



Transportation & Logistics Client Bulletin



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Ohio Economic Stimulus and The Logistics Industry

Ohio Governor Ted Strickland signed into law Substitute House Bill 554, the state's economic stimulus package, on June 12, 2008. The bill creates "investments in job-creating industries and in the state's communities, infrastructure and workforce to stimulate job creation and lay a foundation for long-term economic growth," according to the Governor.

To achieve this goal, the bill attempts to strengthen and expand key areas of the state's economy, while creating an environment in which businesses will want to locate. Specifically, the bill invests in:

- Renewable energy projects
- Bio-medical and bio-product development
- Historic preservation
- Infrastructure and transportation improvements
- Access to internships and co-ops for higher-education students
- Logistics and distribution expansion

One critical component to the stimulus package is investment in Ohio's already growing transportation, logistics, and distribution sector. The bill not only invests dollars directly into the industry, but it focuses on improving the infrastructure network throughout the state as a way of encouraging business relocation and growth.

The bill describes an "eligible logistics and distribution project" as projects, including facilities, that will be "acquired, established, expanded, remodeled, rehabilitated or modernized for transportation logistics and distribution infrastructure purposes." *O.R.C. section 166.01(Y)*. That section goes on to describe transportation logistics and distribution infrastructure purposes as anything affecting the air, land, and water that

is utilized as part of the state's transportation infrastructure and all related facilities.

The new law expands the existing powers of Ohio's Director of Development, allowing him to lend the state's money (with approval by the Controlling Board), and enter into any and all agreements necessary to enhance the economic sectors described in the bill. *O.R.C. section 166.02(B)*. This includes the transportation logistics and distribution industry. The Director of Development may:

- Enter into agreements with private entities
- Provide loans as allowed by law
- Contract for labor and materials
- Acquire or utilize property
- Employ financial consultants
- Accept private gifts and contributions to help fund projects
- Enter into appropriate and necessary arrangements with other governmental entities
- Adopt rules to implement the new law
- Engage in any other activity necessary to carry out the economic stimulus plan

HB 554 creates a new Transportation Logistics and Distribution Infrastructure Fund in the state treasury consisting of donations, gifts, and bond sale proceeds. *O.R.C. section 166.26*.

The state is allowed to use its bonding capacity, as it relates to the sale of spirituous liquor, to issue loans for transportation logistics and distribution infrastructure projects according to the new law. *O.R.C. section 166.11*. It is important to note that the new law allows the

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state only to *lend* money for applicable transportation logistics and distribution projects. The Director of Development will establish rules for the distribution and repayment of those loans.

The state is allowed to finance \$630 million through bond proceeds according to the new law. The law caps the amount allowed to be spent on logistics and distribution projects to \$100 million. HB 554 allocates \$50 million in the 2009-2010 biennium and establishes the legislature’s intent to allocate an additional \$50 million in the next biennium.

The state will deposit money raised from the issuance of obligations, as described above, in the Transportation Logistics and Distribution Infrastructure Fund. The development financing advisory council has ultimate authority in deciding which projects are suitable to receive assistance proposed by the Director of Development.

already existing in the treasury’s coffers. The money in the new fund will provide grants for local infrastructure development and capital improvement projects. The State has allocated an additional \$200 million in total for infrastructure and transportation improvements in HB 554. The state has added these funds to the Public Works Commission’s budget and they are to be spent in accordance with existing Ohio Revised Code sections 164.01-164.12.

HB 554 was introduced with the goal of jump-starting the state’s economy in less than ideal conditions. State Representative Jay Hottinger, the bill’s sponsor in the House said that the bill “will help to establish a long-term strategy for our state and will benefit our economy today, tomorrow and for decades to come.” The bill, itself, states that the measure is in response to the reality that “many local areas throughout the state are experiencing economic stagnation or decline...” *O.R.C. section 166.02.*

Once final rules are established for the allocation of the Transportation Logistics and Distribution Infrastructure Fund, those companies currently located in Ohio (as well as those looking to locate to Ohio) will have the opportunity and to work with an administration and legislature that focuses on the importance of this industry to the state. For that reason, Transportation and Logistics companies should stay tuned for the impact that both the Fund and the improved infrastructure will soon have on their industry in Ohio.

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The development financing advisory council is created by O.R.C. section 122.40 and consists of the following members:

- Seven members appointed by the governor, selected for their knowledge of and experience in economic development financing;
- One member of the Senate appointed by the President of the Senate;
- One member of the House of Representatives appointed by the Speaker of the House of Representatives;
- The Director of Development or the Director’s designee

The state treasury will create a “local infrastructure development fund” with money from the jobs fund

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