

SB

463-H

HOUSE COMMITTEE REPORT

(11)

Date referred: 4/7/88

FURTHER REFERRALS:

DATE: 4/12/88

The Finance Committee has considered SB 463

"An Act relating to unused airline tickets."

RECOMMENDS:

- replace with _____ 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 3/3/88
- zero with analysis

SIGNING DO PASS:

ADAMS *Al Adams*

POURCHOT *Robert Pourchot*

LARSON *Raymond Larson*

SWACK *Ed Swack*

BOYER *Mark Boyer*

RIEBER *Gene Rieber*

SIGNING OTHER RECOMMENDATIONS:

DAVIS *Mike Davis*

Al Adams
Chairman's signature

A/B

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB 463
PUBLISH DATE: (Senate) 3/5/88

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act relating to unused
airline tickets."
Sponsor: Senator Josephson
Requestor: Senate Transportation

Agency Affected: Revenue
BRU: Income and Excise Audit
Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	(100)	(100)	(100)	(100)	(100)

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

(see attached analysis)

Prepared By: John Hansen, Audit Supervisor Phone: 465-2300
Division: Income and Excise Audit Division Date: 03/02/88

Approved by Commissioner: Hugh Malone Date: 03/02/88
Agency: Department of Revenue

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Prepared by: John N. Hansen
Department of Revenue
Income and Excise Audit Division

Senate 3/3/88

SB 463 Fiscal Note Analysis

Alaska adopted the Uniform Unclaimed Property Act (AS.34.45) in 1986. This Act is a strong piece of consumer protection legislation. This legislation goes contrary to that act. No other state has excluded airline tickets from being considered unclaimed property. The National Association of Unclaimed Property Administrators (NAUPA) has been opposed to legislation similar to SB 463. The Department of Revenue is opposed to this legislation.

The Fiscal Note reflects an annual anticipated revenue reduction of \$100,000. This is based on an estimate made from our short history with this law. We believe this figure to be quite low, especially as the first report year filed will include all unclaimed tickets to date held by the airlines. To date only one Air Carrier has filed with the department and remitted \$26,000. This air carrier is a local one.

Currently there are 22 domestic and 14 international air carriers operating in Alaska. The department believes the major air carriers operating in Alaska have substantial amounts of unclaimed property. This property should be turned over to the state so we may locate the owners.

1 IN THE SENATE

BY JOSEPHSON BY REQUEST

2

SENATE BILL NO. 463

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to unused airline tickets."

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

8 * Section 1. AS 34.45.760(10) is amended to read:

9

(10) "intangible property"

10

(A) includes

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(i) money, checks, drafts, deposits, interest,
dividends, and income;

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13

(ii) credit balances, customer overpayments, gift
certificates, security deposits, refunds, credit memos,
unpaid wages, [UNUSED AIRLINE TICKETS,] and unidentified
remittances;

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17

(iii) stocks and other intangible ownership inter-
ests in business associations;

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19

(iv) money deposited to redeem stocks, bonds,
coupons, and other securities, or to make distributions;

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21

(v) amounts due and payable under the terms of
insurance policies; and

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23

(vi) amounts distributable from a trust or custo-
dial fund established under a plan to provide health, wel-
fare, pension, vacation, severance, retirement, death, stock
purchase, profit-sharing, employee savings, supplemental
unemployment insurance, or similar benefits;

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(B) does not include

29

(i) unused airline tickets; or

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2
3
4

(ii) shares of stock issued by a corporation organized under 43 U.S.C. 1601 - 1629a (Alaska Native Claims Settlement Act) or [TO] unclaimed dividends payable on the shares of stock;

(Not considered)

AMENDMENT # 1

TO: HOUSE FINANCE COMMITTEE

FROM: DEPARTMENT OF REVENUE
INCOME AND EXCISE

RE: SB 463

Sec. 34.45.700

(a) An agreement to pay compensation to recover or assist in the recovery of property reported under AS 34.45.280, made within 24 months after the date payment or delivery is made under AS 34.45.290, is unenforceable.

(b) An agreement made under this section, after the time period of 24 months referred to under (a) of this section, is valid if the fee or compensation agreed upon is not in excess of 10 percent of the recoverable property and the agreement is in writing and signed by the owner after disclosure in the agreement of the nature and value of the property and the name and address of the person or entity in possession of the property. Nothing in this section shall be construed to prevent an owner from asserting, at any time, that any agreement to locate property is based upon an excessive or unjust consideration.

FISCAL NOTE

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Prepared by: John N. Hansen
Department of Revenue
Income and Excise Audit Division
Senate 3/3/88

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Official Business

Alaska State Legislature

Senate

P.O. BOX V
State Capitol
Juneau, Alaska 99811

March 31, 1988

M E M O R A N D U M

To: House Transportation Committee members
From: Sen. Joe Josephson *Joe Josephson*
Re: SB 463

SB 463 would remove airline tickets from Alaska's unclaimed property statute (AS 34.35.). Existing law requires that sums equal to the price of all "unused" airline tickets be paid over by air carrier to the State five years from the date of ticket issuance. (In theory, these sums, when paid, are received by the State in trust for the passengers who bought the tickets. Under AS 34.35.310, the State is supposed to try to locate these people.)

I believe the law's requirements and procedures are illogical and unreasonable as they apply to airline tickets:

1. In some cases, such so-called "unused tickets" were not used on the flights for which they were issued or within the applicable expiration dates, and so the value of such tickets has been eliminated or reduced under the terms of the passenger-carrier contract. In other cases the tickets were used or redeemed, but through data entry mistakes the use or redemption was not properly recorded.

2. When a person purchases a standard-fare ticket but fails to show up for the flight, the current policy of the major carriers is generous. Although the carrier may have been unable to fill the empty seat, a refund is still given for the full ticket value.

3. If small in-state airlines are compelled to comply with the unclaimed property statute, the additional record-keeping burden could require them to purchase new equipment and suffer additional personnel costs. These requirements may cause ticket prices to increase. Air carriers suggest that the additional recordkeeping costs they will bear will be greater than the amount of money that would be produced.

4. Airline marketing techniques -- including the introduction of discount and frequent-flyer programs -- have changed radically since airline tickets were included in the uniform law developed in 1981. As interpreted by the Department of Revenue, the Alaska unclaimed property statute would infringe on the airlines' ability to offer limited-duration and special restriction tickets. If a carrier wishes to offer a discounted fare for a ticket, but require that it will be used by a certain date, or on certain flights, it should be able to do so. After all, that was one of the objectives of airline deregulation.

Conceptually, the issue presented is whether airline tickets should be treated the same as such property as bank accounts, stock certificates, or real estate, which are "unclaimed property" under the law, or whether they should be treated the same as tour packages, season theater or sports tickets, and similar items, which are not considered "unclaimed property".

If you have any questions, please contact me at 465-4525. Thank you for your consideration.

ANN W. RICHARDS
TREASURER

RECEIVED
ALASKA DEPARTMENT OF REVENUE

MAR 10 1988



OFFICE OF THE COMMISSIONER

TREASURY DEPARTMENT
PO BOX 12608 CAPITOL STATION
AUSTIN TEXAS 78711

STATE OF TEXAS

111 STATE OFFICE BUILDING
CONGRESS AT 17TH ST
(512) 463-0000

March 7, 1988

The Honorable Hugh Malone
Alaska Department of Revenue
P. O. Box SA
Juneau, Alaska 99811-0400

Re: SB 463

Dear Commissioner Malone:

The Unclaimed Property Administrator for the State of Alaska, Patty LaPierre, has brought to my attention a bill now pending in Alaska which could have substantial impact on other states. SB 463 apparently excludes unused airline tickets from the reporting and remitting requirements of the Alaska unclaimed property laws.

No other states exclude unused airline tickets from their laws. In addition, most states have encountered, either through legislation or litigation, attempts to carve out exceptions to the unclaimed property laws. In the southwest, oil and gas companies long resisted unclaimed property requirements. In other states, co-ops have attempted to avoid turning over abandoned property.

Ordinarily, both the State and its citizens suffer as a result of any exceptions to the unclaimed property laws -- the State, because of a diminution in revenue, and its citizens, because they probably will not be notified about their abandoned accounts.

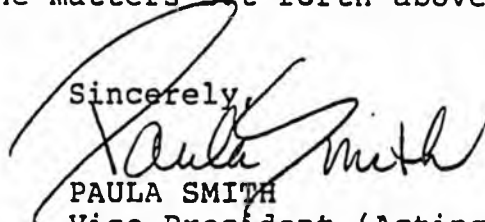
Another impact to the kind of exception the Alaska legislature is considering is that under the United States Supreme Court case of Texas v. New Jersey, 379 U.S. 674 (1965), any property excepted from coverage by Alaska law may then be subject to reporting and remitting under the laws of the state of incorporation of the holder (in this instance, the airline). Thus, if the property (unused airline tickets) is not covered by the law of the state of the passenger's last-known address, it will probably be covered by the law of the state of incorporation of the airline (for example, Delaware).

March 7, 1988

Moreover, it will be only the citizens of Alaska who suffer from this law, because the laws of the other states will apply when their residents have unused tickets for Alaskan airlines. For example, the unused ticket of a Texas resident travelling on an Alaskan airline would still be subject to Texas unclaimed property laws.

