



**State Representative Derek Merrin
District 47**

**House Bill 348 – Sponsor Testimony
Financial Institutions
June 22, 2021**

Chairman Jordan, Vice-Chairman Ferguson, Ranking Member Crossman, and Committee Members, thank you for the opportunity to testify on the Unclaimed Funds Reform Act, House Bill 348. Unclaimed Funds affects millions of Ohioans and businesses annually. The goal is to reunite Ohioans with their lost funds, but the process needs reformed. This legislation makes it easier for Ohioans to recover their funds, fixes bureaucratic obstacles, and streamlines the reporting process for businesses. The House passed a similar bill unanimously last session – the bill before you today builds upon that foundation.

What is Unclaimed Funds?

Unclaimed funds may be a bank account, utility deposit, rent, uncashed check, undelivered stock certificate, or uncashed insurance policy. There is no minimum threshold for property to be deemed an unclaimed fund - \$1 qualifies. A property is forwarded to Unclaimed Funds if the owner has not been located typically from 1-5 years depending on the property type. The Department of Commerce operates the Division of Unclaimed Funds.

Financial Overview of Unclaimed Funds:

1. \$3.2 billion is the value of unclaimed funds (2020)
2. 15.9 million unclaimed properties (2020)
 - 12.2 million of the properties are \$100 or less in value (2020)
 - 4.3 million of the properties are 10-30 years old (2020)
 - 824,368 properties are over 30 years old - amounting to \$42,318,541 in value (2020)
3. \$283 million in new properties flowed into the fund (2020)
4. \$94 million in properties were reunited with owners (2020)
5. 8.9 million unclaimed properties are under \$25 in value (2020)
6. \$59 million value of unclaimed properties under \$25 in value (2020)
7. 535,835 properties reported under \$25 totaled \$3,159,423, averages \$5.89 per account (2020)
8. \$24,847,549 interest/investment gain (2020)

Main Legislative Reforms of HB 348:

1. Requires the Department of Commerce to consult with the State Treasurer's office on the investment strategy of funds. Also, authorizes State Treasurer to create separately managed accounts for unclaimed funds that provide investment flexibility to receive a better investment return.
2. Establishes a minimum \$25 value threshold for a property to qualify as an unclaimed fund. However, a business has the flexibility to report property under \$25 if desired. This will minimize the number of low-dollar, miscellaneous properties that burden the system, increase business reporting compliance, and have a low redemption rate.
3. Requires holders currently retaining unclaimed funds to forward funds to Unclaimed Funds within six months. Moving forward, all unclaimed funds would be in possession of the State of Ohio increasing accountability, reducing administrative burden of tracking all holders' accounts, and improving investment returns by ensuring all funds are being invested properly.
4. Requires state agencies and political subdivisions to share information (addresses, phone numbers) to locate individuals that have unclaimed funds. The BMV, Tax Department, Treasurer, and Unclaimed Funds Division sharing information increases the likelihood owners of unclaimed funds can be reunited with their funds.
5. Creates a small or closed estate affidavit to allow streamlined claiming of a decedent's unclaimed funds for \$5,000 or less. This makes it easier to file a claim without opening-up an estate through probate court.
6. Requires an online platform to facilitate the reporting and claiming of unclaimed funds. This will make it easier for reporting compliance and better enable claims to be filed electronically.
7. Implements a 10-year statute of limitations for state to take action against holders/businesses and caps penalties for non-compliance to report.

In closing, the numbers tell the story. Our Unclaimed Fund law and system need reformed. Although there are many avenues for reforms, House Bill 348 begins the process by taking reasonable steps to strengthen the system to deliver better results for Ohioans. I welcome any questions Members may have at this time.