



# Senate

General Assembly

**File No. 612**

February Session, 2022

Substitute Senate Bill No. 379

*Senate, April 25, 2022*

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

## ***AN ACT CONCERNING THE UNCLAIMED PROPERTY PROGRAM.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 3-66a of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective January 1, 2023*):

3 (a) [During the 2016 calendar year and every second year thereafter,  
4 the Treasurer shall cause notice to be posted electronically on the  
5 Treasurer's Internet web site of all property having a value of fifty  
6 dollars or more reported and transferred to the Treasurer which was  
7 presumed abandoned during preceding calendar years and notice of  
8 which was not previously published or posted. In addition to such  
9 posted notice, the Treasurer may make such notice accessible to the  
10 public electronically through additional telecommunications methods  
11 as the Treasurer deems cost effective and appropriate] The Treasurer  
12 shall maintain a readily searchable list of property presumed  
13 abandoned and reported or transferred to the Treasurer under this part  
14 and for which there is sufficient information for the Treasurer to identify

15 the apparent owner of such property.

16 (b) The [posted notice] searchable list required under subsection (a)  
17 of this section shall contain: (1) The names [, in alphabetical order,] and  
18 the last-known addresses, if any, of all persons reported as the apparent  
19 owners of unclaimed property, [and (2) a statement that any person  
20 possessing an interest in such property may obtain from the Treasurer]  
21 (2) information concerning the amount and description of such property  
22 and the name and address of the holder thereof, [free of charge. The  
23 Treasurer may cause to be posted at any time, in the manner prescribed  
24 in subsection (a) of this section, an additional notice stating that such list  
25 may be obtained from other specified sources] and (3) such other  
26 information as may be required by the Treasurer.

27 (c) [The Treasurer may insert in any such notice such additional  
28 information as the Treasurer deems necessary for the proper  
29 administration of this part] The Treasurer shall notify by first-class mail  
30 each person, other than an individual to whom the Treasurer makes or  
31 will make a payment pursuant to subsection (f) of section 3-70a, as  
32 amended by this act, reported as the apparent owner of unclaimed  
33 property that was reported or transferred to the Treasurer during the  
34 preceding calendar year and for whom the holder of such property has  
35 reported a last-known address to the Treasurer. Such notice shall  
36 include information concerning the amount and description of such  
37 property and the process by which such owner may verify ownership  
38 to and claim such property.

39 [(d) The provisions of this section shall not apply to items reported in  
40 the aggregate pursuant to subsection (h) of section 3-65a.]

41 Sec. 2. Section 3-70a of the general statutes is repealed and the  
42 following is substituted in lieu thereof (*Effective January 1, 2023*):

43 (a) Any person claiming an interest in property surrendered to the  
44 Treasurer under the provisions of this part may claim such property, or  
45 the proceeds from the sale thereof, at any time thereafter. Any person  
46 claiming an interest in such property shall file a certified claim with the

47 Treasurer, setting forth the facts upon which such party claims to be  
48 entitled to recover such [money or] property. The Treasurer shall  
49 prescribe the form that such a verified claim shall take.

50 (b) The Treasurer shall consider each claim not later than ninety days  
51 after it is filed. The Treasurer may hold hearings on any claim and may  
52 refer any claim to the Office of the Claims Commissioner, which shall  
53 hold hearings thereon and promptly return the Claims Commissioner's  
54 recommendations for the payment or rejection thereof. The Treasurer  
55 shall deliver the Treasurer's decision in writing on each claim heard,  
56 with a finding of fact and a statement of the reasons for the Treasurer's  
57 decision. Any person aggrieved by a decision of the Treasurer may  
58 appeal therefrom in accordance with the provisions of section 4-183,  
59 except venue for such appeal shall be in the judicial district of New  
60 Britain.