In the past few years, the National Association of Unclaimed Property Administrators has worked closely with corporations required to report in many states. A goal of both the states and corporations has been to make the unclaimed property laws more uniform -- not complicate corporate reporting by state exceptions. On behalf of the Association, we hope you and legislators considering SB 463 will consider carefully the matters set forth above in your deliberations.

Sincerely,



PAULA SMITH
Vice-President (Acting President)
National Association of Unclaimed
Property Administrators
Director
Unclaimed Property Division
Texas State Treasury

PS/na

cc: Ms. Patty LaPierre
Administrator
Alaska Unclaimed Property Division

MALONE
PS

ANN W. RICHARDS
TREASURER

RECEIVED
ALASKA DEPARTMENT OF REVENUE

MAR 10 1988



OFFICE OF THE COMMISSIONER

TREASURY DEPARTMENT
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AUSTIN, TEXAS 78711

STATE OF TEXAS

THE STATE OFFICE BUILDING
CONGRESS AT 17TH ST
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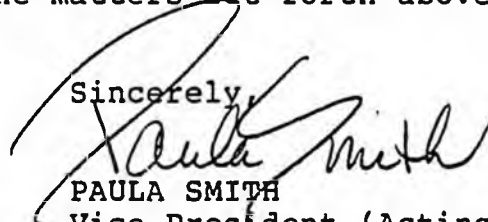
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Property Administrators
Director
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Texas State Treasury

PS/na

cc: Ms. Patty LaPierre
Administrator
Alaska Unclaimed Property Division

MALONE
PS

MARK

Express

Operated by Hermens Air

Box 7010 • Bethel, Alaska 99559 • (907) 543-4220

March 3, 1988

The Honorable Lloyd Jones
The State Senate
Alaska State Capitol
Senate Transportation Committee
Juneau, Alaska 99802

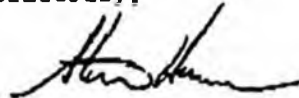
Dear Senator Jones:

I am very much in support of Senator Josephson's legislation to delete unused airline tickets from the state's unclaimed property list.

1. Our company writes around 50,000 tickets per year.
2. Four or five tickets per month are unclaimed but are paid for with a travel voucher. These vouchers are voided by the agency, thus cancelling the ticket value.
3. We have less than one ticket per month that is paid for but not picked up.
4. The average value of our ticket is only \$45.00 and the cost of tracking these unused tickets for five years would far exceed the ticket value.
5. Each time a passenger makes a reservation the airline is charged about \$1.50. Each ticket cost approximately ten cents plus the cost of the agent writing the ticket.

Therefore, we are not making money on unused tickets.

Sincerely,



Stan Hermens
President

SH/fc

DISCUSSION ON ABANDONED PROPERTY LAW RE: UNUSED AIRLINE TICKETS

MarkAir's position is that unused airline tickets should not be classified as abandoned property. The main reasons for this position are:

- I Of all the airline tickets sold, very few of these tickets actually result in unused transportation.
- II Of all the tickets sold but not used, most have a de minimus value.
- III Accounting for tickets sold over an extended period carries a significant and burdensome cost.
- IV Tickets are sold with the understanding they are good for travel anytime within the subsequent year unless restrictions are imposed on their use due to special discounted fares.

MarkAir utilizes a computerized system to account for the sale of tickets and passenger revenue. The system matches each sales document with its related tickets based on the ticket and coupon number.

A simplified description of how MarkAir's sales and Match-Use Accounting System works may be helpful at this point.

A passenger ticket or excess baggage ticket is prepared at a MarkAir ticket counter, city ticket office or any of five hundred plus travel agency locations authorized to issue tickets on MarkAir. An accounting copy of the transaction

is submitted to the Anchorage accounting office for recording its value, taxes, routing and other data by ticket number.

The ticket number, along with its value and issue date becomes the basis of a Match-Use file and general ledger transportation liability account. As a flight coupon is used by the passenger, the coupon is processed into the file using its fourteen digit ticket number. The system will then match the coupon to a sales record and reduce the liability value of the file and the general ledger for the amount of the ticket.

The entire sales record for each ticket will remain in the file until one of two events occur: (1) all coupons are matched off or, (2) the record becomes fifteen months old, at which time the remaining open coupons are removed.

The checks and balances in the system include a computerized file which provides an item by item history of transportation coupon values and is the support to the transportation liability account in the general ledger. On a monthly basis, the general ledger account is reconciled to the computer file, with accepted differences resulting in revenue adjustments.

Since the monthly revenue dollars are entirely controlled within the computer system, tickets which are used but are not processed for whatever reason, are excluded from the match process. This results in an overstatement of the transportation liability and understatement of revenue. Unmatched tickets having an issue date in excess of fourteen months from the current month are recorded as revenue.

The major areas which cause revenue to age-off rather than be matched-off are as

follows:
1496Q-2
03-01-88

1. Failure to lift flight coupons and excess baggage coupons from passengers makes it impossible to remove them by the match-use process from the sales record.
2. Loss of entire flight envelopes containing the flight coupons lifted from passengers results in used MarkAir flight coupons not being match-used off the sales record.
3. Failure of headquarters accounting personnel and the system to match used flight coupons off the sales record by:
 - a) Failure to process coupons/data.
 - b) Key punch error in fourteen digit ticket number.
 - c) Unable to read the fourteen digit ticket number.
4. Failure for other airlines to bill MarkAir because of similar mishandling problems as mentioned in 3.
5. Tickets which are refunded but are not removed from the sales record because of the absence of applicable ticket and coupon number.
6. Refunds of "Aged" sales. Refunds of tickets over fourteen months in age are made and accounted for in the current accounting period. No adjustments for these refunds can ever be made to a closed record.

7. Unsupported exchange use tickets not being removed from the sales record because the applicable ticket and coupon numbers were not available.

Adjustments to the transportation liability account are also required to adjust the sales record for fare changes, refund fees and commission expense paid to travel agencies.

An analysis of ticket sales and lift processing has been performed to define what accounts for this failure to achieve matched use removal:

About sixty-three percent of use against MarkAir sales is from LIFT use. Passenger coupons can be lifted by MarkAir personnel in several airport locations. For passenger convenience and to relieve congestion, some flight coupons may be lifted at the podium in the gate waiting area and some are lifted by the inflight attendants at the doorway to the plane. All coupons for the same flight are consolidated, put into a flight envelope and sent into the Anchorage accounting office.

The flight envelopes are checked against a flight roster. Coupons issued by other airlines are separated from those issued by MarkAir. The other airline sales coupons are input and processed to the billing system. MarkAir lift coupons are input and processed to be matched to the sales record computer file.

Approximately twenty-nine percent of the tickets sold by MarkAir are used for flights on other airlines. The other airlines then bill MarkAir for these used flight coupons. The billed coupon numbers are entered into our system to match-off use from the computer sales record file. A major problem encountered

here is that many times an airline will bill multiple coupons for the same ticket but indicate only one coupon number with the entire billing on the one coupon. This results in a failure to remove used coupons from the sales record file.

Refunds are made at ticket counters, ticket offices, at travel agencies and in the Anchorage accounting office. When refunds are made, the refunded coupons are batched and sent to data input so that the ticket and coupon numbers can be input to relieve the sales records. There have always been a number of difficulties processing refunded coupons to the computer file. The refunds are made but the coupons may go to storage prematurely without the use (refund) being processed against the sales record file. Some refunds made in the field are missing entire or partial coupon and ticket numbers or we are unable to read them. Other refunds are made to passengers who have lost their flight coupons and we are unable to determine the complete ticket or coupon number.

The exchange of one ticket for another ticket creates a new sales record. When flight coupons are exchanged for new transportation, the exchanged flight coupons are normally attached to the new sales records and sent into the accounting office to process both the "use" on the old sale and to establish a new sale record. Whenever new transportation is issued without receiving the old flight coupon, the necessary ticket and coupon number required to clear the old record is absent and the transportation liability is incorrectly overstated.

Approximately ninety-nine percent of use is properly applied in the normal routine manner to the computer sales record file. The other one percent is

taken as aged revenue because we know the problems and errors which exist in the handling of used tickets. MarkAir has always been concerned about use processing errors, but it has never been economically justifiable to seek a hundred percent accuracy from the many employees handling transactions many times.

While nearly all tickets sold are used by the passenger, some very small percentage remain unused. Since we refund expired tickets as well as lost tickets, unused and unrefunded tickets are most likely of little value. We have found people generally seek refunds on unused tickets of almost any value, however, refund fees and adjustments for breaking restrictions on discounted tickets e.g., weekender or supersaver fares, make the nuisance of applying for the refund of certain tickets not worth the value of these promotional tickets.

Accounting for sold tickets over an extended period carries significant costs. These costs arise from record keeping, research, auditing and storage. For a carrier like MarkAir, this cost today would involve adding additional personnel, record storage space and computer processing and storage capability. These costs would continue to rise over the years as additional sales records continue to be added to historical files. Small carriers without a computerized match-use system would be forced to add personnel and computer hardware and software to develop a similar capability. The result would be the eventual resolution of most unused tickets as misprocessed or mishandled or unused discounted tickets which through the passage of time may have no refund value.

Finally, since tickets are generally valid for one year after purchase, being forced to refund unused tickets many years after they are sold infringes on the contract made between the airline and the ticket purchaser. The airline will

have provided the availability of transportation for the year after purchase and incurred the costs associated with producing the service and schedule. Whether the tickets are used or not, airlines will have held up their side of the contract and one year later if the ticket has expired they deserve to retain the value of the ticket and not be required to incur the costs to track, audit and research old tickets for years.

