



Ohio Legislative Service Commission

Jason Phillips

Fiscal Note & Local Impact Statement

Bill: [H.B. 126 of the 128th G.A.](#)

Date: June 3, 2009

Status: As Introduced

Sponsor: Rep. S. Williams

Local Impact Statement Procedure Required: No — No local cost

Contents: Alters the payment process for unclaimed funds amounts identified by registered finders

State Fiscal Highlights

STATE FUND

FY 2010 – FUTURE YEARS

Unclaimed Funds Trust Fund (Fund 5430) – Department of Commerce

Revenues Potential offsetting gain from processing and delivery fee paid by finder

Expenditures Approximate annual increase of between \$600 - \$800 for processing and mailing fee to OBM

Accounting and Budgeting Fund (Fund 1050) – Office of Budget and Management

Revenues Potential offsetting gain from processing and mailing fee from COM

Expenditures Approximate annual increase of between \$600 - \$800 to issue additional payments

Note: The state fiscal year is July 1 through June 30. For example, FY 2010 is July 1, 2009 – June 30, 2010.

- The Department of Commerce would incur negligible additional costs, around \$600 to \$800 annually, to pay fees to the Office of Budget and Management for processing and mailing two checks instead of just one, since there would be two payees: the claimant and the finder.
- The fee established by the bill to cover processing and delivery costs associated with payment to registered finders would result in a revenue gain to the Unclaimed Funds Trust Fund (Fund 5430), the amount of which would offset Commerce's costs in these circumstances.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

Overview

This bill requires the Director of Budget and Management to withhold from an unclaimed funds payment any legal amount in an agreement to compensate a registered unclaimed funds finder and to pay that amount directly to the finder, less any fee the Director of Commerce (COM) establishes for the processing and delivery of any payment. This would mean that two payments would be issued by the Office of Budget and Management (OBM), one each to the finder and the claimant.

According to COM, under the current process, the finder sends the original agreement between the finder and the owner of the funds to the Division of Unclaimed Funds for review and approval. After the agreement is approved, the Division creates a claim form and sends the claim form to the finder. The finder returns the claim form with the documentary evidence needed to pay the claim. If the evidence shows that the finder's customer is entitled to the funds, the claim is approved for payment, and the Division requests a warrant from OBM to be mailed directly to the owner of the unclaimed funds. The claimant receives the entire amount of the claim and is responsible for paying the finder his or her portion, per the finder agreement, which may be up to 10% of the amount the claimant recovers.

Because the claimant receives the entire amount, some registered finders have had difficulty receiving proper payment from the claimant for the finder's services. In these circumstances, the finder must attempt to recover the amount owed through legal proceedings. The Division does not get involved in disputes over whether the owner has paid the finder since the Division is not a party to the agreement between the finder and the claimant. According to COM, there are 39 finders currently registered and 517 (1.2%) claims were paid through the assistance of finders in FY 2008. This figure has risen to 869 (2.2%) for year-to-date FY 2009.

Fiscal effects

COM would incur the additional administrative cost to provide two vouchers to OBM for processing instead of just one, since there would be two payees involved: the claimant and the finder. There is a 61-cent fee charged by OBM for processing and mailing each check. Such fees paid for finder claims in FY 2008 amounted to \$315.37 and, so far in FY 2009, the cost has been \$530.09. Since the bill will double the number of warrants issued in these circumstances, the cost to Commerce may increase by \$600 to \$800 per year, depending on the number of claims assisted by finders. Finder activity may increase as a result of the bill, given that finders would no longer face the prospect of having to attempt legal action for nonpayment.

To offset these costs, the bill allows COM to establish a reasonable fee for the costs incurred in processing and delivery of any payment made to a registered finder. As a result, the Unclaimed Funds Trust Fund (Fund 5430) would gain revenue, the amount of which would offset Commerce's costs in these circumstances.

HB0126IN.docx / cm