts. State net lottery profits are allocated to elementary, secondary, vocational, and special education program purposes, including application to debt service on obligations issued to finance capital facilities for a system of common schools.

Ohio constitutional amendments relating to taxation, revenues, expenditures, debt, or other subjects may be proposed by action of three-fifths of the members elected to each house of the General Assembly or by initiative petition signed by electors numbering at least 10 percent of the total number of votes last cast for the Office of Governor. Adoption of a proposed amendment requires approval by a majority of electors voting on it at a statewide election. The Ohio Constitution expressly provides that the General Assembly has no power to pass laws impairing the obligation of existing contracts.

### **Accounts and Controls; Financial Reports**

With each office performing specific functions relating to State expenditures, the Office of Budget and Management (OBM) and the Treasurer of State account for and report on the State's fiscal affairs.

OBM maintains records of appropriations made by the General Assembly, and its director, appointed by the Governor, certifies the availability of unencumbered appropriations as a condition of contract validity. OBM fiscal functions include the development and oversight of operating and capital budgets as well as the review, processing, and reporting of financial transactions for most state departments and agencies (excluding, among others, institutions of higher education). The OBM Director's certification is required for all expenditure vouchers before OBM may issue state warrants. OBM maintains accounting records that reflect the level of vouchered expenditures. The Treasurer of State maintains the cash and investments that comprise the state treasury and invests state funds, including proceeds of state debt obligations. The

Treasurer redeems the warrants issued by OBM when presented for payment by financial institutions and monitors the timing and amount of payments to determine the State's cash flow position for investment purposes.

State financial reporting practices have been and are in accordance with generally accepted accounting principles (GAAP). Each Annual Comprehensive Financial Report (ACFR) includes the State's Basic Financial Statements (BFS) for that fiscal year as examined by the Auditor of State. The most recent ACFRs are accessible via OBM's web page at <https://obm.ohio.gov/wps/portal/gov/obm/areas-of-interest/state-accounting/financial-reporting/acfr>.

The BFS are presented in accordance with a fund classification system prescribed by the Governmental Accounting Standards Board. The GAAP basis financial statement presentation is comprehensive in scope and includes organizations and activities defined within Ohio's reporting entity that are not subject to the State's appropriation process. The "General Fund" as reported in the BFS includes more than just the GRF; it also encompasses the Budget Stabilization Fund and those reimbursement-supported funds that account for activities administered by state agencies and departments and for which special revenue or proprietary fund classifications are considered inappropriate.

### **Recent Receipts and Disbursements**

The following summary statements, prepared by OBM based on its accounting records, include (i) governmental and proprietary appropriated funds, cash receipts and cash disbursements, and (ii) GRF cash basis activity. The governmental and proprietary appropriated funds encompass the General Fund (which includes the GRF and BSF) as well as special revenue, debt service, capital projects, and enterprise fund types.

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**Summary Statement  
Governmental and Proprietary Appropriated Funds  
(\$ in Millions)**

<b>Cash Receipts</b>					
<b>Source of Receipts</b>	<b>Fiscal Year</b>				
<b>Taxes</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Personal Income <sup>(a)</sup>	\$9,313.5	\$8,285.0	\$10,662.8	\$11,247.0	\$11,306.6
Sales and Use	11,053.3	11,160.5	12,639.1	13,611.1	14,404.4
Financial Institutions Tax	202.4	214.9	226.4	202.8	239.2
Commercial Activity Tax	1,932.0	1,979.9	1,972.6	2,366.9	2,543.6
Gasoline <sup>(b)</sup>	1,846.0	2,400.1	2,481.3	2,571.4	2,504.2
Public Utilities and Kilowatt Hour	889.5	841.8	791.8	876.6	950.0
Cigarette <sup>(c)</sup>	918.2	913	926.9	884.6	827.4
Foreign Insurance	325.8	332.5	351.8	357.0	394.8
Highway Use	37.4	44.4	45.3	55.3	54.7
Estate <sup>(d)</sup>	0.2	0.1	0.1	0.1	0.1
Alcoholic Beverages	57.5	54.8	63.7	59.7	66.8
Liquor Gallonage	50.3	53.4	57.6	57.9	57.3
Domestic Insurance Franchise	281.3	308.4	314.9	318.8	392.6
Other <sup>(e)</sup>	110.7	106.0	189.5	199.3	205.9
<b>Total Taxes</b>	<b>27,018.0</b>	<b>26,694.8</b>	<b>30,723.8</b>	<b>32,807.9</b>	<b>33,647.7</b>
Licenses, Permits and Fees	4,065.1	4,320.2	4,804.9	5,189.5	5,531.7
Sales, Services and Charges	1,665.3	1,671.3	1,902.8	1,958.3	1,944.9
Federal Government <sup>(f)</sup>	23,663.7	29,220.6	34,047.2	38,300.7	35,713.9
Other <sup>(g)</sup>	6,513.2	6,279.1	8,239.9	9,676.3	10,540.1
Proceeds from Sale of Bonds and Notes	1,042.0	1,393.1	1,552.6	553.1	380.0
<b>Total Cash Receipts</b>	<b>\$63,967.4</b>	<b>\$69,579.0</b>	<b>\$81,271.2</b>	<b>\$88,485.7</b>	<b>\$87,758.3</b>

- (a) The State has incrementally reduced personal income tax rates commencing calendar year 2013 (see FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2018-2019, 2020-2021, and Current Biennium and TAX LEVELS AND TAX BASES – Personal Income Tax).
- (b) Beginning July 1, 2019, the gasoline tax and diesel tax were increased from 28 cents to 38.5 cents and 47 cents per gallon, respectively (see TAX LEVELS AND TAX BASES).
- (c) Beginning October 1, 2019, the minimum age to purchase cigarettes increased from 18 to 21, and a 10 cents/milliliter tax was imposed on vapor products (see FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2020-2021).
- (d) Eliminated effective January 1, 2013; receipts in all years reflect delayed filings or payments.
- (e) Includes residual payments under the corporate franchise tax for FY 2022.
- (f) FY 2020 and FY 2021 increases were associated with the enhanced Federal Medical Assistance Percentage authorized in the Families First Coronavirus Response Act (see FISCAL MATTERS – Recent and Current Finances – Outbreak of COVID-19).
- (g) Largest components consist of various reimbursements, loan repayments, unclaimed funds, and investment income.  
Totals may not foot due to rounding.

<b>Cash Disbursements</b>					
<b>Source of Receipts</b>	<b>Fiscal Year</b>				
<b>General Fund</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
General Revenue Fund	\$32,677.6	\$33,104.0	\$35,630.0	\$35,760.3	\$37,781.7
General Services Fund	5,564.1	5,806.7	6,638.8	7,339.8	7,643.4
Special Revenue Fund <sup>(h)</sup>	22,088.3	24,297.8	29,873.7	37,020.4	37,097.6
Capital Projects Fund <sup>(i)</sup>	794.8	733.5	456.3	445.8	515.0
Debt Service Fund <sup>(j)</sup>	1,243.1	1,288.7	1,052.5	1,288.8	1,310.0
Enterprise Fund <sup>(k)</sup>	735.3	1,000.4	1,000.4	814.0	977.9
<b>Total Cash Disbursements</b>	<b>\$63,103.2</b>	<b>\$66,231.1</b>	<b>\$74,651.7</b>	<b>\$82,669.0</b>	<b>\$85,325.6</b>

- (h) Includes local government support disbursements.
- (i) Includes amounts disbursed from proceeds of special obligation bonds and highway general obligation bonds.
- (j) Includes the several bond retirement funds for general obligation bonds secured by a pledge of taxes and excises.
- (k) Includes workers' compensation, industrial commission, and lottery including deferred prizes, among others.  
Totals may not foot due to rounding.

**Summary Statement**  
**General Revenue Fund Cash Basis Activity**  
**(\$ in Millions)**

	Fiscal Year				
	2019	2020	2021	2022	2023
Beginning Cash Balance	\$1,221.0	\$1,538.0	\$1,270.2	\$4,721.5	\$6,547.0
<b>Cash Receipts</b>					
<b>Taxes</b>					
Personal Income <sup>(a)</sup>	8,910.2	7,881.3	10,201.3	10,752.2	10,797.2
Sales and Use <sup>(b)</sup>	10,573.4	10,685.8	12,190.6	13,029.6	13,483.1
Financial Institutions Tax	202.4	214.9	226.4	202.8	239.1
Commercial Activity Tax	1,629.5	1,671.7	1,666.8	1,995.5	2,151.9
Public Utilities and Kilowatt Hour	562.7	532.6	492.9	516.8	528.9
Cigarette <sup>(c)</sup>	918.2	913.0	926.9	884.6	827.4
Domestic Insurance	276.0	303.0	309.7	312.6	386.7
Foreign Insurance	296.3	305.1	324.4	328.4	362.8
Other <sup>(d)</sup>	120.8	115.8	127.8	130.1	138.4
<b>Total Taxes</b>	<b>23,489.6</b>	<b>22,623.0</b>	<b>26,466.9</b>	<b>28,152.5</b>	<b>28,915.5</b>
Federal Government	9,763.9	10,482.0	12,727.2	11,897.3	12,931.4
Licenses, Permits and Fees	64.2	66.6	88.4	99.2	117.1
Investment Income	114.4	131.4	57	52.8	304.5
Other	87.6	121.4	108.9	401.2	225.8
<b>Total Cash Receipts</b>	<b>33,519.7</b>	<b>33,424.6</b>	<b>39,448.3</b>	<b>40,603.1</b>	<b>42,494.5</b>
<b>Cash Disbursements</b>					
Primary, Secondary and Other <sup>(e)</sup>	8,214.4	7,929.0	7,954.2	8,298.4	8,538.6
Higher Education	2,292.6	2,282.3	2,368.5	2,417.6	2,447.6
Public Assistance and Medicaid	15,052.8	15,471.8	18,094.4	17,079.3	18,483.7
Health and Human Services	1,272.0	1,344.0	1,381.3	1,519.9	1,625.3
Justice and Public Protection	2,222.5	2,386.0	2,387.0	2,652.8	2,758.9
General Government <sup>(f)</sup>	391.3	440.4	421.8	499.4	559.6
Property Tax Reimbursements <sup>(g)</sup>	1,801.2	1,800.6	1,806.1	1,818.2	1,821.1
Debt Service	1,430.8	1,449.9	1,216.8	1,474.8	1,547.0
<b>Total Cash Disbursements</b>	<b>32,677.6</b>	<b>33,104.0</b>	<b>35,630.0</b>	<b>35,760.3</b>	<b>37,781.7</b>
<b>Cash Transfers</b>					
Transfers-in <sup>(h)</sup>	247.9	81.0	97.8	57.1	20.7
Transfers-out <sup>(i)</sup>	(773.0)	(669.5)	(465.0)	(3,074.3)	(2,289.9)
<b>Ending Cash Balance</b>	<b>\$1,538.0</b>	<b>\$1,270.2</b>	<b>\$4,721.5</b>	<b>\$6,547.0</b>	<b>\$8,990.7</b>

- (a) The State has incrementally reduced personal income tax rates commencing calendar year 2013 (see FISCAL MATTERS – Recent and Current Finances – Recent Biennia –2018-2019, 2020-2021, 2022-2023, and Current Biennium and TAX LEVELS AND TAX BASES – Personal Income Tax).
- (b) FY 2018 decline due to the replacement of the sales tax on Medicaid managed care organizations with a new health insuring corporation provider assessment (see FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2018-2019).
- (c) Beginning October 1, 2019, a 10 cents/milliliter tax was imposed on vapor products (see FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2020-2021).
- (d) Includes alcoholic beverage tax, liquor gallonage, petroleum activity tax and residual payments under the corporate franchise tax and estate tax which are both repealed but may apply to prior tax periods.
- (e) Mainly subsidies to school districts for primary and secondary education.
- (f) Includes amounts for non-highway transportation purposes, including mass transit, rail, and aviation.
- (g) State reimbursements to taxing subdivisions for the 12.5 percent property tax rollback granted to homeowners of real property, for partial real property homestead tax exemptions for the elderly and handicapped (expanded commencing in July 2007), and for revenue reductions resulting from phase-out of local taxes on tangible personal property.
- (h) FY 2019 to FY 2022 include transfers of \$66 million, \$66 million, \$65.9, and \$28.9 million respectively, from the Petroleum Activity Tax Public Highways Fund; and FY 2019 includes transfers of \$119.7 million from School District and Local Government Property Tax Replacement Funds.
- (i) FY 2019 to 2023 include transfers of \$275 million, \$400 million, \$500 million, and \$600 million to the Foundation Funding – All Students Fund, respectively; FY 2022 included a \$1.2 billion transfer to the Health and Human Services Fund. FY 2023 included \$837.2 million in transfers to several capital funds, authorized in House Bill 687 of the 134th General Assembly, and \$727 million to the Budget Stabilization Fund, authorized in H.B. 45 of the 134th General Assembly.

Totals may not foot due to rounding.

## Recent and Current Finances

### Introductory Information

The summary statements above identify receipts from specific taxes and excises that are sources of significant amounts of revenue to the State, and particularly to the GRF. As noted, there are constitutional limitations on the use of some taxes and excises, and mandated allocations of portions of some others. As the statements portray, a substantial amount of total State-level revenue is distributed to local governments and school districts under ongoing programs, including local property tax relief.

The GRF ending cash and fund balances for FY 2023 were \$8.991 billion and \$7.357 billion, respectively, with \$4.673 billion of that ending fund balance transferred pursuant to statutory designations leaving a balance of \$2.684 billion. Recent biennium-ending GRF balances were:

Biennium	Cash Balance	Fund Balance <sup>(a)</sup>	Fund Balance less Designated Transfers <sup>(b)</sup>
2014-2015	\$1,711,679,000	\$1,286,469,000	\$550,366,000
2016-2017	557,089,900	170,872,600	170,872,600
2018-2019	1,538,011,800	1,146,385,400	833,985,400
2020-2021	4,721,519,000	4,032,264,036	2,533,964,036
2022-2023	8,990,658,720	7,357,142,731	2,684,188,503

(a) Reflects the ending cash balance less amounts encumbered to cover financial commitments made prior to the end of the fiscal year.

(b) Reflects the ending fund balance less any amounts designated for transfer to other funds, including the BSF.

Actions have been and may be taken by the State to ensure revenue/expenditure balance (particularly in the GRF), some of which are described below. None of those actions has been applied to appropriations or expenditures needed for debt service, lease payments, or other payments involving any State debt-related obligations.

The appropriations acts for the 2024-2025 biennium included all necessary appropriations for debt service on State obligations and for lease payments relating to lease rental obligations issued by the Treasurer of State and for certificates of participation (see **FISCAL MATTERS – Recent and Current Finances – Current Biennium** and **State Debt – General**).

The Revised Code imposes a limitation on most GRF appropriations commencing with the 2008-09 fiscal biennium. This statutory limitation initially used FY 2007 GRF appropriations as a baseline (excluding appropriations for debt service, tax relief and refunds, and certain appropriations reflecting moneys received from the federal government) and then applies an annual growth factor equal to the greater of 3.5 percent or the sum of the inflation rates and rate of state population change. Every fourth fiscal year thereafter becomes a new base year. All GRF appropriations since FY 2007 have complied with this limitation.

The following is a general discussion of State finances, particularly GRF receipts and expenditures, for recent and the current biennia. As evidenced by the paragraphs below, the State administrations and both houses of the General Assembly have been and remain committed to taking actions that ensure a balance of GRF resources and expenditures.

### Recent Biennia

#### 2018-2019

The 2018-2019 Biennial Appropriations Act was passed by the General Assembly and signed by the Governor (with selective vetoes) on June 30, 2017.

To address lower GRF revenue estimates for the 2018-2019 fiscal biennium, the Act included both across-the-board and targeted spending cuts across most State agencies and programs. The Act provided for the following GRF appropriations:

**GRF Appropriations 2018-2019 Biennium (\$ in billions)**

Fiscal Year 2017 Expenditures	Fiscal Year 2018 Appropriations	Percent Change Over Fiscal Year 2017 Expenditures	Fiscal Year 2019 Appropriations	Percent Change Over Fiscal Year 2018 Appropriations	2018-2019 Biennium Total Appropriations
\$34.5	\$32.2	-6.7%	\$33.3	3.5%	\$65.5

Major program categories reflected the following GRF appropriation changes (excluding debt service appropriations):

- *Medicaid* – FY 2018 appropriations decreased 15 percent over FY 2017 expenditures (as discussed below, driven largely by the replacement of the Medicaid managed care organization sales tax, the receipts of which were being deposited into the GRF, by a new health insuring corporation provider assessment, the receipts of which are now deposited into a dedicated non-GRF fund), and FY 2019 appropriations increased 5.7 percent over FY 2018 appropriations.
- *Elementary and Secondary Education* – FY 2018 appropriations increased 1.5 percent over FY 2017 expenditures, and FY 2019 appropriations increased 1.6 percent over FY 2018 appropriations.
- *Higher Education* – FY 2018 appropriations increased 0.5 percent over FY 2017 expenditures, and FY 2019 appropriations decreased 0.3 percent over FY 2018 appropriations.
- *Mental Health and Developmental Disabilities* – FY 2018 appropriations decreased 0.9 percent over FY 2017 expenditures (driven by the shift in funding of certain Medicaid expenditures to the Medicaid program category), and FY 2019 appropriations increased 2.1 percent over FY 2018 appropriations.
- *Corrections and Youth Services* – FY 2018 appropriations increased 4.2 percent over FY 2017 expenditures, and FY 2019 appropriations increased 1.6 percent over FY 2018 appropriations.

The Act also modified certain components of the school funding formula to better distribute resources to districts with less capacity to raise revenues locally (see **SCHOOLS AND MUNICIPALITIES – Schools**) and limited increases in tuition and fees for two- and four-year higher education institutions.

The Executive Budget, the 2018-2019 Biennial Appropriations Act, and separate appropriations acts for the biennium included all necessary debt service and lease rental or other payment appropriation authority related to State debt obligations.

The foregoing appropriations were based upon available balances and estimated GRF revenue for the biennium as follows:

**Estimated State and Federal GRF Revenue 2018-2019 Biennium (\$ in billions)**

Fiscal Year 2017 Actual Revenue	Fiscal Year 2018 Est. Revenue	Percent Change Over Fiscal Year 2017 Actual Revenue	Fiscal Year 2019 Est. Revenue	Percent Change Over Fiscal Year 2018 Est. Revenue	2018-2019 Biennium Est. Total Revenue
\$34.2	\$32.3	-5.5%	\$33.3	3.2%	\$65.6

Sources of revenues reflected in the 2018-2019 Biennial Appropriations Act included \$84.5 million in transfers to the GRF from non-GRF funds, \$200 million from unclaimed funds, \$31 million from the sale of prison farmland, and \$20 million from a tax amnesty program.

