



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL



ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 538 (Substitute S-1 as reported)
Sponsor: Senator Jack Brandenburg
Committee: Finance

CONTENT

The bill would amend the Uniform Unclaimed Property Act to do the following:

- An "eligible holder" that was being examined by the State Treasurer for compliance with the Act to choose to follow a streamlined audit process.
- Require a streamlined audit to be completed within a time frame developed by the holder and the Treasurer, with the goal of completing the audit within 180 days after receipt of the audit notice.
- Provide that, for an eligible holder participating in the streamlined audit process, the Treasurer could not begin an action or proceeding more than four years after any duty of a holder under the Act arose.
- Specify that examinations could not include checks voided within 180 days of their issuance, for eligible holders participating in the streamlined process.
- Provide that property worth \$50 or less would not be subject to the custody of the State as unclaimed property, subject to certain exceptions.

The bill would define "eligible holder" as a holder that meets one or more of the following: a) is a corporation whose parent corporation is incorporated in Michigan; b) is a corporation that has a subsidiary incorporated in Michigan; or c) is a corporation that is not incorporated in Michigan but is wholly owned by a corporation that is incorporated in this State. (A "holder" is a person, wherever organized or domiciled, that is in possession of property belonging to another; a trustee; or a person indebted to another on an obligation.)

The bill would be retroactive and apply to audits in progress as of August 15, 2015, but would not apply retroactively to contested determinations in litigation before the bill's effective date.

MCL 567.222 et al.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill could result in savings to the State and would have no impact on local government. The ability of the Department of Treasury and eligible holders to enter into a streamlined audit process could result in less time and resources being devoted to unclaimed property audits. If a significant number of eligible holders participated in the streamlined audit process, there could be significant savings to the Department. However, since the unclaimed property unit is paid for with a restricted fund, Escheats Revenue, which charges holders for the cost of the audit, the savings would affect only this unit and not result in General Fund savings.

Date Completed: 10-14-15

Fiscal Analyst: Cory Savino