RAA**REEVE ALEUTIAN AIRWAYS, INC.**

March 7, 1988

Honorable Lloyd Jones
Chairman
Senate Transportation Committee

Dear Senator Jones:

Reeve Aleutian Airways would like to comment on the Uniform Unclaimed Property Act (AS 34.45) that your committee is reviewing.

Reeve Aleutian Airways did remit \$25,109 in miscellaneous open accounts with credits due pursuant to Uniform Unclaimed Property Act. The accounts varied in dollar value with a vast majority less than \$50.00. I also wish to note that the time period Reeve researched and made remittance for exceeded 5 years. Accordingly, any subsequent remittances pursuant to this act would be substantially less.

Reeve did protest and assert to the Dept. of Revenue that AS 34.45 created a conflict with filed tariff rules regarding refunds by individuals or claims by other airlines. Reeve also argued that with respect to tickets, revenues and liabilities were earned. Please note that a credit may be claimed within a time frame of two years for an individual and two and one half years by an airline for unused ticket coupons.

Reeve charges a passenger the appropriate amounts for travel including taxes. Unless the passenger can prove that he did not travel by presenting an unused coupon Reeve does not refund money. Reeve does however set up credits by passenger name/airline until the entire package of ticket coupons is received to debit against credits. Coupons are lost, misplaced, not matched, misfiled, not submitted, etc., etc. Accordingly, there are credits that are not cleared during the tariff time period. That certainly does not mean that Reeve should issue a credit nor consider the credits abandoned property. Until the expiry of the tariff time period all liabilities and revenues are considered earned income.

4700 W. INTERNATIONAL AIRPORT RD. • ANCHORAGE, ALASKA 99502

RAA

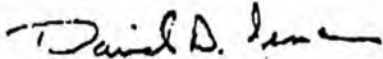
Honorable Lloyd Jones
March 7, 1988
Page 2

Reeve believes that a significant portion of the sum remitted to the State is earned revenue belonging to Reeve. The Dept. of Revenue considers unmatched coupons as miscellaneous intangible property that is abandoned and thus reportable. Reeve disputes that position. The fact that Reeve remitted sums does not mean that Reeve concurs nor agrees with the Department's position.

Please consider the various points and arguments before you carefully. I would like to urge the committee to exempt airline ticket coupons from AS 34.45.

Thank you.

Sincerely,



David A. Jensen
Administrative Vice President

DAJ/kd

§ 34.40.010

PROPERTY

§ 34.45.030

NOTES TO DECISIONS

Cited in Donnybrook Bldg. Supply Co. v. Alaska Nat'l Bank. Sup. Ct. Op. No. 3182 (File No. S-1385), P.2d (1987).

Chapter 40. Fraudulent Transfers.

Sec. 34.40.010. Invalidity generally.

NOTES TO DECISIONS

Fraud is established by preponderance of evidence; clear and convincing proof is not required. Gabaig v. Gabaig. Sup. Ct. Op. No. 3032 (File Nos. S-502, S-92, S-715), 717 P.2d 835 (1986). Evidence of post-transfer events is

clearly admissible to show intent at an earlier point in time, although the probative value of the evidence decreases as the elapsed time increases. Gabaig v. Gabaig. Sup. Ct. Op. No. 3032 (File Nos. S-502, S-92, S-715), 717 P.2d 835 (1986).

Chapter 45. Unclaimed Property.

Article

- 1. Consignees and Bailees (§§ 34.45.030 — 34.45.090)
- 2. Personal Property Presumed Abandoned; General Rules (§§ 34.45.110 — 34.45.120)
- 3. Conditions Leading to Presumption of Abandonment of Particular Types of Personal Property (§§ 34.45.140 — 34.45.260)
- 4. Reporting and Disposition of Personal Property (§§ 34.45.280 — 34.45.340)
- 5. Administration of Abandoned Property (§§ 34.45.360 — 34.45.430)
- 6. Enforcement and Penalties (§§ 34.45.450 — 34.45.470)
- 7. General Provisions (§§ 34.45.700 — 34.45.780)

Article 1. Consignees and Bailees.

Section

- 30. Sale
- 70. Proceeds of sale

Section

- 90. [Repealed]

Sec. 34.45.030. Sale. If property held by a person described in AS 34.45.010 is not claimed and taken away within one year after the time it is received, the person having possession of the property may sell the property in the manner provided in AS 34.45.010 — 34.45.080, except that property described in AS 34.45.110 — 34.45.260 shall be reported to the Department of Revenue under AS 34.45.280 and is subject to AS 34.45.290 — 34.45.780. (§ 22-7-3 ACLA 1949; am § 9 ch 133 SLA 1986)

Effect of amendments. — The 1986 amendment deleted "the" preceding "property" near the beginning of the section, inserted "held by a person described

in AS 34.45.010." and substituted the language beginning "AS 34.45.010 — 34.45.080" for "this chapter" at the end of the section.

Sec. 34.45.070. Proceeds of sale. (a) The peace officer, upon completion of the sale of the property, shall make and file with the district judge or magistrate a verified, written return of the conduct of the sale and of the application of the proceeds derived from it, and shall pay all money in excess of costs and charges to the district judge or magistrate.

(b) The district judge or magistrate shall hold the money in trust for the owner of the property and shall pay it to the owner upon the latter's making a written, verified claim to it, with proof of ownership, within one year after the date of the sale. If no claim is made within one year after the date of the sale, the district judge or magistrate shall immediately pay the excess proceeds to the Department of Revenue. Excess proceeds that are required to be paid over to the Department of Revenue under this section are subject to AS 34.45.280 and 34.45.330 — 34.45.780. (§ 22-7-7 ACLA 1949; am § 3 ch 24 SLA 1966; am § 10 ch 133 SLA 1986)

Effect of amendments. — The 1986 amendment in subsection (b) in the first two sentences substituted "one year" for "six months," deleted the former last sen-

tence and added the present last sentence. For the former version of subsection (b), see the main pamphlet.

Sec. 34.45.090. Fees of officers. [Repealed, § 14 ch 133 SLA 1986.]

Article 2. Personal Property Presumed Abandoned; General Rules.

Section 110. General rule for property presumed abandoned

Section 120. General rules for taking custody of unclaimed intangible property

Revisor's notes. — AS 34.45.110 — 34.45.780 derive from the Uniform Unclaimed Property Act of 1981.

Editor's notes. — Section 15, ch. 133, SLA 1986, provides that AS 34.45.110 —

34.45.780 "does not apply to personal property already delivered to the state or already the subject of escheat proceedings before September 7, 1986."

Sec. 34.45.110. General rule for property presumed abandoned. (a) Except as otherwise provided in AS 34.45.120 — 34.45.780, all intangible property, including income or increment derived from the property, less lawful charges, that is held, issued, or owing in the ordinary course of a holder's business and has remained unclaimed by the owner for more than five years after becoming payable or distributable is presumed abandoned.

(b) Property is payable or distributable for the purposes of AS 34.45.120 — 34.45.780 even if the owner failed to demand the prop-

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erty or to present an instrument or document required to receive payment of the property. (§ 11 ch 133 SLA 1986)

Sec. 34.45.120. General rules for taking custody of unclaimed intangible property. Unless otherwise provided in this chapter or by another statute of the state, intangible property is subject to the custody of the state as unclaimed property if the conditions raising a presumption of abandonment under AS 34.45.110 or 34.45.140 — 34.45.260 are satisfied and

(1) the last known address of the apparent owner, as shown on the records of the holder, is in the state;

(2) the records of the holder do not reflect the identity of the person entitled to the property and it is established that the last known address of the person entitled to the property is in the state;

(3) the records of the holder do not reflect the last known address of the apparent owner, and it is established that

(A) the last known address of the person entitled to the property is in the state, or

(B) the holder is a domiciliary or a government or governmental subdivision or agency, including a municipality, of the state and has not previously paid or delivered the property to the state of the last known address of the apparent owner or other person entitled to the property;

(4) the last known address of the apparent owner, as shown on the records of the holder, is in a state that either does not provide by law for the escheat or custodial taking of the property, or its escheat or unclaimed property law is not applicable to the property, and the holder is a domiciliary, government, or governmental subdivision or agency, including a municipality, of the state;

(5) the last known address of the apparent owner, as shown on the records of the holder, is in a foreign nation and the holder is a domiciliary, government, or governmental subdivision, including a municipality, or agency of the state; or

(6) the transaction out of which the property arose occurred in the state and

(A) the last known address of the apparent owner or other person entitled to the property is unknown, or the last known address of the apparent owner or other person entitled to the property is in a state that either does not provide by law for the escheat or custodial taking of the property or its escheat or unclaimed property law does not apply to the property, and

(B) the holder is a domiciliary of a state that either does not provide by law for the escheat or custodial taking of the property or its escheat or unclaimed property law does not apply to the property. (§ 11 ch 133 SLA 1986)

Article 3. Conditions Leading to Presumption of Abandonment of Particular Types of Personal Property.

