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Fredrick J. Nicely
Senior Tax Counsel
(202) 484-5213
FNicely@cost.org

Patrick J. Reynolds
Senior Tax Counsel
(202) 484-5218
PReynolds@cost.org

June 10, 2020

Representative Scott Oelslager, Co-Chair
Representative Jamie Callender, Co-Chair
Representative Gary Scherer, Vice Chair
Representative Jack Cera, Ranking Member
Ohio House Finance Committee

Re: In Support of H.B. 270 – Ohio Unclaimed Funds Reform Act

Dear Co-Chairs Oelslager and Callender, Vice Chair Scherer, Ranking Member Cera, and Members of the House Finance Committee:

On behalf of the Council On State Taxation (COST), we are writing in support of H.B. 270, a bill that would improve Ohio’s unclaimed property law by providing a five-year statute of limitations when unclaimed property reports are filed and placing reasonable caps on penalties when reports are not timely filed. This bill will improve Ohio’s unclaimed property procedures.¹

About COST

COST is a nonprofit trade association based in Washington, DC. COST was formed in 1969 as an advisory committee to the Council of State Chambers of Commerce and today has an independent membership of approximately 550 major corporations engaged in interstate and international business. COST’s objective is to preserve and promote the equitable and nondiscriminatory state and local taxation of multijurisdictional business entities. COST has a significant number of members that report unclaimed property to Ohio.

H.B. 270 Improvements to Ohio’s Unclaimed Property Procedures

Ohio, like several other states, administers its unclaimed property tax laws separately from its tax laws. Unlike Ohio’s tax law, however, Ohio’s unclaimed property law does not

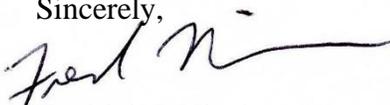
¹ COST last issued its Unclaimed Property Scorecard in October 2013, and Ohio scored a “B.” H.B. 270 addresses two out of three of Ohio’s significant deficiencies (statute of limitations and penalties) outlined in the Scorecard. The remaining issue, which is not addressed in this proposed legislation, relates to Ohio’s use of contingent fee audits. Presently, by regulation, Commerce can engage in contingent fee auditing if it joins a multistate audit/examination of a business’s unclaimed property. We recommend prohibiting all contingent fee audits. COST Unclaimed Property Scorecard is available at: <https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-studies-articles-reports/cost-scorecard--the-best-and-worst-of-state-unclaimed-property-laws-october-2013.pdf>. COST’s policy on contingent fee auditing is available at: <https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-policy-positions/government-utilization-of-third-parties-in-tax-audits-and-appeals---final.pdf>.

contain a reasonable statute of limitations. H.B. 270 fixes this deficiency by adopting the recommendation of the Uniform Law Commission (authors of the “Revised Uniform Unclaimed Property Act”) for a five-year statute of limitations for non-fraudulent reports. For comparison, the Ohio Department of Taxation has only four years to audit taxpayers under Ohio’s commercial activity tax or its sales tax.² There is no reason why the Department of Commerce needs more than a five-year period to conduct audits.

H.B. 270 also modifies the penalties imposed on the late filing of unclaimed property by putting in reasonable caps for a business that either “negligently” or “knowingly” violates Ohio’s unclaimed property laws.

Accordingly, we urge support H.B. 270 because it takes major steps toward improving Ohio’s unclaimed property law. Please let us know if you have any questions.

Sincerely,



Fredrick J. Nicely



Patrick J. Reynolds

cc: COST Board of Directors
Douglas L. Lindholm, COST President & Executive Director

² See Ohio Revised Code Sections 5751.09 (CAT) and 5739.16 (sales tax).