The 2018-2019 Biennial Appropriations Act reflected certain tax law changes, resulting in an estimated net GRF revenue increase of \$12.8 million in FY 2018 and an estimated net GRF revenue decrease of \$30.8 million in FY 2019, including:

- Reduced the number of personal income tax brackets from nine to seven in tax year 2017 and for certain low-income taxpayers completely exempted the first \$10,500 of taxable income, with increasing bracketed base rates and percentages up to a maximum on incomes over \$210,600 of

\$8,073 plus 4.997 percent on the amount over \$210,600 (see **TAX LEVELS AND TAX BASES – Personal Income Tax**).

- Temporarily increased the percent of GRF tax revenues deposited into the public library fund from 1.66 percent to 1.68 percent in each of FY 2018 and FY 2019.
- Increased the state personal income tax deduction from \$2,000 to \$4,000 for contributions to accounts for college savings and care for disabled individuals.
- Authorized a one-time sales tax holiday on the purchase of clothing and school supplies in August 2018 (separate legislation enacted by the General Assembly authorized a sales tax holiday in August 2017).

The 2018-2019 Biennial Appropriations Act also reflected:

- The creation of a new health insuring corporation provider assessment, the revenues of which are being deposited into a non-GRF dedicated purpose fund, to fully replace the forgone GRF sales tax revenue resulting from the federal policy ruling by the Centers for Medicare and Medicaid Services (CMS) that Ohio's sales tax on Medicaid managed care organizations was impermissible as a means of generating revenue to draw federal matching dollars. The GRF revenue loss was estimated to be \$600 million in each of FY 2018 and FY 2019.
- Increased the portion of the commercial activity tax deposited into the GRF (estimated at \$175 million in FY 2018 and \$179 million in FY 2019) from 75 percent to 85 percent to more closely match the amount needed to make compensating payments to school districts and local governments in connection with the prior phase-out of the tangible personal property tax. The requirement to transfer funds in excess of the compensating payments formula to the GRF at the end of each fiscal year remained unchanged (see **TAX LEVELS AND TAX BASES – Property Tax**).

In July 2018, OBM revised the FY 2019 GRF revenue forecast to reflect updated economic assumptions, actual FY 2018 revenue performance, and certain minor tax law adjustments enacted by the General Assembly after adoption of the 2018-2019 Biennial Appropriations Act. As part of this revision, OBM increased the estimated FY 2019 GRF tax revenue forecast by \$531.1 million, a 2.4 percent increase compared to the original FY 2019 tax revenue forecast. This increase in forecasted tax revenues was largely within the personal income tax (increased by \$379.5 million or 4.5 percent) and the sales and use tax (increased by \$129 million or 1.3 percent). Effective January 1, 2019, personal income tax employer withholding rates were reduced by 3.3 percent to fully reflect the income tax rate reductions enacted in the 2016-2017 biennial budget. This was estimated to result in a one-time \$148.5 million reduction to personal income tax revenue in FY 2019. FY 2020 personal income tax revenue was not affected as the reduction in withholding was offset by reduced income tax refunds as final returns were filed for tax year 2019.

*FY 2019 Financial Results.* The State ended FY 2019 with GRF cash and fund balances of \$1.54 billion and \$1.15 billion, respectively. Of that ending GRF fund balance, the State carried forward \$834 million, including \$168.8 million reserved to maintain the statutory target of one-half of one percent of FY 2019 GRF revenues as an ending fund balance, and transferred \$172 million to the H2Ohio fund (see **2020-2021** below for discussion of this fund), \$31 million to the statewide treatment and prevention fund, \$39 million to the emergency purposes and disaster services funds, \$20 million to the school bus purchase fund, \$19 million to the tobacco use prevention fund, and \$31.4 million across six other smaller purposes.

## **2020-2021**

The 2020-2021 Biennial Appropriations Act, which was preceded by a 17-day Interim Appropriations Act, was passed by the General Assembly, and signed by the Governor (with selective vetoes) on July 18, 2019. Reflecting the tax law changes described herein and an underlying economic forecast prepared in the first half of 2019, that Act provided for the GRF appropriations outlined below. The underlying economic forecast did not consider the economic effects of the pandemic as described below under **Outbreak of COVID-19**.

**GRF Appropriations 2020-2021 Biennium (\$ in billions)**

Fiscal Year 2019 Expenditures	Fiscal Year 2020 Appropriations	Percent Change Over Fiscal Year 2019 Expenditures	Fiscal Year 2021 Appropriations	Percent Change Over Fiscal Year 2020 Appropriations	2020-2021 Biennium Total Appropriations
\$32.7	\$34.0	4.0%	\$36.0	6.0%	\$70.0

Major program categories reflected the following GRF appropriation changes (excluding GRF debt service appropriations):

- *Medicaid* – FY 2020 appropriations increased 3.3 percent over FY 2019 expenditures, and FY 2021 appropriations increased 11.8 percent over FY 2020 appropriations.
- *Elementary and Secondary Education* – including transfers from the GRF in support of student wellness and success, FY 2020 appropriations increased 3.9 percent over FY 2019 expenditures, and FY 2021 appropriations increased 0.2 percent over FY 2020 appropriations.
- *Higher Education* – FY 2020 appropriations increased 4.6 percent over FY 2019 expenditures, and FY 2021 appropriations increased 2.6 percent over FY 2020 appropriations.
- *Mental Health and Developmental Disabilities* – excluding Medicaid program services, FY 2020 appropriations decreased 1.4 percent over FY 2019 expenditures, and FY 2021 appropriations increased 2.8 percent over FY 2020 appropriations.
- *Corrections and Youth Services* – FY 2020 appropriations increased 4 percent over FY 2019 expenditures, and FY 2021 appropriations increased 3.5 percent over FY 2020 appropriations.

The 2020-2021 Biennial Appropriations Act also created the H2Ohio fund to support water quality projects in Lake Erie and across Ohio’s rivers, lakes, and waterways. The H2Ohio fund was initially seeded by a \$172 million transfer from the FY 2019 ending GRF fund balance.

The Executive Budget, 17-day Interim Appropriations Act, the 2020-2021 Biennial Appropriations Act, and separate appropriations acts for the biennium all included necessary debt service and lease rental or other payment appropriation authority related to State debt obligations for the entire biennium.

The foregoing appropriations were based upon available balances and estimated GRF revenue for the biennium and have been adjusted with updated revenue forecasts as of June 10, 2020, as follows:

**Estimated State and Federal GRF Revenue 2020-2021 Biennium (\$ in billions)**

Fiscal Year 2019 Actual Revenue	Fiscal Year 2020 Est. Revenue	Percent Change Over Fiscal Year 2019 Actual Revenue	Fiscal Year 2021 Est. Revenue	Percent Change Over Fiscal Year 2020 Est. Revenue	2020-2021 Biennium Total Est. Revenue
\$33.8	\$33.2	-1.6%	\$36.0	8.5%	\$69.3

The 2020-2021 Biennial Appropriations Act reflected the following tax policy and allocation changes, among others, which resulted in a net GRF revenue decrease of \$410 million in FY 2020 and \$177 million in FY 2021:

- An across-the-board 4 percent reduction in state personal income tax rates and elimination of the bottom two income tax brackets (effective in tax year 2019), coupled with a freeze on the indexing of the income tax brackets (through tax year 2020). The tax bracket changes eliminated any tax liability for individuals with taxable income less than \$21,750 (see **TAX LEVELS AND TAX BASES – Personal Income Tax**).
- Modified eligibility for various means-tested state personal income tax credits such that high-income taxpayers with little non-business income are not eligible for the tax credits (effective tax year 2019).
- Created two new non-refundable tax credits, one for lead abatement expenses capped at \$5 million annually (effective in tax year 2020) and one for Qualified Opportunity Zone investments that is limited to no more than \$50 million per fiscal biennium (effective in tax year 2019).

- Increased the legal age to purchase tobacco products from 18 to 21 years old and created a tax on the volume of nicotine-containing vapor products (effective October 2019).
- Modified the presumption of a seller having a substantial nexus with Ohio in accordance with *South Dakota v. Wayfair, Inc.* for purposes of collecting the sales and use tax on retail sales through “marketplace facilitators” (effective October 2019).
- Temporarily increased the percent of GRF tax revenues deposited into the local government fund from 1.66 percent to 1.68 percent in each of FY 2020 and FY 2021.
- Temporarily increased the percent of GRF tax revenues deposited into the public library fund from 1.66 percent to 1.70 percent in each of FY 2020 and FY 2021.

OBM updated the FY 2021 GRF revenue forecast to reflect economic assumptions (influenced by the COVID-19 Pandemic) and actual FY 2020 revenue performance. For further information relating to the updated FY 2021 GRF revenue forecast see **Outbreak of COVID-19** below.

*FY 2021 Financial Results:* The State ended FY 2021 with GRF cash and fund balances of \$4.72 billion and \$4.03 billion, respectively. As authorized in the 2022-2023 Biennial Appropriations Act, the entire fund balance was carried forward into FY 2022, including \$197.7 million reserved to maintain the statutory target of one-half of one percent of FY 2021 GRF revenues as an ending fund balance, and \$1.2 billion transferred to the Health and Human Services Fund, \$132 million transferred to the H2Ohio Fund, \$100 million transferred to the Investing in Ohio Fund, and \$66.3 million transferred across three other smaller purposes.

FY 2021 GRF tax revenues were greater than both the original forecast derived in July 2019 for the enacted FY 2020-2021 operating budget as well as the updated forecast issued with the FY 2022-2023 Executive operating budget. Tax revenues for the fiscal year were \$1.54 billion above the original forecast. Of the \$1.54 billion positive variance, \$774.6 million occurred during the last quarter of the fiscal year, with sales tax revenues exceeding estimates by large margins in each month of the quarter.

## 2022-2023

The 2022-2023 Biennial Appropriations Act was passed by the General Assembly and signed by the Governor (with selective vetoes) on June 30, 2021. Reflecting the tax law changes described below and a conservative underlying economic forecast, that Act provides for the following GRF appropriations:

### GRF Appropriations 2022-2023 Biennium (\$ in billions)

Fiscal Year 2021 Expenditures	Fiscal Year 2022 Appropriations	Percent Change Over Fiscal Year 2021 Expenditures	Fiscal Year 2023 Appropriations	Percent Change Over Fiscal Year 2022 Appropriations	2022-2023 Biennium Total Appropriations
\$35.6	\$34.9	-2.0%	\$39.3	12.6%	\$74.3

Major program categories reflected the following GRF appropriation changes (excluding GRF debt service appropriations):

- *Medicaid* – FY 2022 appropriations decreased 11.7 percent over FY 2021 expenditures, and FY 2023 appropriations increased 26.1 percent over FY 2022 appropriations.
- *Elementary and Secondary Education* – including transfers from the GRF in support of student wellness and success, FY 2022 appropriations increased 5.8 percent over FY 2021 expenditures, and FY 2023 appropriations increased 2 percent over FY 2022 appropriations.
- *Higher Education* – FY 2022 appropriations increased 2.7 percent over FY 2021 expenditures, and FY 2023 appropriations increased 0.1 percent over FY 2022 appropriations.

The 2022-2023 Biennial Appropriations Act revised the school funding formula to consider resident income levels in addition to property tax values (see **SCHOOLS AND MUNICIPALITIES – Schools**). The Act also authorized the BSF to retain interest earnings.

The foregoing appropriations were based upon available balances and estimated GRF revenue for the biennium as follows:

**Estimated State and Federal GRF Revenue 2022-2023 Biennium (\$ in billions)**

<b>Fiscal Year 2021 Actual Revenue</b>	<b>Fiscal Year 2022 Est. Revenue</b>	<b>Percent Change Over Fiscal Year 2021 Actual Revenue</b>	<b>Fiscal Year 2023 Est. Revenue</b>	<b>Percent Change Over Fiscal Year 2022 Est. Revenue</b>	<b>2022-2023 Biennium Total Est. Revenue</b>
\$39.5	\$36.6	-7.5%	\$39.9	9.3%	\$76.6

Because of an extension in the filing date for tax year 2019 returns, an estimated \$719 million in income tax revenue was received in FY 2021 rather than in FY 2020, thereby impacting the FYs 2021-2022 growth rate.

Amended Substitute House Bill 110, the biennial budget for FYs 2022-2023, included several transfers from the General Revenue Fund. Estimated FY 2022 transfers from the General Revenue Fund total \$2.98 billion, the largest of which is \$1.2 billion for the Health and Human Services Fund.

The 2022-2023 Biennial Appropriations Act reflected the following tax policy and allocation changes, among others, which were estimated to result in a net GRF revenue decrease of \$1 billion in FY 2022 and \$977 million in FY 2023:

- Made an across-the-board 3 percent reduction in state personal income tax rates on non-business income, except for consolidating the top two income brackets and setting the new top rate at 3.99 percent.
- Increased the threshold for zero tax liability, in which filers with taxable incomes below \$25,000 are no longer subject to Ohio personal income tax.
- Contained a one-year (tax year 2021) suspension of bracket indexing, and two-year (tax years 2021 and 2022) suspension of personal exemption indexing.
- Established new non-refundable tax credits for home-schooling expenses, for tuition paid to non-chartered private schools, and for contributions made to non-profit scholarship granting organizations.
- Repealed sales and use tax on employment services; also enacted an exemption for sales of investment coins and bullion.
- Continued the increase, on a temporary basis, of the percent of GRF tax revenues deposited into the public library fund from 1.66 percent to 1.70 percent in each of FY 2022 and FY 2023.

On January 21, 2022, Governor Mike DeWine announced Intel Corporation’s plan to invest \$20 billion to construct a new semiconductor manufacturing plant in Ohio for which the State appropriated \$691 million for state and local infrastructure improvement, \$600 million for onshoring incentive grants, and an estimated \$650 million 30-year job creation tax credit. Incentives included performance benchmarks allowing the State to recover proceeds disbursed should the company fail to meet contracted obligations. The State’s assistance is from available resources and not funded by debt proceeds. The positive impact of this development on Ohio is expected to lead to 20,000 additional jobs – 3,000 direct Intel jobs, 7,000 construction jobs throughout the build period, and 10,000 or more indirect and support jobs.

Since enactment of the operating budget for the FY 2022-2023 biennium, several tax law changes were passed by the Ohio General Assembly. These include:

- Income tax credit to assist new farmers.
- Income tax credit for employers of students enrolled in a career-technical education program.
- Temporary increase in the total amount of issued historic building rehabilitation tax credits, and modifications to the Ohio opportunity zone tax credit program.
- Define capital gains from sales of investment in a business as “business income” and therefore eligible for either the Ohio business income deduction or subject to the 3 percent income tax rate.
- Establish a tax on pass-through entities, wherein an individual investor’s share of such tax is not subject to the \$10,000 limit of the federal income tax deduction on state and local taxes paid.

*FY 2023 Financial Results.* The State ended FY 2023 with GRF cash and fund balances of \$8.99 billion and \$7.36 billion, respectively. As authorized in the 2024-2025 budget bill, the entire fund balance was carried forward into FY 2024, including \$212.6 million reserved to maintain the statutory target of one-half of one percent of FY 2023 GRF revenues. The FY 2024-2025 budget bill also included several FY 2023 ending balance transfers including \$741 million to the Expanded Sales Tax Holiday fund, \$700 million to the One-Time Strategic Community Investments Fund, and \$667 million to the All Ohio Future Fund.

FY 2023 GRF tax revenues were greater than both the original forecast derived in July 2021 for the enacted FY 2022-2023 operating budget as well as the updated forecast issued in August 2022. Tax revenues for the fiscal year were \$994.2 million above the updated forecast. This variance was driven by the personal income tax, which was \$645.1 above estimate in fiscal year 2023. In addition, sales and use taxes were \$149.2 million above estimate, and the commercial activity tax outperformed estimate by \$82.9 million.

### **Outbreak of COVID-19**

As has been widely reported, the outbreak of COVID-19, a new strain of coronavirus that can result in severe respiratory disease, was first detected in December of 2019, and declared a pandemic by the World Health Organization. Governor DeWine and the Director of the Ohio Department of Health (ODH) issued a declaration of a state of emergency on March 9, 2020, and rescinded the order thereby ending the state-declared public health emergency on June 17, 2021. During that period, the Governor and the General Assembly took certain actions to mitigate the economic effect of the COVID-19 outbreak on the State's financial position.

On March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to address the economic disruption caused by the COVID-19 pandemic. Under the CARES Act, the State was directly allocated a minimum of \$2.49 billion of the total \$4.53 billion granted by the Federal Government to the State and its eligible local governments. These funds were used for necessary expenditures incurred due to COVID-19. The State maintains a comprehensive presentation of financial and transactional data online, The Ohio Checkbook (<https://checkbook.ohio.gov>), and more information on Federal Funding for COVID-19 in Ohio can be found at <https://checkbook.ohio.gov/Coronavirus/>.

To balance the State budget in fiscal year 2020 (due to anticipated declines in revenue and increased costs relating to the State's response to the COVID-19 pandemic), Governor DeWine directed spending cuts of approximately \$775 million for the remainder of the fiscal year (June 30, 2020), including: \$210 million in Medicaid spending; \$300 million in K-12 education spending; \$110 million in higher education spending; \$55 million in other education spending; and \$100 million in other State agencies and programs spending. The State also continued the previously announced hiring freezes, travel limitations, and contracting restrictions.

Initial revised FY 2021 revenue projections indicated that available state revenue receipts and balances in the GRF were projected to be \$36 billion, approximately \$2.43 billion less than originally estimated (and \$200 million less than the reserve held in the BSF as stated above). In response to those updated revenue projections for FY 2021 and in addition to the budgetary controls already in place, OBM and the Department of Administrative Services (DAS) implemented cost savings measures to further reduce expenditures by state agencies, boards, and commissions including continuing employment-related freezes and mandatory cost savings programs for exempt employees for FY 2021. On March 25, 2021, DAS rescinded the order that froze all exempt employee pay rates and step increases effective with the pay period beginning April 11, 2021.

On January 22, 2021, Governor DeWine signed an executive order formally finalizing the FY 2021 budget reductions at \$390 million across all agencies. Because this reduction was less than the previously anticipated cuts, the Governor authorized the Department of Education to allot an additional \$160 million and the Department of Higher Education to allot an additional \$100 million of enacted FY 2021 GRF appropriations previously withheld. To provide further relief for Ohioans and to align with the extended Federal tax filing deadline, the State also adjusted its 2020 tax filing date from April 15, 2021, to May 17, 2021.

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 (ARPA). This \$1.9 trillion economic stimulus and COVID-19 relief package was aimed at providing emergency assistance to individuals, businesses, and state and local governments affected by COVID-19, among other measures. Under ARPA, the Federal Government allocated approximately \$10.7 billion to Ohio's state and local governments with an additional \$268.6 million allocated specifically for use in state capital projects to continue efforts to mitigate the fiscal effects stemming from COVID-19.

In the initial months of the COVID-19 pandemic, unemployment insurance claims increased significantly from an average of 7,915 claims per week during the first 11 weeks of 2020 to 274,288 during the week ending March 28, 2020. Between January and June 2020, Ohio's Unemployment Trust Fund balance dropped from \$1.26 billion to zero. On June 16, 2020, Ohio received an advance from the federal government to continue to pay the increased unemployment insurance claims. On September 3, 2021, Ohio paid off its \$1.47 billion loan using ARPA funds.