<p>Section 140. Traveler's checks and money orders 150. Checks, drafts, and similar instruments issued or certified by banking and financial organizations 160. Bank deposits and money in financial organizations 170. Money owing under life insurance policies 180. Deposits held by utilities 190. Refunds held by business associations</p>	<p>Section 200. Stock and other intangible interests in business associations 210. Property of business associations held in course of dissolution 220. Property held by agents and fiduciaries 230. Property held by courts and public agencies 240. Gift certificates and credit memos 250. Wages 260. Contents of safe deposit box or other safekeeping repository</p>
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Sec. 34.45.140. Traveler's checks and money orders.

(a) Subject to (d) of this section, money payable on a traveler's check that has been outstanding for more than 15 years after its issuance is presumed abandoned unless the owner, within the preceding 15 years, has communicated in writing with the issuer concerning it or otherwise indicated an interest as evidenced by a memorandum or other record, on file, prepared by an employee of the issuer.

(b) Subject to (d) of this section, money payable on a money order or similar written instrument, other than a third-party bank check, that has been outstanding for more than seven years after its issuance is presumed abandoned unless the owner, within the preceding seven years, has communicated in writing with the issuer concerning it or otherwise indicated an interest as evidenced by a memorandum or other record, on file, prepared by an employee of the issuer.

(c) A holder may not deduct from the amount of a traveler's check or money order a charge imposed for failure to present the instrument for payment unless there is a valid and enforceable written contract between the issuer and the owner of the instrument under which the issuer may impose a charge, and the issuer regularly imposes charges and does not regularly reverse or otherwise cancel them.

(d) Money payable on a traveler's check, money order, or similar written instrument, other than a third-party check, described in (a) and (b) of this section, is not subject to the custody of the state as unclaimed property unless

(1) the records of the issuer show that the traveler's check, money order, or similar written instrument was purchased in the state;

(2) the issuer has its principal place of business in the state and the records of the issuer do not show the state in which the traveler's check, money order, or similar written instrument was purchased; or

(3) the issuer has its principal place of business in the state, the records of the issuer show the state in which the traveler's check, money order, or similar written instrument was purchased and the

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state of purchase either does not provide by law for the escheat or custodial taking of the property or its escheat or unclaimed property law is not applicable to the property.

(e) Notwithstanding any other provision of AS 34.45.110 — 34.45.780, (d) of this section applies to money payable on traveler's checks, money orders, and similar written instruments, other than a third-party bank check, presumed abandoned after January 31, 1965, except to the extent that those sums have been paid over to a state before January 1, 1974. (§ 11 ch 133 SLA 1986)

Sec. 34.45.150. Checks, drafts, and similar instruments issued or certified by banking and financial organizations. (a) Other than money payable on an instrument that is subject to AS 34.45.140, money payable on a check, draft, or similar instrument on which a banking or financial organization is directly liable, including a cashier's check and a certified check, that has been outstanding for more than seven years after it was payable or after its issuance if payable on demand, is presumed abandoned. This presumption does not apply if the owner, within the preceding seven years, has communicated in writing with the banking or financial organization concerning the instrument or has otherwise indicated an interest as evidenced by a memorandum or other record, on file, prepared by an employee of the organization.

(b) A holder may not deduct from the amount of an instrument subject to this section a charge imposed for failure to present the instrument for payment unless there is a valid and enforceable written contract between the holder and the owner of the instrument under which the holder may impose a charge, and the holder regularly imposes the charges and does not regularly reverse or otherwise cancel them. (§ 11 ch 133 SLA 1986)

Sec. 34.45.160. Bank deposits and money in financial organizations. (a) A demand, savings, or matured time deposit with a banking or financial organization, including a deposit that is automatically renewable, and money paid toward the purchase of a share, a mutual investment certificate, or other intangible property interest in a banking or financial organization is presumed abandoned unless the owner, within the preceding seven years has,

(1) in the case of a deposit, increased or decreased its amount or presented the passbook or other similar evidence of the deposit for the crediting of interest;

(2) communicated in writing with the banking or financial organization concerning the property;

(3) otherwise indicated an interest in the property as evidenced by a memorandum or other record, on file, prepared by an employee of the banking or financial organization;

(4) owned other property to which (1), (2), or (3) of this subsection applies and the banking or financial organization has communicated in writing with the owner with regard to the property that would otherwise be presumed abandoned under this subsection at the address to which communications regarding the other property are regularly sent; or

(5) had another relationship with the banking or financial organization concerning which the owner has

(A) communicated in writing with the banking or financial organization or otherwise indicated an interest as evidence by a memorandum or other record, on file, prepared by an employee of the banking or financial organization; and

(B) the banking or financial organization communicates in writing with the owner with regard to the property that would otherwise be abandoned under this subsection at the address to which communications regarding the other relationship regularly are sent.

(b) A holder may not impose, with respect to property described in (a) of this section, a charge due to dormancy or inactivity, or cease payment of interest.

(c) Property described in (a) of this section that is automatically renewable is matured for purposes of (a) of this section upon the expiration of its initial time period. However, in the case of a renewal to which the owner consents at or about the time of renewal by communicating in writing with the banking or financial organization or by otherwise indicating consent as evidenced by a memorandum or other record on file, prepared by an employee of the organization, the property is matured upon the expiration of the last time period for which consent was given. If, at the time provided for delivery in AS 34.45.320, a penalty or forfeiture in the payment of interest would result from the delivery of the property, the time for delivery is extended until the time when no penalty or forfeiture would result.

(d) For purposes of this section, "property" includes interest and dividends. (§ 11 ch 133 SLA 1986)

Sec. 34.45.170. Money owing under life insurance policies.

(a) Money held or owing under a life or endowment insurance policy or annuity contract that has matured or terminated is presumed abandoned if unclaimed for more than five years after the money became due and payable as established from the records of the insurance company holding or owing the money. However, property described in (c)(2) of this section is presumed abandoned if unclaimed for more than two years.

(b) If a person other than the insured or annuitant is entitled to the money and the address of that person is not known to the company, or it is not definite and certain from the records of the company who is entitled to the money, it is presumed that the last known address of

the person entitled to the money is the same as the last known address of the insured or annuitant according to the records of the company.

(c) For purposes of this section, a life endowment insurance policy or annuity contract not matured by actual proof of the death of the insured or annuitant according to the records of the company is matured and the proceeds are due and payable if

(1) the company has received due proof that the insured or annuitant has died; or

(2) the insured has attained, or would have attained if still living, the limiting age under the mortality table on which the reserve is based and

(A) the policy was in force at the time the insured attained, or would have attained, the limiting age; and

(B) neither the insured nor another person appearing to have an interest in the policy has, within the preceding two years, according to the records of the company, assigned, readjusted, or paid premiums on the policy, subjected the policy to a loan, corresponded in writing with the company concerning the policy, or otherwise indicated an interest as evidence by a memorandum or other record, on file, prepared by an employee of the company.

(d) For purposes of this section, the application of an automatic premium loan provision or other nonforfeiture provision contained in an insurance policy does not prevent a policy from being matured or terminated under (a) of this section if the insured has died or the insured or the beneficiary of the policy otherwise has become entitled to the proceeds of the policy before the depletion of the cash surrender value of a policy by the application of those nonforfeiture provisions.

(e) If the laws of the state or the terms of the life insurance policy require the company to give notice to the insured or the owner that an automatic premium loan provision or other nonforfeiture provision has been exercised and the notice is to be given to an insured or owner whose last known address, according to the records of the company, is in the state but is undeliverable, the company shall make a reasonable search to ascertain the policyholder's correct address to which the notice must be mailed.

(f) Notwithstanding any other provision of law, if the company learns of the death of the insured or annuitant and the beneficiary has not communicated with the insurer within four months after the death, the company shall take reasonable steps to pay the proceeds to the beneficiary.

(g) Commencing September 8, 1988, every change-of-beneficiary form issued by an insurance company under a life or endowment insurance policy or annuity contract to an insured or owner who is a resident of the state must request the following information:

(1) the name of each beneficiary, or if a class of beneficiaries is named, the name of each current beneficiary in the class;

- (2) the address of each beneficiary; and
- (3) the relationship of each beneficiary to the insured. (§ 11 ch 133 SLA 1986)

Sec. 34.45.180. Deposits held by utilities. A deposit, including interest on the deposit, made by a subscriber with a utility to secure payment, or money paid in advance for utility services to be furnished, less lawful deductions, that remains unclaimed by the owner for more than one year after the termination of the services for which the deposit or advance payment was made is presumed abandoned. (§ 11 ch 133 SLA 1986)

Sec. 34.45.190. Refunds held by business associations. Except to the extent otherwise ordered by a court or administrative agency, money that a business association has been ordered by the court or administrative agency to refund is presumed abandoned if it remains unclaimed by the owner for more than one year after it became payable in accordance with the final determination or order providing for the refund, regardless of whether the final determination or order requires the owner to make a claim for it. (§ 11 ch 133 SLA 1986)

Sec. 34.45.200. Stock and other intangible interests in business associations. (a) Except as otherwise provided in AS 34.45.210 and (b), (e) and (f) of this section, stock or other intangible ownership interest in a business association, the existence of which is evidenced by records available to the association, is presumed abandoned and, with respect to the ownership interest, the association is the holder, if a dividend, distribution, or other money payable as a result of the interest has remained unclaimed by the owner for seven years after the money became payable, and the owner, within that seven years, has not

(1) communicated in writing with the association regarding the ownership interest or a dividend, distribution, or other money payable as a result of the interest; or

(2) otherwise communicated with the association regarding the ownership interest or a dividend, distribution, or other money payable as a result of the interest, as evidenced by a memorandum or other record, on file with the association, prepared by an employee of the association.

