

Fiscal Estimate Narratives

DOR 5/28/2021

LRB Number	21-3482/1	Introduction Number	SB-370	Estimate Type	Original
Description the Revised Uniform Unclaimed Property Act					

Assumptions Used in Arriving at Fiscal Estimate

This bill adopts the revised Uniform Unclaimed Property Act (the act), as approved by the Uniform Law Commission, also known as the National Conference of Commissioners on Uniform State Laws. The bill designates the Department of Revenue as the administrator and updates the act to address the disposition of unclaimed gift cards, life insurance benefits, securities, and virtual currencies. Under the bill, with specific exceptions, when the administrator pays a claimant property in the form of money, including property converted to money, the administrator shall pay simple interest on that money for the period it was in custody at an annual rate equal to the applicable annual federal long-term rate determined under section 1274 (d) of the Internal Revenue Code in effect on December 31 of the year prior to the year in which the claim is paid.

The fiscal effect of the bill is indeterminate and would vary based on the impact to the unclaimed property fund balance. If the bill results in higher remitted unclaimed property assets without higher paid claims, then a larger amount of money would transfer to the school fund. Alternatively, if increasing remitted unclaimed property assets results in proportionally higher paid claims, then no additional money would transfer to the school fund. Since FY 2013, remitted unclaimed property assets have averaged \$59.90 million, while paid claims have averaged \$31.66 million a year. The FY 2020 transfer to the school fund was \$33.74 million. The department estimates the school fund transfer at \$34.17 million for FY 2021.

The department does not have sufficient data to estimate the interest costs. The average unclaimed property amount is \$1,188, while the average holding period is 3.67 years. The annual applicable federal long-term rate for December 2020 was 1.31 percent and 2.09 percent for December 2019. Recently, the rate has been increasing with a 2.16 percent rate for May 2021.

The department can absorb administrative costs with existing resources.

Long-Range Fiscal Implications