Like other states, Ohio is aware of and is investigating allegations of overpayment or fraud with respect to unemployment claims and will pursue repayment where warranted. Such potential overpayment or fraud, and repayment thereof, will have no material effect on the State's ability to pay debt service on its bonded indebtedness. The State has improved preventative safeguards to limit overpayments or fraudulent payments of unemployment compensation.

### Current Biennium

The 135<sup>th</sup> General Assembly passed and the Governor signed four bills that provide appropriations to operate State government through fiscal years 2024 and 2025. House Bills 23, 31, 32, and 33, collectively referred to as the "2024-2025 budget", provide the following GRF appropriations:

#### GRF Appropriations 2024-2025 Biennium (\$ in billions)

Fiscal Year 2023 Expenditures	Fiscal Year 2024 Appropriations	Percent Change Over Fiscal Year 2023 Expenditures	Fiscal Year 2025 Appropriations	Percent Change Over Fiscal Year 2024 Appropriations	2024-2025 Biennium Total Appropriations
\$37.8	\$41.5	9.7%	\$44.8	8.0%	\$86.2

Major program categories reflect the following GRF appropriation changes (excluding GRF debt service appropriations):

- *Medicaid* – FY 2024 appropriations increase 10.8 percent over FY 2023 expenditures, and FY 2025 appropriations increase 13.9 percent over FY 2024 appropriations.
- *Elementary and Secondary Education* – including transfers from the GRF in support of student wellness and success, FY 2024 appropriations increase 10.4 percent over FY 2023 expenditures, and FY 2025 appropriations increase 3.6 percent over FY 2024 appropriations.
- *Higher Education* – FY 2024 appropriations increase 6.8 percent over FY 2023 expenditures, and FY 2025 appropriations increase 2 percent over FY 2024 appropriations.

The foregoing appropriations were based upon available balances and estimated GRF revenue for the biennium as follows:

#### Estimated State and Federal GRF Revenue 2024-2025 Biennium (\$ in billions)

Fiscal Year 2023 Actual Revenue	Fiscal Year 2024 Est. Revenue	Percent Change Over Fiscal Year 2023 Actual Revenue	Fiscal Year 2025 Est. Revenue	Percent Change Over Fiscal Year 2024 Est. Revenue	2024-2025 Biennium Total Est. Revenue
\$42.5	\$42.3	-0.6%	\$45.0	6.3%	\$87.3

The FY 2024-2025 biennial budget was conservatively crafted with several transfers from the General Revenue Fund to use one-time resources for one-time investments. Estimated FY 2024 transfers from the General Revenue Fund total \$5.6 billion, including \$667 million for the All Ohio Future Fund and \$700 million for the One Time Strategic Community Investments Fund.

The 2024-2025 biennial budget includes the following tax policy changes:

- The number of businesses subject to the commercial activities tax will be dramatically reduced by 90 percent by excluding up to \$3 million in gross receipts per business in 2024 and up to \$6 million in gross receipts per business in 2025.
- The sports gaming tax rate increases to 20 percent with proceeds dedicated to the school funding formula.
- Personal income tax reductions in the budget will reduce the number of personal income tax brackets. By 2024, the state personal income tax will have two rate brackets (one consisting of taxable income between \$26,051 and \$100,000, and the other consisting of income above \$100,000), with marginal tax rates of 2.75 percent and 3.5 percent, respectively. There remains no tax liability if taxable income is \$26,050 or below.
- A new expanded sales tax holiday will use surplus revenue to provide tax relief to consumers in August 2024 and future years if tax receipts exceed budgeted estimates.
- The state sales tax on baby products, such as diapers, wipes, car seats, and strollers is eliminated, which will save Ohio families \$16 million per year.
- The supply of affordable single-family housing will be supported by a new tax credit totaling \$200 million over four years.
- New low-income housing tax credits in the amount of \$100 million per fiscal year, allocated over a four-year period, will go toward the development and rehabilitation of low-income, multi-family rental housing projects that increase the affordable housing supply.
- Ohioans planning to purchase a home will be able to open a home ownership savings account. Qualifying contributions to such accounts shall receive tax-favored treatment. Contributions of up to \$5,000 per year for individuals and \$10,000 per year for couples filing jointly, may be deducted from the contributor's Ohio personal income tax return (with a lifetime maximum \$25,000 deduction per contributor per account).

Fiscal year 2023 ended the fiscal year with the largest GRF cash balance in Ohio history. The Budget Stabilization Fund is at an all-time high and House Bill 33 raised the cap on the balance of the Budget Stabilization Fund to 10 percent of the GRF, allowing the fund to continue to grow. The FY 2024 biennial budget is balanced. As noted above, the State is effectively precluded by its Constitution from ending a fiscal year or a biennium in a "deficit" position. OBM continually monitors and analyzes revenues, expenditures, and related developments and prepares a detailed Monthly Financial Report, for full transparency of financial position.

### **Cash Flow**

Because GRF cash receipts and disbursements do not precisely coincide, temporary GRF cash flow deficiencies can occur periodically throughout the fiscal year. The Ohio Revised Code provides for effective management of cash flow by permitting the adjustment of payment schedules and the use of the Total Operating Fund. The State has not done and does not do external revenue anticipation borrowing.

The Total Operating Fund includes the total consolidated cash balances, revenues, disbursements, and transfers of the GRF and several other specified funds (including the BSF). Total Operating Fund cash balances are consolidated only for the purpose of meeting cash flow requirements, and, except for the GRF, a positive cash balance must be maintained for each discrete fund included in the Total Operating Fund. The GRF is permitted to incur a temporary cash deficiency by drawing upon the available consolidated cash balance in the Total Operating Fund. The amount of that permitted GRF cash deficiency at any time is limited by statute to 10 percent of GRF revenues for the then preceding fiscal year. The State plans for and manages monthly GRF cash flow deficiencies within each fiscal year and those deficiencies have been within the limitations discussed above.

## STATE DEBT

### General

The incurrence or assumption of debt by the State without a popular vote is, with limited exceptions, prohibited by the Ohio Constitution. The State is authorized to incur debt limited in amount to \$750,000 to cover casual deficits or to address failures in revenues or to meet expenses not otherwise provided for. The Constitution also expressly precludes the State from assuming the debts of any county, city, town, or township, or of any corporation. An exception, however, exists in both cases, for debts incurred to repel invasion, suppress insurrection, or defend the State in war. The Constitution further provides that “Except the debts above specified...no debt whatever shall hereafter be created by, or on behalf of the State.”

By 20 constitutional amendments approved from 1921 to present, Ohio voters have authorized the incurrence of State general obligation debt and the pledge of taxes or excises to its payment, all related to the financing of capital facilities, except for three that funded bonuses for veterans, one to fund coal technology research and development, and one to fund specified research and development activities. Currently, tax supported general obligation debt of the State is authorized to be incurred for the following purposes: highways, local infrastructure, coal development, natural resources and parks, higher education, common schools, conservation, and research and development. Authorizations for site development and veterans’ compensation purposes have been fully exhausted or expired. Although supported by the general obligation pledge, highway debt is also backed by a pledge of and has always been paid from the State’s motor fuel taxes and other highway user receipts that are constitutionally restricted in use to highway related purposes.

State special obligation debt, the owners, or holders of which are not given the right to have excises or taxes levied by the General Assembly to pay principal and interest, is authorized for purposes specified by Section 2i of Article VIII of the Constitution. The Treasurer of State currently issues the special obligations authorized under that section for parks and recreation and mental health facilities, and for facilities to house branches and agencies of state government and their functions, including: state office buildings and facilities for the Department of Administrative Services (DAS) and others, the Ohio Department of Transportation (ODOT), correctional and juvenile detention facilities for the Departments of Rehabilitation and Correction (DRC) and Youth Services (DYS), and various cultural facilities, and has issued previously for the Department of Public Safety (DPS). Debt service on all these special obligations is paid from GRF appropriations, except for debt issued for ODOT and DPS facilities which is paid from highway user receipts. All those debt service payments are subject to biennial appropriations by the General Assembly pursuant to leases or other agreements entered into by the State.

*Certificates of Participation (COPs).* State agencies have also improved buildings/equipment, information systems, and non-highway transportation projects with local and State use, in connection with which the State has entered into lease-purchase agreements with terms ranging from 8 to 20 years. Certificates of Participation (COPs) have been issued with regards to those agreements that represent fractionalized interests in, and are payable from, the State’s anticipated lease payments. The maximum annual payment from GRF appropriations under those existing agreements is \$45.3 million in FY 2025 and the total GRF-supported principal amount outstanding is \$160.5 million as of May 8, 2024. The Certificates are subject to biennial appropriation and payable from the Attorney General Claims Fund; the maximum annual payment of the Certificates to be paid from the Attorney General Claims Fund is \$4.2 million and the outstanding amount of the Certificates is \$42.5 million as of the expected delivery date of May 21, 2024. Payments by the State are subject to biennial appropriations by the General Assembly with the lease terms subject to automatic renewal for each biennium for which those appropriations are made. The approval of the OBM Director and either the General Assembly or the State Controlling Board is required if COPs are to be publicly offered in connection with those agreements.

*Revenue Bonds.* Certain state agencies issue revenue bonds that are payable from revenues from or relating to revenue producing facilities, such as those issued by the Ohio Turnpike and Infrastructure Commission. As confirmed by judicial interpretation, such revenue bonds do not constitute “debt” under the constitutional provisions described above. The Constitution authorizes state bonds for certain economic development and housing purposes (the latter issued by the Ohio Housing Finance Agency) to which tax

moneys may not be obligated or pledged. See the discussion of expanded housing finance authority, and permitted pledges to it, below under **Additional Authorizations**.

*Tax Credits in Support of Other Long-Term Obligations.* The State has authorized the issuance of fully refundable tax credits in support of “credit-collateralized bonds” issued from time to time by the Columbus-Franklin County Finance Authority to provide funding for the Ohio Capital Fund to promote venture capital investment in Ohio and any additional bonds that may be issued to refinance those outstanding bonds or provide additional funding for that purpose. Those tax credits may be claimed by the bond trustee for the purpose of restoring the bond reserve fund for those credit-collateralized bonds in the event it is drawn upon and its required balance is not restored from other sources. Those credits may not be claimed after June 30, 2036, and the maximum amount of tax credits that may be claimed is \$20 million in any fiscal year. The bond trustee has filed such tax credit claims in connection with the payment of Bond Service Charges each February and August from February 15, 2017, through February 15, 2024. Tax credit payments made with respect to those tax credit claims (exclusive of certain required repayments to the State) totaled \$7.5 million in FY 2017, \$15.4 million in FY 2018, \$13.5 million in FY 2019, \$15.2 million in FY 2020, \$10.7 million in FY 2021, \$10 million in FY 2022, \$8.8 million in FY 2023, and \$15.8 million in FY 2024. Total outstanding principal on the credit-collateralized bonds after the February 15, 2024, payment date is \$48.64 million with the highest annual debt service payment due on the outstanding credit-collateralized bonds occurring in FY 2025 in the amount of approximately \$16.6 million. Proceeds of the Ohio Capital Fund bonds fund investments in venture capital funds to promote investment in seed and early-stage Ohio-based business enterprises.

*Prior Economic Development and Revitalization Obligations.* Prior to the February 1, 2013, granting of a 25-year franchise on the State’s spirituous liquor system to JobsOhio, there were \$725 million of outstanding state bonds and notes secured by a pledge of the State’s profits from the sale of spirituous liquor. In connection with the granting of that franchise, provision was made for the payment of all the debt service on those bonds and notes which are now defeased and no longer outstanding obligations of the State. Those bonds and notes were originally issued to fund a statewide economic development program that assisted in the financing of facilities and equipment for industry, commerce, research, and distribution, including technology innovation, by providing loans and loan guarantees. Under its franchise agreement with JobsOhio, the State may not issue additional obligations secured by a pledge of profits from the sale of spirituous liquor during the 25-year term of that franchise.

*Obligations and Funding Commitments for Highway Projects Payable from Highway-Related Non-GRF Funds.* As described above, the State issues general obligations for highway infrastructure and special obligations for ODOT and DPS transportation facilities that are paid from the State’s motor fuel tax and other highway user receipts that are constitutionally restricted in use to highway related purposes. In addition, the State has and expects to continue financing selected highway infrastructure projects by issuing federal highway grant anticipation revenue (GARVEE) bonds and entering into agreements that call for debt service payments to be made from federal Title 23 transportation funds allocated to the State, subject to biennial appropriations by the General Assembly. The highest annual State payment under those agreements in the current or any future fiscal year is \$144.3 million in FY 2024. In the event of any insufficiency in the anticipated federal allocations to make payments on GARVEE bonds, the payments are to be made from any lawfully available moneys appropriated to ODOT for the purpose.

In December 2014, ODOT entered into its first public-private agreement to provide “availability payments” in support of the development and operation of a state highway improvement project. Those availability payments commenced in December 2018 and are paid from non-GRF funds available to ODOT remaining after the payment of debt service on highway general obligations, ODOT special obligations, and GARVEE bonds. The availability payment in FY 2023 was \$26.8 million, with availability payments estimated to increase modestly each year from \$27.4 million in FY 2024 to a maximum payment of \$39.9 million in FY 2053. Availability payments are subject to biennial appropriation by the General Assembly with the public-private agreement subject to automatic renewal for each biennium if and when those availability payments are appropriated for that biennium.

## Variable Rate Debt

The State currently has \$343,810,000 in outstanding variable rate debt as follows with liquidity provided by the State for all these issues:

Dated Date	Outstanding	Purpose/Series	Rate Period	Final Maturity
4/1/2005	13,000,000	Common Schools, 2005A/B	Weekly	3/15/2025
6/7/2006	39,220,000	Common Schools, 2006B/C	Weekly	6/15/2026
10/26/2016	57,590,000	DRC Prison Facilities, 2016B/C	Weekly	10/1/2036
8/7/2019	45,000,000	DRC Prison Facilities, 2019C	Weekly	10/1/2039
8/12/2020	57,000,000	Parks & Recreation Facilities, 2020B	Weekly	12/1/2040
4/21/2021	57,000,000	DRC Prison Facilities, 2021B	Weekly	10/1/2040
1/5/2022	75,000,000	Parks & Recreation Facilities, 2022B	Weekly	12/1/2041

## Interest Rate Swaps

As part of its debt management, the State is also party to the following floating-to-fixed interest rate swap agreements with a total notional amount currently outstanding of \$52,220,000:

Outstanding Notional Amount	Related Bond Series	State Pays	State Receives	Counterparty	Effective Date	Termination Date
\$13,000,000	Common Schools 2005A/B	3.102%	SIFMA <sup>a</sup>	JP Morgan	3/15/2007	3/15/2025
39,220,000	Common Schools 2006B/C	3.202%	SOFR <sup>b</sup>	US Bank/ RBC	6/15/2006	6/15/2026

(a) Variable interest rate based on Securities Industry and Financial Markets Association (SIFMA) rate beginning September 15, 2021.

(b) Variable interest rate based on a percentage of one-month Secured Overnight Financing Rate (SOFR) plus a fixed increment beginning July 1, 2023.

For all its swap agreements, the State has established minimum uncollateralized counterparty rating thresholds of AA-/Aa3. Under each of these agreements, the counterparty is required to progressively post collateral securing the State's position if the counterparty's credit ratings fall below these minimum thresholds.

## Constitutional Limitation on Annual Debt Service

A 1999 constitutional amendment provides an annual debt service "cap" applicable to most future issuances of State general obligations and other State direct obligations payable from the GRF or net State lottery proceeds. Generally, new obligations may not be issued if debt service for any future fiscal year on those new and then outstanding obligations of those categories would exceed 5 percent of the total of estimated GRF revenues (excluding GRF receipts from the American Recovery and Reinvestment Act of 2009) plus net State lottery proceeds for the fiscal year of issuance. Those direct obligations of the State include general obligations and special obligations that are paid from the State's GRF but exclude (i) general obligation debt for third frontier research and development, development of sites and facilities, and veterans' compensation, and (ii) general obligation debt payable from non-GRF funds, such as highway bonds that are paid from highway user receipts. Pursuant to the implementing legislation, the Governor has designated the OBM Director as the state official responsible for making the 5 percent determinations and certifications. Application of the 5 percent cap may be waived in a particular instance by a three-fifths vote of each house of the Ohio General Assembly.

The following table presents a current summary of State debt authorizations and the principal that has been issued and is outstanding against those authorizations. The General Assembly has appropriated sufficient moneys to meet debt service requirements for the current biennium (ending June 30, 2025) on all the obligations included in this and the accompanying tables.

	Authorized by General Assembly	Issued <sup>(a)</sup>	Outstanding <sup>(b)</sup>
<b>Obligations Payable from the GRF</b>			
<b>General Obligations</b>			
Coal Development <sup>(c)</sup>	\$262,000,000	\$254,000,000	\$13,445,000
Infrastructure <sup>(d)(e)</sup>	5,210,000,000	4,868,696,136	1,775,080,000
Natural Resources <sup>(f)</sup>	521,000,000	484,620,000	78,195,000
Common School Facilities <sup>(e)</sup>	6,515,100,000	5,611,200,000	1,768,125,000
Higher Education Facilities	5,255,000,000	4,374,445,000	1,704,185,000
Conservation <sup>(g)</sup>	900,000,000	682,625,000	242,470,000
Research & Development <sup>(h)</sup>	1,200,000,000	971,000,000	129,950,000
Site Development	150,000,000	150,000,000	-
Veterans Compensation <sup>(i)</sup>	200,000,000	83,910,000	5,775,000
		Total:	\$5,717,225,000

<b>Special Obligations</b>			
DAS Facilities	\$2,320,800,000	\$2,069,900,000	\$404,500,000
DRC Prison Facilities <sup>(e)</sup>	3,073,000,000	2,346,500,000	413,950,000
DYS Facilities	529,800,000	400,000,000	71,585,000
Cultural & Sports Facilities	874,000,000	740,475,000	134,585,000
Mental Health Facilities	2,075,700,000	1,817,085,000	195,985,000
Parks & Recreation Facilities <sup>(e)</sup>	1,590,400,000	1,089,000,000	524,810,000
		Total:	\$1,746,415,000

<b>Obligations Payable from Non-GRF Sources<sup>(j)</sup></b>			
<b>Highway User Receipts</b>			
G.O. Highway <sup>(k)</sup>	\$4,048,000,000	\$3,579,595,000	\$732,530,000
ODOT Facilities	385,000,000	379,455,000	151,040,000
		Total:	\$883,570,000

<b>Federal Transportation Grants</b>			
ODOT GARVEE Highway <sup>(l)</sup>	n/a	\$3,020,280,000	\$670,810,000

(a) Excludes refunding bonds; includes bonds refunded; reflects payments of amounts due as of May 8, 2024.

(b) Excludes refunded bonds; includes refunding bonds; reflects payments of amounts due as of May 8, 2024.

(c) Not more than \$100,000,000 may be outstanding at any time.

