



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 4563 (Substitute S-2 as reported by the Committee of the Whole)

Sponsor: Representative Aric Nesbitt

House Committee: Commerce

Senate Committee: Economic Development

CONTENT

The bill would amend the Uniform Unclaimed Property Act to exempt from the Act certain property in a transaction between two or more associations, except with respect to property in a demand, savings, or matured time deposit with a banking or financial organization or property held in a safe deposit box or other safekeeping repository.

The Act specifies the conditions under which property is considered abandoned; provides for public notice of abandoned property; and provides for the disposition, sale, reclaiming, and reimbursement for sale of abandoned property. The Act creates a general presumption of abandonment of property that is held, issued, or owing in the ordinary course of business and remains unclaimed by the owner for more than three years. The Act also provides for the abandonment of specific types of property. Abandoned property must be delivered to the custody of the State, and subsequently may be claimed by the owner.

Under the bill, the Act would not apply to credit balances, overpayments, deposits, refunds, discounts, rebates, credit memos, or unidentified remittances created on or after April 1, 2009, and issued, held, due, or owing in any transaction between two or more associations, except as described above. "Association" would mean a business association, a public corporation, or any other commercial entity, including a sole proprietorship.

Proposed MCL 567.257a

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would reduce State General Fund revenue by an unknown amount. Based on the January 2012 consensus revenue estimates, revenue related to unclaimed property is expected to total approximately \$73.0 million in FY 2011-12 and \$2.0 million in FY 2012-13, with legislative changes adopted during 2010 to balance the FY 2010-11 budget increasing FY 2011-12 revenue by approximately \$35.0 million and decreasing FY 2012-13 revenue by approximately \$35.0 million. The bill would create an asymmetry in the way similar accounts are treated as unclaimed property based on whether the owner was an individual or a commercial entity. The Department of Treasury estimates that unclaimed property related to business-to-business transactions accounts for approximately 20% of the total, and it is likely that a minimal portion of that property is subject to Section 7 or 17 (i.e., property in a demand, savings, or matured time deposit, or property in a safety deposit box or other repository). If the bill affected 20% of the revenue, it would lower the General Fund by approximately \$14.6 million in FY 2011-12 and \$0.4 million in FY 2012-13.

The bill would affect selected property created on or after April 1, 2009. It is unknown if any such property potentially would have been already remitted to the State and, if so, whether the bill would require the State to return the unclaimed property to the entity that submitted it to the State.

Date Completed: 5-3-12

Fiscal Analyst: David Zin