



# OHIO LEGISLATIVE SERVICE COMMISSION

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## Fiscal Note & Local Impact Statement

**Bill:** H.B. 353 of the 132nd G.A.  
(L\_132\_1624-3)

**Status:** In House Financial Institutions, Housing, and Urban  
Development

**Sponsor:** Rep. Reineke

**Local Impact Statement Procedure Required:** No

**Subject:** Excludes certain prepaid cards and rewards cards from the Unclaimed Funds Law

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### State Fiscal Highlights

- Excluding the types of cards from reporting requirements under the Unclaimed Funds Law will diminish the amount of funds considered to be unclaimed and subsequently deposited into the Unclaimed Funds Trust Fund (Fund 5430) under the Department of Commerce's budget. The amount of unclaimed funds attributable to these cards is unknown.

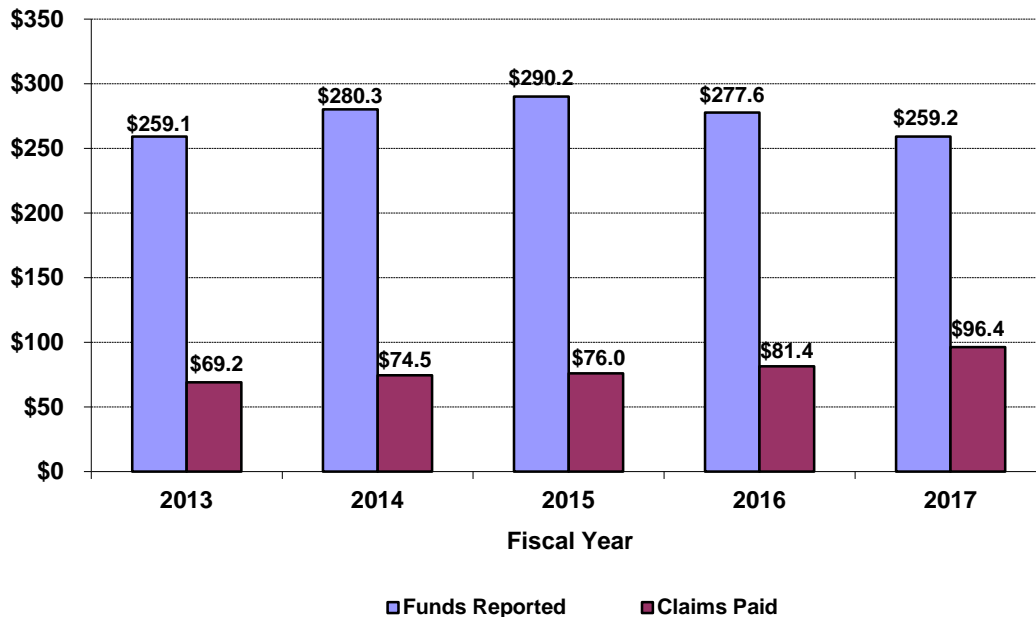
### Detailed Fiscal Analysis

The bill excludes certain prepaid cards and rewards cards from the Unclaimed Funds Law. The Unclaimed Funds Program, which is administered by the Division of Unclaimed Funds within the Department of Commerce (COM), is statutorily responsible for the safekeeping and return of moneys designated as unclaimed due to death, inadvertence, or forgetfulness. Overall, the bill may result in a decrease in the amount of funds considered to be "unclaimed" and deposited into the Unclaimed Funds Trust Fund (Fund 5430). However, the amount deposited specifically from the types of cards mentioned in the bill is unknown. Under the current process that holders of unclaimed funds use to report to the Division of Unclaimed Funds, there is not a specific coding label for these types of cards. Consequently, holders of these unclaimed funds will often report the money under labels such as miscellaneous accounts, unidentified remittances, credit refunds, refunds due, or some other category.

State law requires that unclaimed funds be reported to the state for safekeeping after the owners have left the funds unclaimed for a period of time, typically five years. The state acts as a custodian for the funds until the rightful owners or their heirs claim them. In the meantime, COM uses a portion of reported unclaimed funds to support housing loan guarantees. The funds have also been used in recent years to support the operations of other state programs through transfers to the GRF. When the rightful owner is found, COM then pays unclaimed funds claims from the Unclaimed Funds Trust Fund (Fund 5430).

The chart below summarizes total unclaimed funds reported and claims paid from FY 2013 to FY 2017. The program collected \$259.2 million and paid over 60,000 claims totaling \$96.4 million to current or former Ohio residents in FY 2017. As mentioned above, the amount of unclaimed funds attributable to prepaid cards and rewards cards exempted under the bill is unknown, but probably represents a small share of the total reported by holders and claims paid during these fiscal years.

**Unclaimed Funds Reported and Claimed (in millions)**



## Synopsis of Fiscal Effect Changes

The bill's fiscal effects remain unchanged under the substitute bill. The substitute bill makes a technical change by deleting the term "closed-loop" prepaid card, as closed-loop prepaid cards are exempt from the Unclaimed Funds Law under current statute. The bill further clarifies that prepaid cards that are exempt under current law include any electronic payment that is issued by a financial organization or a business association device that has no expiration date and adds the condition that it is not redeemable for cash in whole or in part.

Additionally, the substitute bill refines the definition of a rewards card exempt from the Unclaimed Funds Law. It does so by including rewards cards issued by a financial organization or a business association that are designed to give cardholders awards, rewards, rebates, or other amounts, provided that no direct money was paid by the cardholder for the rewards card. Please consult the LSC Comparative Synopsis for a further description of this change.