

SENATE BILL REPORT

SB 5994

As Reported by Senate Committee On:
Ways & Means, December 13, 2011

Title: An act relating to the selling of unclaimed securities.

Brief Description: Concerning the selling of unclaimed securities.

Sponsors: Senators Murray, Zarelli, Kilmer and Schoesler.

Brief History:

Committee Activity: Ways & Means: 12/12/11, 12/13/11 [DP, DNP, w/oRec].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Zarelli, Ranking Minority Member; Brown, Conway, Fraser, Harper, Hatfield, Hewitt, Honeyford, Kastama, Keiser, Kohl-Welles, Pflug, Pridemore, Regala, Schoesler and Tom.

Minority Report: Do not pass.
Signed by Senator Padden.

Minority Report: That it be referred without recommendation.
Signed by Senator Baumgartner.

Staff: Dianne Criswell (786-7433)

Background: Holding Period for Unclaimed Securities. Under the state Unclaimed Property program, a business, financial institution, utility, or governmental entity holding unclaimed 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. For most unclaimed securities, such as bonds, stocks, or dividends, the holding period by the business or other entity is three years. After the holding period has passed, the business or other entity must transfer the property to DOR.

Additional 3-Year Holding Period by DOR Before Unclaimed Securities May Be Sold. Abandoned property turned over to DOR is deposited into the state General Fund, or else liquidated and then deposited. However, most abandoned securities that are turned over to the state may be sold no sooner than three years after the state has received the property.

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.

Notice. Under the program, DOR's duty is to find the rightful owner of the property, if possible. One of DOR's requirements is to place a notice by November 1 of each year in a newspaper of general circulation which it determines is the most likely to give notice to the apparent owner of the unclaimed property. The published notice must contain an explanation of how persons possessing an interest in the property may contact DOR for further information. Further, DOR is required to mail notices by September 1 of each year to apparent owners of unclaimed property that has been reported and turned over to the state in that year.

Claim for Unclaimed Property by the Owner. A person claiming an interest in any property delivered to DOR may file a claim for the property or the proceeds. DOR must consider each claim within 90 days and provide written notice. If the claim is allowed, DOR must deliver the property or pay the net proceeds if the property has been sold.

Summary of Bill: All securities delivered to DOR must be sold as soon as practicable, in the judgment of DOR. This requirement does not apply to any securities that are unsaleable, worthless, or not cost-effective to sell.

Any person making a claim for a security turned over to DOR is entitled to receive the net proceeds if the security has been ordered sold. If the security has not been ordered sold, a person claiming the security may elect to have the security returned or to receive the net proceeds. If the security is deemed unsaleable, the person is entitled to the return of the security.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: This legislation would accelerate the conversion of unclaimed securities with the proceeds going to the state General Fund. Owners of the unclaimed securities may continue to claim the net proceeds of any securities that are sold.

Persons Testifying: PRO: Stuart Thronson, DOR.