
Finance Committee

HB 2095

Brief Description: Concerning gift certificates as unclaimed property.

Sponsors: Representatives Alvarado, Berry, Ryu, Senn, Reed, Gregerson, Ormsby, Ramel, Macri, Street, Chopp, Mena, Goodman, Berg, Doglio, Cortes, Wylie, Pollet and Kloba.

<p>Brief Summary of Bill</p> <ul style="list-style-type: none">• Classifies gift certificates issued by certain entities as property for purposes of the Revised Uniform Unclaimed Property Act.

Hearing Date: 1/16/24

Staff: Rachelle Harris (786-7137).

Background:

Unclaimed Property.

Enacted in 2022, the Revised Uniform Unclaimed Property Act (RUUPA) repealed and replaced the Uniform Unclaimed Property Act (UUPA), and updated state law governing distribution and processing of unclaimed property (UCP).

UCP is money or intangible property owed to an individual or business. Property is considered unclaimed after it has been held for a specified period of time and the holder is not able to locate the property owner. Typical UCP includes bank accounts, insurance proceeds, securities, safe deposit box contents, and uncashed checks. Common holders of UCP are banks and financial institutions, businesses, and state and local governments.

With respect to the RUUPA, property includes income, money, virtual currency, checks, credit balance, stored value cards, some securities, bonds, and amounts due under an annuity contract

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or insurance policy. Under current UCP law, some things are not counted as property, such as loyalty cards, game-related digital content, store credits, and gift certificates. Gift certificates and loyalty cards are not considered stored value cards or virtual currency.

With the exception of local governments holding certain types of UCP, all holders thereof must annually report and deliver UCP to the Department of Revenue (DOR), which administers a public and electronically searchable database of reported names of all apparent owners for whom property is being held by the DOR. The UCP database includes instructions for filing a claim to property with the DOR and a printable claim form with instructions for its use.

Unclaimed Property Reporting and Processing.

A holder of UCP must submit an annual report to the DOR concerning the property that provides complete, accurate, and timely information of their held UCP. Upon filing the report, the holder must pay or deliver to the DOR any UCP described, with some exceptions. If the value of the held property is \$75 or more, a holder of UCP must send, to the apparent owner, notice by first class United States mail where possible, no less than 60 days but no more than 180 days before filing the report.

A holder that pays money considered UCP to the DOR can make a claim for reimbursement if the money was paid in error or the holder pays the money to the presumed owner after sending the money to the DOR.

Upon receipt of the UCP, the DOR becomes an agent for the state and assumes custody and responsibility for safekeeping of the property.

A person may file a claim to property held by the DOR as UCP. If there is sufficient evidence to establish that a claimant is the owner, the DOR pays or delivers to a claimant the property or the proceeds from a sale thereof, within 90 days of a claim being filed.

Summary of Bill:

Gift certificates are considered property for the purposes of RUUPA. A gift certificate that stores or allows customers to earn loyalty points counts as a gift certificate.

The value limit that requires a holder of UCP to send the owner notice prior to reporting the UCP to the DOR is reduced to \$50.

A gift certificate becomes UCP if it remains unclaimed for more than three years after becoming payable or distributable. When a gift certificate becomes UCP, it must be included in the holder's report to the DOR concerning such property.

The DOR must notify the holder if gift certificate funds have been claimed have been paid to the owner. If the DOR has not notified the holder that the gift certificate has been claimed, the holder must accept the gift certificate as payment from the owner.

Gift certificates that allow for the purchasing of goods, products, and services exclusively through paid membership programs are exempt from being considered UCP if they cost at least \$50 annually. A holder with total revenues not greater than \$100 million in the prior fiscal year are exempt from tracking gift cards as UCP.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 2024.