



Senate Fiscal Agency
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Senate Bill 125 (as enacted)
Sponsor: Senator Tom Barrett
Senate Committee: Families, Seniors, and Veterans
House Committee: Military, Veterans and Homeland Security
Ways and Means

PUBLIC ACT 79 OF 2020

Date Completed: 1-7-21

RATIONALE

The Uniform Unclaimed Property Act governs the State's escheat process for presumed abandoned property (see **BACKGROUND**). Public Act 197 of 2010 amended the Uniform Unclaimed Property Act to reduce, from five years to three years, the dormancy period before unclaimed property is presumed abandoned; however, the Act exempted from the reduction owners of unclaimed property who are on active duty military service outside the United States. Reportedly, it is difficult for financial institutions and others involved with the escheatment of property to determine whether active duty military personnel are stationed domestically or outside of the United States. Accordingly, it had been suggested that the Uniform Unclaimed Property Act be amended to exempt all owners of unclaimed property on active duty military service from the reduction in the dormancy period's duration.

CONTENT

The bill amended the Uniform Unclaimed Property Act to do the following:

- **Specify that the provisions that modified the dormancy periods in a previous Public Act do not apply if the property owner is on active duty military service instead of an active duty military service outside of the United States.**
- **Delete a requirement that a report pertaining to unclaimed property for the contents of a safe deposit box or other safekeeping repository or of other tangible property include the place where the property is held and that it may be inspected by the Administrator and any amounts owing to the holder.**
- **Modify the date by which a report pertaining to unclaimed property must be filed.**
- **Modify the process by which a filing date of a report pertaining to unclaimed property may be extended.**

The bill took effect on April 2, 2020.

Previously, the provisions of Public Act 197 of 2010 that modified the dormancy period did not apply if the owner of the property was on active duty military service outside the United States. Under the bill, the provisions of Public Act 197 of 2010 that modified the dormancy period do not apply if the owner of the property is on active military duty service. (Public Act 197 of 2010 generally reduced, from five years to three years, the dormancy periods before unclaimed property must be turned over (escheat) to the State.)

The Act specifies that a person holding property presumed abandoned and subject to the State's custody as unclaimed property must report to the Administrator concerning the property. ("Administrator" means the State Treasurer.) The report must be verified and must include the following information:

- The name, if known, Social Security number, if known, and last known address, if any, of each person appearing from the records of the holder to be the owner of property of the value of \$50 or more presumed abandon under the Act.
- For unclaimed funds of \$50 or more held or owing under any life or endowment insurance policy or annuity contract, the full name and last known address of the insured or annuitant and of the beneficiary according to the records of the insurance company holding or owning the funds.
- The nature and identifying number, if any, or description of the property and the amount appearing from the records to be due; however, items of value under \$50.00 each may be reported in the aggregate.
- The date the property became payable, demandable, or returnable, and the date of the last transaction with the apparent owner with respect to the property.
- Other information the Administrator requires by rule as necessary for the administration of the Act.

Previously, the report also had to include, for the contents of a safety deposit box or other safekeeping repository or of other tangible property, a description of the property and the place where it was held and could have been inspected by the Administrator and any amounts owing to the holder. Under the bill, instead, the report must include, for the contents of a safety deposit box or other safekeeping repository or of other tangible property, a description of the property.

Formerly, the Act specified that the report had to be filed on or before November 1 of each year for the 12-month period ending on the immediately preceding June 30. For years ending after December 31, 2011, the report had to be filed on or before July 1 of each year for the 12-month period ending on the immediately preceding March 31. The bill requires the report to be filed on or before July 1 of each year for the 12-month period ending on the immediately preceding March 31.

The Act allowed the Administrator to extend the filing date for up to 60 days after the deadline if an estimated payment was paid on or before the deadline for the applicable period. Remittance of an estimated payment without a report on or before the deadline had to be considered a request for extension. A request for extension of time to file the report was not a request for an extension of time to remit payment. Interest and penalties did not accrue during the extension period against a person who remits an estimated payment. The Administrator had to determine how estimated payments were to be remitted. The bill deleted this provision and, instead, allows the Administrator to extend the filing date for up to 60 days on written request.

BACKGROUND

Unclaimed property usually consists of financial assets, unpaid wages, securities, contents of safe deposit boxes, or life insurance policies, among other things. In Michigan, unclaimed property that is presumed abandoned escheats (is given over) to the Michigan Department of Treasury after the entity holding the unclaimed property, such as a financial institution, attempts to contact the owner and reunite him or her with the unclaimed property. The Department takes custody of the property and holds it in perpetuity for reclamation. A rightful owner of unclaimed property that escheats to the State may reclaim it by submitting a claim to the Department's website. After confirming a claim's validity, the Department releases the property to its rightful owner.

MCL 567.238

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

According to testimony before the Senate Committee on Families, Seniors, and Veterans, financial institutions consult a Department of Defense (DOD) database to determine whether owners of unclaimed property, such as dormant bank accounts, are active duty military personnel. If so,

under the Uniform Unclaimed Property Act, the financial institution must determine if the active duty military personnel are stationed overseas or within the United States. This distinction determined the duration that the unclaimed property could remain dormant before escheating to the Michigan Department of Treasury. However, the DOD database does not allow financial institutions to gain access to active duty military personnel's placements, so the institutions cannot determine the appropriate dormancy period for the unclaimed property. This prevented financial institutions from complying with the law. The bill provides for a uniform, five-year dormancy period for all active duty military personnel, which will allow financial institutions and other entities holding unclaimed property to comply with the law, and will allow active duty military personnel more time to maintain active accounts and avoid the escheat process.

Legislative Analyst: Tyler VanHuyse

FISCAL IMPACT

The bill will have no fiscal impact on State or local government.

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.