(d) Not more than \$5,625,000,000 may be issued with the annual issuance currently limited to no more than \$175,000,000 in each fiscal year beginning in FY 2018 through FY 2022 and \$200,000,000 in each fiscal year beginning in FY 2023 through FY 2027, plus any obligations unissued from previous fiscal years.

(e) Includes adjustable-rate bonds.

(f) Not more than \$50,000,000 may be issued in any fiscal year and not more than \$200,000,000 may be outstanding at any time.

(g) Not more than \$50,000,000 may be issued in any fiscal year plus any obligations unissued from previous fiscal years and not more than \$400,000,000 may be outstanding at any time.

(h) Not more than \$1,200,000,000 may be issued with the annual issuance now limited to no more than \$175,000,000 in any fiscal year plus any obligations unissued from previous fiscal years.

(i) Constitutional authorization was self-implementing and did not require further General Assembly authorization. No more new obligations may be issued under this authorization.

(j) See discussion above of "availability payments" under ODOT's first public-private agreement, which payments are expected to be made from biennial appropriations of non-GRF funds available to ODOT and remaining after the payment of debt service on highway general obligations, special obligations and GARVEE bonds shown above.

(k) Not more than \$220,000,000 may be issued in any fiscal year plus any amount unissued from previous fiscal years, and not more than \$1,200,000,000 may be outstanding at any time.

(l) Debt service on these "GARVEE" bonds is paid from federal transportation grants apportioned to the State (Title 23 of the U.S. Code).

The following table shows total debt service by fiscal year on State obligations payable from the GRF:

**Annual Debt Service Requirements on State Obligations  
Paid from the GRF**

FY	General Obligations			Special Obligations			Total GRF Debt Service		
	Education (a)(b)(e)	Infrastructure (b)(e)	All Other(c)(e)	DAS Facilities(e)	DRC Facilities(b)(e)	All Other(b)(d)(e)	Principal(e)	Interest(b)(e)	Total(b)(e)
2024	\$615,639,788	\$227,557,740	\$124,496,538	\$64,878,203	\$69,701,519	\$158,888,794	\$912,375,000	\$348,787,581	\$1,261,162,581
2025	569,978,779	245,317,704	101,714,720	65,105,947	65,065,886	152,401,831	878,145,000	321,439,867	1,199,584,867
2026	464,766,537	208,449,843	95,629,845	42,436,383	41,582,233	135,937,050	703,520,000	285,281,891	988,801,891
2027	372,615,056	206,144,008	77,337,116	42,486,022	41,709,043	126,417,375	612,580,000	254,128,620	866,708,620
2028	340,229,667	189,100,008	75,255,086	42,750,237	41,658,626	120,031,769	582,885,000	226,140,392	809,025,392
2029	332,832,693	178,497,721	53,676,143	42,603,532	37,977,833	109,680,156	556,710,000	198,558,077	755,268,077
2030	345,949,167	164,921,301	38,415,125	38,276,891	35,113,531	105,163,844	555,030,000	172,809,858	727,839,858
2031	354,302,715	164,747,180	37,326,525	35,532,388	35,126,087	93,115,750	572,030,000	148,120,646	720,150,646
2032	306,370,760	141,721,661	27,943,350	35,855,752	29,799,318	59,567,969	476,395,000	124,863,809	601,258,809
2033	265,537,509	134,521,148	19,250,200	33,441,741	29,719,457	40,257,895	417,540,000	105,187,949	522,727,949
2034	247,673,374	134,511,170	15,876,450	29,779,898	29,986,498	27,321,690	396,875,000	88,274,080	485,149,080
2035	223,829,942	110,897,457	7,213,500	29,784,086	26,821,351	27,317,506	353,515,000	72,348,842	425,863,842
2036	199,637,250	110,870,457	-	23,809,672	26,841,095	27,324,252	331,790,000	56,692,726	388,482,726
2037	152,400,900	98,993,150	-	23,807,402	26,763,053	27,314,386	287,440,000	41,838,891	329,278,891
2038	108,538,050	88,643,700	-	18,172,625	21,444,191	27,320,658	235,280,000	28,839,224	264,119,224
2039	62,131,900	76,555,375	-	18,171,375	13,718,631	27,315,302	179,420,000	18,472,583	197,892,583
2040	37,330,100	51,371,250	-	12,680,750	13,715,298	16,694,910	120,335,000	11,457,308	131,792,308
2041	37,332,050	39,375,250	-	6,216,000	6,582,275	16,694,014	99,915,000	6,284,589	106,199,589
2042	-	28,455,750	-	-	-	8,678,601	35,000,000	2,134,351	37,134,351
2043	-	14,348,250	-	-	-	-	13,665,000	683,250	14,348,250
							<b>\$8,320,445,000</b>	<b>\$2,512,344,535</b>	<b>\$10,832,789,535</b>

(a) Consists of common schools and higher education general obligation bonds.

(b) Includes estimated debt service on adjustable-rate bonds.

(c) Includes natural resources, coal development, conservation, research and development, and veterans' compensation general obligation bonds.

(d) Includes lease-rental bonds for mental health, parks and recreation, cultural and sports facilities, and facilities for the Department of Youth Services.

(e) Excludes refunded bonds; includes refunding bonds; as of May 8, 2024.

Totals may not foot due to rounding.

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The following table shows total debt service by fiscal year on certain State obligations payable from the indicated non-GRF revenues:

**Annual Debt Service Requirements on State Obligations  
Paid from Non-GRF Revenues**

FY	Highway User Receipts			GARVEE Federal Transportation Grants <sup>(c)</sup>
	Highway G.O.	ODOT/DPS Facilities <sup>(a)</sup>	Total <sup>(b)</sup>	
2024	\$154,552,727	\$21,589,740	\$176,142,467	\$144,335,453
2025	151,864,595	21,592,000	173,456,595	143,598,705
2026	119,030,800	21,590,000	140,620,800	108,638,875
2027	115,291,050	21,588,000	136,879,050	108,640,875
2028	111,505,800	21,589,250	133,095,050	108,640,000
2029	93,954,300	21,586,750	115,541,050	108,645,000
2030	73,931,250	21,583,750	95,515,000	84,547,000
2031	70,970,250	13,443,250	84,413,500	43,259,125
2032	52,814,500	13,445,000	66,259,500	43,263,000
2033	50,618,750	13,445,000	64,063,750	22,874,500
2034	34,798,000	5,067,000	39,865,000	12,672,000
2035	20,808,500	5,068,500	25,877,000	12,669,000
2036	15,347,750	5,070,000	20,417,750	-
2037	14,680,500	5,066,000	19,746,500	-
2038	8,563,500	5,066,250	13,629,750	-
2039	8,174,250	-	8,174,250	-

- (a) Lease rental payments are paid from highway user receipts for these Ohio Department of Transportation and Department of Public Safety facilities.
- (b) As of May 8, 2024.
- (c) Debt service paid from federal transportation grants apportioned to the State under Title 23 of the U.S. Code. Totals may not foot due to rounding.

The following table shows the principal amount of those obligations that are currently scheduled to be outstanding as of July 1 of the indicated years, as of May 8, 2024:

Year	Obligations Payable from the GRF			Non-GRF Obligations
	Education <sup>(a)</sup>	Other GO <sup>(b)</sup>	Special Obligations <sup>(c)</sup>	Highway User Receipts <sup>(d)</sup>
2024	\$3,428,600,000	\$2,244,915,000	\$1,734,555,000	\$900,170,000
2029	1,941,940,000	1,207,700,000	924,590,000	369,700,000
2034	726,945,000	531,490,000	397,925,000	77,840,000
2039	69,910,000	121,025,000	77,980,000	-

- (a) Includes bonds for common school and higher education capital facilities.
- (b) Includes natural resources, coal development, infrastructure improvement, conservation, research and development, and veterans' compensation general obligation bonds.
- (c) Includes lease-rental bonds for various state capital facilities.
- (d) Includes general obligations for highways and lease-rental bonds for ODOT and DPS facilities.

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The following tables show certain historical debt information and comparisons. These tables include only outstanding obligations of the State for which debt service is paid from the GRF.

Fiscal Year	Principal Amount Outstanding	Outstanding Debt Per Capita	Outstanding Debt as Percent of Annual Personal Income
1990	\$3,707,055,058	\$342	1.83%
2000	6,308,680,025	556	1.94
2010	8,586,655,636	744	2.03
2019	9,496,850,000	812	1.68
2020	9,432,955,000	807	1.60
2021	9,818,225,000	840	1.58
2022	9,153,950,000	779 <sup>(a)</sup>	1.35
2023	8,200,030,000	698 <sup>(a)</sup>	1.21 <sup>(b)</sup>

Fiscal Year	Debt Service Payable	Total GRF Revenue and Net State Lottery Proceeds	Debt Service as Percent of GRF Revenue and Lottery Proceeds	Debt Service as Percent of Annual Personal Income
1990	\$488,676,826	\$12,230,682,298	4.00%	0.24%
2000	871,313,814	20,711,678,217	4.21	0.27
2010	710,284,236 <sup>(c)</sup>	24,108,466,000 <sup>(d)</sup>	2.95	0.17
2019	1,402,757,299	34,921,508,000	4.02	0.25
2020	1,414,866,835	34,551,772,000	4.09	0.24
2021	1,176,720,278 <sup>(c)</sup>	40,723,295,400	2.89	0.19
2022	1,435,175,069	41,894,141,300	3.43	0.21
2023	1,503,565,816	43,778,291,300	3.43	0.22 <sup>(b)</sup>

(a) Based on July 2022 Census population estimate.

(b) Based on 2022 personal income data.

(c) Reduction is due in large part to the restructuring of certain GRF debt service payments resulting in net savings of \$416.8 million in FY 2010 and \$363.7 million in FY 2021.

(d) Excludes federal funds from the American Recovery and Reinvestment Act of 2009.

### Debt Authorizations

For the 2023-2024 capital biennium, the General Assembly approved \$3.51 billion in new capital appropriations, with \$2.28 billion of new, GRF-supported debt authorizations, and included authority for the Director of the OBM to support appropriations through GRF cash transfers if there are sufficient cash balances. As of May 8, 2024, GRF cash transfers in the amounts of \$1,164,500,000 for General Obligation programs and \$805,264,476 for Special Obligation programs have occurred. However, additional State borrowing for capital and other purposes may continue to be needed in the future.

The following additional GRF-supported debt authorizations reflect all the new 2023-2024 capital appropriations effective September 2022:

#### General Obligation

- \$470,100,000 for capital improvements for elementary and secondary public schools.
- \$300,000,000 for local infrastructure projects.
- \$402,000,000 for higher education facilities.
- \$9,000,000 for natural resources facilities.
- \$100,000,000 for conservation purposes.

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## Special Obligation

- \$336,000,000 for prisons and local jails.
- \$99,800,000 for youth services facilities.
- \$151,100,000 for state administrative facilities.
- \$49,000,000 for cultural facilities (including both arts and sports facilities).
- \$75,700,000 for mental health facilities (including local projects).
- \$287,000,000 for parks and recreation facilities (including local projects).

## Past constitutional authorizations are:

- 2014 – Additional \$1.875 billion of general obligation debt for public infrastructure as a ten-year extension of the existing local government infrastructure program authorized in 2005, with an increase in the annual issuance amount from \$150 million to \$175 million in the first five fiscal years and \$200 million in each fiscal year thereafter.
- 2010 – \$700 million of State general obligation debt to renew and continue programs for research and development in support of Ohio industry, commerce, and business, with those obligations not subject to the 5 percent debt service cap described above. The authorization is in addition to the below-referenced 2005 constitutional amendment for the same purpose. The amount of all State general obligations that may be issued for, and the amounts of proceeds from those State general obligations that may be committed to, those research and development purposes, are limited to no more than \$450 million total for the period including State FY 2006 through FY 2011, no more than \$225 million in FY 2012 and no more than \$175 million in any fiscal year thereafter, plus any amounts that in any prior fiscal year could have been but were not issued.
- 2009 – Provides compensation to persons who have served in active duty in the United States armed forces at any time during the Persian Gulf, Afghanistan, and Iraq conflicts, with those general obligation bonds not subject to the 5 percent direct obligation debt service cap described above. Not more than \$200 million may be issued and no obligations may be issued later than December 31, 2013.
- 2008 – Land conservation and revitalization purposes (including statewide brownfields clean-up). Each of the two purposes are authorized up to \$50 million in principal amount in any fiscal year, plus any amount unissued from previous fiscal years, with not more than \$200 million to be outstanding at any time. The bonds for conservation purposes are general obligations, and those for revitalization purposes are special obligations payable from revenues and receipts designated by the General Assembly (previously a portion of the State's net liquor profits). The authorization is in addition to the 2000 constitutional amendment for the same purposes.
- 2005 – \$500 million over ten years of State general obligation debt in support of research and development, and \$150 million over ten years of State general obligation debt for the development of sites for industry, commerce, distribution and research and development, with those obligations not subject to the 5 percent debt service cap described above. Also authorizes an additional \$1.35 billion of general obligation debt for public infrastructure as a ten-year extension of the existing local government infrastructure program, with an increase in the annual issuance amount from \$120 million to \$150 million in the last five fiscal years, which continues to be subject to the 5 percent debt service cap.
- 2000 – Land conservation and revitalization purposes (including statewide brownfields clean-up) each authorized up to \$50 million in principal amount in any fiscal year plus any amount unissued from previous fiscal years, with not more than \$200 million to be outstanding at any time. The bonds for conservation purposes are general obligations, and those for revitalization purposes are special obligations payable from revenues and receipts designated by the General Assembly (previously a portion of the State's net liquor profits).
- 1999 – Facilities for a system of common schools throughout the state and for state-supported and state-assisted institutions of higher education. The amendment also provides for the 5 percent direct obligation debt service cap described above.
- 1995 – Additional highway bonds and extension of the local infrastructure bond program. For the latter, it authorized an additional \$1.2 billion of the State's full faith and credit obligations to be issued over 10 years, with not more than \$120 million issued in any fiscal year. The highway finance portion authorizes not more than \$1.2 billion to be outstanding at any time and not more than \$220 million to be issued in any fiscal year.

- 1994 – Pledges the State’s full faith and credit and taxing power to meet certain guarantees under the State’s tuition credit program. Through this program, individuals purchase tuition credits which are guaranteed to cover a specified amount when applied to tuition and other eligible higher education costs. Under the amendment, to secure the tuition guarantees, the General Assembly shall appropriate money sufficient to offset any deficiency that occurs in the trust fund, at any time necessary to make payment of the full amount of any tuition payment or refund required by a tuition payment contract.
- 1990 – Supplements the previous constitutionally authorized loans-for-lenders and other housing assistance programs, financed in part with State revenue bonds. The amendment authorizes the General Assembly to provide for State assistance for housing in a variety of ways, including State borrowing for the purpose by the issuance of obligations secured by a pledge of all or such portion of State revenues or receipts as it authorizes (but not by a pledge of the State’s full faith and credit).
- 1985 – Finance grants or make or guarantee loans for research and development of coal technology that will encourage the use of Ohio coal. Those grants or loans are available to any individual, association, or corporation doing business in the state or to any educational or scientific institution located in the state. Not more than \$100 million of general obligation bonds may be outstanding at any time.

## **ECONOMY AND EMPLOYMENT**

Ohio has a diverse economy. While Ohio has a strong manufacturing presence in chemicals, food and beverages, motor vehicles, and fabricated metal products, the greatest growth in Ohio’s economy in recent years has been in the non-manufacturing sectors. Ohio’s 2023 economic output, as measured by gross state product (GSP), totaled \$872.7 billion, 3.20 percent of the national GDP and seventh largest among the states. The State ranks fourth within the manufacturing sector (\$131.0 billion) and fifth in durable goods (\$69.2 billion). As a percent of Ohio’s 2023 GSP, 15.0 percent was attributable to manufacturing, with 21.8 percent attributable to the goods-producing sectors and 33.7 percent to the business services sectors, including finance, insurance, and real estate. Ohio is the tenth largest exporting state with 2023 merchandise exports totaling \$55.7 billion. The State’s leading export products are machinery (including electrical machinery), motor vehicles (including parts), aircraft/spacecraft, and plastics, which together accounted for more than half of the total.

Non-farm payroll employment in Ohio, in a diversifying employment base, decreased from 2001 through 2003, increased from 2004 through 2006, decreased from 2007 through 2010, and increased from 2011 through 2022. In the last three decades, there has been a shift toward the services industry, with manufacturing employment decreasing since its 1969 peak. The non-manufacturing sector employs approximately 87.7 percent of all non-farm payroll workers in Ohio. The changing mix of employment sectors nationally and in Ohio are shown in the following tables.

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**Ohio Nonfarm Payroll Jobs by Industry Type  
Not Seasonally Adjusted (in 000)**

	1990	2000	2010	2020	2022	2023
Mining & Logging	18	13	11	9	9	10
Construction	192	246	169	219	234	244
Manufacturing	1,060	1,021	621	653	683	690
Trade, Transportation & Public Utilities	963	1,115	945	1,006	1,056	1,055
Financial Activities	255	305	277	303	319	318
Professional & Business Services*	455	647	629	694	742	738
Educational & Health Services*	539	679	839	895	904	941
Leisure & Hospitality*	400	483	475	466	541	571
Information & Other Services*	279	331	284	253	276	286
Government	722	785	786	759	766	775
<b>Total</b>	<b>4,882</b>	<b>5,624</b>	<b>5,036</b>	<b>5,256</b>	<b>5,530</b>	<b>5,625</b>

\* Data prior to 1990 in these categories were classified as a single "Services" category under the 1987 Standard Industrial Classification (SIC) system. All data in table reflects the current North American Industry Classification System (NAICS).

Totals may not foot due to rounding.

Source: U.S. Department of Labor, Bureau of Labor Statistics, National and State Current Employment Statistics.

**Distribution of Nonfarm Payroll Jobs by Industry Type (%)**

	1990		2000		2010		2020		2022		2023	
	Ohio	U.S.	Ohio	U.S.	Ohio	U.S.	Ohio	U.S.	Ohio	U.S.	Ohio	U.S.
Mining & Logging	0.4	0.7	0.2	0.5	0.2	0.5	0.2	0.4	0.2	0.4	0.2	0.4
Construction	3.9	4.8	4.4	5.1	3.4	4.2	4.2	5.1	4.2	5.1	4.3	5.1
Manufacturing	21.7	16.2	18.2	13.1	12.3	8.8	12.4	8.6	12.3	8.4	12.3	8.3
Trade, Transportation & Public Utilities	19.7	20.7	19.8	19.9	18.8	18.9	19.1	18.7	19.1	18.8	18.7	18.5
Financial Activities	5.2	6.0	5.4	5.9	5.5	5.9	5.8	6.1	5.8	5.9	5.6	5.9
Professional & Business Services	9.3	9.9	11.5	12.6	12.5	12.8	13.2	14.2	13.4	14.8	13.1	14.6
Educational & Health Services	11.0	10.1	12.1	11.6	16.7	15.3	17.0	16.3	16.4	16.0	16.7	16.2
Leisure & Hospitality	8.2	8.5	8.6	9.0	9.4	10.0	8.9	9.4	9.8	10.4	10.1	10.6
Information & Other Services	5.7	6.3	5.9	6.7	5.6	6.2	4.8	5.7	5.0	5.8	5.1	5.7
Government	14.8	16.8	14.0	15.7	15.6	17.3	14.4	15.4	13.8	14.5	13.8	14.6

Totals may not foot due to rounding.