(b) At the expiration of a seven-year period following the failure of the owner to claim a dividend, distribution, or other money payable to the owner as a result of the ownership interest, the interest is not presumed abandoned unless there have been at least seven dividends, distributions, or other payments paid during the period, none of which has been claimed by the owner. If seven dividends, distributions, or other payments are paid during the seven-year period, the ownership

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interest is presumed abandoned at the end of the seven-year period. If seven dividends, distributions, or other payments are not paid during the seven-year period, the period continues to run until there have been seven dividends, distributions, or other payments that have not been claimed by the owner.

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(c) The running of the seven-year period of abandonment ceases immediately upon the occurrence of a communication described in (a) of this section. If a subsequent dividend, distribution, or other money payable to the owner as a result of the ownership interest is not claimed by the owner, a new seven-year period of abandonment commences at the time that subsequent dividend, distribution, or other money became due and payable.

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(d) At the time an ownership interest is presumed abandoned under this section, all dividends, distributions, or other money then held for or owing to the owner as a result of the ownership interest, and not previously presumed abandoned, are presumed abandoned.

(e) This section does not apply to a stock or other intangible ownership interest enrolled in a plan that provides for the automatic reinvestment of dividends, distributions, or other money payable as a result of the interest, unless the records available to the administrator of the plan show, with respect to another intangible ownership interest not enrolled in the reinvestment plan, that the owner has not within seven years communicated in a manner described in (a) of this section.

(f) A distribution of net margins by a cooperative incorporated under AS 10.25 is presumed abandoned if the distribution remains unclaimed by the owner for more than one year after the date authorized for the distribution. The abandoned distribution reverts to the cooperative if the cooperative has, at least six months before the proposed reversion date, both

(1) mailed a notice of the proposed reversion to the last known address of the owner as shown by the cooperative records; and

(2) published notice of the proposed reversion in the manner provided by law for the service of a summons by publications. (§ 11 ch 133 SLA 1986)

Sec. 34.45.210. Property of business associations held in course of dissolution. Except for intangible property distributable under AS 06.05.465, intangible property distributable in the course of a dissolution of a business association that remains unclaimed by the owner for more than one year after the date specified for final distribution is presumed abandoned. (§ 11 ch 133 SLA 1986)

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Sec. 34.45.220. Property held by agents and fiduciaries.

(a) Intangible property and income or increment derived from the intangible property held in a fiduciary capacity for the benefit of another person is presumed abandoned unless the owner, within five years after it has become payable or distributable, has increased or decreased the principal, accepted payment of principal or income, communicated concerning the property, or otherwise indicated an interest as evidenced by a memorandum or other record, on file, prepared by the fiduciary.

(b) Money in an individual retirement account or a retirement plan for self-employed individuals or similar account or plan established under the internal revenue laws of the United States is not payable or distributable within the meaning of (a) of this section unless, under the terms of the account or plan, distribution of all or part of the funds would then be mandatory.

(c) For the purpose of this section, a person who holds property as an agent for a business association is considered as holding the property in a fiduciary capacity for that business association alone, unless the agreement between that person and the business association provides otherwise.

(d) For the purposes of this chapter, a person who is considered as holding property in a fiduciary capacity for a business association alone is the holder of the property only so far as the interest of the business association in the property is concerned, and the business association is the holder of the property so far as the interest of another person in the property is concerned. (§ 11 ch 133 SLA 1986)

Sec. 34.45.230. Property held by courts and public agencies. Intangible property held for the owner by a court, state, municipality or other government, governmental subdivision or agency, public corporation, or public authority, that remains unclaimed by the owner for more than one year after becoming payable or distributable, is presumed abandoned. (§ 11 ch 133 SLA 1986)

Sec. 34.45.240. Gift certificates and credit memos. (a) A gift certificate or a credit memo, issued in the ordinary course of an issuer's business, that remains unclaimed by the owner for more than five years after becoming payable or distributable is presumed abandoned.

(b) In the case of a gift certificate, the amount presumed abandoned is the price paid by the purchaser for the gift certificate. In the case of a credit memo, the amount presumed abandoned is the amount credited to the recipient of the memo. (§ 11 ch 133 SLA 1986)

Sec. 34.45.220. Property held by agents and fiduciaries. (a) Intangible property and income or increment derived from the intangible property held in a fiduciary capacity for the benefit of another person is presumed abandoned unless the owner, within five years after it has become payable or distributable, has increased or decreased the principal, accepted payment of principal or income, communicated concerning the property, or otherwise indicated an interest as evidenced by a memorandum or other record, on file, prepared by the fiduciary.

Sec. 34.45.230. Property held by courts and public agencies. Intangible property held for the owner by a court, state, municipality or other government, governmental subdivision or agency, public corporation, or public authority, that remains unclaimed by the owner for more than one year after becoming payable or distributable, is presumed abandoned. (§ 11 ch 133 SLA 1986)

Article 34.45. Sec. 34.45.220. Property held by agents and fiduciaries. Sec. 34.45.230. Property held by courts and public agencies. Sec. 34.45.240. Gift certificates and credit memos.

Sec. 34.45.220. Property held by agents and fiduciaries. (a) Intangible property and income or increment derived from the intangible property held in a fiduciary capacity for the benefit of another person is presumed abandoned unless the owner, within five years after it has become payable or distributable, has increased or decreased the principal, accepted payment of principal or income, communicated concerning the property, or otherwise indicated an interest as evidenced by a memorandum or other record, on file, prepared by the fiduciary. (b) Money in an individual retirement account or a retirement plan for self-employed individuals or similar account or plan established under the internal revenue laws of the United States is not payable or distributable within the meaning of (a) of this section unless, under the terms of the account or plan, distribution of all or part of the funds would then be mandatory. (c) For the purpose of this section, a person who holds property as an agent for a business association is considered as holding the property in a fiduciary capacity for that business association alone, unless the agreement between that person and the business association provides otherwise. (d) For the purposes of this chapter, a person who is considered as holding property in a fiduciary capacity for a business association alone is the holder of the property only so far as the interest of the business association in the property is concerned, and the business association is the holder of the property so far as the interest of another person in the property is concerned. (§ 11 ch 133 SLA 1986)

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Sec. 34.45.250. Wages. Unpaid wages, including wages represented by un-presented payroll checks, owing in the ordinary course of the holder's business and that remain unclaimed by the owner for more than one year after becoming payable are presumed abandoned. (§ 11 ch 133 SLA 1986)

Sec. 34.45.260. Contents of safe deposit box or other safe-keeping repository. All tangible and intangible personal property held in a safe deposit box or other safekeeping repository in a financial organization in the state in the ordinary course of the holder's business, and proceeds resulting from the sale of the property permitted by other law, that remain unclaimed by the owner for more than one year after the lease or rental period on the box or other repository has expired, are presumed abandoned. (§ 11 ch 133 SLA 1986)

Article 4. Reporting and Disposition of Personal Property.

Section	Section
280. Report of abandoned personal property	320. Payment or delivery of abandoned property
290. Requests for reports and examination of records	320. Custody by state
300. Retention of records	340. Crediting of dividends, interest, or increments to owner's account
310. Notice and publication of lists of abandoned property	

Sec. 34.45.280. Report of abandoned personal property. (a) A person holding personal property, tangible or intangible, presumed abandoned and subject to custody as unclaimed property under AS 34.45.110 — 34.45.430, shall report to the department concerning the property as provided in this section.

(b) The report must be verified and must include

(1) except with respect to traveler's checks and money orders, the name, if known, and last known address, if any, of each person appearing from the records of the holder to be the owner of property, the value of which is \$25 or more, presumed abandoned under AS 34.45.110 — 34.45.430 and other statutes specifically made subject to this reporting requirement;

(2) in the case of unclaimed money amounting to \$50 or more, held or owing under a life or endowment insurance policy or annuity contract, the full name and last known address of the insured or annuitant and of the beneficiary or other person who is entitled to the proceeds according to the records of the insurance company holding or owing the funds.

(3) in the case of the contents of a safe deposit box or other safe-keeping repository or of other tangible personal property, a description of the property and the place where it is held and may be inspected by the department, and any amounts owing to the holder;

(4) the nature and identifying number, if any, or description of the property and the amount appearing from the records to be due; items of value under \$25 each may be reported in the aggregate;

(5) the date the property became payable, demandable, or returnable, and the date of the last transaction with the apparent owner with respect to the property; and

(6) other information that the department prescribes by regulation as necessary for the administration of this chapter.

(c) If the holder of property presumed abandoned and subject to custody as unclaimed property is a successor to other persons who previously held the property for the apparent owner, or the holder has changed the holder's name while holding the property, the holder shall file with the holder's report all known names and addresses of each previous holder of the property.

(d) The report required under (a) of this section shall be filed before November 1 of each year for unclaimed property held as of June 30 of that year, but the report of a life insurance company shall be filed before May 1 of each year for unclaimed property held as of December 31 of the preceding year. On written request by a person required to file a report, the commissioner may postpone the reporting date.

