

HOUSE BILL REPORT

HB 2169

As Reported by House Committee On: Ways & Means

Title: An act relating to modifying the uniform unclaimed property act.

Brief Description: Modifying the uniform unclaimed property act.

Sponsors: Representatives Hasegawa, Kenney and Ormsby.

Brief History:

Committee Activity:

Ways & Means: 12/12/11, 12/13/11 [DPS].

Brief Summary of Substitute Bill

- Authorizes the Department of Revenue to sell unclaimed stocks, bonds, and other securities as soon as practicable.

HOUSE COMMITTEE ON WAYS & MEANS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 26 members: Representatives Hunter, Chair; Darneille, Vice Chair; Hasegawa, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Carlyle, Chandler, Cody, Dickerson, Haigh, Haler, Hudgins, Hunt, Kagi, Kenney, Ormsby, Parker, Pettigrew, Ross, Schmick, Seaquist, Springer, Sullivan and Wilcox.

Staff: Rick Peterson (786-7150).

Background:

The Uniform Unclaimed Property Act governs the disposition of property that is unclaimed by its owner. A business that holds unclaimed property must transfer it to the Department of Revenue (DOR) after a holding period set by statute. The holding period varies by the type of property, but for most unclaimed property, such as abandoned bank accounts, stocks, and bonds, the holding period is three years. After the holding period has passed, the business in possession of the property transfers the property to the DOR.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The DOR's duty is to find the rightful owner of the property, if possible. With some exceptions, the DOR will sell property that is still unclaimed within five years after it is received. State law requires the DOR to hold stocks, bonds, and other securities for a period of time – usually three years – before being sold. When the unclaimed property is sold, the sale proceeds are deposited in the State General Fund.

The owner of unclaimed property may come forward at any time to claim the property. If the property has already been sold by the DOR, the owner is generally entitled to the proceeds of the sale, plus any interest accruing as part of the security, less administrative costs. However, if abandoned stock or other securities are sold before the expiration of the three year holding period by the DOR, the owner is entitled to the greater of the market value of the security at the time the claim is made or the proceeds of the sale, less any administrative costs.

Summary of Substitute Bill:

The Department of Revenue (DOR) is authorized to sell all securities received under the unclaimed property program as soon as practicable unless, in the judgment of the DOR, the securities are worthless, cannot be sold, or are not cost-effective to sell. Owners of stock making a claim under the Unclaimed Property Act are entitled to the proceeds received from the sale less administrative costs, or the stock if the DOR has not yet ordered the sale of the stock.

Substitute Bill Compared to Original Bill:

The substitute bill specifies that the requirement to immediately sell securities applies to all securities held by the Department of Revenue (DOR) on the effective date of the bill as well as those received by the DOR after the effective date of the bill.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony:

(In support) The bill accelerates the liquidation of securities held by the Department of Revenue (DOR). Claims are made on about 25 percent of the securities. The claimants will receive a full refund plus interest less an administrative fee. The administrative fee is the cost of the stock broker. The DOR expects that an additional \$50 million will be available to the State General Fund. This is a one-time gain. Protection is maintained for taxpayers.

(Opposed) None.

Persons Testifying: Drew Shirk, Department of Revenue; and Amber Carter, Association of Washington Business.

Persons Signed In To Testify But Not Testifying: None.