

HOUSE BILL REPORT

HB 1656

As Reported by House Committee On:
Finance

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

Brief Description: Modifying fees for locating unclaimed property.

Sponsors: Representatives Ruderman, Nixon, McIntire and Cairnes.

Brief History:

Committee Activity:

Finance: 2/18/03, 2/28/03 [DPS].

Brief Summary of Substitute 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.
- Requires public notices of unclaimed property to specify which accounts are above \$5,000, and if below \$5,000, which claims are above \$75.

HOUSE COMMITTEE ON FINANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Gombosky, Chair; McIntire, Vice Chair; Cairnes, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Ahern, Conway, Morris, Roach and Santos.

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 has 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 DOR 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 Substitute 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.

The notice published by the DOR must specify which accounts are above \$5,000, and if below \$5,000, which claims are above \$75.

The number of times that the DOR must publish in a newspaper the list of people owning unclaimed property is reduced from two to one. The newspaper publication of the list is delayed from September to November.

Substitute Bill Compared to Original Bill:

The substitute delays the newspaper publication of the list of people owning unclaimed property from September to November. It reduces from two to one the number of times that the Department of Revenue must publish.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: Washington has the lowest limit on fees that can be charged for finding property. This is an opportunity to return property to Washington citizens and create a new industry to the state. The 5 percent cap is too low to cover the costs of finding property owners. Due to budget limits DOR does not have enough staff to find owners. Finder businesses use methods to find people that are not available to the Department of Revenue. This is a win win bill. Reducing the number of newspaper publications will save about \$100,000.

Testimony Against: None.

Testified: (In support) Representative Ruderman, prime sponsor; Patti Wilson, Department of Revenue; Alan Daugherty, National Unclaimed Property Oversight Citizens Committee; and Wayne Seminoff, Wayne Seminoff Company.

(Neutral) Julie Sexton, Department of Revenue.