

HOUSE BILL REPORT

HB 2295

As Passed House:

February 13, 2002

Title: An act relating to fees for locating unclaimed property.

Brief Description: Modifying fees for locating unclaimed property.

Sponsors: By Representative Ruderman.

Brief History:

Committee Activity:

Finance: 1/24/02, 2/5/02 [DP].

Floor Activity:

Passed House: 2/13/02, 96-1.

Brief Summary of Bill

- Increases the maximum fee a property finder may charge an unclaimed property owner from 5 percent to 20 percent of the value starting 24 months after the property is transferred to the Department of Revenue.
- Allows unclaimed property accounts to be classified into categories of less than \$100, between \$100 and \$5,000, and greater than \$5,000.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 10 members: Representatives Gombosky, Chair; Berkey, Vice Chair; Cairnes, Ranking Minority Member; Conway, Morris, Nixon, Orcutt, Roach, Santos and Veloria.

Staff: Rick Peterson (786-7150).

Background:

The Uniform Unclaimed Property Act governs the disposition of intangible property that is unclaimed by its owner. A business that holds unclaimed intangible property must transfer it to the Department of Revenue (DOR) after a holding period set by statute. The holding period varies by type of property, but for most unclaimed property, such as

abandoned bank accounts, the holding period is five years. After the holding period is passed, the business in possession of the property transfers the property to the DOR.

The DOR's duty is to find the rightful owner of the property, if possible. The DOR sends notices to the last known addresses of owners, places advertisements with names of owners in newspapers, sends press releases to television and radio stations, and undertakes other efforts to find owners. The DOR is not required to publish or mail notices when the property value is less than \$75. With some exceptions, the DOR will sell property that is still unclaimed five years after it is received. The sale proceeds are deposited in the state general fund. However, the owner of unclaimed property may still come forward and obtain reimbursement from the state general fund at any time.

Businesses who match unclaimed property held by the department with the owner may not charge the owner a fee of more than 5 percent of the property's value.

The DOR is not allowed to reveal the exact amount of unclaimed property in each account. Accounts are classified into a category of \$75 and above and categories below \$75.

Summary of Bill:

The fee that business may charge unclaimed property owners for finding their property is increased to 20 percent of the value starting 24 months after the property is transferred to the DOR. The maximum fee remains at 5 percent for the first 24 months.

Accounts may be classified into a categories of less than \$100, between \$100 and \$5,000, and greater than \$5,000.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The bill will bring a new industry to the state. Washington holds about \$250 million in trust for its citizens. This money belongs to the people of Washington; it is not tax receipts. The Department of Revenue has two tasks, receiving money and paying money out to the rightful owner. They do a good job completing the first task but do not have sufficient staff to do the second. Finding the rightful owners of unclaimed property is a labor intensive job. This bill will encourage the private sector to provide the work force needed to find the rightful owners. The current 5 percent limit is so restrictive that it is not worthwhile for independent finder companies to operate in

Washington. Everyone wins if the bill passes. It will create jobs, return money to citizens, and reduce the workload on the Department of Revenue without any cost to the taxpayer.

Testimony Against: None.

Testified: Allan Daugherty, National Unclaimed Property Oversight Citizen's Committee (NUPOCC); and Wayne Seminoff, Wayne Seminoff Corporation.