Source: U.S. Department of Labor, Bureau of Labor Statistics, National and State Current Employment Statistics. The distribution percentages are as calculated by OBM.

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Ohio and U.S. unemployment rates have been as follows:

**Average Monthly Unemployment Rates (Seasonally Adjusted)**

Year	Ohio	U.S.
1990	5.6%	5.6%
2000	4.0	4.0
2005	5.9	5.1
2006	5.4	4.6
2007	5.6	4.6
2008	6.4	5.8
2009	10.3	9.3
2010	10.3	9.6
2011	8.8	8.9
2012	7.4	8.1
2013	7.5	7.4
2014	5.8	6.2
2015	5.0	5.3
2016	5.1	4.9
2017	5.0	4.4
2018	4.5	3.9
2019	4.2	3.7
2020	8.3	8.1
2021	5.2	5.4
2022	4.0	3.6
2023	3.5	3.6
2024 January	3.7	3.7
February	3.8	3.9
March	3.8*	3.8
April	**	3.9

\* Preliminary

\*\* Not yet available

Source: U.S. Bureau of Labor Statistics.

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The following are the private sector employers that had the highest number of full-time equivalent employees (estimated and rounded) in Ohio in 2022:

### OHIO'S TOP 25 PRIVATE SECTOR EMPLOYERS – 2022

Company	Employment Headcount (Estimated)	Sector
<b>Cleveland Clinic Health System</b>	<b>56,986</b>	<b>Health Care</b>
Walmart Inc.	55,232	Retail: General Merchandise
Amazon.com, Inc.	45,000	Retail: General Merchandise
<b>The Kroger Co.</b>	<b>44,077</b>	<b>Retail: Food Stores</b>
<b>University Health Systems Inc.</b>	<b>30,891</b>	<b>Health Care</b>
<b>Mercy Health</b>	<b>30,510</b>	<b>Health Care</b>
<b>Ohio Health</b>	<b>30,488</b>	<b>Health Care</b>
JPMorgan Chase & Co.	20,228	Finance: Bank
<b>ProMedica Health System</b>	<b>18,712</b>	<b>Health Care</b>
Giant Eagle Inc.	17,400	Retail: Food Stores
<b>Cincinnati Children's Hospital Medical System</b>	<b>17,204</b>	<b>Health Care</b>
FedEx Corporation.	15,250	Transportation: Air Delivery
United Parcel Service, Inc.	15,236	Transportation: Air Delivery
<b>Kettering Health</b>	<b>14,413</b>	<b>Health Care</b>
Lowe's Companies, Inc.	14,400	Retail: Home Improvement
Honda Motor Co., Ltd.	14,400	Manufacture: Motor Vehicles
<b>Nationwide Children's Hospital</b>	<b>14,027</b>	<b>Health Care</b>
<b>Progressive Corp.</b>	<b>13,236</b>	<b>Finance: Insurance</b>
<b>Nationwide Mutual Insurance Co.</b>	<b>13,000</b>	<b>Finance: Insurance</b>
The Home Depot, Inc.	12,600	Retail: Home Improvement
Target Corporation	12,410	Retail: General Merchandise
Meijer, Inc.	12,219	Retail: General Merchandise
<b>TriHealth, Inc.</b>	<b>12,003</b>	<b>Health Care</b>
CVS Health Corp.	11,650	Retail: Drug Stores
<b>Cedar Fair, L.P.</b>	<b>11,200</b>	<b>Entertainment: Theme Parks</b>

Boldface indicates headquartered in Ohio.

Source: Department of Development, Office of Research, Dec. 2022.

### POPULATION

Ohio's 2020\* decennial census population of 11,797,517 indicated a 2.3 percent population growth over 2010 and ranked Ohio seventh among the states in population. The following tables show selected census figures:

#### Ohio Population — Total and by Age Group

Year	Total	Rank Among States	Decennial Growth Rate	0-19 Years	20-64 Years	65 and over
1990	10,847,115	7	0.5%	3,141,000	6,299,100	1,407,000
2000	11,353,140	7	4.7	3,216,000	6,629,400	1,507,800
2010	11,536,504	7	1.6	3,067,126	6,847,363	1,622,015
2020	11,797,517	7	2.3	2,921,500	6,801,918	2,074,099

\* July 2023 Census population estimate is 11,756,058.

Source: U.S. Census Bureau Web Site, Metropolitan Area Population Estimates v.2022

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**Population of Ohio Metropolitan Areas<sup>(a)</sup>**

	1990	2000	2010	2020	2021	2022
Cleveland	2,202,069 <sup>(b)</sup>	2,250,871 <sup>(b)</sup>	2,077,240 <sup>(b)</sup>	2,086,509	2,073,183 <sup>(b)</sup>	2,063,132 <sup>(b)</sup>
Cincinnati	1,526,092 <sup>(c)</sup>	1,646,395 <sup>(c)</sup>	2,130,151 <sup>(d)</sup>	2,258,932 <sup>(i)</sup>	2,259,955 <sup>(i)</sup>	2,265,051 <sup>(i)</sup>
Columbus	1,345,450 <sup>(e)</sup>	1,540,157 <sup>(e)</sup>	1,836,536 <sup>(e)</sup>	2,141,756 <sup>(e)</sup>	2,146,951 <sup>(e)</sup>	2,161,511 <sup>(e)</sup>
Dayton	951,270 <sup>(f)</sup>	950,558 <sup>(f)</sup>	979,835 <sup>(f)</sup>	814,162 <sup>(j)</sup>	813,183 <sup>(j)</sup>	812,595 <sup>(j)</sup>
Akron	657,575	694,960	703,200	701,625	696,225	697,627
Toledo	614,128	618,203	651,429	646,012	642,320	640,384
Youngstown-Warren	600,895 <sup>(g)</sup>	594,746 <sup>(g)</sup>	565,773 <sup>(g)</sup>	540,211 <sup>(g)</sup>	537,837 <sup>(g)</sup>	535,499 <sup>(g)</sup>
Canton-Massillon	394,106	406,934	404,422	401,183	400,330	399,316
Hamilton-Middletown	291,479	332,807	(d)	(d)	(d)	(d)
Lima	154,340	155,084	106,331	102,107	101,792	101,115
Mansfield	174,007	175,818	124,475	124,962	125,327	125,319
Steubenville	142,523 <sup>(h)</sup>	132,008 <sup>(h)</sup>	124,454 <sup>(h)</sup>	116,680 <sup>(h)</sup>	115,811 <sup>(h)</sup>	114,235 <sup>(h)</sup>
Springfield	(f)	(f)	(f)	135,879	135,747	134,831

(a) SMSAs in 1970 & 1980, MSAs in 1990, 2000 & 2010 (PMSA's for Cleveland, Cincinnati, Akron, and Hamilton-Middletown).

(b) Lorain-Elyria included with Cleveland.

(c) Includes 12 counties (two in Indiana and six in Kentucky).

(d) Includes 15 counties (three in Indiana and seven in Kentucky); includes Hamilton-Middletown.

(e) Newark added.

(f) Springfield added.

(g) Includes three counties (one in Pennsylvania).

(h) Weirton added; includes two counties in West Virginia.

(i) Includes 16 counties (four in Indiana and seven in Kentucky); includes Hamilton-Middletown

(j) Springfield removed.

Source: U.S. Census Bureau Web Site, Metropolitan Area Population Estimates v.2022

**AGRICULTURAL AND RESOURCES BASES**

With 13.5 million acres (of a total land area of 26.4 million acres) in farmland and an estimated 77,800 individual farms, agriculture and related sectors are an important segment of Ohio's economy. Ohio's 2022 crop production value of \$9.2 billion ranked ninth among states and represented 3.3 percent of the U.S. total value. Ohio's 2022 livestock production value of \$6.2 billion ranked seventeenth among states and represented 2.4 percent of the U.S. total value. As of 2022, Ohio accounts for 4.2 percent of total U.S. cash receipts for corn and 6.9 percent for soybeans. In 2022, Ohio's agricultural sector output (consisting of crops, livestock, poultry, dairy, services and forestry, and all farm-related income) totaled \$15.4 billion and represented 2.9 percent of the U.S. total value. Ohio farm expenses and purchased inputs (feed, seed, chemicals, fertilizer, livestock, utilities, labor, and machinery) totaled \$9.8 billion. The net farm income on Ohio farms in 2022 was \$6.6 billion.

The availability of natural resources, such as water and energy, is a nationwide concern. With Lake Erie and the Ohio River on the State's borders, and many lakes and streams throughout the State, water is accessible and abundant throughout Ohio. With the launch of the H2Ohio program in 2019, the state is investing in water quality initiatives to ensure this precious resource continues to benefit Ohioans for generations to come. Additionally, Ohio is a strong energy producing state. As of 2020, Ohio ranks sixth in consumer-grade natural gas production, generating 2.3 trillion cubic feet and has sizable coal resources ranking sixteenth among the states in both coal reserves and coal production in 2020.

**STATE EMPLOYEES AND COLLECTIVE BARGAINING AGREEMENTS**

Since 1985, the number of regular state employees (excluding employees who are not paid by state warrant such as state university employees) has ranged from a low of 48,838 in March 2022, to a high of 68,573 in 1994. The State engages in collective bargaining with five employee unions representing 14 bargaining units, and generally operates under three-year agreements. The State's current collective bargaining agreements expire between February 28, 2024, and June 30, 2024. The State is currently in the process of bargaining contract agreements.

## RETIREMENT SYSTEMS

The State has established five public retirement systems to provide retirement, disability retirement and survivor benefits, and other post-employment benefits such as retiree health care. None of these benefits are guaranteed under the Ohio Constitution or under State law, or subject to bargaining under the State's current public employee collective bargaining law.

The Public Employees Retirement System (PERS), the largest of the five, covers both state and local public employees and non-teaching employees at public higher education institutions. The State Teachers Retirement System (STRS) covers teaching employees at school districts and public higher education institutions. The School Employees Retirement System (SERS) covers non-teaching employees at school districts and community colleges. The Highway Patrol Retirement System (HPRS) covers State troopers, and the Ohio Police and Fire Pension Fund (OP&F) covers local safety forces. Full financial information for each retirement system can be found on its individual website as part of its Annual Comprehensive Financial Report and/or annual report.

The five retirement systems began reporting pensions in accordance with GASB Statement No. 67, Financial Reporting for Pension Plans, in FY 2014, and the State began reporting pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions, in FY 2015. The retirement systems also began reporting in accordance with GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, in FY 2017, and the State began reporting in accordance with GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, in FY 2018.

The retirement systems were created by and operate pursuant to state law. As reflected in the 2012 pension reform acts discussed below, the General Assembly has the power to amend the structure and benefit levels, impose or revise contribution rates or amounts, and to make other changes. The systems have never been subject to the funding and vesting requirements of the federal Employee Retirement Income Security Act (ERISA). Federal law requires employees hired on or after April 1, 1986, to participate in the Medicare program, with matching employer and employee contributions, each now 1.45 percent of the wage base. Otherwise, state employees covered by a state retirement system are not currently covered under the federal Social Security Act. Congress has from time to time considered legislation relating to public sector retirement funds and to other aspects of public employee retirement.

Funding for the retirement systems is provided by a combination of public employer and employee contributions based on percentages of each employee's compensation, with the employees' contributions being deducted from their paychecks. Employee contribution percentages are either established in state law or by the retirement system board, subject to a maximum contribution amount established in state law. Except for employee contributions for PERS law enforcement and public safety personnel, the current contribution percentages for each system (set forth in the following table under **Pension Benefits**) reflect the maximums permitted under state law.

In 1968, the Ohio General Assembly created the Ohio Retirement Study Council (ORSC) to oversee the state's five public retirement systems and to advise and inform the legislature on all matters relating to the benefits, funding, investment, and administration of those systems. The ORSC consists of nine voting members: three members of the House appointed by the Speaker; three members of the Senate appointed by the President; and three members appointed by the Governor (one representing the State, one representing local governments, and the third representing public education institutions). The five executive directors of the retirement systems also serve as nonvoting members of the ORSC.

Under state law, each retirement system's board is required to establish a period of not more than thirty years to amortize its unfunded actuarial accrued pension liability (UAAL). If in any year the period required to amortize that UAAL exceeds thirty years, the board must prepare and submit to the ORSC and the applicable committees in the Ohio General Assembly a plan to reduce that amortization period to not more than thirty years. Based on their most recent reporting years reflected in the table below under **Pension Benefits**, all of the retirement systems meet the 30-year funding requirement, with the number of years to fully amortize UAAL at 11.5 years for STRS, 16 years for PERS, 22 years for SERS, 24 years for HPRS, and 29 years for OP&F. Prior to the 2012 pension reform acts described below, the board of each of the five retirement systems had approved and submitted to the ORSC and the Ohio General Assembly a plan

to reduce or maintain its amortization period at not more than thirty years. Pursuant to this continuing requirement, the OP&F board increased (effective January 1, 2014) contributions to its pension fund by reducing from 2.85 percent to 0.5 percent the amount of employer contributions directed to health care and redirecting the 2.35 percent difference to pensions. Likewise, the STRS board increased (effective July 1, 2014) contributions to its pension fund by redirecting to pensions the 1 percent of employer contributions previously directed to healthcare. The HPRS board also increased (effective January 1, 2018) contributions to its pension fund by reducing from 4 percent to 3.5 percent the amount of employer contributions directed to its health care fund.

After extensive review, the General Assembly enacted, and the Governor signed into law effective January 7, 2013, five pension reform acts to implement with modifications plans previously submitted by the five retirement systems to reduce or maintain their UAAL periods to not more than thirty years. The reform act for PERS made changes including increasing the years of service and eligibility age necessary to retire with full benefits, increasing from three to five the number of years used in determining “final average salary” for purposes of calculating retirement benefits, reducing the post-retirement cost of living adjustment, and increasing the minimum salary threshold required to earn full-time service credit for public employee eligibility to participate in the system. The other reform acts made similar changes to STRS, SERS, OP&F, and HPRS, and enacted phased increases in the employee contribution rate for STRS (from 10 percent to a maximum of 14 percent in July 2016) and OP&F (from 10 percent to a maximum of 12.25 percent in July 2015). The HPRS board was authorized to increase employee contributions up to a maximum of 14 percent from 10 percent beginning in July 2013, and it has implemented this authorization by increasing the employee contribution rate to 11.5 percent for 2014, 12.5 percent for 2015 to 2017, and 14 percent for 2018 and thereafter. Except for PERS, the reform acts also authorize each retirement system’s board to adjust certain pension benefits levels within limits without General Assembly approval. Under this authority, the post-retirement cost of living adjustment for retirees was eliminated by the STRS board (from 2 percent to 0 percent beginning July 1, 2017) and reduced by the HPRS board (phased down from 3 percent to 1.25 percent beginning January 1, 2015). In March 2022, the STRS Retirement Board unanimously approved a one-time cost of living adjustment of 3 percent and resolved to review future cost of living benefit payments during 2023. As reflected above, these reform acts did not change the requirement that each system establish a period of not more than thirty years to amortize its pension UAAL and prepare and submit to the ORSC and the Ohio General Assembly a plan to reduce that amortization period if it exceeds thirty years.

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## Retirement Contributions

The State makes its employer contributions based on a percent of salary for each State employee that is an active member of a state retirement system. Currently, just over 95 percent of state employees are members of PERS, about 2.7 percent are in HPRS and less than 1 percent are in STRS. The following table summarizes state employer and employee contributions to those retirement systems with state employee members (\$ in millions):

State Fiscal Year	PERS Employer\Employee		STRS Employer\Employee		HPRS Employer\Employee		Total Employer\Employee
	Amount	Percent of Salary <sup>(a)</sup>	Amount	Percent of Salary	Amount	Percent of Salary	Contributions
2019	\$433.0/\$304.6	14.0/10.0	\$6.0/\$6.0	14.0/14.0	\$31.7/\$14.9	26.5/14.0	\$470.6/\$325.1
2020	440.6/314.7	14.0/10.0	6.1/6.1	14.0/14.0	32.8/16.3	26.5/14.0	479.5/337.1
2021	447.9/319.9	14.0/10.0	6.3/6.3	14.0/14.0	32.1/17.0	26.5/14.0	486.3/343.2
2022	460.0/328.6	14.0/10.0	6.5/6.5	14.0/14.0	30.6/16.2	26.5/14.0	497.1/351.2
2023	480.8/343.4	14.0/10.0	6.6/6.6	14.0/14.0	32.4/16.5	26.5/13.0	519.5/366.3

(a) Reflects PERS state and local contribution rates only. PERS law enforcement employer/employee contribution rate is 18.1/13 percent and public safety is 18.1/12 percent.

Source: Contributions based on percent of payroll expenses from State of Ohio accounting system records.

The State also has funded and continues to fund a subsidy to the OP&F system to pay for survivor benefits provided in law and not otherwise funded. The aggregate subsidies were \$70.7 million in the 2022-2023 biennium and are appropriated at \$71.8 million in the 2024-2025 biennium. All state employer contributions are subject to appropriation in each state budget and are included in the appropriations for each department or agency's personnel costs.

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## Pension Benefits

The following table summarizes state and local membership and financial data for each of the retirement systems for the most recent year reported by the system (\$ in millions):

Valuation as of:	PERS 12/31/22	STRS 06/30/23	SERS <sup>(a)</sup> 06/30/23	OP&F <sup>(b)</sup> 12/31/22	HPRS 12/31/22
Active Members	287,741	175,032	159,873	29,931	1,380
Retirees and Beneficiaries	220,245	156,511	81,833	30,963	1,852
Employer/Employee Contributions (percent of Salary) <sup>(c)</sup>	14.0/10.0 <sup>(d)</sup>	14.0/14.0	14.0/10.0	<sup>(e)</sup>	26.5/13.0
Active Member Payroll	\$16,500.8	\$14,211.9	\$4,299.0	\$2,596.2	\$112.5
Market Value of Assets (MVA) <sup>(f)</sup>	\$93,151.2	\$86,247.9	\$17,558.9	\$16,107.6	\$861.1
Actuarial Value of Assets (AVA) <sup>(g)</sup>	\$102,851.7	\$87,580.4	\$17,415.0	\$17,758.8	\$934.5
Actuarial Accrued Liability (AAL) <sup>(h)</sup>	\$122,463.0	\$107,782.9	\$22,698.3	\$25,363.4	\$1,263.8
Funding Ratio (AVA to AAL percent, MVA to AAL percent)	84.0(76.1)	81.3(80.0)	76.7(77.4)	70.0(63.5)	73.9(68.1)
Unfunded Actuarial Accrued Liability (UAAL)	\$19,611.3	\$20,202.6	\$5,283.3	\$7,604.7	\$329.3
UAAL to Active Member Payroll Percent	118.8	142.2	122.9	292.9	292.7
UAAL Funding Period (years) <sup>(i)</sup>	16	11.2	21	27	21

(a) SERS information excludes Medicare Part B reimbursement which is considered a post-employment healthcare benefit reported in accordance with GASB Statement 43 for all data except MVA.