(e) Not more than 120 days before filing the report required by this section, the holder in possession of property presumed abandoned and subject to custody as unclaimed property under AS 34.45.110 — 34.45.430 shall send written notice to the apparent owner at the owner's last known address informing the owner that the holder is in possession of property subject to this chapter if

(1) the holder has in its records an address for the apparent owner that the holder believes to be accurate,

(2) the claim of the apparent owner is not barred by the statute of limitations, and

(3) the property has a value of \$50 or more.

(f) The requirements of this section do not apply to the holder of intangible property that is presumed abandoned under AS 34.45.110 — 34.45.780 during the year preceding June 30 of each year if the total aggregate value of the intangible property is less than \$750.

§ 11 ch 133 SLA 1986)

Sec. 34.45.290. Requests for reports and examination of records. (a) The department may require a person who has not filed a report under AS 34.45.280 to file a verified report stating whether the person is holding unclaimed property reportable or deliverable under AS 34.45.110 — 34.45.780.

(b) The department, at reasonable times and upon reasonable notice, may examine the records of a person if the department has reason to believe that the person has not complied with the provisions of this chapter. The department may conduct the examination even if the

person believes that the person is not reportable or deliverable under this chapter. The department, or a commissioner of the department, may not disclose information obtained during the course of an examination and that is confidential unless the disclosure is necessary for the department to carry out its duties.

(c) If a person is treated as a business association for property only so far as the property is concerned, the department may examine the records of the person for the notice required by (b) of this section.

(d) If, after September 30, 1986, records required by AS 34.45.110 — 34.45.780 are available for the periods subject to this section, the department may require the holder to report the value of the property estimated from the available records.

Sec. 34.45.300. Retention of records. (a) A person shall file a report under AS 34.45.110 — 34.45.780 at the last known address of the owner. If the owner's last known address of the owner changes, the person shall file a report at the new address, unless a person is exempt from this section or by regulations.

(b) A business association shall file a report with others for sale, in the state in which the business association is located, on which the business association has a record of the instruments filed in the state and date of issue, if the instrument is reportable. (§ 11 ch 133 SLA 1986)

Sec. 34.45.310. Notice of reportable property. (a) The department shall give notice to the person on or before the March 1 following the year in which the AS 34.45.280, or in the case of a business association, not later than the September 1 following the report. The notice shall be given in consecutive weeks in a newspaper of general circulation in the state in which the last known address of the person is located. If no newspaper is published in the state, the notice shall be published in a newspaper of general circulation in the state.

person believes that the person does not possess property reportable or deliverable under this chapter. The department may use the information obtained under this subsection only for the purposes of this chapter. The department, or a current or former officer, employee, or agent of the department, may not disclose information that is viewed or obtained during the course of an examination under this subsection and that is confidential under state or federal law or regulation, unless the disclosure is necessary to carry out the purposes of this chapter.

(c) If a person is treated under AS 34.45.220 as the holder of the property only so far as the interest of the business association in the property is concerned, the department, under (b) of this section, may examine the records of the person if the department has given the notice required by (b) of this section to both the person and the business association.

(d) If, after September 7, 1986, a holder fails to maintain the records required by AS 34.45.300 and the records of the holder available for the periods subject to AS 34.45.110 — AS 34.45.780 are insufficient to permit the preparation of a report, the department may require the holder to report and pay the amount that is reasonably estimated from the available records. (§ 11 ch 133 SLA 1986)

Sec. 34.45.300. Retention of records. (a) Every holder required to file a report under AS 34.45.280, shall, if it has obtained the last known address of the owner, maintain a record of the name and last known address of the owner for seven years after the property becomes reportable, unless a shorter time period is provided in (b) of this section or by regulations adopted by the department.

(b) A business association that sells, or provides such instruments to others for sale, in the state its traveler's checks, money orders, or other similar written instruments, other than third-party bank checks on which the business association is directly liable, shall maintain a record of the instruments while they remain outstanding, indicating the state and date of issue, for three years after the date the property is reportable. (§ 11 ch 133 SLA 1986)

Sec. 34.45.310. Notice and publication of lists of abandoned property. (a) The department shall publish a notice not later than the March 1 following the submission of the report required by AS 34.45.280, or in the case of property reported by life insurance companies, not later than the September 1 following the submission of the report. The notice shall be published at least once a week for two consecutive weeks in a newspaper of general circulation in the area of the state in which the last known address of a person to be named in the notice is located. If no address is listed or the address is outside the state, the notice shall be published in a newspaper of general circula-

tion in the area in which the holder of property has its principal place of business in the state.

(b) The published notice must be entitled "Notice of Names of Persons Appearing to be Owners of Abandoned Property" and must contain

(1) the names, in alphabetical order, and last known address, if any, of persons listed in the reports and entitled to notice within the area as specified in (a) of this section;

(2) a statement that information concerning the property and the name and last known address of the holder may be obtained by addressing an inquiry to the department; and

(3) a statement that if proof of claim is not presented by the owner to the holder, and the owner's right to receive the property is not established to the holder's satisfaction before April 20 of the year of publication, or, in the case of property reported by a life insurance company, before October 20, the property will be placed not later than May 1 of that year, or in the case of property reported by a life insurance company, not later than November 1, in the custody of the department and all further claims shall be directed to the department after that placement.

(c) The department is not required to publish in the notice an item of less than \$50 in value unless the department considers the publication of the item to be in the public interest.

(d) Not later than the March 1 following submission of the report required by AS 34.45.280, or in the case of property reported by a life insurance company, not later than the September 1 following the submission of the report; the department shall mail a notice to each person whose last known address is listed in the report and who appears to be entitled to property of the value of \$50 or more presumed abandoned under this chapter, and to any beneficiary of a life or endowment insurance policy or annuity contract for whom the department has a last known address.

(e) The mailed notice must contain

(1) a statement that, according to a report filed with the department, property to which the addressee appears entitled is being held;

(2) the name and last known address of the person holding the property and information regarding the changes of name and last known address of the holder; and

(3) a statement that, if satisfactory proof of claim is not presented by the owner to the holder by the date specified in the published notice, the property will be placed in the custody of the department and all further claims must be directed to the department.

(f) This section does not apply to money payable on traveler's checks, money orders, and other written instruments presumed abandoned under AS 34.45.140. (§ 11 ch 133 SLA 1986)

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Sec. 34.45.320. Payment or delivery of abandoned property.

(a) Except as otherwise provided in (b) and (c) of this section, a person who is required to file a report under AS 34.45.280, shall, within six months after the final date for filing the report under that section, pay or deliver to the department all abandoned property required to be reported.

(b) If the owner establishes the right to receive the abandoned property to the satisfaction of the holder before the property has been delivered or if it appears that the presumption of abandonment is erroneous, the holder need not pay or deliver the property to the department, and the property is no longer presumed abandoned. The holder shall file with the department a verified written explanation of the proof of claim or of the error in the presumption of abandonment.

(c) Property reported under AS 34.45.280 for which the holder is not required to report the name of the apparent owner shall be delivered to the department when the report is filed.

(d) The holder of an ownership interest under AS 34.45.200 shall deliver a duplicate certificate, or other evidence of ownership if the holder does not issue certificates of ownership, to the department. Upon delivery of a duplicate certificate to the department, the holder and a transfer agent, registrar, or other person acting for or on behalf of a holder in executing or delivering the duplicate certificate is relieved of all liability, in accordance with the provisions of AS 34.45.330 to every person, including a person acquiring the original certificate or the duplicate of the certificate issued to the department, for loss or damage resulting to a person by the issuance and delivery to the department of the duplicate certificate. (§ 11 ch 133 SLA 1986)

Sec. 34.45.330. Custody by state. (a) Upon the payment or delivery of property to the department, the state assumes custody and responsibility for the safekeeping of the property. A person who pays or delivers property to the department in good faith is relieved of all liability to the extent of the value of the property paid or delivered for a claim existing at the time of the payment or delivery or that may arise or be made with respect to the property after the payment or delivery

(b) A holder who has paid money to the department under AS 34.45.110 — 34.45.430 may make payment to a person appearing to the holder to be entitled to payment. Upon receiving proof of payment from the holder and proof that the payee was entitled to the payment, the department shall promptly reimburse the holder for the payment without imposing a fee or other charge. If reimbursement is sought for a payment made on a negotiable instrument, including a traveler's check or money order, the department shall reimburse the holder under this subsection when the holder files proof that the instrument was presented and that payment was made to a person who appeared

to the holder to be entitled to payment. The department shall reimburse the holder for payment made under this subsection even if the holder paid a person whose claim was barred under AS 34.45.430.

(c) A holder who has delivered property, including a certificate of an ownership interest in a business association, other than money to the department under AS 34.45.110 — 34.45.430, may reclaim the property if it is still in the possession of the department, without payment of a fee or other charge, upon filing proof that the owner has claimed the property from the holder.

(d) The department may accept the holder's affidavit as sufficient proof of the facts that entitle the holder to recover money and property under this section.

(e) If a holder pays or delivers property to the department in good faith and another person subsequently claims the property from the holder or another state claims the property under the laws of the other state relating to escheat or unclaimed property, the department, upon receiving written notice of the claim, shall defend the holder against the claim and indemnify the holder against liability on the claim.

(f) Property removed from a safe deposit box or other safekeeping repository is received by the department subject to the holder's right under this subsection to be reimbursed for the actual cost of the opening and to a valid lien or contract providing for the holder to be reimbursed for unpaid rent or storage charges. For charges other than the actual cost of the opening, the department shall reimburse or pay the holder an amount no greater than the value of the property recovered less the departments' selling cost.

