

Legislative Analysis



ESCHEATS: 5-YEAR LOOK BACK

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House Bill 5577

Sponsor: Rep. Aric Nesbitt

Committee: Commerce

Complete to 5-14-12

A SUMMARY OF HOUSE BILL 5577 AS INTRODUCED 4-26-12

The bill would amend the Uniform Unclaimed Property Act. That act establishes a system whereby the state becomes the perpetual custodian of abandoned or unclaimed property until the property owner claims the property (or the value of the property), which the property owner, or an heir, can do at any time. This is sometimes referred to as the escheats process.

Under this act, entities that hold property that has gone unclaimed beyond the statutory dormancy period must report and remit the property to the State Treasurer by July 1 of each year. In enforcing this, the State Treasurer (who is referred to in the act as "the administrator") cannot begin an action or proceeding with respect to the duty of a "holder" more than 10 years after the duty arose. The treasury department can conduct examinations to determine if a person is in compliance. House Bill 5577 would reduce the look-back period to 5 years.

The act currently requires a "holder" that must file a report to maintain a record of the name and last known address of the owner of the property for 10 years after the property becomes reportable (as abandoned). House Bill 5577 would require the records to be maintained for 5 years.

MCL 567.250 & 252

FISCAL IMPACT:

House Bill 5577 would have a negative fiscal impact on state government. The bill would shorten the look-back period on unclaimed property due the state to five years from the current ten years. The fiscal impact would be a function of the foregone revenue that would have been collected but for the reduction in the look-back period. There are currently no estimates on foregone revenue under the provisions of this bill.

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