



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 5283 (Substitute H-5 as passed by the House)
Sponsor: Representative Michael Webber
House Committee: Tax Policy
Senate Committee: Finance

Date Completed: 6-6-16

CONTENT

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

- **Allow the State Treasurer to sell or otherwise provide unclaimed property account information to a "locator" for accounts that remained unclaimed for at least 24 months after the date payment or delivery was made if the value of the property were \$2,000 or more.**
- **Require a locator to register with the Department of Treasury, pay a \$1,200 fee, and renew the registration, with the fee, every four years.**
- **List what would have to be included in the unclaimed property account information, and require it to be in an electronic searchable format.**
- **Provide that a written agreement between a locator and an apparent owner of unclaimed property would be subject to a provision under which an agreement to pay compensation to recover property made within 24 months after the property is delivered or paid to the Treasurer is unenforceable.**

The bill would define "locator" as a person registered under the Act who locates owners of unclaimed property and enters into a written agreement with an owner to document entitlement to property and to locate, deliver, recover, or claim, or assist in locating, delivering, recovering, or claiming, property that is presumed abandoned, for compensation.

The Act specifies the conditions under which property is considered abandoned, and 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 requires a person holding property presumed to be abandoned to report it to the State Treasurer (the "administrator"); pay or deliver to the Treasurer abandoned property that must be reported; and maintain records. Abandoned property may be disposed of, sold, or reclaimed, and reimbursement to the owner may be required for property that has been disposed of or sold.

Under the bill, the State Treasurer could sell or otherwise provide unclaimed property account information to a locator for unclaimed accounts that remained unclaimed for not less than 24 months after payment or delivery to the Treasurer if the value of the unclaimed property were \$2,000 or more. The Treasurer would have to provide the unclaimed property account information in an electronic searchable format. The unclaimed property account information would have to include all of the following:

- The name of the apparent owner.

- The last known address of the apparent owner.
- The relationship code determined by the Department, if any.
- The type and amount of property and cash value of the property.
- If the property were shares of stock or securities, the number of shares.
- If the property were the contents of a safe deposit box, an inventory of the contents of the safe deposit box.

The \$2,000 threshold would not apply to multiple accounts of the same apparent owner if the combined accounts exceeded \$2,000.

Before the Department provided information to a locator, the locator would have to register with the Department in a form and manner determined by the Department and pay a fee to the Department of \$1,200. A locator would have to renew its registration and pay a fee of \$1,200 every four years. The Department would have to use the fees collected to register and monitor locators.

To register, a locator would have to provide the Department with a primary business address and telephone number, and the name, telephone number, and electronic mail address of the individual who would be the primary point of contact with the Department. A locator would be ineligible for registration if, within the immediately preceding 10 years, the individual, a current officer or owner of an entity, or a current employee of the individual or entity who performed or directed locator services had been convicted of a felony involving dishonesty, deceit, fraud, or a breach of fiduciary duty.

A locator who received unclaimed property account information from the Treasurer could not distribute that information to other locators or any other person, other than the apparent owner, for compensation.

The Act provides that an agreement to pay compensation to recover or assist in the recovery of property made within 24 months after the property is delivered or paid to the Treasurer is unenforceable. Under the bill, an agreement between a locator and an apparent owner of unclaimed property would be subject to this provision.

MCL 567.222 et al.

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would increase administrative expenses, increase State revenue, and have no impact on local government. The Department would be required to register and provide information to locators, which would increase the administrative costs of operating the unclaimed property division. The costs would be supported by the \$1,200 four-year registration fees for locators. At this time, it is unknown if the fees alone would be sufficient to cover the additional administrative costs.

The bill would likely increase unclaimed property revenue, which is charged by the Department at a rate for 2.5 cents per record. If this revenue were to increase as a result of locators providing additional unclaimed property revenue, then the department also could use that revenue to support to additional administrative costs. For the current fiscal year, escheats revenue, which is supported by unclaimed property revenue, is estimated to total \$4.77 million.

Fiscal Analyst: Cory Savino

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.