

H B

85

# HOUSE COMMITTEE REPORT

(11)

Date referred: 2/13/87

FURTHER REFERRALS:

DATE: 3-4-87

The Finance Committee has considered HB 85

"An Act relating to reporting of unclaimed intangible property; and providing for an effective date."

**RECOMMENDS:**

- replace with CS HB 85 (JUD)  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING DO PASS:**

*Al Adams*  
*Pat Bourke*  
*Ronald J. Larson*  
*Bill ...*  
*Steve ...*  
*Mark ...*  
*F. Keywellis*  
*Kay ...*  
*Mike Davis*

**SIGNING OTHER RECOMMENDATIONS:**

*Steve ... No Recommendation*

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*Albert ...*  
 \_\_\_\_\_  
 Chairman's signature

STATE OF ALASKA 1987 LEGISLATIVE SESSION

FISCAL NOTE

Bill Version: CSHB 85(JUD)

Publish Date: 2/13/87

REQUEST \_\_\_\_\_

Revision Date: 2/18/87

Title: An act relating to reporting of unclaimed property

Sponsor: Rules/Governor

Requestor: Finance

Agency Affected: Revenue

BRU: Audit

Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
<b>OPERATING</b>						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
<b>TOTAL OPERATING</b>	<b>- 0 -</b>	<b>- 0 -</b>	<b>- 0 -</b>	<b>- 0 -</b>	<b>- 0 -</b>	<b>- 0 -</b>
<b>CAPITAL</b>	<b>- 0 -</b>	<b>- 0 -</b>	<b>- 0 -</b>	<b>- 0 -</b>	<b>- 0 -</b>	<b>- 0 -</b>
<b>REVENUE</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: See attached.

Prepared By: Steven E. Kettel *SK*

Division: Audit

Phone: 465-2320

Date: 2/18/87

Approved by Commissioner: Hugh Malone *HM*

Agency: Revenue

Date: 2/18/87

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

2/20/87  
 Revenue

Fiscal Note Analysis  
CSHB 85

During the final hours of the 1986 legislative session, an amendment to the Uniform Act was offered by a local businessman. The amendment, AS 34.45.280(f) exempts holders of unclaimed property and abandoned property from filing a report with the Department if the total amount held is less than \$750.00. The Department was not given an opportunity to testify on the amendment and would have been in extreme opposition to it. The Uniform Act was adopted primarily to give this State the authority to require holders located outside this State to turn over property held for persons with a last known address in Alaska. We believe millions of dollars are held by thousands of financial institutions, often in increments much less than the \$750.00 minimum contained in 280(f). Retaining this amendment will preclude the State, and eventually its citizens, from being reunited with hundreds of thousands of dollars of their property. Repeal of this section must be enacted immediately before holders become accustomed to its provisions allowing them exemption from filing a report.

109 of 193 holders that filed a 1986 report with the Department were lower 48 companies that paid less than \$750.00 each. Much of the property being reported to us consists of dividends paid to shareholders on the company's stock. The state is entitled to receive these unclaimed dividends annually and after seven dividends are abandoned the underlying shares are also subject to being reported to the State. These companies, many of them Fortune 500 companies, represent the "tip of the iceberg" as far as the number of foreign corporations and businesses that should be reporting unclaimed property to us. Many others are not yet aware of our new legislation. However, because of the number of requests we have received for copies of our law, we also believe that hundreds of companies have not exceeded the \$750 threshold and have legally not filed a report this year. Interestingly, only five Alaska corporations with unclaimed property of less than \$750.00 have reported it to us.

The compromise language in the committee substitute bill is not expected to greatly impact revenues that otherwise are expected to be received.