61 (c) (1) (A) No agreement entered into prior to January 1, 2023, to  
62 locate property shall be valid if: [(1)] (i) Such agreement is entered into  
63 [(A)] (I) within two years after the date a report of unclaimed property  
64 is required to be filed under section 3-65a, as amended by this act, or  
65 [(B)] (II) between the date such a report is required to be filed under said  
66 section and the date it is filed under said section, whichever period is  
67 longer; [, (2)] (ii) such agreement is entered into within two years after  
68 the date of posting of the notice required by section 3-66a, as amended  
69 by this act; or [(3)] (iii) pursuant to such agreement, any person  
70 undertakes to locate property included in a report of unclaimed  
71 property that is required to be filed under section 3-65a, as amended by  
72 this act, for a fee or other compensation exceeding ten per cent of the  
73 value of the recoverable property.

74 (B) No agreement entered into on or after January 1, 2023, to locate  
75 property shall be valid if: (i) Such agreement is entered into (I) within  
76 two years after the date a report of unclaimed property is required to be  
77 filed under section 3-65a, as amended by this act, or (II) between the date  
78 such a report is required to be filed under said section and the date it is  
79 filed under said section, whichever period is longer; or (ii) pursuant to

80 such agreement, any person undertakes to locate property included in a  
81 report of unclaimed property that is required to be filed under section  
82 3-65a, as amended by this act, for a fee or other compensation exceeding  
83 ten per cent of the value of the recoverable property.

84 (2) An agreement to locate property shall be valid only if it is in  
85 writing, signed by the owner, and discloses the nature and value of the  
86 property, and the owner's share after the fee or compensation has been  
87 subtracted is clearly stipulated. Nothing in this section shall be  
88 construed to prevent an owner from asserting, at any time, that any  
89 agreement to locate property is based upon excessive or unjust  
90 consideration.

91 (d) The Treasurer shall pay each claim allowed without deduction for  
92 costs of notices or sale or for service charges. The Treasurer shall notify  
93 the Commissioner of Revenue Services of the payment of claims of five  
94 hundred dollars or more to the domiciliary administrator or executor of  
95 a deceased owner.

96 (e) (1) (A) In the case of any claim allowed under this section for  
97 property, funds or money delivered to the Treasurer prior to January 1,  
98 2023, pursuant to subdivision (1) or (2) of subsection (a) of section 3-57a,  
99 the Treasurer shall pay such claim with interest as follows: For each  
100 calendar year or portion thereof that the property, funds or money has  
101 been paid or delivered to the Treasurer, the Treasurer shall pay interest  
102 at a rate that is not less than the deposit index, as determined under  
103 section 36a-26, for such year.

104 (B) In the case of any claim allowed under this section for property,  
105 funds or money delivered to the Treasurer on or after January 1, 2023,  
106 the Treasurer shall pay such claim with interest as follows: For each  
107 calendar year or portion thereof that the property, funds or money has  
108 been paid or delivered to the Treasurer, the Treasurer shall pay interest  
109 at a rate that is not less than the deposit index, as determined under  
110 section 36a-26, for such year.

111 (2) Such interest shall accrue from the date of payment or delivery of

112 the property, funds or money to the Treasurer until the date of payment  
113 or delivery of the property, funds or money to the claimant.

114 (f) Notwithstanding the provisions of subsection (a) of this section,  
115 where the amount of a property reported or transferred to the Treasurer  
116 under this part is less than two thousand five hundred dollars, the  
117 Treasurer shall pay such amount to an individual if the Treasurer has  
118 determined (1) that such individual is the sole owner of such property,  
119 and (2) to the Treasurer's satisfaction, the current address of such  
120 individual.

121 Sec. 3. Section 3-65a of the general statutes is repealed and the  
122 following is substituted in lieu thereof (*Effective January 1, 2023*):

123 (a) Within one hundred eighty days before a presumption of  
124 abandonment is to take effect in respect to property subject to section 3-  
125 60b or 3-60c and within one year before a presumption of abandonment  
126 is to take effect in respect to all other property subject to this part, and if  
127 the owner's claim is not barred by law, the holder shall notify the owner  
128 thereof, by first class mail directed to the owner's last-known address,  
129 that evidence of interest must be indicated as required by this part or  
130 such property will be transferred to the Treasurer and will be subject to  
131 escheat to the state.

