

Representative Scott Oelslager  
Chair, House Finance Committee  
Ohio House  
77 S. High St., 13<sup>th</sup> Floor  
Columbus, Ohio 43215  
*Delivered via email: Allie.Harris@OhioHouse.gov*



June 1, 2020

The Honorable Chairman Oelslager,

The OBL is the foremost trade association for the Ohio banking industry – and is Ohio’s only organization focused on meeting the needs of *all banks and thrifts* in the Buckeye State. The non-profit association is comprised of 170 FDIC-insured financial institutions including commercial banks, savings banks, and savings and loan associations ranging in size from just over \$14 million in assets to more than \$2.5 trillion. For more than 125 years, the OBL has been the voice of the Ohio banking industry fostering a cooperation that has made it one of the strongest and most reputable financial trade associations in the country.

On behalf of our members, I write to you in support of substitute House Bill 270 and to recommend a couple changes in the language to make the bill even stronger. HB 270 modernizes Ohio’s unclaimed funds process to incorporate technology, allow businesses to more easily comply with the law, and allow individuals to find and recover their money easier. The bill starts by creating a clear delineation that amounts below \$25 do not constitute an unclaimed fund for reporting purposes and do not need to be sent to the state. These de minimis amounts cause a significant reporting and compliance burden for many businesses and banks when the amounts are relatively small. This change does not mean that the individual is not owed the money if he or she asks the business for it. It simply means that it will not go through the unclaimed funds process.

The bill also recognizes the significant role that preauthorized recurring transactions play in today’s financial relationships. The bill clarifies that recurring credit and debit transfers, including automated clearing house (ACH) transfers, on an account constitute ongoing activity on the account. In the banking industry, there has been an increase in individuals creating single-purpose accounts to pay a specific bill. A “set it and forget it” account so to speak. Typically, this has been seen where an individual receives money from a court settlement, inheritance, or other avenue and wants to use it to pay a mortgage or other bill. After five years, if the individual has not taken any other action on the account, the account becomes dormant and any money in the account must be sent to the state. Our members have seen this happen to a number of customers who then only find out about it when the customer receives a past-due notice on the bill the account was being used to pay. This change remedies this issue but the language, which may be addressed in an amendment today, needs a slight change to recognize how these recurring transactions work in practice.

Currently, the substitute version of HB 270 states that the recurring transaction must be preauthorized and that the holder of the funds must have the preauthorization reflected on their books. In the case of a bank account, the individual account holder actually preauthorizes a third-party to charge the account rather than the bank itself. For example, if an individual is using the

account to pay a mortgage payment to a mortgage servicer other than the bank, the transaction and preauthorization is between the individual and the mortgage servicer. The bank only receives the information to make the appropriate transfer of funds. Thus, the language requiring the preauthorization to be reflected on the books of the holder needs to be adjusted to take into account the reality of how this process works.

A further change that OBL would appreciate is purely a clarification out of an abundance of caution. The bill makes a change that includes “virtual currency” as an unclaimed fund and lays out a definition and exceptions. In the exceptions to the definition of “virtual currency” are gift cards and loyalty cards. We ask that “rewards cards” also be excluded from the definition of virtual currency as rewards cards are addressed elsewhere and this is an issue that OBL worked on in previous General Assemblies to address.

HB 270 makes a number of other positive changes as well. It provides greater clarity on the treatment of certificate deposits (CDs). It streamlines the process for collecting funds under \$5,000 to get money back in the hands of the rightful owners. The bill creates certainty for businesses by establishing a five-year statute of limitations for the Director to commence an action against a business where, currently, there is no statute of limitations at all. Lastly, the bill puts fairer penalties in place for compliance issues.

We appreciate all of the hard work Representative Merrin has put into crafting substitute House Bill 270 and his willingness to work with OBL and accept feedback on the legislation. With the changes mentioned above, we urge support of the HB 270. Please feel free to contact me if you have any questions regarding our position at [dboyd@ohiobankersleague.com](mailto:dboyd@ohiobankersleague.com) or (614) 340-7608.

Sincerely,



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