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE JUDICIARY COMMITTEE  
2 CS FOR HOUSE BILL NO. 85 (Judiciary)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL  
6 For an Act entitled: "An Act relating to reporting of unclaimed property;  
7 and providing for an effective date."  
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
9 \* Section 1. AS 34.45.280(f) is amended to read:  
10 (f) The requirements of this section do not apply to the holder  
11 of gift certificates and credit memos that are [INTANGIBLE PROPERTY  
12 THAT IS] presumed abandoned under AS 34.45.240 [AS 34.45.110 - 34.45.-  
13 780] during the year preceding June 30 of each year if the total  
14 aggregate value of the certificates and memos [INTANGIBLE PROPERTY] is  
15 less than \$100 [\$750].  
16 \* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

Unclaimed Property Unit  
Foreign Companies Reporting \$750 or less  
As of February 1, 1987

Prepared by:  
Steven E. Kettel  
Audit Division  
February 6, 1987

USX CORPORATION  
F. W. WOOLWORTH CO.  
ZURICH INSURANCE CO., U.S. BRANCH  
COLEMAN COMPANY, INC.  
LOUISIANA-PACIFIC CORPORATION  
TAISHO MANAGAEMENT CORP.  
SPERRY CORPORATION  
BANKAMERICA CORPORATION  
ITT CORPORATION  
NORTHERN LIFE INSURANCE CO.  
NATIONAL GENERAL INSURANCE CO.  
NATIONAL WESTERN LIFE INSURANCE CO.  
NCR CORPORATION  
NORTHWESTERN NATIONAL LIFE INSURANCE CO.  
PENNSYLVANIA LIFE INSURANCE CO.  
PILLSBURY COMPANY, THE  
POLAROID CORPORATION

ROCKWELL INTERNATIONAL CORP.  
SECURITY LIFE INS. CO. OF AMERICA  
SUNSET LIFE INSURANCE CO. OF AMERICA  
TEXACO INC. & SUBSIDIARIES  
TEXAS GAS TRANSMISSION CORPORATION  
TICOR TITLE INSURANCE  
TRUST SERVICES OF AMERICA  
UNION CARBIDE CORP.  
UNITED AIRLINES, INC.  
FIRST FARWEST CORP.  
FIRST NATIONAL BANK OF ANCHORAGE  
FORT CAMPBELL FEDERAL CREDIT UNION  
GENERAL ELECTRIC

HERCULES INC.  
HONEYWELL, INC.  
IDS FINANCIAL SERVICES, INC.  
JERMAIN, DUNNAGAN & OWNES, P.C.  
LA MEXICANA, INC.  
MERCK & CO., INC.  
MIDLAND NATIONAL LIFE INSURANCE CO.  
MOBIL OIL CORPORATION

WARNER COMMUNICATIONS, INC.  
YOSEMITE INSURANCE COMPANY  
ZURN INDUSTRIES, INC.  
CONOCO, INC.  
GEORGIA-PACIFIC CORP (BANK OF AMERICA)  
CENVILL INVESTORS, INC.  
FUQUA INDUSTRIES, INC.  
SAFeway STORES, INC.  
ARMCO, INC.  
MUTUAL PROTECTIVE INSURANCE CO.  
NATIONAL HOME LIFE ASSURANCE CO.  
NATIONWIDE MUTUAL INSURANCE CO.  
NEW HAMPSHIRE INSURANCE GROUP  
NORWEST CORP.  
PENTAGON FEDERAL CREDIT UNION  
PMI MORTGAGE INSURANCE CO.  
R. L. POLK & CO.  
RAINIER MORTGAGE COMPANY  
ROYAL INSURANCE  
SHELL OIL CO. AND SUBSIDIARIES  
TEACHERS INSURANCE CO.  
TEXAS EASTERN CORPORATION  
TEXAS INSTRUMENTS INC.  
TITLE INSURANCE AGENCY  
UAL, INC.  
UNIROYAL, INC.  
JNITED GUARANTY RESIDENTIAL INS CO OF IOWA  
FIRST INTERSTATE BANK OF OREGON, N.A.  
FORD AEROSPACE & COMMUNICATIONS CORP.  
GENCORP, INC.  
GENERAL ELECTRIC MTG INS CORP  
HALLIBURTON COMPANY  
HOME SAVINGS OF AMERICA  
HOUSEHOLD FINANCE CORP & FINANCE SUBS  
INVESTORS INSURANCE CORP  
KIEWIT HOLDINGS  
MANAGMENT & TECHNICAL SERVICES CO.  
APCO LIQUIDATING TRUST  
MINNESOTA MINING & MANUFACTURING  
A.I. CREDIT CORPORATION

ALLEGHENY INTERNATIONAL, INC.  
AMERICAN GEN'L LIFE INS. CO. OF DELAWARE  
AMP INCORPORATED  
ARKANSAS LOUISIANA GAS CO.  
B. F. GOODRICH COMPANY, THE  
CAMPBELL SOUP COMPANY  
CHASE MANHATTAN BANK, N.A.

