



**State Representative Derek Merrin  
District 47**

**House Bill 270 – Sponsor Testimony  
Finance Committee  
October 2, 2019**

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Chairman Oelslager, Vice-Chairman Scherer, Ranking Member Cera, and Finance Committee Members, thank you for the opportunity to testify on the Unclaimed Funds Reform Act, House Bill 270. Unclaimed Funds affects millions of Ohioans and businesses annually. The goal is to reunite Ohioans with their lost funds, but the process needs reformed. This legislation makes it easier for Ohioans to recover their funds, fixes bureaucratic obstacles, and streamlines the reporting process for businesses.

### **What is Unclaimed Funds?**

Unclaimed funds may be a bank account, utility deposit, rent, uncashed check, undelivered stock certificate, or uncashed insurance policy. There is no minimum threshold for property to be deemed an unclaimed fund - \$1 qualifies. A property is forwarded to Unclaimed Funds if the owner has not been located typically from 1-5 years depending on the property type. The Department of Commerce operates the Division of Unclaimed Funds.

### **Financial Overview of Unclaimed Funds:**

1. \$2.7 Billion is the value of unclaimed funds (2017)
  - \$792 million is retained by holders, not forwarded to the Unclaimed Funds Division
  - \$1,060,433,645 outstanding loans to state agencies
2. 12.3 million unclaimed properties
  - 10.1 million of the properties are \$100 or less in value
  - 3.5 million of the properties are 10-30 years old
  - 631,900 properties are over 30 years old
  - 74,000 properties have a value of at least \$1,000 resulting in a total of \$390,252,058
3. \$296 million in new properties flowed into the fund (2017)
4. \$97 million in properties were reunited with owners (2017)
5. 1.5 million properties reported to Unclaimed Funds were under \$100 in value (2018)
6. 3,366 properties were claimed under \$100 in value (2018)
7. \$6,663,781 interest/investment gain (2017)

## **Main Legislative Reforms of HB 270:**

1. Grants the Treasurer of State exclusive control on the investment of unclaimed funds. This will ensure professional financial management and hopefully achieve a higher investment/interest returns.
2. Establishes a minimum \$100 value threshold for a property to qualify as an unclaimed fund. The State will no longer handle low dollar, miscellaneous properties that burden the system, increase business reporting compliance, and have a low redemption rate.
3. Requires holders currently retaining unclaimed funds to forward funds to Unclaimed Funds within one year. Moving forward, all unclaimed funds would be in possession of the State of Ohio increasing accountability, reducing administrative burden of tracking all holders' accounts, and improve investment returns by all funds being under the Treasurer's investment authority.
4. Authorizes state agencies to share information (addresses, phone numbers) with each other to locate individuals that have unclaimed funds. The BMV, Tax Department, Treasurer, and Unclaimed Funds Division sharing information increases the likelihood owners of unclaimed funds can reunited with their funds.
5. Creates a small or closed estate affidavit to allow streamlined claiming of a decedent's unclaimed funds for \$5,000 or less. This makes it easier to file a claim without opening-up an estate through probate court.
6. Requires an online platform to facilitate the reporting and claiming of unclaimed funds. This will make it easier for reporting compliance and better enable claims to be filed electronically.
7. Declares that Ohio tax refunds over \$100 are unclaimed funds, which is currently not the case. To exempt tax refunds from unclaimed funds, it is not consistent with the law or the goal of helping Ohioans redeem funds rightly owed to them.

One key issue is unclaimed properties are required to be held forever – no expiration date. For example, the state is required to maintain and hold a \$1 unclaimed property for the next 200 years and beyond. This is unreasonable. Once it becomes clear that the rightful owner will never recover an unclaimed fund, a date should be established declaring the property officially abandoned. The law would need to dictate where the abandoned properties would be deposited. Although HB 270 does not address this issue, I am open to an amendment that would provide a remedy.

In closing, the numbers tell the story. Our Unclaimed Fund law and system need reformed. Although there are many avenues for reforms, House Bill 270 begins the process by taking reasonable steps to strengthen the system to deliver better results for Ohioans. I welcome any questions Members may have at this time.