132 (b) [Within] Not later than ninety days after the close of the calendar  
133 year in which property is presumed abandoned, the holder shall pay or  
134 deliver such property to the Treasurer and file, on forms [which] that  
135 the Treasurer shall provide, a report of unclaimed property. Each report  
136 shall be verified and shall include: (1) The name, if known, and last-  
137 known address, if any, of each person appearing to be the owner of such  
138 property; (2) in case of unclaimed funds of an insurance company, the  
139 full name of the insured or annuitant and beneficiary and his or her last-  
140 known address appearing on the insurance company's records; (3) the  
141 nature and identifying number, if any, or description of the property  
142 and the amount appearing from the records to be due; [except that the  
143 holder shall report in the aggregate items having a value of less than  
144 fifty dollars;] (4) the date when the property became payable,

145 demandable or returnable and the date of the last transaction with the  
146 owner with respect to the property; (5) if the holder is a successor to  
147 other holders, or if the holder has changed the holder's name, all prior  
148 known names and addresses of each holder of the property; and (6) such  
149 other information as the Treasurer may require.

150 (c) Verification, if made by a partnership, shall be executed by a  
151 partner; if made by an unincorporated association or private  
152 corporation, by an officer; and if made by a public corporation, by its  
153 chief fiscal officer.

154 (d) The Treasurer shall keep a permanent record of all reports  
155 submitted to the Treasurer pursuant to this section.

156 [(e) Except for claims paid under section 3-67a and except as provided  
157 in subsection (e) of section 3-70a, no owner shall be entitled to any  
158 interest, income or other increment which may accrue to property  
159 presumed abandoned from and after the date of payment or delivery to  
160 the Treasurer.]

161 [(f)] (e) The Treasurer may decline to receive any property the value  
162 of which is less than the cost of giving notice or holding sale, or may  
163 postpone taking possession until a sufficient sum accumulates.

164 [(g)] (f) The Treasurer, or any officer or agency designated by the  
165 Treasurer, may examine any person on oath or affirmation, or the  
166 records of any person or any agent of the person including, but not  
167 limited to, a dividend disbursement agent or transfer agent of a business  
168 association, banking organization or insurance company that is the  
169 holder of property presumed abandoned to determine whether the  
170 person or agent has complied with this part. The Treasurer may conduct  
171 the examination even if the person or agent believes the person or agent  
172 is not in possession of any property that must be paid, delivered or  
173 reported under this part. The Treasurer may bring an action in a court  
174 of appropriate jurisdiction to enforce the provisions of this part.

175 [(h) Upon request of the holder, the Treasurer may approve the

176 aggregate reporting on an estimated basis of two hundred or more items  
177 in each of one or more categories of unclaimed funds whenever it  
178 appears to the Treasurer that each of the items in any such category has  
179 a value of more than ten dollars but less than fifty dollars and the cost  
180 of reporting such items would be disproportionate to the amounts  
181 involved. Any holder electing to so report any such category in the  
182 aggregate shall assume responsibility for any valid claim presented  
183 within twenty years after the year in which the items in such category  
184 are presumed abandoned.]

185 [(i)] (g) A record of the issuance of a check, draft or similar instrument  
186 is prima facie evidence of the obligation represented by the check, draft  
187 or similar instrument. In claiming property from a holder who is also  
188 the issuer, the Treasurer's burden of proof as to the existence and  
189 amount of the property and its abandonment is satisfied by showing  
190 issuance of the instrument and passage of the requisite period of  
191 abandonment. Defenses of payment, satisfaction, discharge and want of  
192 consideration are affirmative defenses that shall be established by the  
193 holder.

