

Senator Matt Dolan
Chair, Senate Finance Committee
Ohio House
1 Capitol Square, 1st Floor
Columbus, Ohio 43215
Delivered via email: elizabeth.baumgartner@ohiosenate.gov



June 7, 2023

The Honorable Chair Dolan,

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 \$3.5 trillion and employing over 60,000 Ohioans. For more than 130 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 to discuss several provisions included in the current version of House Bill 33. First, thank you. Our members appreciate the Senate’s hard work on the Budget and the important work the Senate Finance Committee has done to craft this bill for the benefit of all Ohioans. Below are comments regarding certain provisions included in Substitute HB 33 that are of interest to the Ohio banking industry.

Automotive Titling Issue (Amendment SC2492)

OBL respectfully requests inclusion in the Senate Omnibus Amendment language to address an automotive financing and titling issue arising from a change included in House Bill 23, the Transportation Budget. Respectfully, we urge you to repeal Section 4505.131 of the Ohio Revised Code. The amendment would then add a requirement for lenders to provide access to additional information regarding titling options to consumers.

The previously enacted language, which if not addressed will be effective June 30th, 2023, presents several logistical challenges to comply with as well as raises overall policy concerns. The language of Section 4505.131 mandates that a secured party (i.e., a lender) must send a form to consumers who have fully repaid their loans, giving them the option to receive a physical certificate or an electronic certificate of title. However, this change presents multiple challenges if not addressed including:

- The new process will cause significant delays in providing certificates of titles to consumers.
- There are no time parameters, so it is unclear what lien holders should do if a consumer fails to respond and elect their preference for a physical or electronic certificate of title. Arguably, lien holders could hold titles indefinitely if a consumer fails to respond.

- For companies participating in the Electronic Lien and Title (ELT) system and holding electronic titles, the current process of converting electronic titles to physical certificates under Section 4505.131 would be inefficient and costly.
- Even though ORC Ann. 4505.13(B) permits the lien holder with an electronic title to request the clerk to issue a physical title at time of discharge, the current ELT system lacks a mechanism to do so. Each conversion incurs a \$15.00 title application fee to the County Clerk. This is not a lender fee.
- This new requirement would negate the efficiencies realized by ELT processing which may cause lenders to transition away from ELT to ease compliance burdens. These new obligations will also likely deter additional lienholders from participating in the Ohio BMV's ELT Program and jeopardizing the state's shift to digital titling.

It is with the above-detailed concerns in mind that we respectfully ask you to repeal Section 4505.131.

Unclaimed funds and legal claims against holder (COMCD42)

OBL respectfully requests the removal of COMCD42 that would change the process for how holders of unclaimed funds are held harmless in certain situations. OBL's members believe that this provision deserves more robust discussions and a complete review prior to enactment. There are certain questions regarding the impact of this change on current and potential claims and our members are still assessing the overall impact this change would have on Ohio's banking industry.

Ohio Capital Access Program (Amendment DEVCD51)

The OBL appreciates the removal of DEVCD51 which would have granted credit unions the ability to participate in the Ohio Capital Access Program (OCAP). OCAP is essentially a loan loss reserve program administered by the Ohio Department of Development to provide loans to qualifying businesses. This amendment had not received adequate vetting and consideration prior to inclusion. Additionally, our members continue to question whether credit unions, who are already not subject to Federal Income Tax, the Ohio Financial Institutions Tax (FIT), Sales Tax, nor federal requirements under the Community Reinvestment Act (CRA), truly need access to additional government support to provide business loans.

Ohio Workforce Housing State Tax Program (Amendment TAXCD32)

The OBL respectfully requests the restoration of TAXCD32, which would create a state level workforce housing tax credit to leverage existing federal Low-Income Housing Tax Credit (LIHTC) program funds. In Ohio, thousands of affordable housing units have been developed utilizing the federal LIHTC program. The banking industry is an integral part of Ohio's affordable housing development through investment in, and financing of, affordable housing projects throughout the state. Further, affordable housing development is a known catalyst of economic growth, job creation, and tax revenue. Additionally, this amendment positively addresses how these types of properties are valued for property tax purposes creating uniformity and predictability in the marketplace.

Conclusion

Thank you again. We appreciate all the hard work that has gone into crafting Substitute House Bill 33. The provisions mentioned raise are of keen interest to our members and necessitated comment. Please feel free to contact me if you have any questions regarding our position at dboyd@ohiobankersleague.com or (614) 340-7608.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Boyd". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Don Boyd
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