



Before the House State & Local Government Committee
Opponent Testimony on House Bill 740
Thursday, December 6th, 2018

Chair Anielski, Vice Chair Hambley, Ranking Member Holmes, and members of the House State & Local Government committee, thank you for the opportunity to provide opponent testimony on House Bill 740 (HB 740). My name is Stan Uchida and I am Vice President and Commercial Lender for Park National Bank. Park National Bank is a \$7.8 billion bank and operates in 28 of Ohio's 88 counties. Our service area includes mostly rural areas. Across the State of Ohio, we have 119 offices and 134 ATMs.

I am here today because HB 740 raises a number of concerns for our bank and the banking industry generally. This legislation would establish a state-run Economic Development Bond Bank that would compete with private-sector local lending institutions such as ours. In short, it allows port authorities, Community Investment Corporations (CIC), and Community Development Corporations (CDC) to use their borrowing authority to issue revenue obligations that will then be purchased by the Treasurer of State. Functionally, these transactions will operate as loans to those entities listed above.

While the goal of spurring local economic development is laudable, HB 740 raises enough concerns that, we believe, it should be set aside in favor of working within the existing banking and finance structure to ensure that these needs are met. HB 740 would concentrate benefits to one entity within the state rather than allowing other community involvement for development needs. The bill denies community banks the ability to invest our capital in the areas we serve and to generate income that benefits both local and state government.

Further concerns with the legislation include:

- There is no limit on the size of the borrowings by the entity requesting the funds. We are left to assume that debt limits would restrict an entities' ability to borrow but one of the arguments put forth for the bill appears as though they are looking for a way to circumvent debt limits.
- There is not a method or parameters for the vetting of the project. One has to presume the State Treasurer would put in some vetting process but what will be the standards. For a bank the standard is capacity to pay back the debt.
- If the entity, a CIC or CDC, goes under or the project fails, it is likely that we the taxpayers of Ohio will be responsible for the debt.
- Currently, there are programs and grants that allow for funding of economic projects. One is the USDA Rural Development, Community Development program.

Park takes investing in the communities we serve very seriously. Our investment is not only in making loans to individuals and businesses, but we also lend to public entities. The Bank has made loans to port authorities, CICs and CDCs. Lending to government entities is one of the areas I am responsible for.

As previously stated, local economic development is an important issue and ways to spur development should be explored. There are a number of programs dedicated to development. It would be appropriate to create a reference guide that would list the various different programs available to fund economic development. Such a guide would list all of the agencies and contacts as well as financial institutions interested in funding projects. The State Treasurer's office may not be the best agency to oversee economic development efforts. I mention this not as a criticism of the Treasurer's office but rather it is not their main focus. The development of staff and program parameters would seem to be a duplication of efforts, carried on by an agency such as the Ohio Department of Development.

Thank you for the opportunity to provide opponent testimony on HB 740 and I would be happy to answer any questions you may have at this time.