



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



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

House Bills 5339 and 5340 (as passed by the House)
Sponsor: Representative Michael Webber (H.B. 5339)
Representative Wendell L. Byrd (H.B. 5340)
House Committee: Regulatory Reform
Ways and Means
Senate Committee: Regulatory Reform

Date Completed: 6-23-20

CONTENT

House Bill 5339 would amend the Uniform Unclaimed Property Act to do the following:

- **Require the State Treasurer to provide all unclaimed property account information to a locator for all unclaimed accounts for abandoned property upon written request.**
- **Prohibit the State Treasurer from charging more than \$100 for each request.**
- **Require the State Treasurer to provide the unclaimed property account information in a searchable electronic or digital format, and require the account information to include certain specified information.**
- **Require the State Treasurer to distribute unclaimed property or money in accordance with a written agreement between the owner and a locator.**

House Bill 5340 would amend the Uniform Unclaimed Property Act to modify provisions allowing an owner to execute an agreement to compensate a locator to recover property reported to be presumed abandoned, and to allow an owner to execute an agreement to sell unclaimed property to a locator.

House Bill 5339

Under the Uniform Unclaimed Property Act, the State Treasurer may sell or otherwise provide unclaimed property account information to a locator for unclaimed accounts for abandoned property that remain unclaimed for at least 24 months after the date payment or delivery is made if the value of the unclaimed property is \$10,000 or more. The State Treasurer must provide the unclaimed property account information in an electronic searchable format. The unclaimed property account information may include all of the following:

- The name of the apparent owner.
- The apparent owner's last known address, as reported by the holder.
- The relationship code, if any.
- The type and amount of property.
- The cash value of the property.

("Locator" means a person registered with the State Treasurer 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.)

Instead, the bill would require the State Treasurer to provide all unclaimed property account information to a locator for all unclaimed accounts for abandoned property upon written request. The State Treasurer could not charge more than \$100 for each request. The State Treasurer would have to provide the unclaimed property account information in a searchable electronic or digital format. The unclaimed property account information would have to include all of the following:

- The name of the apparent owner or apparent owners.
- The complete last known address of the apparent owner or apparent owners, as reported by the holder.
- The relationship code, if any.
- The type of property.
- The cash value of the property if other than cash and the number of shares or items if the property were a security or a mutual fund share, including the exchange ticker symbol or fund names, if reported.
- The year the property was reported to the State Treasurer.
- The name and contact information of the holder.
- A general description of the safe deposit box contents and liquidation amount, if applicable.

Additionally, if the owner had entered into a written agreement that authorized a locator to claim the unclaimed property on the owner's behalf or if the owner had sold the right to claim the unclaimed property to a locator, the State Treasurer would have to distribute the property or money in accordance with the written agreement. The agreement would have to be executed by the owner and would have to be filed with the State Treasurer.

House Bill 5340

Under the Uniform Unclaimed Property Act, an agreement to pay compensation to recover or assist in the recovery of property reported to be presumed abandoned, made within 24 months after the date payment or delivery is made to the State Treasurer, is unenforceable.

A written agreement between a locator and an apparent owner of unclaimed property is subject to the provision described above.

The bill would delete these provisions. Instead, under the bill, an agreement signed by an owner to compensate a locator to recover or to sell unclaimed property to a locator would have to be in writing in 10-point font or larger and include all of the following:

- The unclaimed property account number.
- The aggregate estimated value of the unclaimed property accounts being claimed before and after deduction of compensation and costs, if known.
- A description of the service to be provided.

If the locator were purchasing the property, the agreement would have to include the net amount to be paid to the seller.

Electronically signed agreements would be considered original for all purposes under the Act.

MCL 567.256a (H.B. 5339)
567.526 (H.B. 5340)

Legislative Analyst: Stephen Jackson

FISCAL IMPACT

The bills would have an indeterminate fiscal impact on the Department of Treasury and the General Fund. The Department would experience additional costs to provide additional information on all unclaimed property to locators instead of only property whose value exceeds \$10,000. Additional costs would include personnel to process the information and requests from locators, fraud detection, and information technology costs. It is currently unknown how many locators would request the additional information, but the costs to set up and maintain the system likely would be significant.

The \$100 fee per request likely would offset some of the costs, but the total amount of potential fee revenue is unknown because the number of locators is unknown, as is the level of interest in this information. The net costs would depend on the number of new requests made. It is possible that the amount of new fee revenue could be insufficient to offset the amount of new costs, particularly one-time costs. Costs not covered by the new fee revenue could be covered by making fewer deposits to the General Fund from proceeds for the sale of abandoned properties. If the Department used more sale proceeds for administration, it would have a negative fiscal impact on the General Fund

The bills likely would increase the amount of unclaimed properties claimed either by claimants or locators. This could increase the amount of sales made, which would increase the amount deposited into the General Fund. It is unknown if this increase would be enough to offset the new costs.

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.