



State Representative Tom Young
37th Ohio House District

Chairman LaRe, Vice-Chair Pizzulli, and Ranking Member Dell'Aquila, thank you for the opportunity to provide sponsor testimony on House Bill 4. This legislation seeks to prohibit financial institutions and other entities from discriminating against customers based on non-pecuniary/non-financial factors.

Subjective factors have no place in preventing someone from doing business or receiving services from these entities. A person or companies' ability to have access to capital as well as financial services such as investments and banking, rating agencies along with insurance and reinsurance is crucially

important to Ohioans and the businesses they run. Which is why we must protect access to these services and prevent the use of these subjective standards. Ohio must not allow the use of ESG ratings, or any other social credit scores.

The ESG rating system and similar non-pecuniary factors focus on three main provisions, Environment, Social, and Governance ratings/scores. The effort to use subjective criteria could damage American free enterprise. While there are those around the country advocating for the use of these rating systems we must take a stand, prevent such an overreach, allow the market to decide which businesses deserve investment, and protect our constituents from this discrimination. The use of these systems is modern day redlining and works to actively put a thumb on the scale of financial access for consumers and industries across Ohio.

In our legislation we look to address the issue of economic boycotts against specific customers and companies when they occur without an ordinary business purpose against a protected entity which includes a fossil fuel company, timber company, mining company, agricultural production company, lumber production company, knife entity, firearm entity, trade association, or company that contracts with ICE.

To enforce this legislation, we have provided for multiple modes of action to prevent the use of ESG among other social credit rating systems:

1. The Treasurer of State will create a list of the companies and financial institutions conducting these economic boycotts. In creating this list the Treasurer will continually update the list and relay to those included on it the reasons why. Placement upon this list may render the company ineligible to enter into

contracts with a governmental entity regarding providing banking goods or services to a governmental entity.

Additionally, placement on this list means these companies and institutions are subject to divestment by a governmental entity with direct holdings in them. The Superintendent of Financial Institutions will impose fines of \$50,000 for a first offense and \$250,000 for each subsequent offense by banks and credit unions. Those placed on the Treasurers list will have time to demonstrate they are not engaging in this activity, and offer the Treasurer written assurance that it will not undertake these activities. They are also able appeal being on the list after one year should they fail to provide adequate assurance or proof to the Treasurer upon being place on the list. Additionally, the Attorney General has the authority to enforce the appropriate sections of the revised code relating to consumer transactions or any other business practice.

It is our duty as elected officials best represent our constituents here in Columbus and this legislation does that. It prevents discrimination, protects Ohioans, and preserves a better future for the next generation. Thank you for your time and Representative King is going to make additional comments.