

## UNCLAIMED PROPERTY: MODIFY DORMANCY PERIODS FOR ACTIVE DUTY MILITARY

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<http://www.house.mi.gov/hfa>

**Senate Bill 125 (H-1) as referred to second House committee**

**Sponsor: Sen. Tom Barrett**

**1st House Committee: Military, Veterans and Homeland Security**

**2nd House Committee: Ways and Means**

**Senate Committee: Families, Seniors and Veterans**

**Complete to 3-9-20**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

Senate Bill 125 would amend the Uniform Unclaimed Property Act to specify that the provisions of 2010 PA 197 that modified the *dormancy periods* under the act would not apply if the property owner were on active duty military service, regardless of whether that service was within or outside of the United States. The bill would also revise provisions regarding a report that holders of abandoned property must make to the state treasurer.

#### Dormancy period for active duty military

In general under the act, property that remains unclaimed for a certain number of years is transferred to the state (that is, “escheated”). Unclaimed property or its equivalent value is maintained by the state for property owners in perpetuity; owners or heirs always have the right to claim the property. The *dormancy period* is how long the property must be unclaimed before it is presumed to be abandoned and is escheated to the state.

2010 PA 197 generally reduced, from five years to three years, most of the dormancy periods under the act.<sup>1</sup> However, 2010 PA 197 also specified that its modification of dormancy periods did not apply if the property owner was “on active duty military service outside the United States.”

The bill would remove the underlined phrase, so that the reduction of the dormancy periods made by 2010 PA 197 would not apply to a property owner on active duty military service, regardless of whether that service was within or outside of the United States.

#### Report of property presumed abandoned

The act requires a person holding property presumed abandoned under the act to report it to the state treasurer<sup>2</sup> as provided in the act. Currently, the report must be filed on or before July 1 of each year for the 12-month period ending the immediately preceding March 31.

Under current law, the state treasurer can postpone the date to file a report upon written request by a person required to file one. The state treasurer can also extend the filing date for up to 60 days if an estimated payment is made by the deadline. Making an estimated payment without

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<sup>1</sup> Some of the dormancy periods 2010 PA 197 reduced to three years were previously seven or fifteen years, and 2010 PA 197 did not reduce all of the dormancy periods under the act. One-year and fifteen-year dormancy periods still apply under the act to different property types. See 2010 PA 197: <http://legislature.mi.gov/doc.aspx?2010-HB-6421>  
For a chart that shows dormancy periods under the act for different property types, see Appendix A of the Department of Treasury’s “Manual for Reporting Unclaimed Property”: [https://www.michigan.gov/documents/2013i\\_2598\\_7.pdf](https://www.michigan.gov/documents/2013i_2598_7.pdf)

<sup>2</sup> The act refers to the state treasurer as “the administrator.”

filing a report on or before the deadline is considered a request for an extension. A request for an extension of time to file the report is not considered a request for more time to remit payments. Interest and penalties do not accrue during the extension period against a person who remits an estimated payment. The state treasurer is required to determine how estimated payments are to be remitted.

The bill would remove most of the provisions of the above paragraph and instead provide that the state treasurer may extend the filing date for up to 60 days upon written request.

**[Note:** The bill would allow the state treasurer, upon written request, to either 1) postpone a filing date or 2) extend a filing date for 60 days. While these provisions are not technically identical, it is unclear whether the first power would not also include the second.]

#### Report of safe deposit box contents

If the property presumed abandoned is the contents of a safe deposit box, the contents of another safekeeping repository, or any other tangible property, the report described above must include all of the following:

- A description of the property.
- A description of the place where the property is held and where the state treasurer may inspect it.
- A description of any money that is owed to the holder of the property.

The bill would delete the second and third items above and require only a description of the property.

#### Removal of obsolete provisions

Finally, the bill would delete provisions that are outdated and no longer applicable. This would include old deadlines for the report described above. It would also include an appropriation of \$4.8 million to the Department of Treasury to provide technical and administrative support for its 2011 unclaimed property program, a project whose expected completion date was September 30, 2012.

MCL 567.238

#### **FISCAL IMPACT:**

The bill would have no fiscal impact on the state or local units of government.

#### **POSITIONS:**

The following entities indicated support for the bill:

- Michigan Bankers Association (2-25-20)
- Michigan Credit Union League (3-3-20)
- American Legion – Department of Michigan (3-3-20)

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.