

SENATE BILL REPORT

SB 6162

As Reported by Senate Committee On:
Law & Justice, January 30, 2024

Title: An act relating to a penalty for excessive fees for locating abandoned property held by a county.

Brief Description: Adding a penalty for excessive fees for locating abandoned property held by a county.

Sponsors: Senators Schoesler, Pedersen, Dozier, Keiser and Wellman.

Brief History:

Committee Activity: Law & Justice: 1/29/24, 1/30/24 [DPS].

Brief Summary of First Substitute Bill

- Prohibits excessive fees for locating or recovering unclaimed property held by a county.

SENATE COMMITTEE ON LAW & JUSTICE

Majority Report: That Substitute Senate Bill No. 6162 be substituted therefor, and the substitute bill do pass.

Signed by Senators Dhingra, Chair; Trudeau, Vice Chair; Padden, Ranking Member; Kuderer, McCune, Pedersen, Salomon, Torres, Valdez, Wagoner and Wilson, L..

Staff: Ryan Giannini (786-7285)

Background: Unclaimed Property. Enacted in 2022, the Revised Uniform Unclaimed Property Act (RUUPA) repealed and replaced the Uniform Unclaimed Property Act (UUPA), and updated state law governing the process of distribution and processing of unclaimed property.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Property is considered unclaimed after it has been held for a specified period of time and the holder is not able to locate the property owner. Typical unclaimed property includes bank accounts, insurance proceeds, securities, safe deposit box contents, and uncashed checks. Common holders of unclaimed property are banks and financial institutions, businesses, and state and local governments.

With the exception of local governments holding certain types of unclaimed property, all holders must report and deliver unclaimed property to the Department of Revenue (DOR).

The RUUPA permits an apparent owner of unclaimed property to enter into an agreement with another person or entity for the purposes of locating, delivering, or recovering property held by the DOR. Such an agreement is enforceable only if it meets specified requirements and states the amount or value of the property reasonably expected to be recovered, as computed before and after a fee or other compensation to be paid to the person or entity.

If an agreement to locate and deliver unclaimed property provides for compensation that is unconscionable, the agreement is unenforceable except by the apparent owner. An apparent owner that believes the agreed-upon compensation is unconscionable or the DOR, acting on behalf of an apparent owner, or both, may file an action in superior court to reduce the compensation to the maximum amount that is not unconscionable.

Summary of Bill (First Substitute): The RUUPA is amended to include a provision that existed in the repealed UUPA, that prohibits excessive fees for locating or recovering unclaimed property.

It is unlawful for any person to seek or receive any fee in excess of 5 percent of the value of the property or funds returned to the owner as compensation for locating, or purporting to locate:

- any funds held by a county that are proceeds from a foreclosure for delinquent property taxes, assessments, or other liens; or
- funds that are otherwise held by a county because of a person's failure to claim funds held as reimbursement for unowed taxes, fees, and other government charges.

A person who violates the prohibition on excessive fees for locating or recovering unclaimed property held by a county is guilty of a misdemeanor and will be fined up to a maximum of \$1,000, or imprisoned for not more than 90 days, or both.

A violation of the prohibition on excessive fees is a per se violation of the Consumer Protection Act.

EFFECT OF CHANGES MADE BY LAW & JUSTICE COMMITTEE (First Substitute):

- Aligns the criminal penalty with the criminal penalty for a misdemeanor defined

under the Washington Criminal Code.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This is a simple bill that is being brought as a clean-up and perfecting measure. This bill is a fix to an unclaimed property bill from last year where the penalty for predatory practices on unclaimed property was inadvertently left out. County treasurers often have surplus proceeds from foreclosure sales and uncashed checks. County treasurers work diligently to find the rightful owners, however, there are businesses that track down rightful owners and charge them a fee for this service. Unscrupulous businesses have been charging unsuspecting citizens 30 percent or more to find unclaimed property, when under normal circumstances, it should not cost citizens anything. This bill is imperative to protecting unknowing citizens from paying outrageous fees to predatory businesses.

Persons Testifying: PRO: Senator Mark Schoesler, Prime Sponsor; Jackie Brunson, Washington State Association of County Treasurers.

Persons Signed In To Testify But Not Testifying: No one.