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SFA**BILL ANALYSIS**

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Senate Bill 340 (as reported without amendment)

Sponsor: Senator Joanne G. Emmons

Committee: Finance

CONTENT

The bill would amend the Uniform Unclaimed Property Act to provide for the presumed abandonment of unclaimed stock or other intangible ownership interest in a business association after five, rather than seven, years; delete requirements that abandoned securities be held for one year or three years before being sold; revise the deadline for reporting property that is presumed abandoned; allow the deadline to be extended if an estimated payment were made; revise requirements for notifying the apparent owner of property presumed abandoned, and for publishing notice; expand requirements for filing a verified report; and repeal a section of the Act that limits the number of employees hired in the Abandoned and Unclaimed Property Division of the Department of Treasury and provides for the hiring of independent contractors.

Currently, stock or other intangible ownership interest in a business association is presumed abandoned if a dividend, distribution, or other sum payable as a result of the interest remains unclaimed by the owner for seven years and the owner has not met certain requirements within seven years. The bill would change this time period to five years.

The Act generally requires the administrator (the State Treasurer), within three years after receiving abandoned property, to sell it to the highest bidder at public sale. Unless the administrator considers it to be in the best interest of the State to do otherwise, all securities (except stock or other intangible ownership interest in a business association) must be held for at least one year before they are sold. Stock and other intangible interest in a business association must be held at least three years before being sold.

The bill would delete the requirements that the administrator hold securities for at least one year or at least three years. Under the bill, unless the administrator considered it to be in the best interest of the State to do otherwise, all securities presumed abandoned and delivered to the administrator would have to be sold within one year of their receipt.

MCL 567.231 et al.

Legislative Analyst: G. Towne

FISCAL IMPACT

As part of the Uniformed Unclaimed Property Act adopted in 1995, and which went into effect in 1996, the period of time during which stocks and other similar intangible property must remain unclaimed before they can be declared abandoned was increased from five years to seven years. This bill proposes to decrease this period of time back to five years, and to remove all restrictions on when the State may liquidate unclaimed securities. According to information from the Department of Treasury, these changes would generate additional unclaimed property revenue of an estimated \$7 million in FY 1996-97 and \$10 million in FY 1997-98.

Date Completed: 4-17-97

Fiscal Analyst: J. Wortley

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