194 [(j)] (h) Notwithstanding the provisions of subsection (b) of this  
195 section, the holder of personal property presumed abandoned pursuant  
196 to subdivision (5) of subsection (a) of section 3-57a shall (1) sell such  
197 property and pay the proceeds arising from such sale, excluding any  
198 charges that may lawfully be withheld, to the Treasurer, unless such  
199 property consists of military medals, in which case such property shall  
200 not be sold, and (2) provide the Treasurer with records deemed  
201 appropriate by the Treasurer of property so presumed abandoned. A  
202 holder of such property may contract with a third party to store and sell  
203 such property and to pay the proceeds arising from such sale, excluding  
204 any charges that may be lawfully withheld, to the Treasurer, provided  
205 the third party holds a surety bond or other form of insurance coverage  
206 with respect to such activities. Any holder who sells such property and  
207 remits the excess proceeds to the Treasurer or who transmits such  
208 property to a bonded or insured third party for such purposes, shall not  
209 be responsible for any claims related to the sale or transmission of the

210 property or proceeds to the Treasurer. If the Treasurer exempts any such  
211 property from being remitted or sold pursuant to this subsection,  
212 whether by regulations or guidelines, the holder of such property may  
213 dispose of such property in any manner such holder deems appropriate  
214 and such holder shall not be responsible for any claims related to the  
215 disposition of such property or any claims to the property itself. For  
216 purposes of this subsection, charges that may lawfully be withheld  
217 include costs of storage, appraisal, advertising and sales commissions as  
218 well as lawful charges owing under the contract governing the safe  
219 deposit box rental.

220 [(k)] (i) In the event military medals are presumed abandoned  
221 pursuant to subdivision (5) of subsection (a) of section 3-57a, a banking  
222 or financial organization shall transmit such medals to the Department  
223 of Veterans Affairs in accordance with procedures established by the  
224 Treasurer. The Treasurer and Commissioner of Veterans Affairs shall  
225 enter into a memorandum of understanding concerning the handling of  
226 such medals and the Department of Veterans Affairs shall hold such  
227 medals in custody pursuant to such memorandum. The Treasurer may  
228 make any information obtained pursuant to this section, including any  
229 photograph or other visual depiction of a military medal but excluding  
230 Social Security numbers, available to the public to facilitate the  
231 identification of the original owner of such medal or such owner's heirs  
232 or beneficiaries.

233 Sec. 4. Subsection (a) of section 3-67a of the general statutes is  
234 repealed and the following is substituted in lieu thereof (*Effective January*  
235 *1, 2023*):

236 (a) Upon payment or delivery of property presumed abandoned to  
237 the Treasurer, the state shall assume custody and [, except as otherwise  
238 provided in subsection (h) of section 3-65a,] shall be responsible for all  
239 claims thereto. If, after payment or delivery to the Treasurer, any holder  
240 is compelled by authority of another jurisdiction to make a second  
241 payment, the Treasurer, upon proof thereof, shall refund to the holder  
242 the amount of such second payment not in excess of the amount paid or



243 realized under the provisions of this part.

244 Sec. 5. Section 3-69a of the general statutes is repealed and the  
245 following is substituted in lieu thereof (*Effective from passage*):

246 [(a) (1) For the fiscal year ending June 30, 2005, the funds received  
247 under this part, excluding the proceeds from the sale of property  
248 deposited in the Special Abandoned Property Fund in accordance with  
249 section 3-62h, shall be deposited in the General Fund.]

250 [(2)] (a) For the fiscal year ending June 30, 2006, and each fiscal year  
251 thereafter, a portion of the funds received under this part shall, upon  
252 deposit in the General Fund, be credited to the Citizens' Election Fund  
253 established in section 9-701 as follows: (A) For the fiscal year ending  
254 June 30, 2006, seventeen million dollars, (B) for the fiscal year ending  
255 June 30, 2007, sixteen million dollars, (C) for the fiscal year ending June  
256 30, 2008, seventeen million three hundred thousand dollars, and (D) for  
257 the fiscal year ending June 30, 2009, and each fiscal year thereafter, the  
258 amount deposited for the preceding fiscal year, adjusted in accordance  
259 with any change in the consumer price index for all urban consumers  
260 for such preceding fiscal year, as published by the United States  
261 Department of Labor, Bureau of Labor Statistics. The [State] Treasurer  
262 shall determine such adjusted amount not later than thirty days after the  
263 end of such preceding fiscal year.