(g) For the purposes of this section, "good faith" means that

(1) payment or delivery was made in a reasonable attempt to comply with this chapter;

(2) the person delivering the property was not a fiduciary then in breach of trust in respect to the property, and had a reasonable basis for believing, based on the facts then known to the person, that the property was abandoned for the purposes of this chapter; and

(3) there is no showing that the records under which the delivery was made did not meet reasonable commercial standards of practice in the industry. (§ 11 ch 133 SLA 1986)

Sec. 34.45.340. Crediting of dividends, interest, or increments to owner's account. Except as provided under AS 34.45.360(d) for appreciation of securities, if property other than money is paid or delivered to the department under AS 34.45.110 — 34.45.430, the owner is entitled to receive from the department dividends, interest, or other increments realized or accruing on the property at or before the department's liquidation or conversion of the property into money. (§ 11 ch 133 SLA 1986)

Article 5. Administration of Abandoned Property.

Section	Section
360. Public sale of abandoned property	410. Election to take delivery
370. Deposit of money and accounting	420. Destruction or disposition of property having insubstantial commercial value
380. Filing of claim with department	
390. Claim of another state to recover property	430. Periods of limitation
400. Action to establish claim	

Sec. 34.45.360. Public sale of abandoned property. (a) Except as provided in (c) and (d) of this section, the department, within three years after receiving abandoned property, shall sell it to the highest bidder at public sale in the area of the state that the department determines to be the most favorable market for the property involved. The department may decline the highest bid and reoffer the property for sale if in the judgment of the department the bid is insufficient. If in the judgment of the department the probable cost of sale exceeds the value of the property, the department need not offer the property for sale. A sale held under this section shall be preceded by a single publication of notice, at least three weeks in advance of sale, in a newspaper of general circulation in the general area in which the property is to be sold.

(b) Securities listed on an established stock exchange must be sold at prices prevailing at the time of sale on the exchange. Other securities may be sold over the counter at prices prevailing at the time of sale or by another method the department considers advisable.

(c) Unless the department considers it to be in the best interest of the state to do otherwise, the department shall hold all securities that have been delivered to the department, other than those presumed abandoned under AS 34.45.200, for at least one year before the department may sell the securities.

(d) Unless the department considers it to be in the best interest of the state to do otherwise, the department shall hold all securities presumed abandoned under AS 34.45.200 and delivered to the department for at least three years before selling the securities. A person making a claim under AS 34.45.380 is entitled to receive either the securities delivered to the department by the holder, if they still remain in the hands of the department, or the proceeds received from sale, less amounts deducted under AS 34.45.380(c). A person does not have to claim under this section or AS 34.45.380 against the state, the holder, a transfer agent, a registrar, or other person acting for or on behalf of a holder for appreciation in the value of the property occurring after delivery by the holder to the department.

(e) The purchaser of property at a sale conducted by the department under this section takes the property free of all claims of the owner or previous holder of the property and of all persons claiming through or

under them. The department shall execute all documents necessary to complete the transfer of ownership. (§ 11 ch 133 SLA 1986)

Sec. 34.45.370. Deposit of money and accounting. (a) Except as otherwise provided by this section, the department shall promptly deposit in the general fund of the state all money received under AS 34.45.110 — 34.45.780, including the proceeds from the sale of abandoned property under AS 34.45.360. The department shall retain in a separate trust fund an amount not less than \$100,000 from which the department shall make prompt payment of allowed claims. Before making the deposit, the department shall record the name and last known address of each person appearing from the holders' reports to be entitled to the property and the name and last known address of each insured person or annuitant and beneficiary and, with respect to each policy or contract listed in the report of an insurance company, its number, the name of the company, and the amount due. The department shall make the record available for public inspection at all reasonable business hours.

(b) The commissioner of administration shall separately account for money that the department deposits in the general fund under (a) of this section. The annual estimated balance in the account may be used by the legislature to make appropriations to the department to carry out the department's duties under this chapter. (§ 11 ch 133 SLA 1986)

Sec. 34.45.380. Filing of claim with department. (a) A person, excluding another state, claiming an interest in property paid or delivered to the department may file a claim on a form prescribed by the department and verified by the claimant.

(b) The department shall consider each claim after it is filed and shall give written notice to the claimant if the claim is denied in whole or in part. The notice may be given by mailing it to the address, if any, stated in the claim as the address to which notices are to be sent. If an address for notices is not stated in the claim, the notice may be mailed to the address, if any, of the claimant as stated in the claim. A notice of denial need not be given if the claim states neither the address to which notices are to be sent nor the address of the claimant.

(c) If a claim is allowed, the department shall pay or deliver to the claimant the property or the amount the department actually received, or the net proceeds if it has been sold by the department, together with an additional amount required by AS 34.45.340. For the purposes of determining net proceeds after sale of the property, the department may deduct

- (1) costs incurred in connection with the sale of the property;
- (2) costs of mailing and publication in connection with the property;
- (3) reasonable service charges; and

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(4) costs incurred in examining records of the holder of the property and in collecting the property from the holder.

(d) If a claim is allowed and the property claimed was interest-bearing to the owner on the date of surrender by the holder, the department also shall pay interest at the rate prescribed in AS 45.45.010 or a lesser rate the property earned while in the possession of the holder. Interest begins to accrue when the property is delivered to the department and ceases on the expiration of 10 years after delivery or the date on which payment is made to the owner, whichever is earlier. The department may not pay interest on interest-bearing property for a period occurring before September 7, 1986.

(e) A holder who pays the owner for property that has been delivered to the state and that, if claimed from the department, would be subject to (d) of this section shall add interest as provided in (d) of this section. The added interest shall be repaid to the holder by the commissioner in the same manner as the principal.

(f) Unless another state files a claim to recover the property, if the identity of the owner of the property is known, the department shall apply the fair market value of the property to satisfaction of the child support obligations of the owner. (§ 11 ch 133 SLA 1986)

Sec. 34.45.390. Claim of another state to recover property.

(a) After personal property has been paid or delivered to the department under this chapter another state may recover the property if

(1) this state took custody of the property because the records of the holder did not reflect the last known address of the apparent owner when the property was presumed abandoned under this chapter, the person entitled to the property was in the other state, and under the laws of the other state the property escheated to or was subject to a claim of abandonment by that state;

(2) the last known address of the apparent owner or other person entitled to the property, as reflected by the records of the holder, is in the other state and under the laws of the other state the property has escheated to or become subject to a claim of abandonment by that state;

(3) the records of the holder were erroneous in that they did not accurately reflect the actual owner of the property and the last known address of the actual owner is in the other state and under the laws of the other state the property escheated to or was subject to a claim of abandonment by the other state;

(4) this state took custody of the property under AS 34.45.120(6), and, under the laws of the state of domicile of the holder, the property has escheated to or become subject to a claim of abandonment by the state of domicile; or

(5) the property is the sum payable on a traveler's check, money order, or other similar instrument of which this state took custody

under AS 34.45.140, and the instrument was purchased in the other state, and, under the laws of the other state, the property escheated to or became subject to a claim of abandonment by the other state.

(b) The claim of another state to recover escheated or abandoned property must be presented in a form prescribed by the department. The department shall allow the claim if it determines that the other state is entitled to the abandoned property under (a) of this section.

(c) The department shall require a state, before recovering property under this section, to agree to indemnify this state and its officers and employees against liability on a claim for the property. (§ 11 ch 133 SLA 1986)

Sec. 34.45.400. Action to establish claim. (a) A person aggrieved by a decision or action of the department under this chapter may apply to the department within 60 days after the mailing date of the department's notice to the person, giving notice of the grievance and requesting an informal conference. At the conference the person aggrieved may present arguments and evidence relevant to the decision or action of the department. If the department determines that a correction is warranted, the department shall make the correction.

(b) A person aggrieved by a decision or action of the department may apply to the department and request a formal hearing

(1) in place of the informal conference provided for in (a) of this section, within 60 days after the mailing date of the department's notice to the person; or

(2) within 30 days after the decision resulting from an information conference.

(c) At the formal hearing the department may subpoena witnesses and may administer oaths and make inquiries necessary to determine the validity of the claim. The person aggrieved may present arguments and evidence relevant to the decision or action of the department. If the department determines that a correction is warranted, the department shall make the correction.

(d) A person aggrieved by the decision of the department may, within 30 days after the formal hearing and decision by the department, appeal to the superior court in the judicial district in which the person resides. The department shall give appellant access to the department's file in the matter for preparation of the appeal. If, after the appeal is heard, it appears that the decision of the department was correct, the court shall confirm that decision. If incorrect the court shall determine the amount that the person aggrieved is entitled to recover and shall order the repayment. The department shall immediately pay the amount due and attach a certified copy of the judgment to the payment. (§ 11 ch 133 SLA 1986)

Sec. 34.45.410. Election to take delivery. (a) The department may decline to receive property reported under this chapter. If the department elects not to receive custody of the property, the department shall notify the holder within 120 days after the holder files the report required under AS 34.45.280.

