

**Ohio House Financial Institutions, Housing, and Urban  
Development Committee**

**HB 415 – Opponent Testimony**

**17 February 2016**



Chairman Terhar, Vice Chair Hambley, Ranking Member Kuhns, and members of the Financial Institutions, Housing, and Urban Development Committee – on behalf of the FDIC-insured banks and thrifts doing business in Ohio thank you for the opportunity to testify on HB 415. This bill will create an exception and allow non-public depositories to participate in state-run linked deposit programs, a privilege we believe should be reserved for entities that continue to pay into the state coffers by being subjected to the Financial Institutions Tax.

While this legislation does not evoke the same type of response from my membership that an expansion of eligible public depositories would, it does however raise some questions and concerns. The first question would be simply, “Why?” The GrowNOW program is not running at full capacity, and not as a result of lack of participation of banks, but rather because of the lack of demand coming from the borrower side. With interest rates at historically low levels, consumers are not seeing a pressing need to apply for a lower rate through rate buy down programs. This was even noted in Mr. Harris’s proponent testimony – credit unions have enjoyed a 76% increase in small business loan originations from 2001 to 2015. If the GrowNOW program was at full capacity and consumers were being turned away, we could understand the interest in adding additional players to the pool – with certain restrictions or guidelines, of course.

The concern this legislation raises is that of an un-level playing field. My members would be completely comfortable adding credit unions to a program that has historically only been permissible to public depositories if the same application of taxes was spread evenly. As I am sure you are all well aware, banks in the state of Ohio are subjected to the Financial Institutions Tax, while credit unions are not. This additional cost of doing business should afford my members the privilege of participation in state programs since after all, these are state dollars being used to administer the program.

Lastly, I would like to bring your attention to an oversight, or accidental misrepresentation of data, found within the testimony of Mr. Harris. He notes that 16 states allow credit unions to participate in these programs nationwide – I only count seven. I ask though, of those seven states that permit credit union participation, how many tax their credit unions to the same degree they do banks? I know that Indiana, at the very least, does and this affords those credit unions the ability to participate as public depositories.

Please do not take our opposition as a way to keep “the little guy down,” but rather opposition to giving a competitor the same capabilities without asking them to pull their own weight. We work together with OCUL much more than we oppose their position on individual pieces of legislation. Both associations work hard to make sure their members are vibrant, integral parts of their respective communities. We just want to be sure that public policy does not provide an unfair advantage to these friendly competitors.

Thank you for your time and consideration of our position; I will now answer any questions you have.