(b) OP&F deferred retirement option plan balances are included in MVA, AVA, and AAL.

(c) For PERS and SERS, the maximum employer and employee contribution rates under law are 14 percent and 10 percent. For STRS and HPRS, the maximum employer and employee contributions rates are 14/14 percent and 26.5/14 percent, respectively. Each system's board annually determines the portion of the employer contribution, if any, that is directed to fund post-employment health care benefits.

(d) PERS state employer/employee contribution rate is 14/10 percent, local is 14/10 percent, law enforcement is 18.1/13 percent, and public safety is 18.1/12 percent. PERS state and local employer and employee contribution rates increased to their current statutory maximum of 14 percent and 10 percent, respectively, in calendar year 2008.

(e) OP&F employer and employee contribution rates increased to their current statutory maximum of 19.5/12.25 percent for police and 24/12.25 percent for fire in July 2015.

(f) Defined contribution plan assets are generally excluded for PERS and included for STRS.

(g) Recognizes assumed investment returns fully each year (6.9 percent for PERS, 7.2 percent HPRS, 7 percent for STRS, 7 percent for SERS, and 7.5 percent for OP&F). Differences between actual and assumed investment returns, subject to each system's market corridor limitation, are phased-in over a closed four-year period.

(h) Reflects an individual entry age normal actuarial cost method.

(i) UAAL funding period is calculated based on a closed period as a level percent of payroll, except for the portion of PERS members who participate in the member directed plan which uses a closed period as a level dollar of payroll.

Sources: Retirement systems' Annual Comprehensive Financial Reports and annual actuarial valuations.

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The following table summarizes financial and funding information for each of the retirement systems for the past five years as reported by the system (\$ in millions):

Retirement System Valuation Year-End	Actuarial Value of Assets (AVA) <sup>(a)</sup>	Actuarial Accrued Liability (AAL) <sup>(b)</sup>	Unfunded Actuarial Accrued Liability (UAAL)	Funding Ratio (AVA to AAL)	Market Value of Assets (MVA) <sup>(c)</sup>	Funding Ratio (MVA to AAL)	Active Member Payroll	UAAL Percent of Active Member Payroll
<b>PERS</b>								
12/31/22	\$102,851.7	\$122,463.0	\$19,611.3	84.0%	\$93,151.2	76.1%	\$16,500.8	118.8%
12/31/21	99,710.2	118,517.0	18,806.8	84.1	110,210.9	93.0	15,463.7	121.6
12/31/20	93,969.1	115,241.5	21,272.4	81.5	98,852.8	85.8	14,998.1	141.8
12/31/19	88,571.7	111,371.3	22,799.6	79.5	91,814.5	82.4	14,987.6	152.1
12/31/18	84,287.0	108,704.6	24,417.6	77.5	81,427.3	74.9	14,391.1	169.7
<b>STRS</b>								
06/30/23	\$87,580.4	\$107,782.9	\$20,202.6	81.3%	\$86,247.9	80.0%	\$14,211.9	142.2%
06/30/22	85,141.8	105,264.3	20,122.5	80.9	83,034.2	78.9	13,624.9	147.7
06/30/21	83,761.4	104,591.4	20,830.0	80.1	91,805.5	87.8	12,929.8	161.1
06/30/20	76,357.7	98,672.3	22,314.6	77.4	74,475.8	75.5	12,671.2	176.1
06/30/19	74,411.8	97,840.9	23,429.1	76.1	75,726.5	77.4	12,296.8	190.5
<b>SERS<sup>(d)</sup></b>								
06/30/23	\$17,415.0	\$22,698.3	\$5,283.3	76.7%	\$17,558.9	77.4%	\$4,299.0	122.9%
06/30/22	16,641.0	21,981.5	5,340.5	75.7	16,962.7	77.2	3,994.7	133.7
06/30/21	15,809.0	21,138.4	5,329.4	74.8	17,840.0	84.4	3,622.1	147.1
06/30/20	14,838.0	20,640.5	5,802.5	71.9	14,419.6	69.9	3,477.6	166.9
06/30/19	14,293.0	20,129.8	5,836.8	71.0	14,544.1	72.2	3,462.5	168.6
<b>OP&amp;F<sup>(e)</sup></b>								
12/31/22	\$17,758.8	\$25,363.4	\$7,604.7	70.0%	\$16,107.6	63.5%	\$2,596.2	292.9%
12/31/21	17,095.8	24,517.6	7,421.7	69.7	18,776.9	76.6	2,443.6	303.7
12/31/20	16,112.1	22,628.6	6,516.5	71.2	16,411.1	72.5	2,381.8	273.6
12/31/19	15,360.1	22,044.3	6,684.2	69.7	15,636.6	70.9	2,313.6	288.9
12/31/18	14,753.2	21,264.7	6,511.5	69.4	13,941.1	65.6	2,218.0	293.6
<b>HPRS</b>								
12/31/22	\$934.5	\$1,263.8	\$329.3	73.9%	\$861.1	68.1%	\$112.5	292.7%
12/31/21	894.4	1,233.5	339.1	72.5	1,000.3	81.1	111.6	303.9
12/31/20	844.7	1,203.9	359.1	70.2	907.4	75.4	118.0	304.3
12/31/19	796.3	1,173.2	376.9	67.9	817.9	67.9	118.4	318.3
12/31/18	769.1	1,158.2	389.1	66.4	715.5	66.4	116.0	335.4

(a) Recognizes the assumed long-term investment return fully for each particular year. Differences between actual and assumed investment returns, subject to each system's market corridor limitation, are phased-in over a closed four-year period.

(b) Reflects an individual entry age actuarial cost method.

(c) Defined contribution plan assets are excluded for PERS, except for annuitized defined contribution assets, and included for STRS.

(d) Excludes Medicare Part B reimbursement which is considered a post-employment health care benefit reported in accordance with GASB 43 for all data except MVA.

(e) OP&F deferred retirement option plan balances are included in AVA, AAL, and MVA.

\* Reflects revised actuarial assumptions based on change in discount rate from 7.2 percent to 6.9 percent.

Sources: Retirement systems' Annual Comprehensive Financial Reports and annual actuarial valuations.

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*GASB Statements No. 67 & 68.* GASB Statement No. 67 replaced prior accounting standards for reporting pension plan information beginning in FY 2014. Under this accounting standard, the reporting of unfunded actuarial accrued liability (UAAL) has been replaced by the net pension liability/net pension asset (NPL/NPA). The NPL/NPA represents the excess of the total pension liability over fiduciary net position. The components of the NPL/NPA and the sensitivity of the NPL/NPA to changes in the single discount rate for each of the retirement systems for the most recent year are as follows (\$ in millions):

Valuation as of:	PERS <sup>(a)</sup> 12/31/22	STRS 06/30/23	SERS 06/30/23	OP&F 12/31/22	HPRS 12/31/22
Total Pension Liability <sup>(b)(c)</sup>	\$122,447.6	\$107,782.9	\$23,084.3	\$20,606.6 <sup>(e)</sup>	\$1,348.8 <sup>(f)</sup>
Fiduciary Net Position <sup>(d)</sup>	\$93,151.2	\$86,247.9	\$17,558.9	\$16,107.6	\$861.1
Net Pension Liability/Net Pension Asset (NPL/NPA)	\$29,296.4	\$21,534.9	\$5,525.5	\$9,499.0	\$487.7
Fiduciary Net Position as a Percentage of Total Pension Liability	76.1%	80.0%	76.1%	78.2%	63.8%
NPL/NPA Calculated With 1 Percent Decrease in Discount Rate	\$44,122.0	\$33,115.9	\$8,155.4	\$12,531.1	\$639.5
NPL/NPA Calculated With 1 Percent Increase in Discount Rate	\$16,969.0	\$11,740.6	\$3,310.4	\$6,978.5	\$360.4

- (a) For PERS, figures reflect the traditional plan, the defined benefit portion of the combined plan, and the defined benefit annuities portion of the member-directed plan.
- (b) Reflects a single discount rate of 6.9 percent for PERS, 7 percent for STRS and SERS, and 7.50 percent for OP&F. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions are made at the actuarially determined rates under state law. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability. Also reflects an individual entry age actuarial cost method.
- (c) For HPRS, the fiduciary net position was not projected to be sufficient to make all projected future benefit payments and, therefore, a blended discount rate of 7.25 percent was used. The blended discount rate represents the long-term expected rate of return for the funded benefit payments and a tax-exempt, high-quality municipal bond rate for the unfunded benefit payment.
- (d) Based on the market value of assets.
- (e) Total pension liability was determined by an actuarial valuation as of 01/01/22 and updated with roll-forward procedures to 12/31/22.
- (f) Total pension liability was determined by an actuarial valuation as of 12/31/21 and updated with roll-forward procedures to 12/31/22.

Sources: Retirement systems' Annual Comprehensive Financial Reports, annual reports, and annual actuarial valuations.

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GASB Statement No. 68 replaced prior accounting standards for state and local governments reporting of pension plan information beginning in FY 2015. This accounting standard requires employers and non-employer contributing entities to report a proportionate share of their NPL/NPA in their financial statements. Employers determine their proportionate share of NPL/NPA by comparing their current year contributions to the plan to current year contributions to the plan made by all employers and non-employer entities, based on information provided to them by their retirement system(s). The State's proportionate share of the NPL/NPA and the sensitivity of the NPL/NPA to changes in the single discount rate for PERS, STRS and HPRS for the most recent year are as follows (\$ in millions):

Valuation as of:	PERS <sup>(a)</sup> 12/31/22	STRS 06/30/23	HPRS 12/31/22
Total Pension Liability <sup>(b)</sup>	\$122,447.6	\$107,782.9	\$1,348.8 <sup>(d)</sup>
Fiduciary Net Position <sup>(c)</sup>	\$93,151.2	\$86,247.9	\$861.1
Net Pension Liability/Net Pension Asset (NPL/NPA)	\$29,296.4	\$21,534.9	\$487.7
State Proportionate Share of Net Pension Liability (PSL)	\$1,760.6	\$79.2	\$314.6
<b>PSL as a Percentage of NPL/NPA</b>	<b>7.8%</b>	<b>0.36%</b>	<b>100.0%</b>
PSL Calculated With 1 Percent Decrease in Discount Rate	\$4,790.8	\$119.7	\$639.5
PSL Calculated With 1 Percent Increase in Discount Rate	(\$571.1)	\$45.0	\$360.4

- (a) For PERS, figures reflect the traditional plan, the defined benefit portion of the combined plan, and the defined benefit annuities portion of the member-directed plan.  
(b) Reflects a single discount rate of 6.9 percent for PERS, 7 percent for STRS, and 7.25 percent for HPRS.  
(c) Based on the market value of assets.  
(d) Total pension liability determined by actuarial valuation as of 12/31/19 and updated with roll-forward procedures to 12/31/20.  
Sources: State of Ohio FY 2022 Annual Comprehensive Financial Report and retirement systems' Annual Comprehensive Financial Reports, and annual actuarial valuations.

### Other Post-Employment Benefits

Each of the State's public retirement systems also offer post-employment health care benefits to its members. Contributions to and benefits under these health care programs are not vested and, as reflected by the recent actions of the OP&F and STRS boards described above, are subject to future adjustment by their respective boards. In this regard, PERS adopted, beginning in 2004, a series of health care preservation plans to adjust benefits and contributions by employers, employees, and retirees. In 2017, STRS implemented benefit adjustments that when coupled with strong investment returns and positive claims experience had a positive effect on its health care program. In 2019, OP&F replaced its health care plan with a new stipend-based health care model that also had a positive effect on its health care program. On January 15, 2020, the PERS board of trustees modified the discretionary health care program. Changes included replacing the group health care program for non-Medicare retirees with a monthly allowance to select a health care plan with the assistance of a vendor consultant. These changes are the same as those made to the Medicare program in 2015. Other changes include reducing the allowance provided to Medicare retirees from a base of \$450 per month to \$350 per month. Non-Medicare retirees' allowance was initially established at \$1,200 base level per month. The actual allowance for all retirees will be determined based upon the age and years of service of the retiree. Other changes included modifications to the eligibility criteria for future retirees beginning in 2022. Effective July 1, 2023, OPERS increased the portion of the 14 percent employer contribution rate allocated to health care funding from 0 percent to 2 percent for the Combined Plan only.

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The following table presents a summary of assets and actuarial accrued liabilities for post-employment healthcare benefits for each of the State’s public retirement systems (\$ in millions):

Valuation as of:	PERS 12/31/21	STRS 06/30/23	SERS 06/30/23	OP&F <sup>(a)</sup> 12/31/18	HPRS 12/31/22
Value of Assets <sup>(b)</sup>	\$12,712.9	\$4,783.4	\$706.8	n/a	\$115.1
Actuarial Accrued Liability (AAL) <sup>(c)</sup>	11,037.0	2,838.5	1,531.7	n/a	217.7
Unfunded Actuarial Accrued Liability (UAAL) <sup>(d)</sup>	(1,675.9)	(1,944.9)	824.9	n/a	92.8
Funding Ratio (Assets to AAL Percent)	115.2%	168.5%	46.1%	n/a	52.9%
Employer Contribution (Percent of Salary) <sup>(e)</sup>	0.0%	0.0%	0.0% <sup>(f)</sup>	0.5%	0.0%

- (a) OP&F is no longer reporting unfunded actuarial accrued liabilities under prior accounting standards. See GASB Statement No. 74 table below for information on the reporting of post-employment benefit plans other than pension plans.
- (b) For PERS and HPRS, investment returns are recognized fully each year with the differences between actual and assumed investment returns (assumed at 5.22 percent for PERS and 7.25 percent for HPRS), subject to each system’s market corridor limitation, phased-in over a closed four-year period. For STRS and SERS, reflects market value. For PERS, includes assets for member-directed plan participants.
- (c) Reflects an individual entry age normal actuarial cost method.
- (d) UAAL is calculated based on an open period as a level percent of payroll.
- (e) Each system’s board annually determines the portion of the employer contribution, if any, that is directed to fund post-employment health care benefits. See discussion above for recent adjustments by OP&F, STRS, and HPRS boards to employer contribution directed to fund health care benefits.
- (f) SERS also collects a health care surcharge from employers for employees who earn less than an actuarially determined minimum compensation amount. This amount is in addition to the amount allocated to health care from the employer contributions.
- Sources: Retirement systems’ Annual Comprehensive Financial Reports, and annual actuarial valuations.

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The following table presents a summary of assets and actuarial accrued liabilities for post-employment healthcare benefits for the past four years for each of the State's public retirement systems (\$ in millions).

Retirement System Valuation Year-End	Value of Assets <sup>(a)</sup>	Actuarial Accrued Liability (AAL) <sup>(b)</sup>	Unfunded Actuarial Accrued Liability	Funding Ratio (Assets to AAL)	Employer Contribution (Percent of Salary) <sup>(c)(d)</sup>
<b>PERS<sup>(f)(g)</sup></b>					
12/31/21	\$12,712.9	\$11,037.0	(\$1,675.9)	115.2%	0.0%
12/31/20	12,385.8	11,215.5	(1,170.3)	110.4	0.0
12/31/19	11,942.5	11,461.7	(480.8)	104.2	0.0
12/31/18	11,646.9	17,848.7	6,201.8	65.3	0.0
<b>STRS</b>					
06/30/23	\$4,783.4	\$2,838.5	(\$1,944.9)	168.5%	0.0%
06/30/22	4,570.0	1,980.7	(2,589.3)	230.7	0.0
06/30/21	4,929.7	2,821.3	(2,108.4)	174.7	0.0
06/30/20	3,897.3	2,139.8	(1,757.5)	182.1	0.0
<b>SERS</b>					
06/30/23	\$706.8	\$1,531.7	\$824.9	46.1%	0.0%
06/30/22	611.6	1,348.3	736.7	45.4	0.0
06/30/21	600.3	1,289.4	689.1	46.6	0.0
06/30/20	482.6	1,796.5	1,313.9	26.9	0.0
<b>OP&amp;F<sup>(e)</sup></b>					
12/31/17	\$901.7	\$5,487.8	\$4,586.2	16.4%	0.5%
12/31/16	929.4	5,166.6	4,237.2	18.0	0.5
12/31/15	1,031.9	5,399.6	4,367.6	19.1	0.5
12/31/14	1,053.5	5,244.6	4,191.0	20.1	0.5
<b>HPRS</b>					
12/31/22	\$115.1	\$217.7	\$92.8	52.9%	0.0%
12/31/21	130.1	229.2	112.9	56.8	0.0
12/31/20	118.6	285.3	174.6	41.6	0.0
12/31/19	111.0	303.3	195.3	36.6	0.0

(a) For PERS & HPRS, recognizes investment returns fully each year (PERS at 5 percent in 2016, 6.5 percent in 2017, to current 6 percent starting in 2018, HPRS assumed at 7.25 percent) with the differences between actual and assumed investment returns, subject to each system's market corridor limitation, phased-in over a closed four-year period. For STRS, SERS and OP&F, reflects market value.

(b) Reflects an individual entry age normal actuarial cost method.

(c) Each system's board annually determines the portion of the employer contribution, if any, that is directed to fund post-employment health care benefits.

(d) SERS also collects a health care surcharge from employers for employees who earn less than an actuarially determined minimum compensation amount. This amount is in addition to the amount allocated to health care from the employer contributions.

(e) OP&F is no longer reporting unfunded actuarial accrued liabilities under prior accounting standards. See GASB Statement No. 74 table below for information on the reporting of post-employment benefit plans other than pension plans.

(f) PERS is instituting several adjustments to Medicare and non-Medicare retirees effective January 1, 2022, related to HRA allowances, dependent benefits, and re-employed retirees leading to a significant reduction in actuarial liability beginning in the valuation period ending December 31, 2019.

(g) Effective 7/1/2022, the employer contribution to healthcare for the OPERS Combined Plan was raised to 2 percent, the Traditional Pension Plan employer contribution remained at 0 percent.

Sources: Retirement systems' annual actuarial valuations.

