

Legal Principles of Ohio Public Finance

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History of Public Borrowing

- In the beginning, free-wheeling
- Push-back - Article VIII, Sec. 6: [No laws shall be passed authorizing] any [local government]...to become a stockholder in any...corporation...or to loan its credit to, or in aid of...such...corporation.



History of Public Borrowing (cont.)

- Push-back - Article XII, sec. 11: No *bonded indebtedness* of...any political subdivision...shall be incurred...unless provision is made for levying and collecting annually by taxation an amount sufficient to pay [its debt service].



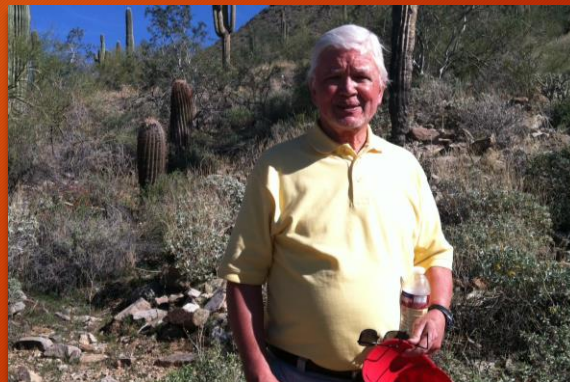
History of Public Borrowing (cont.)

Push-back : Numerous state laws limiting purpose, length, amount and structure of the indebtedness (Chapter 133, Ohio Revised Code)



Good News!

Bond attorneys will walk you through the labyrinth.



General Obligations

- Permanent improvements
- Pledge of ad valorem property taxes
- Pledge of full faith and credit
- Debt limitations:
 - Direct
 - Indirect (unvoted only)



Other Financing Options

- Revenue Obligations
- Lease Purchase Financings
- OPWC, OWDA, SIB

