

HOUSE BILL REPORT

HB 2589

As Reported By House Committee On:
Finance

Title: An act relating to unclaimed property.

Brief Description: Regulating unclaimed property procedures.

Sponsors: Representatives B. Thomas, Dickerson and Boldt; by request of Department of Revenue.

Brief History:

Committee Activity:

Finance: 1/31/96, 2/5/96 [DP].

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 12 members: Representatives B. Thomas, Chairman; Carrell, Vice Chairman; Boldt, Vice Chairman; Morris, Ranking Minority Member; Dickerson, Assistant Ranking Minority Member; Hymes; Mason; Mulliken; Pennington; Schoesler; Sheldon and Van Luven.

Staff: Bob Longman (786-7139).

Background: The Uniform Unclaimed Property Act governs the disposition of property that is unclaimed by its owner. A business that holds unclaimed property must transfer it to the Department of Revenue after a holding period set by statute. The holding period varies by type of property, but for most unclaimed property, such as abandoned bank accounts, the holding period is five years. After the holding period is passed, the business in possession of the property must send a notice to the owner's last known address and transfer the property to the Department of Revenue. The notice must be sent not more than 120 days before the property is transferred to the department. If property is not transferred to the department on time, interest accrues at the maximum rate allowed under the usury statute.

The department's duty is to find the rightful owner of the property, if possible. To this end, the department sends notices to the last known addresses of owners, places advertisements with names of owners in newspapers, sends press releases to television and radio stations, and undertakes other efforts to find owners. With some exceptions, the department will sell property that is still unclaimed five years after it

is received by the department. The sale proceeds are deposited in the state general fund. However, the owner of unclaimed property may still come forward and obtain reimbursement from the state general fund at any time.

Stocks and bonds are considered unclaimed property if dividends have been unclaimed by the owner for seven years. If a mutual fund account includes automatic reinvestment of dividends, the account will never be considered unclaimed property, because the dividends are never unclaimed.

Summary of Bill: Stocks and bonds are considered unclaimed if the dividends are unclaimed for five years, rather than seven. A mutual fund with automatic reinvestment of dividends is considered unclaimed five years after the location of the owner becomes unknown to the fund administrators. The location of an owner is unknown when communications from the fund to the owner are returned by the postal service as undeliverable. The Department of Revenue will not sell any interest in a mutual fund that provides for automatic dividend reinvestment.

Three to six months before transferring unclaimed property to the department, the holder of the property must send a notice to the last known address of the owner.

The department may waive interest for late transfers of unclaimed property to the department if a delay is due to circumstances beyond the control of the property holder.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 1996.

Testimony For: This bill will help expedite returning abandoned property to rightful owners. These changes are supported by holders of abandoned property and by owners who have reclaimed property.

Testimony Against: None.

Testified: Ryan Spiller, Department of Revenue.