264 (b) [All costs incurred in the administration of this part, except as  
265 provided in section 3-62h and subsection (a) of this section, and all  
266 claims allowed under this part shall be paid from the General Fund.] (1)  
267 There is established an account to be known as the "unclaimed property  
268 expenses account" which shall be a separate, nonlapsing account within  
269 the General Fund. The account shall contain any moneys required by  
270 law to be deposited in the account. Moneys in the account shall be  
271 expended by Treasurer for the purpose of paying expenses incurred in  
272 the administration of this part, including, but not limited to, costs  
273 incurred to market the unclaimed property program.

274 (2) (A) For the fiscal year ending June 30, 2023, the Treasurer shall

275 deposit in such account, from property reported or transferred to the  
276 Treasurer under this part in the preceding fiscal year, an amount not less  
277 than seven million dollars.

278 (B) For the fiscal year ending June 30, 2024, and each fiscal year  
279 thereafter, the Treasurer shall deposit in such account, from property  
280 reported or transferred to the Treasurer under this part in the preceding  
281 fiscal year, the amount deposited in such account for the preceding fiscal  
282 year, adjusted in accordance with any change in the consumer price  
283 index for all urban consumers for such preceding fiscal year, as  
284 published by the United States Department of Labor, Bureau of Labor  
285 Statistics. The Treasurer shall determine such adjusted amount not later  
286 than thirty days after the end of such preceding fiscal year.

287 Sec. 6. Section 3-62e of the general statutes is repealed and the  
288 following is substituted in lieu thereof (*Effective from passage*):

289 When any funds or property [which] that have escheated under  
290 sections 3-62b to 3-62g, inclusive, have been recovered by the Treasurer,  
291 except as otherwise provided in section 3-62h, he or she shall pay all  
292 costs incident to the collection and recovery of such funds and property  
293 [which] that have not been paid from the Special Abandoned Property  
294 Fund created under section 3-62h and, except as otherwise provided in  
295 subsection (b) of section 3-69a, as amended by this act, shall promptly  
296 deposit the balance of such funds or property into the General Fund for  
297 the use of the state.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2023</i>	3-66a
Sec. 2	<i>January 1, 2023</i>	3-70a
Sec. 3	<i>January 1, 2023</i>	3-65a
Sec. 4	<i>January 1, 2023</i>	3-67a(a)
Sec. 5	<i>from passage</i>	3-69a
Sec. 6	<i>from passage</i>	3-62e

**FIN**      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 23 \$
Resources of the General Fund	GF - Revenue Loss	7 million
Treasurer	Unclaimed Property Expenses Account - Revenue Gain	7 million
Resources of the General Fund	GF - Cost Avoidance	Up to 7 million
Treasurer	Unclaimed Property Expenses Account - Cost	Up to 8.6 million
Resources of the General Fund	GF - Precludes Revenue Loss	See Below

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill makes several changes to the State Treasurer's unclaimed property program, including creating a new non-lapsing account for administrative expenses of the program, which results in the following fiscal impacts.

**Deposit of Funds in the Unclaimed Property Expenses Account**

Beginning in FY 23, the Treasurer is required to deposit a portion of the property received for the unclaimed property program from the preceding fiscal year into the unclaimed property expenses account. In

FY 23, the required deposit from FY 22 unclaimed properties is \$7 million, which results in reduced revenue to the General Fund and increased revenue to the unclaimed property administrative expenses account. Deposits beyond FY 23 are required to match the amount deposited in the preceding fiscal year as adjusted according to the consumer price index annually.

