

Chapter 3: Bond Issues

Authority

General authority and procedures for the issuance of bonds by the taxing authority of a political subdivision are set forth in the Uniform Bond Act.⁴³ Bonds also may be issued under a number of statutes outside the Uniform Bond Act. Unless otherwise provided, the procedure to be followed in the authorization and issuance of bonds is the procedure described in the Uniform Bond Act.

Definitions⁴⁴

Two important terms used in the Uniform Bond Act are “subdivision” and “taxing authority.”

“Subdivision” is defined as any county, municipal corporation, township, school district, regional water and sewer district, county library district, regional library district, joint ambulance district, joint fire district, joint emergency medical services district, joint recreation district, detention home district, single or joint county juvenile facilities district, combined district for detention homes and juvenile facilities, joint solid waste management district, joint township hospital district, township police district, township fire district, township fire and ambulance district, lake facility authority, or any other political subdivision, taxing district, or other local public body or agency authorized to issue [Revised Code Chapter 133 securities](#).

“Taxing authority,” for purposes of this chapter, means the group within each subdivision that is authorized to issue bonds. Subdivisions and their taxing authorities are listed in the following chart:

Subdivision	Taxing Authority
County	County Commissioners or other legislative body of a county that has adopted a charter
Township	Township Trustees
Municipal Corporation	Legislative authority
School Districts	District Board of Education
Regional Water and Sewer District	District Board of Trustees
Joint Township Hospital District	Joint Township Hospital Board
Joint Emergency Medical Services District	Joint Board of County Commissioners
Detention Home District	County Commissioners
County Juvenile Facilities District	County Commissioners
Joint County Juvenile Facilities District	Joint Board of Trustees

⁴³ [R.C. Chapter 133](#).

⁴⁴ [R.C. 133.01](#).

Subdivision	Taxing Authority
Joint Recreation District	District Board of Trustees
Joint County Detention Home and Juvenile Facilities District	Joint Board of County Commissioners
Joint Ambulance District	District Board of Trustees
Township Police District	Township Trustees
Township Fire District	Township Trustees
Joint Fire District	District Board of Trustees
Joint Police District	District Board of Trustees
Fire and Ambulance District	District Board of Trustees
County Library/Regional Library	County Commissioners
Joint Solid Waste Management District	District Board of Directors
Lake Facility Authority	Board of Directors
Other political subdivision	Legislative or governing body or official [see 133.01(MM)(19) & 133.01(NN)(9)]

It is also necessary to understand certain key terminology related to the purposes for which bonds may be issued:

- “Permanent improvement” means any property, asset, or improvement certified by the fiscal officer as having an estimated useful life of five years or more.⁴⁵
- “Debt charges” means the principal, including any mandatory sinking fund deposits and mandatory redemption payments, interest, and any redemption premium, payable on securities as those payments come due and are payable.⁴⁶
- “Current operating expenses” or “current expenses” mean the lawful expenditures of a subdivision except for permanent improvement and payment of debt charges.⁴⁷

Subdivision Bond Issue Process

A. Situations requiring election

Although bonds may be issued for many purposes without an election, in the two following general situations, the taxing authorities must obtain prior approval of the voters. In every case, reference should be made to the provisions of the particular statute authorizing the bond issue.

⁴⁵ [R.C. 133.01\(CC\)](#).

⁴⁶ [R.C. 133.01\(J\)](#).

⁴⁷ [R.C. 133.01\(I\)](#).

1. *Debt limitations of issuing authority*

[Revised Code Sections 133.04](#) through [133.09](#) prescribe the net debt limitations for each political subdivision. The approval of the voters of each political subdivision is required in order to exceed these debt limitations unless otherwise provided.

2. *Debt requiring taxes in excess of the 10-mill limitation*

[Article XII, Section 2 of the Ohio Constitution](#) and [R.C. 5705.02](#) limit the aggregate amount of taxes that may be levied on taxable property in any subdivision in any one year. The amount cannot exceed 10 mills on each dollar of taxable value. Taxes in excess of this limitation may, however, be specifically authorized by the voters. Any bond issue which would require a tax levy in excess of these limits in order to pay the principal and interest on bonds must be submitted to the voters unless otherwise provided by a municipal charter.

B. Resolution of necessity by issuing authority⁴⁸

In order to seek the approval of electors for the issuance of bonds, the taxing authority must first prepare and pass legislation declaring:

1. The necessity of the bond issue.
2. The purpose of the bond issue.
3. The total amount of the bond issue.
4. The approximate date at which the bonds will mature.
5. The estimated interest rate of the bonds.
6. The maximum number of years over which the principal of the bonds may be paid.
7. The date of the election on the bond issue.
8. The necessity to levy a tax outside the 10-mill limitation to pay the debt charges on the bonds and any anticipated securities.