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*GASB Statements No. 74 & 75.* GASB Statement No. 74 replaced prior accounting standards for reporting post-employment benefit plans other than pension plans (OPEB) beginning in FY 2017. Under this accounting standard, the reporting of unfunded actuarial accrued liability has been replaced by the net OPEB liability (NOL). The NOL represents the excess of the total OPEB liability over fiduciary net position. The components of the NOL and the sensitivity of the NOL to changes in the single discount rate for those retirement systems that have reported information for the most recent year are as follows (\$ in millions):

Valuation as of:	PERS 12/31/22	STRS 06/30/23	SERS 06/30/23	OP&F <sup>(a)</sup> 12/31/22	HPRS 12/31/22
Total OPEB Liability <sup>(a)(b)</sup>	\$12,095.8 <sup>(d)</sup>	\$2,838.5	\$2,354.2	\$1,501.6 <sup>(e)</sup>	\$353.4 <sup>(d)</sup>
Fiduciary Net Position <sup>(c)</sup>	\$11,465.3	\$4,783.4	\$706.8	\$789.4	\$115.1
Net OPEB Liability (NOL)	\$630.5	(\$1,944.9)	\$1,647.4	\$712.0	\$238.3
Fiduciary Net Position as a Percentage of Total OPEB Liability	94.8%	168.5%	30.0%	52.6%	32.6%
NOL Calculated With 1 Percent Decrease in Discount Rate	\$2,145.7	(\$1,646.1)	\$2,105.9	\$876.7	\$299.8
NOL Calculated With 1 Percent Increase in Discount Rate	(\$620.5)	(\$2,205.1)	\$1,285.9	\$572.8	\$189.8
NOL Calculated With 1 Percent Decrease in Cost Trend Rate	\$590.9	(\$2,217.2)	\$1,210.3	n/a	\$183.2
NOL Calculated With 1 Percent Increase in Cost Trend Rate	\$675.5	(\$1,616.9)	\$2,226.7	n/a	\$309.9

(a) For PERS, SERS and HPRS, the fiduciary net position was not projected to be sufficient to make all projected future benefit payments and, therefore, single or blended discount rates of 5.22 percent, 4.08 percent, and 4.51 percent, respectively, were used. The blended discount rates represent the long-term expected rate of return for the funded benefit payments and a tax-exempt, high-quality municipal bond rate for the unfunded benefit payment. For STRS, the fiduciary net position was projected to be sufficient to make all projected future benefit payments and, therefore, a discount rate of 7 percent, representing the long-term expected rate of return on assets, was used. For OP&F, the fiduciary net position was projected to be available to make projected future benefit payments until 2031 and, therefore, a single discount rate of 4.27 percent, representing a tax-exempt, high quality municipal bond rate, was used. After 2031, benefit payments will be funded on a pay-as-you go basis.

(b) For all retirement systems, reflects an individual entry age normal actuarial cost method as a level percent of payroll.

(c) Based on the market value of assets.

(d) Total OPEB liability was determined by an actuarial valuation as of 12/31/21 and updated with roll-forward procedures to 12/31/22.

(e) Total OPEB liability was determined by an actuarial valuation as of 12/31/22 and updated with roll-forward procedures to 12/31/22.

Sources: Retirement systems' Annual Comprehensive Financial Reports and annual reports.

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GASB Statement No. 75 replaced prior accounting standards for state and local governments reporting of postemployment benefit plans other than pensions beginning in FY 2018. This accounting standard requires employers and non-employer contributing entities to report a proportionate share of their NOL in their financial statements. Employers determine their proportionate share of NOL by comparing their current year contributions to the plan to current year contributions to the plan made by all employers and non-employer entities, based on information provided to them by their retirement system(s). The State's proportionate share of the NOL and the sensitivity of the NOL to changes in the single discount rate for PERS, STRS and HPRS for the most recent year are as follows (\$ in millions):

Valuation as of:	PERS 12/31/22	STRS 06/30/23	HPRS 12/31/22
Total OPEB Liability <sup>(a)</sup>	\$12,095.8 <sup>(c)</sup>	\$2,838.5 <sup>(d)</sup>	\$353.4 <sup>(c)</sup>
Fiduciary Net Position <sup>(b)</sup>	\$11,465.3	\$4,783.4	\$115.1
Net OPEB Liability (NOL)	\$630.5	(\$1,944.9)	\$238.3
State Proportionate Share of Net OPEB Liability (PSL)	(\$659.0)	(\$9.2)	\$238.3
<b>PSL as a Percentage of NOL</b>	<b>(104.5%)</b>	<b>0.4%</b>	<b>100.0%</b>
PSL Calculated With 1 Percent Decrease in Discount Rate	(\$387.5)	(\$8.5)	\$299.8
PSL Calculated With 1 Percent Increase in Discount Rate	(\$884.3)	(\$9.5)	\$189.8
PSL Calculated With 1 Percent Decrease in Cost Trend Rate	(\$666.1)	(\$9.6)	\$183.2
PSL Calculated With 1 Percent Increase in Cost Trend Rate	(\$650.5)	(\$8.8)	\$309.9

(a) The fiduciary net position was not projected to be available to make all projected future benefit payments and, therefore, a single discount rate of 5.22 percent for PERS was used and a blended discount rate of 4.51 percent for HPRS was used. The blended discount rate represents the long-term expected rate of return for the funded benefit payments and a tax-exempt, high-quality municipal bond rate for the unfunded benefit payment.

(b) Based on the market value of assets.

(c) Total OPEB liability was determined by an actuarial valuation as of 12/31/21 and updated with roll-forward procedures to 12/31/22.

(d) Total OPEB liability was determined by an actuarial valuation as of 06/30/23.

Sources: State of Ohio FY 2022 Annual Comprehensive Financial Report and retirement systems' Annual Comprehensive Financial Reports and annual reports.

## TAX LEVELS AND TAX BASES

The variety of taxes and excises levied by the State is indicated in several tables in this Appendix. According to the Federation of Tax Administrators, citing the U.S. Census Bureau as its source, Ohio ranked 43<sup>rd</sup> in state taxes per capita in 2022 and it ranked 28<sup>th</sup> in combined state and local taxes in 2020, the most recent available year for such data. Three major tax bases, personal income (taxed by the State and municipalities and, with voter approval, by certain school districts), retail sales and use (taxed by the State and by counties and several transit authorities), and all taxable real property as well as the tangible personal property of public utilities (taxed by local governments and school districts), are described below. The State also levies a commercial activity tax on business activities as described below.

The State also imposes a tax on the use, distribution, or sale of motor vehicle fuel. This excise tax was raised by 10.5 cents per gallon effective July 1, 2019, to 38.5 cents per gallon of gasoline. At the same time, the rate imposed on diesel fuel was also increased from 28 cents per gallon to 47 cents per gallon.

### Sales and Use Tax

The state sales and use tax rate was increased one-quarter percent from 5.5 percent to 5.75 percent beginning September 1, 2013. Prior to this increase, the rate had been 5.5 percent since July 1, 2005. The sales and use tax are levied uniformly across counties on retail sales of tangible personal property that are not specifically exempt. Retail sales include the rental and storage of tangible personal property, the rental of hotel rooms, and certain specified services including, but not limited to, repair and installation services, data processing, computer, and electronic information services, telecommunication, and certain personal care services.

Counties and transit authorities each are authorized to levy permissive sales and use taxes at rates of 0.25 percent to 1.5 percent in one-twentieth percent increments. The highest potential aggregate of state and permissive local sales taxes is 8.75 percent and the highest currently levied in any county is 8 percent. The

State collects the combined state and local tax and returns the local share directly to the counties and transit authorities.

### **Personal Income Tax**

State personal income tax rates apply to federal adjusted gross income plus or minus adjustments and personal exemptions. When compared to the immediately preceding year, personal income tax rates on non-business income were reduced by 8.5 percent in calendar year 2013, 1.5 percent in calendar year 2014, 6.3 percent in calendar year 2015 and 4 percent in calendar year 2019 (see **FISCAL MATTERS – Recent Biennia – 2020-2021**). In calendar year 2021, tax rates were reduced by 3 percent compared to the rates imposed in calendar year 2020, except that the highest tax bracket (on income exceeding \$221,300) was repealed and what became the highest Ohio tax rate was reduced by 9.6 percent from its previous level and was 16.8 percent lower than the rate previously applied. In calendar year 2023, tax brackets were restructured, and tax rates were reduced, followed by fully phased-in bracket and rate changes in calendar year 2024. During calendar year 2021, there were four rate brackets whose rates ranged from 2.765 percent to 3.99 percent; by 2024, the state personal income tax will have two rate brackets (one consisting of taxable income between \$26,051 and \$100,000, and the other consisting of income above \$100,000), with marginal rates of 2.75 percent and 3.5 percent, respectively. There remains no tax liability if taxable income is \$26,050 or below.

Prior legislation also established a deduction for pass-through entities and sole proprietorships annual business net income of 75 percent in tax years 2014 and 2015, and 100 percent in tax year 2016 and beyond, up to \$250,000 per taxpayer. Previously, personal income tax rates were reduced by 21 percent across five installments (4.2 percent annually in each of the tax years 2005 through 2008, with the final 4.2 percent reduction delayed from tax year 2009 to tax year 2011).

The Ohio Constitution requires 50 percent of state income tax receipts to be returned to the counties in which those receipts originate. There is no constitutional limit on income tax rates.

Municipalities, school districts, and joint economic development districts and zones may also levy certain income taxes. Any municipal rate (applying to wages, salaries, and business net income) over 1 percent, and any school district income tax (applying to the state income tax base for individuals and estates), requires voter approval. Most cities and villages levy a municipal income tax. The highest municipal rate in 2020 was 3 percent. A school district income tax is currently approved in 210 districts. Each joint economic development district or zone may also levy an income tax (which like municipal income taxes applies to wages and salaries and business net income) with the rate of that tax limited to the highest income tax rate of a municipal member of the district or zone). Effective July 1, 2005, there may also be proposed for voter approval municipal income taxes to be shared with school districts, but those taxes may not be levied on the income of nonresidents.

Since 1970 the ratio of Ohio to U.S. aggregate personal income has declined, with Ohio's ranking among the states moving from fifth in 1970 to seventh in 1990, and eighth since 2000. This movement, portrayed below, in significant measure reflects "catching up" by several other states and a trend in Ohio toward more service sector employment.

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### Personal Income (\$ in Billions)

		U. S	Ohio	Ohio Percent of U.S.	State Rank*
1990	Total	\$4,890.5	\$202.8	4.1%	7
	per capita	19,591	18,669	95.3	21
2000	Total	8,650.3	326.0	3.8	8
	per capita	30,657	28,684	93.6	26
2010	Total	12,542.0	423.1	3.4	8
	per capita	40,546	36,663	90.4	32
2018	Total	17,813.0	569.7	3.2	8
	per capita	54,526	48,793	89.5	31
2019	Total	18,542.3	586.8	3.2	8
	per capita	56,490	50,199	88.9	31
2020	Total	19,679.7	623.2	3.2	8
	per capita	59,729	53,296	89.2	31
2021	Total	21,056.6	665.4	3.2	8
	per capita	63,444	56,483	84.9	32
2022	Total	21,804.8	680.4	3.2	8
	per capita	65,423	57,880	88.5	34

Source: U.S. Department of Commerce, Bureau of Economic Analysis.  
Excludes District of Columbia.

The retail sales base is an important indicator of sales and use tax receipts.

### Retail Sales (\$ in Billions)

Fiscal Year	Ohio Retail Sales	U.S. Retail Sales	Ohio Percent of U.S.
1990	\$66.95	\$1,914.04	3.5%
2000	117.72	3,213.82	3.6
2010	133.44	4,170.78	3.2
2018	172.82	5,905.83	2.9
2019	180.34	6,084.82	3.0
2020	214.82	6,858.62	3.1
2021	215.13	6,341.42	3.4
2022	234.02	6,835.48	3.4

Source: Calculated by IHS Markit based on data from the U.S. Department of Commerce, Bureau of the Census, and other sources.

### Commercial Activity Tax

The State implemented a new commercial activity tax (CAT) on taxable gross receipts in excess of \$1,000,000 from doing business in Ohio phased-in over FY 2006 through FY 2010 until levied at the current rate of 0.26 percent. Beginning calendar year 2014, the State established a variable minimum tax on the CAT for businesses with taxable gross receipts greater than \$1 million. Over the same period, Ohio phased-out its corporate franchise tax in equal annual increments over the 2006 through 2010 tax years, except for application to financial institutions and certain affiliates of insurance companies and financial institutions which was replaced with a new financial institutions tax effective tax year 2014. On December 7, 2012, the Supreme Court of Ohio upheld the application of the CAT to gross receipts from the sales of motor fuels but ordered that the proceeds of the CAT derived from those gross receipts—estimated by OBM at \$100 million annually—could not be applied to non-highway purposes in the future. Under provisions enacted in the Biennial Appropriations Act for the 2014-2015 biennium and other legislation, the State phased-out the CAT on the sale of motor vehicle fuel and replaced it with a “petroleum activity tax” (PAT), computed based on the average price of a gallon of gasoline or diesel fuel. In accordance with the Supreme Court of Ohio’s ruling, PAT receipts are required to be used for highway purposes.

As described below, the receipts from the CAT are directed in part to make compensating payments to school districts and other local taxing units in connection with the phase-out of the tangible personal property tax in 2006 through 2009. Beginning in FY 2012, the State accelerated the phase-out of compensating payments to school districts and local governments resulting in an increased share of the CAT being deposited into the GRF (see **Property Tax** below and **FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2018-2019**).

The share of the CAT revenue credited to the GRF increases in FY 2024. After making required deposits to the CAT administration fund and to the two funds used to issue payments to qualifying local governments and school districts, the GRF now receives all remaining CAT receipts.

Effective in calendar year 2024, the CAT minimum tax is repealed. CAT liability (before credits) will be entirely based upon multiplying the tax rate by taxable gross receipts, and there is no longer a flat-dollar minimum tax. In addition, the amount of annual gross receipts excluded from the CAT will increase from the existing \$1 million level to a \$3 million amount effective January 2024. The exclusion increases to \$6 million in January 2025.

**Property Tax**

The following table lists, for informational purposes only, the non-exempt real and tangible personal property tax base in the State and taxes levied on that base (on a calendar year basis). Only local taxing subdivisions, and not the State, currently tax the real and tangible personal property included in this table. Reported figures for 2022 show that these property taxes represent 3.13 percent of Ohio personal income.

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		Assessed Value <sup>(a)</sup>	Percent of True Value <sup>(b)</sup>	Taxes Charged
1990	Real <sup>(c)</sup>	\$93,857,482,000	35.0%	\$4,593,147,000 <sup>(e)</sup>
	Tangible <sup>(d)</sup>	18,473,055,000	28.0	1,149,643,000
	Public Utility <sup>(c)(f)</sup>	12,934,191,000	88.6	799,396,000
2000	Real <sup>(c)</sup>	167,857,657,350	35.0	8,697,809,112 <sup>(e)</sup>
	Tangible <sup>(d)</sup>	23,298,302,564	25.0	1,720,740,378
	Public Utility <sup>(c)(f)</sup>	13,635,709,860	67.0	967,674,709
2010	Real <sup>(c)</sup>	238,264,394,249	35.0	14,486,087,962 <sup>(e)</sup>
	Tangible <sup>(d)</sup>	320,961,400	5.0 <sup>(b)</sup>	18,432,832
	Public Utility <sup>(c)(f)</sup>	10,096,712,600 <sup>(g)</sup>	52.9	747,237,219
2018	Real <sup>(c)</sup>	255,789,561,245	35.0	17,060,795,040 <sup>(e)</sup>
	Tangible <sup>(d)</sup>	-	-(b)	-
	Public Utility <sup>(c)(f)</sup>	19,220,171,390 <sup>(g)(h)</sup>	60.67	1,533,994,082
2019	Real <sup>(c)</sup>	260,947,879,749	35.0	17,321,071,684 <sup>(e)</sup>
	Tangible <sup>(d)</sup>	-	-(b)	-
	Public Utility <sup>(c)(f)</sup>	25,436,220,050 <sup>(g)(h)</sup>	64.69	1,971,197,491
2020	Real <sup>(c)</sup>	279,933,910,561	35.0	18,265,118,632 <sup>(e)</sup>
	Tangible <sup>(d)</sup>	-	-(b)	-
	Public Utility <sup>(c)(f)</sup>	26,794,513,946 <sup>(g)(h)</sup>	65.14	2,079,346,945
2021	Real <sup>(c)</sup>	293,266,914,053	35.0	18,456,058,751 <sup>(e)</sup>
	Tangible <sup>(d)</sup>	-	-(b)	-
	Public Utility <sup>(c)(f)</sup>	28,165,092,620 <sup>(g)(h)</sup>	65.00	2,166,453,013
2022	Real <sup>(c)</sup>	303,790,908,195 <sup>(g)(h)</sup>	35.0	18,941,781,058
	Tangible <sup>(d)</sup>	-	-(b)	-
	Public Utility <sup>(c)(f)</sup>	29,735,371,080 <sup>(g)(h)</sup>	65.15	2,323,687,123

(a) Increases in assessed value of "Real" are in part products of reappraisals.

(b) Regular annual reductions for "Tangible" (except for most public utility tangible) reached 0 percent in 2009; only telecommunication and telephone personal property was taxable in 2009 and 2010.

(c) Includes public utility personal property owned and located within Ohio and railroad real property; excludes public utility real property.

(d) Includes machinery, inventories, fixtures; effective tax year 2007 includes telephone company property. Excludes public utility tangible property. Effective tax year 2009 includes only telephone company property.

(e) Includes the statutory 10 percent rollback (12.5 percent for owner-occupied residences) and elderly/handicapped partial exemption amounts, paid by the State to local taxing entities to compensate for statutory reductions in local tax collections. Effective for tax year 2005 and thereafter, the 10 percent rollback was eliminated for real property used in business, with exceptions for certain property used in farming or for housing. The 12.5 percent rollback for owner-occupied residences was eliminated for new voter-approved tax levies (see **FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2018-2019**).

(f) Beginning in 1990, the true value of most public utility property is based on annual composite allowances that vary according to the type and age of property.

(g) Beginning in 2001, the statutory assessment rate for electric and gas utilities decreased from 88 percent to 25 percent.

(h) The statutory assessment rate for waterworks utilities is 88 percent, except for certain property first subject to taxation in 2017 is 25 percent.

Source: Ohio Department of Taxation.

Effective July 1, 2005, and as reflected in the above table, the tangible personal property tax (TPPT) (including that tax on inventories) was phased out over tax years 2006 through 2009, with that tax eliminated beginning in tax year 2009. The corresponding legislation provided for the State to make replacement distributions to school districts and other local taxing units from revenue generated by the state commercial activity tax (CAT). Distributions are based on the taxable value of tangible personal property as reported in 2004 and property tax levies in effect for 2005. In FY 2012, the State began phasing-out those TPPT replacement payments to schools and local governments. Replacement payments to schools reduced by two percent of each district's total resources in each of FY 2012 and FY 2013 for a total reduction of four percent. Replacement payments to local governments reduced by two percent of total resources for tax years 2011, 2012, and 2013 for a total reduction of six percent. Replacement payments were then frozen in FY 2014 and FY 2015. The phasing out of these replacement payments resumed beginning in FY 2016. Payments to school districts reduced in FY 2016 and FY 2017 by between one percent and two percent of each district's total resources. The variance was based on district wealth levels, with guarantees in both FY 2016 and FY 2017 that no district would fall below 100 percent and 96 percent, respectively, of its FY 2015 total funding level. Replacement payments to other local governments in FY 2016 and thereafter are reduced annually by two percent of their total resources.

