In response to the financial impact of COVID-19 on local governments within the State of Ohio (State), the Ohio Office of the Treasurer has introduced the COVID-19 Response Initiative (Initiative). The purpose of the Initiative is to provide liquidity to local governments by accelerating fiscal year cash flows and easing revenue shortfalls as a result of COVID-19. The Initiative is a pooled short-term note issuance program available to all Ohio local governments, including school districts.

Through the Initiative, local governments may issue taxable or tax-exempt tax anticipation notes and leverage the State’s short-term credit rating to ensure access to the capital markets at the lowest interest rate available. As a result of pooling credits, local governments do not need to manage the borrowing process, such as interaction with rating agencies, and issuance costs are spread among borrowers. Local governments need only apply and provide necessary legal approval to issue tax anticipation notes.

The notes issued under the Initiative will have maturities no longer than one year and the borrowing and repayment of the notes must occur within the same fiscal year. Borrowing limits will differ depending on whether the notes are issued as taxable or tax-exempt securities. The notes will be sold to a trust that will publicly issue a security to fund the purchase of the notes. After the issuance of the notes, the trustee will wire the proceeds to the respective participating local governments.
and at maturity, the participating local governments will make payments to the trustee to repay debt service on their respective note (or portion of the notes).

If a local government is unable to retire its note (or its portion of the notes) at maturity, the treasurer’s office will purchase the note (or respective portion of the notes) from the trust, and thereafter, the treasurer’s office may apply to the county auditor to intercept subsequent property tax distributions to retire the unpaid portion of the notes.

To participate in the Initiative, interested local governments must submit their applications no later than June 26, 2020. Note proceeds are expected by the week of July 20, 2020 and a subsequent cash flow borrowing transaction may be scheduled for later this year or next year.

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