(b) A holder, with the written consent of the department and upon terms prescribed by the department, may report and deliver property before the property is presumed abandoned. Property delivered under this subsection shall be held by the department and is not presumed abandoned until the property would otherwise be presumed abandoned under this chapter. (§ 11 ch 133 SLA 1986)

Sec. 34.45.420. Destruction or disposition of property having insubstantial commercial value. If the department determines after investigation that property delivered under this chapter has insubstantial commercial value, the department may destroy or otherwise dispose of the property at any time. An action or proceeding may not be maintained against the state or an officer of the state or against the holder because of an action taken by the department under this section. (§ 11 ch 133 SLA 1986)

Sec. 34.45.430. Periods of limitation. The expiration, before or after September 7, 1986, of a period of time specified by contract, statute, or court order, during which a claim for money or property may be made or during which an action or proceeding may be commenced or enforced to obtain payment of a claim for money or to recover property, does not prevent the money or property from being presumed abandoned, and does not affect a duty to file a report or to pay or deliver abandoned property to the department as required by AS 34.45.110 — 34.45.430. (§ 11 ch 133 SLA 1986)

Article 6. Enforcement and Penalties.

Section

450. Enforcement

460. Interstate agreements and cooperation

Section

470. Interest and penalties

Sec. 34.45.450. Enforcement. The department may bring an action in a court of competent jurisdiction to enforce AS 34.45.110 — 34.45.780. (§ 11 ch 133 SLA 1986)

Sec. 34.45.460. Interstate agreements and cooperation. (a) The department may enter into agreements with other states to exchange information needed to enable this or another state to audit or otherwise determine unclaimed personal property that this state or another state may be entitled to subject to a claim of custody. The

department may, by regulation, require the reporting of information needed to enable compliance with agreements made under this section, and prescribe the form for the report.

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(b) To avoid conflicts between the department's procedures and the procedures in other jurisdictions that enact the Uniform Unclaimed Property Act, the department, so far as is consistent with the purposes, policies, and provisions of this chapter, shall, before adopting, amending, or repealing regulations, advise and consult with administrators in other jurisdictions that enact, substantially, the Uniform Unclaimed Property Act, and shall take into consideration the rules of administrators in other jurisdictions that enact the Uniform Unclaimed Property Act.

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(c) The department may join with other states to seek enforcement of AS 34.45.110 — 34.45.780 against a person who is or may be holding property reportable under AS 34.45.110 — 34.45.430.

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(d) At the request of another state, the attorney general of this state may bring an action in the name of the other state in a court of competent jurisdiction to enforce the unclaimed property laws of the other state against a holder in this state or property laws of the other state against a holder in this state of property subject to escheat or a claim of abandonment by the other state. An action may be brought under this subsection only if the other state has agreed to pay expenses incurred by the attorney general of this state in bringing the action.

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(e) The department may request that the attorney general of another state, or another person, bring an action to enforce this chapter in the other state in the name of the department. This state shall pay all expenses including attorney fees in an action under this subsection. The department may agree to pay the person bringing the action attorney fees based in whole or in part on a percentage of the value of property recovered in the action. Expenses paid under this subsection may not be deducted from the amount that is subject to a claim by the owner under AS 34.45.110 — 34.45.430. (§ 11 ch 133 SLA 1986)

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Sec. 34.45.470. Interest and penalties. (a) A person who fails to pay or deliver property within the time prescribed by this chapter may be required to pay to the department interest at the annual rate calculated under AS 43.05.225 on the property or the value of it from the date the property should have been paid or delivered.

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(b) A person who fails to pay or deliver property or fails to perform other duties required under this chapter may be required to pay the civil penalties calculated under AS 43.05.220, on the property, or the value of the property, that the person had a duty to pay, deliver, or report to the department.

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(c) A person who intentionally refuses after written demand by the department to pay or deliver property to the department as required

under this chapter is guilty of a class A misdemeanor. (§ 11 ch 133 SLA 1986)

Article 7. General Provisions.

Section	Section
700. Agreement to locate reported property	750. Report by department upon failure to make report or making false report
710. Foreign transactions	760. Definitions
720. Application	780. Short title
730. Regulations	
740. Uniformity of application and construction	

Sec. 34.45.700. Agreement to locate reported property. An agreement to pay compensation to recover or assist in the recovery of property reported under AS 34.45.280, made within 24 months after the date payment or delivery is made under AS 34.45.290, is unenforceable. (§ 11 ch 133 SLA 1986)

Sec. 34.45.710. Foreign transactions. AS 34.45.110 — 34.45.780 do not apply to property held, due, and owing in a foreign country and arising out of a foreign transaction. (§ 11 ch 133 SLA 1986)

Sec. 34.45.720. Application. (a) AS 34.45.110 — 34.45.780 do not relieve a holder of a duty that arose before the effective date of this Act to report, pay, or deliver property. A holder who did not comply with the law in effect before September 7, 1986 is subject to the applicable enforcement and penalty provisions that existed before September 7, 1986, and the applicable enforcement and penalty provisions are continued in effect for the purpose of this subsection.

(b) The initial report filed under AS 34.45.280 for property that was not required to be reported before September 7, 1986 but that is subject to AS 34.45.110 — 34.45.780 must include all items of property that would have been presumed abandoned during the six-year period preceding September 7, 1986, as if AS 34.45.110 — 34.45.780 had been in effect during that period. (§ 11 ch 133 SLA 1986)

Sec. 34.45.730. Regulations. The department shall adopt regulations necessary to carry out the provisions of AS 34.45.110 — 34.45.780. (§ 11 ch 133 SLA 1986)

Sec. 34.45.740. Uniformity of application and construction. AS 34.45.110 — 34.45.780 shall be applied and construed so as to effectuate their general purpose to make uniform the law with respect to unclaimed property among states enacting the Uniform Unclaimed Property Act. (§ 11 ch 133 SLA 1986)

Sec. 34.45.750. Report by department upon failure to make report or making false report. If a person fails to submit a report as required under AS 34.45.110 — 34.45.780, or makes, wilfully or otherwise, a false report, the department shall make the report from the information it obtains under AS 43.05.050. A report made by the department is prima facie valid for all legal purposes. (§ 11 ch 133 SLA 1986)

Sec. 34.45.760. Definitions. In AS 34.45.110 — 34.45.780, unless the context requires otherwise,

(1) "apparent owner" means the person whose name appears on the records of the holder as the person entitled to property held, issued, or owing by the holder;

(2) "banking organization" means a bank, trust company, savings bank, industrial bank, land bank, safe deposit company, private banker, or an organization defined by other applicable laws as a bank or banking organization;

(3) "business association" means a nonpublic corporation, joint stock company, investment company, business trust, partnership, or association for business purposes of two or more individuals, whether or not for profit, including a banking organization, financial organization, insurance company, or utility;

(4) "commissioner" means the commissioner of the Department of Revenue;

(5) "department" means the Department of Revenue;

(6) "domicile" means the state of incorporation of a corporation and the state of the principal place of business of an unincorporated person;

(7) "financial organization" means a savings and loan association, cooperative bank, building and loan association, or credit union;

(8) "holder" means a person, wherever organized or domiciled, who is

(A) in possession of property belonging to another,

(B) a trustee, or

(C) indebted to another on an obligation;

(9) "insurance company" means an association, corporation, fraternal or mutual benefit organization, whether or not for profit, that is engaged in providing insurance coverage, including accidental, burial, casualty, credit life, contract performance, dental, fidelity, fire, health, hospitalization, illness, life, including endowments and annuities, malpractice, marine, mortgage, surety, and wage protection insurance;

(10) "intangible property"

(A) includes

(i) money, checks, drafts, deposits, interest, dividends, and income;

(ii) credit balances, customer overpayments, gift certificates, security deposits, refunds, credit memos, unpaid wages, unused airline tickets, and unidentified remittances;

(iii) stocks and other intangible ownership interests in business associations;

(iv) money deposited to redeem stocks, bonds, coupons, and other securities, or to make distributions;

(v) amounts due and payable under the terms of insurance policies; and

(vi) amounts distributable from a trust or custodial fund established under a plan to provide health, welfare, pension, vacation, severance, retirement, death, stock purchase, profit-sharing, employee savings, supplemental unemployment insurance, or similar benefits;

(B) does not include shares of stock issued by a corporation organized under 43 U.S.C. 1601 — 1629a (Alaska Native Claims Settlement Act) or to unclaimed dividends payable on the shares of stock;

(11) "last known address" means a description of the location of the apparent owner sufficient for the purpose of the delivery;

(12) "owner" means a depositor in the case of a deposit, a beneficiary in the case of a trust other than a deposit in trust, a creditor, claimant, or payee in the case of other intangible property, or a person having a legal or equitable interest in property subject to AS 34.45.110 — 34.45.780; the term includes a person's legal representative;

(13) "person" means an individual, business association, state, municipality or other government, including the United States government, subdivision or agency, public corporation, public authority, estate, trust, two or more person having a joint or common interest, or other legal or commercial entity;

(14) "property" means personal property;

(15) "state" means a state, district, commonwealth, territory, insular possession, or other area subject to the legislative authority of the United States;

(16) "utility" means a person who owns or operates for public use a plant, equipment, property, franchise, or license for the transmission of communications or the production, storage, transmission, sale, delivery, or furnishing of electricity, water, steam, or gas. (§ 11 ch 133 SLA 1986)

Sec. 34.45.780. Short title. AS 34.45.110 — 34.45.780 may be cited as the Uniform Unclaimed Property Act. (§ 11 ch 133 SLA 1986)