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AMENDMENTS TO THE UNIFORM UNCLAIMED PROPERTY ACT

House Bill 4608

Sponsor: Rep. Kirk A. Profit

Committee: Tax Policy

Complete to 4-29-97

A SUMMARY OF HOUSE BILL 4608 AS INTRODUCED 4-9-97

The Uniform Unclaimed Property Act was enacted in 1995 (Public Act 29) and took effect January 1, 1996. It repealed and replaced the Michigan Code of Escheats, and addresses how property is to be dealt with if it is abandoned by the owner. The bill would amend the Uniform Unclaimed Property Act in the following ways.

-- Typically under the act, property is presumed abandoned if it is unclaimed for more than five years. However, unclaimed stock or other intangible ownership interest in a business association is presumed abandoned if a dividend, distribution, or other sum payable as a result of interest remains unclaimed for seven years and the owner has not communicated with the business association. (The act also requires a minimum of seven dividends or distributions.) The bill would change the holding period for such property to five years (and would require only five dividends or distributions).

-- The act requires the state treasurer (referred to in the act as "the administrator") to sell abandoned property to the highest bidder at public sale within three years after its receipt. It also requires, unless the treasurer considers it to be in the best interest of the state to do otherwise, that securities (other than stock or other intangible ownership interest in a business) be held for at least one year before being sold. Stock and other intangible ownership interest in a business is required to be held for at least three years before being sold. The bill would require all securities presumed abandoned and delivered to the state treasurer to be sold within one year of receipt (unless the treasurer considered it in the best interest of the state to do otherwise).

-- A holder of property that is presumed abandoned is required to report to the state treasurer on or before December 31 of each year for the 12-month period ending on the immediately preceding June 30, although the deadline can be postponed by the state treasurer upon request. The bill would make the deadline November 1, and would allow the department to extend the filing date for up to 60 days if an estimated payment was made by the deadline. Remittance of an estimated payment without a report would be considered a request for an extension. A request for an extension of time to file the report would not be considered a request for an extension of time to remit payments. Interest and penalties would not accrue during the extension period against a person who remitted an estimated payment.

-- The state treasurer can require a person who has not submitted a report to file a verified report stating whether the person is holding any unclaimed property reportable or deliverable under the act. The bill would also make this apply in cases where the treasurer believed the

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person had filed an inactive, incomplete, or false report. A report made in response to the treasurer would have to be in a form specified by the treasurer and would have to describe unclaimed property not previously reported or property the treasurer had inquired about, and would have to specifically identify and state the amounts of property at issue. The treasurer is permitted to examine records to determine if a person has complied with the act. The bill would permit the treasurer to contract with someone else to conduct the examination on the treasurer's behalf.

-- If the property has a value of \$50 or more, the holder of abandoned property must send written notice to the apparent owner not more than 120 days before filing the report referred to above. The bill would require the written notice to be sent not less than 60 days or more than 365 days before filing the report. The bill also would modify the \$50 value threshold by specifying that if the holder was reporting for the year at least 25,000 properties over \$50 each, then the written notice requirement would apply to property with a value of \$100 or more.

-- The state treasurer is required to have a notice published of the names of people appearing to be owners of abandoned property not later than June 1 at least once a week for two consecutive weeks in a newspaper of general circulation in the county in which is located the last known address of a person named in the notice or, if no address is listed or is outside the state, the county in which the holder of the property has its principal place of business in the state. The bill would change the deadline for publishing the notice to November 1; would eliminate the language specifying "at least once a week for two consecutive weeks"; and would allow the state treasurer to choose the county in which the newspaper circulated in cases where no address was listed or the address was outside the state. The bill would also eliminate the requirement that the published notice contain the last known address of the people listed in the report.

-- The bill would repeal Section 43 of the act, which 1) prohibits (with exceptions) the state treasurer and the Department of Treasury from increasing the number of full-time equivalent employee positions in the abandoned and unclaimed property division beyond the number that existed on December 31, 1995; 2) specifies that if additional personnel are needed to administer the act, that the department hire independent contractors if that is more cost effective than hiring state employees; and 3) allows the hiring of additional personnel as needed if hiring independent contractors is not cost efficient as compared to hiring state employees. The section also specifies that an independent contractor could not have made a contribution to a candidate for state elective office within the immediately preceding four-year period from the date employment begins, and the contractor would have to promise not to make such a contribution while employed as an independent contractor.

MCL 567.231 et al.

Analyst: C. Couch

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