Beginning July 2007, the State's homestead exemption program, which takes the form of a credit on local residential real property tax bills, was expanded to allow all senior citizens and disabled Ohioans, regardless of income, to exempt from tax the first \$25,000 of the market value of their home. Previously, eligibility was restricted, and benefits were tiered based on income. Beginning July 1, 2013, eligibility for new applicants is based on income. The total cost of the homestead exemption program was \$374.6 million in FY 2021, \$354.7 million in FY 2022, and \$337.8 million in FY 2023.

Real property tax relief payments by the State to school districts and local subdivisions—consisting of the homestead exemption program, the 10 percent rollback for non-business property, and the 2.5 percent rollback for owner-occupied homes—totaled \$3.60 billion for the 2018-2019 biennium, \$3.60 billion for the 2020-2021 biennium, and \$3.64 billion for the 2022-2023 biennium.

## SCHOOLS AND MUNICIPALITIES

### Schools

Litigation was commenced in the Ohio courts in 1991 questioning the constitutionality of Ohio's system of school funding and compliance with the constitutional requirement that the State provide a "thorough and efficient system of common schools." On December 11, 2002, the Supreme Court of Ohio, in a 4-3 decision on a motion to reconsider its own decision rendered in September 2001, concluded (as it previously had in its 1997 and 2000 opinions) that the State did not comply with that requirement, even after again noting and crediting significant steps in preceding years.

In its prior decisions, the Supreme Court of Ohio stated as general base threshold requirements that every school district have enough funds to operate, an appropriate number of teachers, sound and safe buildings, and equipment sufficient for all students to be afforded an educational opportunity. With respect to funding sources, the Court concluded in its 1997 and 2000 decisions that property taxes may no longer be the primary means of school funding in Ohio.

On March 4, 2003, the plaintiffs filed with the original trial court a motion to schedule and conduct a conference to address compliance with the orders of the court in that case, the State petitioned the Ohio Supreme Court to issue a writ prohibiting that conference on compliance, and the trial court subsequently petitioned the Ohio Supreme Court for guidance as to the proper course to follow. On May 16, 2003, the Ohio Supreme Court granted that writ and ordered the dismissal of the motion before the trial court. On October 20, 2003, the United States Supreme Court declined to accept the plaintiffs' subsequent petition requesting further review of the case.

In the years following this litigation, the General Assembly has taken steps, including significantly increasing state funding for public schools, as discussed below. In addition, at the November 1999 election, electors approved a constitutional amendment authorizing the issuance of State general obligation debt for school buildings and for higher education facilities (see discussion under **STATE DEBT**). December 2000 legislation also addressed certain mandated programs and reserves, characterized by the plaintiffs and the Court as "unfunded mandates."

Prior to fiscal years 2009 and 2010, Ohio's 613 public school districts and 49 joint vocational school districts received a major portion (but less than 50 percent) of their operating moneys from state subsidy appropriations (the primary portion of which is known as the Foundation Program) distributed in accordance with statutory formulae that consider both local needs and local taxing capacity. The Foundation Program amounts have steadily increased in most recent years, including small aggregate increases even in those fiscal years in which appropriation reductions were imposed.

School districts also rely upon receipts from locally voted taxes. In part because of provisions of some state laws, such as partially limiting the increase (without further vote of the local electorate) in voted property tax collections that would otherwise result from increased assessed valuations, some school districts have experienced varying degrees of difficulty in meeting mandated and discretionary increased costs. Local electorates have largely determined the total moneys available for their schools. Locally elected boards of education and their school administrators are responsible for managing school programs and budgets within statutory requirements.

The State's school subsidy formulas that were used until fiscal year 2009 were structured to encourage both program quality and local taxing effort. Until the late 1970's, although there were some temporary school closings, most local financial difficulties that arose were successfully resolved by the local districts themselves by some combination of voter approval of additional property tax levies, adjustments in program offerings, or other measures. For more than 20 years, requirements of law and levels of state funding have sufficed to prevent school closings for financial reasons, which in any case are prohibited by current law.

Legislation was enacted in 1996 to address school districts in financial straits. It is similar to that for municipal "fiscal emergencies" and "fiscal watch" discussed below under **Municipalities** but is particularly tailored to certain school districts and their then-existing or potential fiscal problems. Newer legislation created a third, more preliminary, category of "fiscal caution". A current listing of school districts in fiscal emergency or watch status can be found on the Auditor of State's website at <http://www.auditor.state.oh.us>.

To broaden the potential local tax revenue base, school districts also may submit, for voter approval, income taxes on the district income of individuals and estates. Many districts have submitted the question of the proposed income tax to their respective electors, and income taxes are currently approved in 210 districts.

Biennial school funding state appropriations from the GRF (including property tax reimbursements) and Lottery Profits Education Fund (LPEF) (but excluding federal and special revenue funds) for recent biennia were:

- 2014-2015 - \$18.3 billion (a 10.5 percent increase over the previous biennium).
- 2016-2017 - \$20 billion (a 9.3 percent increase over the previous biennium).
- 2018-2019 - \$20.7 billion (a 3.5 percent increase over the previous biennium).
- 2020-2021 - \$21.9 billion (a 5.7 percent increase over the previous biennium).
- 2022-2023 - \$23 billion (a 4.9 percent increase over the previous biennium).

The appropriations for school funding for the 2024-2025 biennium are \$26.7 billion (a 16.1 percent increase from the previous biennium), representing an increase of 13.5 percent in FY 2024 over FY 2023 and an increase of 1.8 percent in FY 2025 over FY 2024.

The amount of lottery profits transferred to the LPEF totaled \$1.17 billion in FY 2018, \$1.15 billion in FY 2019, \$1.13 billion in FY 2020, \$1.36 billion in FY 2021, \$1.41 billion in FY 2022, \$1.46 billion in FY 2023, and is currently estimated to be \$1.42 billion in FY 2024 and \$1.44 billion in FY 2025. Ohio participation in the multi-state lottery commenced in May 2002. A constitutional provision requires that net lottery profits be paid into LPEF be used solely for the support of elementary, secondary, vocational, and special education purposes, including application to debt service on general obligation bonds to finance common school facilities. The 2010-2011 Biennial Appropriations Act also authorized the implementation of video lottery terminals (VLTs) at Ohio's seven horse racing tracks.

The 2016-2017 Biennial Appropriations Act modified certain components of the funding formula to distribute new resources to districts with less capacity to raise revenue through local sources. Under the modified formula, each school district's education aid was based on a per pupil funding amount of \$5,900 in FY 2016 and \$6,000 in FY 2017, multiplied by each school district's "state share index," which used a three-year average of adjusted property valuation per pupil and the median income of that school district to calculate the percentage of the per-pupil amount to be paid by the State and the amount assumed to be contributed by the school district through local sources. The 2016-2017 Biennial Appropriations Act also supplemented transportation funds for low density districts and continued to provide additional funds for students with exceptional needs, including those with special needs and the disabled, and limited English proficiency, and for economically disadvantaged and gifted students. Funding was also provided based on the number of K-3 students at each school district to help school districts comply with Ohio's 3rd grade reading guarantee. The Act continued funding for the "Straight A Fund" to develop and implement creative and innovative instructional models to inspire learning and student growth.

The 2018-2019 Biennial Appropriations Act maintained all components of the 2016-2017 funding formula with minor modifications. School district's education aid continued to be paid based on a per pupil funding amount (increasing to \$6,010 in FY 2018 and \$6,020 in FY 2019) multiplied by each school district's state share index. The 2018-2019 Biennial Appropriations Act reduced the minimum share of transportation funding to better target school districts with lower capacity to raise revenue locally and increased the

multiplier in the formula for computing capacity aid to provide additional aid to low wealth school districts and those with small populations and low property valuation. The Act also modified the calculations for temporary transitional aid and the gain cap to consider changes in student population. Funding also continued for other education initiatives including Early Childhood Education, EdChoice Expansion Scholarships, and the Community Connectors grant program.

The 2020-2021 Biennial Appropriations Act provided each school district with the same amount of core funding and pupil transportation funding as it received under the funding formula for FY 2019, along with other limited payments and adjustments, such as preschool special education payments and catastrophic cost reimbursements. The 2020-2021 Biennial Appropriations Act also provided additional payments to school districts for student wellness and success to provide support for mental health counseling, wraparound supports, mentoring, and after-school programs. The Act also provided for additional payments to qualifying school districts that experienced an increase in enrollment between FY 2016 and FY 2019.

The 2022-2023 Biennial Appropriations Act implemented a new funding formula known as the Fair School Funding Plan. The new formula established a base cost methodology based on student to teacher ratios, minimum staffing levels, and actual costs for schools. Under the new formula, each school district has a unique base cost amount which replaced the prior Opportunity Grant amount of \$6,020 per pupil. The formula revised categorical funding and implemented a new state and local cost share methodology using property and income factors for all districts. Community schools, STEM schools, educational choice scholarship programs, and open enrollment were directly funded. Instead of a Gain Cap, most components of the formula were subject to a general phase-in percentage of 16.67 percent in FY 2022 and 33.33 percent in FY 2023. The Act also provided for additional payments to support school bus purchases, community school facilities, and quality community schools.

The 2024-2025 Biennial Appropriations Act continues the phase-in of the school funding formula enacted in FY 2022. The phase-in percentage will increase to 50 percent in FY 2024 and 66.67 percent in FY 2025. The formula will continue the base cost methodology based on student to teacher ratios, minimum staffing levels, and actual costs for schools. Data for calculating base cost and local capacity will update. Several factors will increase including gifted professional development funding, career awareness funding, and the transportation minimum state share percentage. The minimum state share percentage of base cost will increase from 5 percent to 10 percent. The Act also provides for additional payments to support literacy initiatives, career-technical education programs, community school facilities, quality community and STEM schools, and an equity supplement to brick-and-mortar community schools. The Act also establishes universal eligibility for the EdChoice Expansion Scholarship Program, providing full scholarships for families with income up to 450 percent of the federal poverty level. Families with income above 450 percent will receive partial scholarship amounts with a minimum scholarship of 10 percent.

## **Municipalities**

Ohio has a mixture of urban and rural population, with approximately three-quarters urban. There are 926 incorporated cities and villages (municipalities with populations under 5,000) in the State. Six cities have populations of more than 100,000 and 18 cities exceed 50,000.

A 1979 Act established procedures for identifying and assisting those few cities and villages experiencing defined “fiscal emergencies.” A commission composed of state and local officials, and private sector members experienced in business and finance appointed by the Governor, monitors the fiscal affairs of a municipality facing substantial financial problems. The Act requires the municipality to develop, subject to approval and monitoring by its commission, a financial plan to eliminate deficits and cure any defaults and otherwise remedy fiscal emergency conditions and to take other actions required under its financial plan. It also provides enhanced protection for the municipality’s bonds and notes and, subject to the Act’s stated standards and controls, permits the State to purchase limited amounts of the municipality’s short-term obligations (used only once, in 1980).

The number of distributions to most local governments, including municipalities, from the several state local government revenue assistance funds have been subject to reductions and other adjustments in several of those recent biennia.

The fiscal emergency legislation has been amended to extend its potential application to all Ohio counties and townships. This extension is on an “if and as needed” basis and is not aimed at particularly identified existing fiscal problems of those subdivisions. A current listing of governments in each status can be found on the Auditor of State’s website at <http://www.auditor.state.oh.us>.

## APPENDIX B

### BOOK-ENTRY SYSTEM; DTC

The information set forth in the following numbered paragraphs is based on information provided by The Depository Trust Company in its "Sample Offering Document Language Describing Book-Entry-Only Issuance," Schedule A to Blanket Issuer Letter of Representations (labeled BLOR 06-2013). As such, the State and the Lessee believe it to be reliable, but take no responsibility for the accuracy or completeness of that information. It has been adapted to the Series 2024 Certificates (the "Certificates") by substituting "Certificates" for "Securities," "State" for "Issuer" and "Trustee" for "registrar". See also the additional information following those numbered paragraphs.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2024 Certificates (the "Certificates"). The Certificates will be issued as fully-registered obligations registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Certificate form will be issued for each Certificate, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of Certificate certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

4. To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State or its agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the State or its agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State or its agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. (Not applicable to the Series 2024 Certificates.)

10. DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the State or its agent. Under such circumstances, in the event that a successor depository is not obtained, Certificate certificates are required to be printed and delivered.

11. The State may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor Securities Depository). In that event, Certificate certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the State believes to be reliable, but the State takes no responsibility for the accuracy thereof.

Direct Participants and Indirect Participants may impose service charges on Beneficial Owners in certain cases. Purchasers of book-entry interests should discuss that possibility with their brokers.

The State, the Lessee and the Trustee have no role in the purchases, transfers or sales of book-entry interests. The rights of Beneficial Owners to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Beneficial Owners may want to discuss with their legal advisors the manner of transferring or pledging their book-entry interests.

The State, the Lessee and the Trustee have no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, beneficial ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

The State, the Lessee and the Trustee cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute to the Beneficial Owners payments of debt charges on the Certificates made to DTC as the registered owner, or redemption, if any, or other notices, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve or act in a manner described in this Offering Circular.

For all purposes under the Certificate Proceedings (except the Continuing Disclosure Agreement under which others as well as DTC may be considered an owner or holder of the Certificates, see **CONTINUING DISCLOSURE AGREEMENT**), DTC will be and will be considered by the State, the Lessee and the Trustee to be the owner or holder of the Certificates.

Beneficial Owners will not receive or have the right to receive physical delivery of Certificates, and, except to the extent they may have rights as Beneficial Owners or holders under the Continuing Disclosure Agreement will not be or be considered by the State, the Lessee and the Trustee to be, and will not have any rights as, owners or holders of Certificates under the Certificate Proceedings.

Reference herein to "DTC" includes when applicable any successor Securities Depository and the nominee of the depository.

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## EXHIBIT A

**Re: \$23,195,000 Certificates of Participation, Series 2024 Evidencing Proportionate Interests of the Owners Thereof in Base Rent To Be Paid by the Ohio Attorney General (Ohio Attorney General Claims Fund Project)**

We have examined the transcript of proceedings (the "Transcript") relating to the issuance of \$23,195,000 Certificates of Participation, Series 2024 (Ohio Attorney General Claims Fund Project) (the "Series 2024 Certificates"), dated May 21, 2024. The Series 2024 Certificates represents a proportionate interest of the owners in the base rent (the "Base Rent") to be paid by the Ohio Attorney General (the "Lessee") under a Master Lease-Purchase Agreement dated as of October 1, 2021, as supplemented by Supplemental Lease No. 2-24 dated as of May 1, 2024 (collectively, the "Lease"), each between State of Ohio Leasing Corporation, Inc. (the "Lessor"), as lessor, and the Lessee, as lessee. The rights of the Lessor under the Lease have been assigned pursuant to the Trust Agreement dated as of October 1, 2021, as supplemented by a Second Supplemental Trust Agreement dated as of May 1, 2024 (collectively, the "Trust Agreement"), each between the Lessor and The Bank of New York Mellon Trust Company, N.A., Columbus, Ohio, as trustee (the "Trustee").

The Series 2024 Certificates are being signed and delivered pursuant to the Trust Agreement which creates an irrevocable trust for the benefit of the registered owners of the Series 2024 Certificates and all other certificates issued pursuant to the Trust Agreement (collectively, the "Certificates"). The proceeds from the sale of the Series 2024 Certificates will be used for the acquisition and implementation of the Lessee's new collection system used in connection with the Attorney General Claims Fund, including, but not limited to, acquisition of the application hardware and software and the installation, implementation, and integration thereof (the "Project"). The Lessee is required by the Lease to make Base Rent payments from appropriated funds during the initial term and each renewal term of the Lease sufficient to pay interest on the Certificates beginning on March 1, 2025, and principal on the Certificates beginning on September 1, 2025. The initial term of Supplemental Lease No. 2-24 commences as of the date of initial delivery and expires on June 30, 2025. Each renewal term of the Lease will be for a Lease Term beginning July 1 and ending on June 30 of the second succeeding year, except the final Lease Term which will end on September 1, 2039. The initial term of the Lease and each such renewal term during which the Lease is in force are individually, and not collectively, a "Lease Term." The renewal of the Lease and the obligation of the Lessee to pay Base Rent are subject to and dependent upon biennial appropriations by the General Assembly of the State of Ohio sufficient to pay Base Rent. If the General Assembly does not make an appropriation of money sufficient to pay Base Rent in any succeeding Lease Term, the Lease will terminate as of the end of the then current Lease Term and the Lessee will be required to return possession of the Project to the Trustee.

Based on the foregoing examination, we are of the opinion that, under the law existing on the date of this opinion:

1. The Series 2024 Certificates, the Lease, the Trust Agreement and all assignments therein are legal, valid, binding and enforceable in accordance with their respective terms, except that the binding effect and enforceability thereof are subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting the rights of creditors generally, and except to the extent that the enforceability thereof may be limited by the application of general principles of equity.

2. The principal of and interest on the Series 2024 Certificates are payable solely from revenues received under the Trust Agreement, which consist of (a) the Base Rent, (b) all other rentals received or to be received by the Trustee from the lease of the Attorney General Claims Fund Project, (c) any money and investments in the Certificate Fund and (d) all income and profit from the investment of the foregoing money. The obligation of the Lessee to pay Base Rent does not constitute a debt of the State of Ohio within any constitutional or statutory limitation.

3. Assuming renewal of the Lease through the final Lease Term and continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2024 Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum income tax; however, for tax years beginning after December 31, 2022, interest on the Series 2024 Certificates is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under section 55 of the Internal Revenue Code of 1986, as amended.

4. Interest on the Series 2024 Certificates, and any profit made on the sale, exchange or other disposition of the Series 2024 Certificates, are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangible tax, the tax levied on the basis of total equity capital of financial institutions, and the net worth base of the corporate franchise tax.

We express no opinion on the federal income tax or Ohio state or local income tax treatment of amounts paid to owners of the Series 2024 Certificates in the event of termination of the Lease by nonappropriation or as to any other tax consequences regarding the Series 2024 Certificates.

In rendering the foregoing opinions, we have assumed and relied upon continuing compliance with the covenants of the Lessee for itself and the State of Ohio, and the accuracy, which we have not independently verified, of the representations and certifications of the Lessee and the State of Ohio, all as contained in the Transcript. The accuracy of those representations and certifications, and continuing compliance with those covenants, may be necessary for the interest on the Series 2024 Certificates to be and remain excluded from gross income for federal income tax purposes and for the other tax effects stated above. Failure to comply with certain of the covenants subsequent to issuance could cause the interest on the Series 2024 Certificates to be included in gross income for federal income tax purposes retroactively to their date of issuance.

In rendering this opinion, we have also relied on the opinion of the Attorney General of the State of Ohio, counsel to the Lessee, as to matters contained its opinion.

We have made no examination of the title to either the realty or the personalty comprising the Project, and we express no opinion respecting the title to either the realty or personalty comprising the Project or to the priority of any lien thereon or security interest therein.

We do not undertake to advise you of matters which might come to our attention subsequent to the date hereof which may affect our legal opinions expressed herein. We bring to your attention that our legal opinions are an expression of our professional judgment and not a guarantee of a result.

Very truly yours,