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House Bill 6421 (as passed by the House, with proposed Senate amendment)
Sponsor: Representative Fred Durhal Jr.
House Committee: Tax Policy
Senate Committee: Appropriations

CONTENT

The bill would amend the Uniform Unclaimed Property Act to reduce the dormancy period before unclaimed property must be turned over to the State and accelerate the annual due date for remittances.

Under current law, many types of real and intangible property that are held by another entity are presumed abandoned if they remain unclaimed after a certain period of time. The applicable dormancy period varies by type of property, ranging from five years for property such as gift cards, checking and saving accounts, insurance properties, and accounts payable, to seven years for money orders and 15 years for travelers' checks. Property exceeding the dormancy period as of June 30 of each year must be remitted to the State by November 1.

The bill would reduce the dormancy period for all types of unclaimed property, except for travelers' checks, to three years. The bill also would accelerate the due date so that property that exceeded the dormancy period as of March 31 would be remitted to the State by July 1.

The bill would appropriate \$4.8 million of escheats funds for expenditure on or after October 1, 2010, through September 30, 2012, to administer the changes and increase public awareness of the new filing and compliance requirements.

MCL 567.223 et al.

FISCAL IMPACT

The bill would increase General Fund revenue by approximately \$168.0 million in FY 2010-11 and \$61.0 million in FY 2011-12. However, by accelerating the collection date and shortening the dormancy period, the bill would reduce revenue in the following three years. The table below illustrates the impact.

Impact of Accelerated Dormancy Period Under House Bill 6421						
(In Millions)						
	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Additional Escheats Revenue to General Fund	\$166.0	\$35.0	(\$35.0)	(\$35.0)	(\$35.0)	\$0.0

Date Completed: 9-22-10

Fiscal Analyst: David Zin

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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.