### **Administrative Costs of the Unclaimed Property Program**

The bill requires the administrative expenses of the program be paid from the unclaimed property expenses account. Previously, such expenses were paid from the resources of the General Fund, with recent annual amounts of up to \$7 million, which reduces costs to the General Fund and increases cost to the new account. To the extent that the required deposit may be higher than previous administrative costs, this represents a minimal loss in General Fund revenues.

The bill also changes administrative requirements of the program. Requirements to automatically pay abandoned property amounts of less than \$2,500 when the owner can be verified and mailing notifications are expected to increase administrative expenses up to \$1.6 million annually, to an annual total of up to \$8.6 million. The bill makes no provision for how administrative expenses in excess of the balance of the unclaimed property expenses account are to be paid, having removed the requirement that administrative expenses be paid from the General Fund. It is unclear how the additional cost would be paid.

### **Unclaimed Property Revenues**

Under current law, unclaimed property is a revenue to the state, with a portion of the revenue directed to the Citizen's Election Fund and the remaining revenues deposited in the General Fund. Claims paid to property owners reduce the revenue deposits to the General Fund. Over the last 10 years, gross revenues have averaged approximately \$125 million annually, while claims have averaged approximately \$60 million annually, with the difference representing revenues accrued to the Citizen's Election Fund (\$12.3 million in FY 21) and the General

Fund.<sup>1</sup>

The bill eliminates the requirement that claims be paid from the General Fund, but does not provide an alternative revenue source for claims. This precludes a revenue loss in the General Fund, but creates an unfunded liability based on claims to the fund.

### **Increased Claims Paid**

Several of the changes in the bill are likely to result in higher amounts of claims paid in the future, including the required automatic payment to verified property owners and greater notification of potential property owners. This results in a revenue loss of unknown magnitude to whatever source claims may be paid from.

The bill also requires that all approved claims for property, rather than specified types under current law, be paid with interest for properties delivered to the Treasurer on or after January 1, 2023. This results in an increase of revenue loss based on claims paid, though it is unclear how interest can be calculated on certain unclaimed property, including tangible goods or non-liquidated securities.

### **The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to the number and amount of unclaimed property deposits and claims and inflation.

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<sup>1</sup> Source: <https://portal.ct.gov/-/media/OTT/Newsroom/Reports/123021-2021-Annual-Report-Final.pdf>

**OLR Bill Analysis****sSB 379*****AN ACT CONCERNING THE UNCLAIMED PROPERTY PROGRAM.*****SUMMARY**

By law, most property held or owed in this state that remains unclaimed by the owner is presumed abandoned after a specified amount of time passes and escheats to the state as abandoned (or unclaimed) property. This bill makes various changes to these laws. Principally, the bill:

1. expands the range of property the treasurer must publish in his abandoned property notice and changes the notice's required format from a biennial notice posted on the treasurer's website to a searchable list (§ 1);
2. establishes conditions under which the treasurer may pay abandoned property amounts of less than \$2,500 to the property's sole owner without the owner having to have submitted a certified claim for it (§ 2);
3. requires the treasurer to notify certain abandoned property owners, by first-class mail, about the process for verifying their ownership of the property and claiming it (§ 3);
4. shifts the funding source for the abandoned property program's administrative expenses from the General Fund to a new dedicated account (the unclaimed property expenses account) (§ 5);
5. beginning in FY 23, requires the treasurer to transfer at least \$7 million (adjusted annually for inflation) of abandoned property proceeds to this account (§ 5);

6. eliminates the requirement that abandoned property claims be paid from the General Fund (but does not specify an alternate funding source) (§ 5); and
7. eliminates aggregate reporting of abandoned property valued at less than \$50 (§ 3).

EFFECTIVE DATE: January 1, 2023, except that the unclaimed property expenses account provisions are effective upon passage.

