

# **EXPLANATION**

## **ISSUE 1**

### **PROPOSED CONSTITUTIONAL AMENDMENT**

#### **TO EXTEND THE OHIO THIRD FRONTIER PROGRAM BY AUTHORIZING THE ISSUANCE OF ADDITIONAL GENERAL OBLIGATION BONDS TO PROMOTE ECONOMIC GROWTH**

##### **Proposed by Joint Resolution of the General Assembly**

##### **To amend Section 2p of Article VIII Constitution of the State of Ohio**

At the November 8, 2005, General Election, Ohio voters approved an amendment to the Ohio Constitution to, among other things, authorize general obligation bonds to fund research and development. This bond program became part of the Ohio Third Frontier economic development program to create and preserve jobs.

The purpose of the Ohio Third Frontier is to attract and promote private technology investment and consequently, create jobs and enhance educational opportunities. The Ohio Third Frontier seeks to promote investments to support technology areas that represent economic growth for Ohio, particularly in energy, biomedical, advanced materials, electronics and advanced propulsion. The proceeds from bonds fund research and development efforts by Ohio businesses, in cooperation with universities and research institutions, to create and bring to market new products and services.

The amendment limits the amount of 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, to no more than \$450 million total for the period including state fiscal years 2006 through 2011, no more than \$225 million in fiscal year 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 or committed. The interest and principal of these bonds will be repaid by the state's full faith and credit, revenues, and taxing power.

In addition, the amendment would require independent oversight of proposed research and development projects. The amendment would require state agencies awarding funding from these state general obligations to obtain independent reviews of and recommendations as to the merits of proposed research and development projects. The amendment would require that the Governor, the President and Minority Leader of the Senate, and the Speaker and Minority Leader of the House of Representatives must be provided information regarding the independent reviewer prior to any award, and the state agency proposing the award must also notify those officials if the recommendations of an independent reviewer are not adopted by that state agency for the proposed project and the reasons for not adopting those recommendations.

If approved, this amendment would take effect immediately.