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OHIO HOUSE FINANCE COMMITTEE

November 7, 2019

Chairman Oelslager, Vice Chairman Scherer, Ranking Member Cera, and members of the committee.

My name is Robert L. Palmer. I am President and Chief Executive Officer of the Community Bankers Association of Ohio (CBAO). CBAO was formed more than 45 years ago with the sole purpose of exclusively representing the interests of Ohio's community banks. Today there are 165 community banks in Ohio who serve their communities through approximately 1,200 locations with over 13,000 employees, with more than \$65 billion in assets, \$50 billion in insured deposits, and \$45 billion in net loans. We are relationship lenders that play the vital role of lending to consumers, small businesses, and the agriculture industry in Ohio.

Today, I offer written proponent testimony in support of H.B. 270, aka Enact Unclaimed Funds Reform Act.

Before providing written testimony on H.B. 270 our industry would like to thank Representative Merrin (R-47) for introducing this legislation and for allowing us the opportunity to participate in the Interested Party Meetings where we offered industry input on the proposed changes contained herein. We believe that this legislation will benefit consumers by streamlining the Unclaimed Funds Process and make the necessary changes so those assets will remain with their rightful owner.

There are many provisions contained in H.B. 270 such as including unclaimed Ohio tax refunds as unclaimed funds, requiring all current holders of unclaimed funds to turn those funds over to the state within one year of the bill's effective date, and gives the Treasurer of State explicit, exclusive control over the investment of unclaimed funds. The community banking industry supports these provisions but wants to draw attention to those that we believe will benefit all parties.

- Currently there is no threshold requirement for what constitutes unclaimed funds. This creates additional burdens on community banks and our customers as we must spend resources trying to contact the owner(s) of the funds when the balance is minimal. This also causes a great amount of confusion to the consumer. The bill as introduced establishes a minimum threshold of \$100 for what constitutes unclaimed funds.

- Current law doesn't clearly identify what constitutes activity on an account. Particularly those that are provided electronically. The bill as introduced provides that preauthorizing electronic debit or credit transfers constitutes activity preventing funds from becoming unclaimed.
- There currently exists ambiguity in the law relating to an owner of the account that believes when consent is granted to renew an automatic investment it remains until it is changed or revoked. The bill provides that an owner's consent to renew an automatic reinvestment at the time of renewal prevents the investment from qualifying as being unclaimed.
- Currently no authority exists for the Director of Commerce to liquidate tangible property thus causing the state of Ohio to purchase, lease, or maintain facilities to store this property if it remains unclaimed. This is at the expense of Ohio Taxpayers. The bill contains language that requires the Director of Commerce to adopt rules for liquidating tangible property that comes into the Director's possession that the Director is unable to return.
- We believe that the tracking of unclaimed funds when delivered to the State of Ohio needs to be modernized so more can be returned to the rightful owner. The bill contains a requirement that the Director of Commerce set up an online platform to facilitate the reporting and claiming of unclaimed funds.
- Under current law there is no ability for government agencies to share information with each other such as the address, phone number, etc. of a consumer which severely limits the success rate of returning the unclaimed funds to the rightful owner. This bill contains a provision requiring government agencies to share information with each other regarding unclaimed funds.
- Under current law and the Unclaimed Funds process it is cumbersome for a legal representative of an estate to have funds returned to settle with creditors, pay funeral expenses, etc. The bill contains a provision that creates a small or closed estate affidavit to allow streamlined claiming of a decedent's unclaimed funds.

Mr. Chairman, and members of the committee, thank you for allowing me the opportunity to provide written testimony in favor of H.B. 270.

Sincerely,



Robert L. Palmer
President/CEO