### **SEARCHABLE LIST OF ABANDONED PROPERTY**

Current law requires the treasurer to biennially publish an abandoned property notice on his website and include the property, valued at \$50 or more, that (1) was presumed abandoned and reported or transferred to him during the preceding two calendar years and (2) did not previously appear on the list. The bill instead requires the treasurer to maintain a readily searchable list of all such property, regardless of its value, for which there is sufficient information for him to identify its apparent owner. In doing so, it aligns the statutes to the treasurer’s current practice.

As is currently required for the posted notice, the bill requires the searchable list to contain the names and last-known addresses, if any, of anyone reported as an apparent abandoned property owner, and any other information the treasurer adds. The bill also requires the list to include the property’s amount and description and the property holder’s name and address, rather than a statement that anyone with an interest in the property can receive this information from the treasurer free of charge, as is currently required for the biennial notice.

The bill also makes a conforming change by eliminating a law invalidating any agreement to locate property if it is made within two years of the date the treasurer publishes the notice of abandoned property.

### **AUTOMATIC PAYMENTS OF ABANDONED PROPERTY**

The bill requires the treasurer to automatically pay abandoned



property claims valued at less than \$2,500 to individuals if he (1) has determined that the individual is the property's sole owner and (2) is satisfied that he has this individual's current address. In doing so, it supersedes the existing law requiring anyone claiming an interest in abandoned property to file a certified claim with the treasurer establishing that they are entitled to recover it.

### **NOTICE BY FIRST-CLASS MAIL**

The bill generally requires the treasurer to notify, by first-class mail, each person (1) reported as the apparent owner of abandoned property during the preceding calendar year and (2) for whom the holder reported a last-known address. The notice must include the property's amount and description and how the owner may verify ownership and claim it. The bill excludes from this notification requirement anyone paid, or who will be paid, an automatic payment as described above.

### **INTEREST**

The bill requires the treasurer to pay interest on any claims for property, funds, or money delivered to him on or after January 1, 2023. Under current law, the treasurer must pay interest only on claims for (1) demand or savings deposits in this state and (2) matured time deposits made in this state.

As under current law, the interest rate must at least equal the deposit index the banking commissioner sets annually, and it accrues from the date it is paid or delivered to the treasurer to the date it is paid or delivered to the claimant. However, it is unclear how the treasurer can calculate interest on certain types of abandoned property that do not have a cash value when they are paid or delivered to him (e.g., securities, ownership interests in a business, and safe deposit box contents).

### **AGGREGATE REPORTING**

The bill eliminates provisions requiring anyone holding property presumed abandoned to aggregate report items valued at less than \$50. It also eliminates the treasurer's authority to approve aggregate

reporting of 200 or more items if each item is valued at less than \$50 and the cost of reporting the items would be disproportionate to the amounts involved. It repeals a related provision requiring property holders who make this aggregate reporting election to assume responsibility for any valid claim presented for these items for 20 years.

**UNCLAIMED PROPERTY EXPENSES ACCOUNT**

The bill establishes the unclaimed property expenses account as a separate, nonlapsing General Fund account and requires that it contain any money the law requires to be deposited in it. The treasurer must use the account’s funds to pay the abandoned property program’s administrative expenses, including any marketing costs incurred.

For FY 23, the bill requires the treasurer to deposit at least \$7 million into the account from abandoned property reported or transferred to him in the preceding fiscal year. Beginning in FY 24, he must deposit the amount from the preceding fiscal year, adjusted for any change in the consumer price index for all urban consumers for that year (published by the U.S. Department of Labor’s Bureau of Labor Statistics). He must determine this adjusted amount within 30 days after the end of the preceding fiscal year.

**BACKGROUND**

***Related Bill***

HB 5460, favorably reported by the Government Administration and Elections Committee, (1) expands the types of property the state treasurer must publish in the abandoned property notice to include property of any value, rather than just property valued at \$50 or more, and (2) eliminates the requirement that anyone holding property presumed abandoned aggregately report items valued at less than \$50.

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 51 Nay 0 (04/06/2022)