CITIES SERVICE OIL & GAS CORP.  
CONSOLIDATED PAPERS, INC.  
CREDIT THRIFT FINANCIAL MANAGEMENT  
EASTMAN KODAK COMPANY

EMPLOYERS REINSURANCE CORPORATION

ALLIED-SIGNAL, INC.  
AMERICAN LIFE & CASUALTY INS. CO.  
ARGONAUT INSURANCE CO.  
BECHTEL, INC.  
BRUNSWICK CORPORATION  
CATERPILLAR, INC.  
CHURCH OF JESUS CHRIST OF LATTER-DAY  
SAINTS  
COLONIAL PENN LIFE INSURANCE COMPANY  
CONTROL DATA CORPORATION  
DANIEL INTERNATIONAL CORPORATION  
EMPLOYERS INSURANCE OF WAUSAU  
A MUTUAL COMPANY  
FARMERS NEW WORLD LIFE INS. CO.









STEVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 29, 1987

The Honorable Ben Grussendorf  
Speaker of the House  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to reporting of unclaimed intangible property.

The Uniform Unclaimed Property Act, promulgated in 1981 by the National Conference of Commissioners on Uniform State Laws, was enacted in Alaska last year (ch. 133, SLA 1986). During the hectic final days of the 1986 legislative session, two amendments to the bill proposing the Uniform Act were adopted to exempt holders of unclaimed and abandoned intangible property from filing a report with the Department of Revenue if the total amount held by a particular holder is less than \$750. (See AS 34.45.280 and compare sec. 17 of the Uniform Act.) Those two amendments, significantly increasing the breadth and depth of AS 34.45.280(f)'s exemption (already in the then pending, but not the original, version of the bill), grossly intensified the problem of AS 34.45.280(f) itself. I am convinced that their effect was not fully analyzed before adoption. The most appropriate solution is the complete repeal of AS 34.45.280(f), and that is what this bill does.

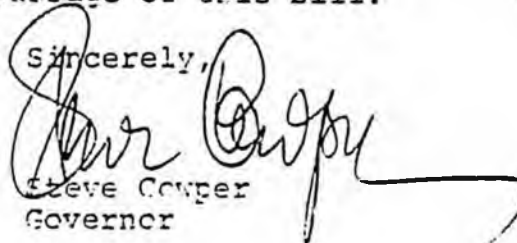
Not only is AS 34.45.280(f) inconsistent with the Uniform Act, retaining it would preclude the state and eventually the people of the state from being reunited with hundreds of thousands of dollars of property. It is important that this subsection be repealed at the earliest possible date, before holders of unclaimed property become accustomed to its exemption and get in the habit of not filing a report for this property.

One primary reason for enacting the Uniform Act was to give the state the authority to require holders located outside of this state to turn over property held for persons with a last known address in this state. It is believed that millions of dollars are held by thousands of out-of-state

businesses, especially banks and other financial institutions, in amounts less than the \$750 specified in AS 34.45.280(f). Repeal of that subsection would enable the state to reclaim most of that money.

For the good of the state and its people, and to help provide uniformity with other states enacting the Uniform Act, I strongly urge your prompt passage of this bill.

Sincerely,

A handwritten signature in cursive script, appearing to read "Steve Cooper", with a long horizontal flourish extending to the right.

Steve Cooper  
Governor

Original sponsor: Rules/Governor

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13 780] during the year preceding June 30 of each year if the total  
14 aggregate value of the certificates and memos [INTANGIBLE PROPERTY] is  
15 less than \$100 [\$750].  
16 \* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

Introduced: 1/30/87  
Referred: Judiciary and  
Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 85

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE -- FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to reporting of unclaimed intangible  
7 property; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 34.45.280(f) is repealed.

10 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
11 10.070(c).