

**Ohio Senate Finance Committee**

Stan Uchida –

Opponent Testimony, HB 54



Good afternoon, Chairman Oelslager, Vice Chair Manning, and Ranking Member Skindell, my name is Stan Uchida and I am Vice President and Commercial Lender at Park National Bank.

House Bill 54 passed the Ohio House in rather quick fashion. What HB 54 would do is authorize the State Treasurer to issue debt so that the Treasurer's office can then re-lend the funds to various public entities. The reason for this is that the smaller entities claim that they cannot find lenders for these small issuances.

What HB 54 would also do is to cut into banks' ability to finance public debt and local projects. We would be competing against the State Treasurer and state government. I would envision this would become what we have in competing with STAR Ohio and STAR Ohio Plus. The Treasurer's office has no profit motive, no regulations, and can borrow at a lower rate than we could. This would lead to the Treasurer's office offering lower rates than what we could. I believe this would be unfair competition – unfair government competition.

Other issues include:

- Why should a government compete in something that banks are already providing?
- STAR Ohio was set up, at first, to allow small governments to invest and pool funds. The thought was that the fund would not be very big. It at one point there was \$7 billion in the fund and the investors included all sizes of government. STAR Ohio has become our main competition for public deposits. My fear is that the same sort of situation would happen with a loan fund.
- To compete against STAR Ohio, we have to cut our margins. I believe that we would face the same issue with a state-run loan fund in an already very competitive market.
- I would also be concerned that the State Treasurer's office does not have expertise in the lending field like an institution like Park National or any of our lending brethren in Ohio.
- We do a lot of small public entity lending. This program would cut into our income and profitability. While the stated purpose is for small entities, it would probably grow and be offered to larger entities.
- It is an expansion of state government. This expansion will take taxable income from individual, firms and financial institutions within Ohio.
- It would be easier, less expensive and more beneficial for the State Treasurer's office to develop a list of contacts and firms that are interested in such public issuances.

Some would argue that the State of Ohio already lends to public entities. Such state agencies include the State Infrastructure Bank (STB) and the Ohio Water Development Authority (OWDA), to name

two. However, the agencies that do offer lending are to help economic development, there is usually a grant component. These funds are not for general public entity lending.

We at Park National Bank serve and invest in our markets and in Ohio. We can help the smaller public entities sometimes better than the larger institutions. I am neither a Republican nor a Democrat but have been told that Republicans claim that the private market can better serve the needs of its customers than government can. Thus, it does not make sense that if you believe in a market economy, you would have a government agency competing in such a market.

If you find merit in my analysis, I ask that you consider opposing this legislation. Thank you for the opportunity to discuss the banking industry's position and will now answer any questions you have.