C. Resolution certified to county auditor⁴⁹

After passing the resolution, the taxing authority must certify it to the county auditor. The county auditor "shall promptly calculate and advise" the average annual tax levy required to pay for the bonds. The auditor must confirm that advice by certifying the estimated annual tax levy, expressed in dollars for each \$100,000 of the county auditor's appraised value as well as in mills for each one dollar of taxable value. The certificate must be returned to the taxing authority no later than 90 days before the election.

⁴⁸ [R.C. 133.18\(A\), \(B\)](#).

⁴⁹ [R.C. 133.18\(C\)](#).

D. Resolution to proceed certified to boards of elections⁵⁰

After receiving the county auditor's certification, the taxing authority may pass a resolution to proceed with submitting the question of issuance of the bond to the electors. The taxing authority must file with the county board of elections copies of the resolution of necessity, the auditor's certification, and the resolution to proceed. This must be done not later than 4 p.m. of the 90th day before the day of the election at which the question of issuing such bonds is to appear on the ballot.

E. When submitted

The question of issuing bonds may be submitted at a general, primary, or special election. The resolution must state the date of the authorized election.

F. Ballot; Vote required

The form of the ballot is described in [R.C. 133.18\(F\)](#).⁵¹ The approval of a majority of the electors voting on the issue is required for passage.⁵²

Note: For a bond issue for a soldiers' memorial building, an affirmative vote of 60 percent is required.⁵³

Duties of the Boards of Elections

A. Publication of election notice⁵⁴

Before the question of issuing bonds can be placed before the voters, notice of the election must be published in one or more newspapers of general circulation in the subdivision at least once no later than 10 days prior to the election. Such notice must specifically state:

1. The principal amount of the proposed bond issue.
2. The stated purpose for which the bonds are to be issued.
3. The maximum number of years over which the principal of the bonds may be paid.
4. The estimated average additional tax levy, expressed in dollars for each \$100,000 of the county auditor's appraised value as well as in mills for each one dollar of taxable value, to be levied outside the constitutional 10 mill limit.
5. The first calendar year in which the tax is expected to be due.

⁵⁰ [R.C. 133.18\(D\)](#).

⁵¹ [See Appendix B for suggested ballot language.](#)

⁵² [R.C. 133.18\(H\)](#).

⁵³ [R.C. 345.02](#).

⁵⁴ [R.C. 133.18\(E\)\(3\)](#).

B. Special notice requirements

The following bonds have special notice requirements:

1. The question of issuing bonds in payment of indebtedness and for general and disability assistance requires that publication of the notice of election be made as follows:
 - a. Either on two separate days before the election in a newspaper of general circulation in the subdivision, or as provided in [R.C. 7.16](#), and
 - b. On the board of elections' website for 30 days before the election.⁵⁵
2. The question of issuing bonds to finance the acquisition and or establishment of a soldiers' memorial building must be published at least once, not fewer than two weeks before the election at which the question is to be submitted to the voters.⁵⁶

C. Ballot form and substance⁵⁷

Ballot language for the question of issuing bonds is prescribed in [R.C. 133.18\(F\)](#). Examples of the ballot form are provided in [Appendix B](#) of this handbook.

The ballot language must include the following information:

1. The name of the subdivision on whose behalf the bonds are to be issued.
2. The purpose for which the bonds are to be issued.
3. The amount of the bond issue.
4. The amount of the tax levy outside the 10-mill limitation, as calculated by the county auditor. The amount must be expressed in terms of both the number of mills for each one dollar of taxable value and in dollars for each \$100,000 of the county auditor's appraised value within the subdivision.
5. The purpose of a bond issue should be presented to the voters as it is listed in the resolution. An attempt at condensing the purpose of a bond issue for the ballot or notice of election may invalidate the bond proceedings if the condensed language does not meet a court's interpretation as a sufficient and proper description of the purpose.
6. The maximum number of years necessary to pay the principal and interest on the bonds.
7. The first year the tax commences and the first calendar year in which the tax is expected to be due.

⁵⁵ [R.C. 131.23\(G\)](#).

⁵⁶ [R.C. 345.03](#).

⁵⁷ [R.C. 133.18\(F\)](#).

D. Counting of ballots: Results⁵⁸

The board of elections must certify the results of an election on the question of issuing bonds to the following offices and agencies:

1. The county auditor of each county in which the election is held.
2. The fiscal officer of the subdivision in which the election is held.
3. The Tax Commissioner of the State of Ohio.
4. The Secretary of State.⁵⁹

⁵⁸ [R.C. 133.18\(G\)](#).

⁵⁹ [R.C. 3505.33](#).