

SENATE BILL REPORT

SB 5633

As Passed Senate, March 3, 2011

Title: An act relating to exempting agricultural fair premiums from the unclaimed property act.

Brief Description: Exempting agricultural fair premiums from the unclaimed property act.

Sponsors: Senators Pridemore, Hewitt, Kastama and Swecker.

Brief History:

Committee Activity: Agriculture & Rural Economic Development: 2/10/11, 2/17/11 [DP].
Passed Senate: 3/03/11, 45-0.

SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

Majority Report: Do pass.

Signed by Senators Hatfield, Chair; Shin, Vice Chair; Delvin, Ranking Minority Member; Becker, Haugen, Hobbs, Honeyford and Schoesler.

Staff: Sam Thompson (786-7413)

Background: Washington's Unclaimed Property Act (UPA) requires certain holders of unclaimed intangible property, including persons or entities obligated to pay uncashed checks, to transfer the value of the obligation to the Department of Revenue (DOR) after a three-year holding period. DOR then seeks to find the rightful owner, if possible. There is no time limit for filing a claim.

Some unclaimed intangible property is not subject to the UPA, and the value of the obligation may be retained by the holder. This includes the value of obligations to pay:

- drafts issued by insurance companies as offers to settle certain claims;
- certain property held by museums and historical societies;
- gift certificates, under some circumstances; and
- excess proceeds held by municipalities from foreclosures for delinquent property taxes, assessments, or other liens.

An uncashed check that is not subject to the UPA generally becomes unpayable six months after its date, pursuant to a provision in the Uniform Commercial Code, which has been enacted in Washington.

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.

Summary of Bill: Unclaimed premiums paid by an agricultural fair by check are not subject to the UPA. Agricultural fairs are thus relieved of any obligation to pay the value of uncashed premium checks after the checks become unpayable.

An agricultural fair is a fair or exhibition intended to promote agriculture by including varied exhibits of livestock, agricultural products, and related manufactured products and arts. A premium is an amount paid for exhibits and educational contests, displays, and demonstrations, but does not include judges' fees and expenses, livestock sale revenues, or prizes or amounts paid for promotion or entertainment activities such as queen contests, parades, dances, rodeos, and races.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: Many people who win premiums from fairs retain premium checks as mementos, rather than cashing them. These checks are commonly for very small sums, including some for less than one dollar. This legislation will relieve fairs of extended liability to pay these uncashed checks.

Persons Testifying: PRO: Greg Stewart, Central Washington Fair Association; Jim Baron, Northwest Washington Fair; Vivian Chambers, Thurston Conservation District.