

SB

231



# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: SB 231  
 (S) Publish Date: 5/21/03

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title Unclaimed Property Time Periods BRU Revenue Operations  
 Component Treasury Division  
 Sponsor House Rules  
 Requester Governor Component No. 121

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</b>		<b>2,000.0</b>	<b>2,000.0</b>			
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2003) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This bill amends AS 34.45, the Uniform Unclaimed Property Act, to shorten the time periods after which certain unclaimed property is presumed to be abandoned and must be transferred to the state. Generally those properties presumed abandoned after five years will, under this bill, be presumed abandoned after three years. Those properties presumed abandoned after seven years will be presumed abandoned after five years.

Abandoned property transferred to the state averages around \$2 million per year. Changing the abandonment time two years could increase revenue to the general fund for one to two years for a total of \$4 million. This bill will have no effect on revenue in subsequent years.

Prepared by: Betty Martin, State Comptroller Phone 465-2352  
 Division Treasury Date/Time 5/20/03 12:07 PM  
 Approved by: Steve Porter, Deputy Commissioner Date 5/20/2003  
 Agency Department of Revenue

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: CSSB 231(STA)  
 (S) Publish Date: 4/2/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title Decrease Time to Report Unclaimed Property RDU Revenue Programs & Services  
 Component Treasury Management  
 Sponsor Senate Rules  
 Requester Governor Component No. 121

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	50.0					
Travel						
Contractual	10.0					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>60.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	<b>1,000.0</b>	<b>1,500.0</b>	<b>500.0</b>			
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	60.0					
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>60.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary	0.75					

**ANALYSIS:** (Attach a separate page if necessary)

This bill amends AS 34.45, the Uniform Unclaimed Property Act, to shorten the time periods after which certain unclaimed property is presumed to be abandoned and must be transferred to the state. Generally those properties presumed abandoned after five years will, under this bill, be presumed abandoned after three years. Those properties presumed abandoned after seven years will be presumed abandoned after five years. The first couple of years will see a strong increase in property reported due to the changes in dormancy requiring additional personal and contractual services. Subsequent years should not see major impacts.

Abandoned property transferred to the state averages around \$2.5 million per year. Changing the abandonment time by two years could increase revenue to the general fund for a few years for a total of \$1 to \$3 million. This bill will have no effect on revenue in subsequent years.

Prepared by: Betty Martin, State Comptroller Phone 465-2352  
 Division Treasury Date/Time 3/29/04 7:58 AM  
 Approved by: Steve Porter, Deputy Commissioner Date 3/29/2004  
 Agency Department of Revenue

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

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May 3, 2004

The Honorable Bruce Weyhrauch,  
Chair -- House State Affairs Committee  
Alaska State Legislature  
Juneau, Alaska

Re: SB 231, relating to unclaimed property.

Dear Mr. Chair:

SB 231, relating to unclaimed property, is the companion bill to HB 330, which presently resides in the House State Affairs Committee. SB 231 passed the Senate today, 19 yes, 0 no. I anticipate SB 231 will be referred to the House State Affairs Committee and to the House Finance Committee.

This legislation is unopposed. It benefits Alaskans individually and collectively. Under the current statute, businesses having unclaimed intangible property of an Alaskan, and an insufficient mailing address for the Alaskan, report the unclaimed property to the business's state of incorporation or state of business domicile, instead of the individual's last known state of residence in Alaska.

Example: A Delaware corporation holds unclaimed intangible property of Alaskan. (Some examples of intangible property include stocks, mutual funds, life, auto and medical insurance payments, uncashed miscellaneous checks, bank accounts, dividends, and vendor checks.) Corporation does not have sufficient mailing address for Alaskan. The corporation reports the unclaimed property to the State of Delaware. State of Delaware increases its treasury because the value of the unclaimed property is deposited in the State of Delaware's Treasury, and the State of Delaware earns interest on that property value. The State of Delaware also benefits because of their ability to appropriate those funds.

Under the proposed statute, corporations having unclaimed intangible property of Alaskans will now report within a shorter time period under jurisdictional rules. Those jurisdictional rules will require the corporation to use information derived from their records such as computer codes, points of sale transactions, office locations, zip code indicators, email addresses, or other information the corporation has on file, to establish an Alaskan owns the property.

Example: A Delaware corporation holds unclaimed property of Alaskan. Corporation does not have sufficient mailing address, for the purpose of delivery for the Alaskan. The Corporation will now use other information to identify the Alaskan, and turn over that property to State of Alaska, Department of Revenue, Treasury Division.

Benefits: During the last nine years of Rachel Lewis' experience as the Unclaimed Property Manager, she has worked on unclaimed property cases where:

\* Individual Alaskans have been able to claim a \$40 utility deposit which that Alaskan was able to use to buy shoes for their children.

\* An Alaskan was able to claim property to pay for burial costs of a relative.

\* The Child Support Enforcement Division has been able to claim child support for Alaska children.

\* The Court System is able to claim property to enforce restitution orders to pay damages Alaskans have incurred in criminal cases.

\* The Unclaimed Property procedures in Alaska have helped reunite families, and the shorter time periods will aid in that important side benefit to the Unclaimed Property Program.

Additionally, guardians, custodians, and others having fiduciary duties will be able to receive property easier and faster on behalf of incapacitated Alaskans, Alaska children, and elderly Alaskans.

The proposed legislation's shortened reporting times will bring Alaska's Unclaimed Property Act in conformance with the Revised Uniform Unclaimed Property Act of 1995. (Alaska's Unclaimed Property Act was enacted in 1986, based upon the Uniform Act of 1981, and is substantially outdated.)

With SB 231, the Department of Revenue will be able to evaluate and utilize the most current technology and outreach programs to promote the claiming of property.

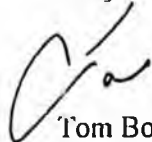
This legislation will ensure that the State of Alaska's Treasury has the benefit of interest, rather than the state of incorporation or domicile. Interest will then be available to the general fund, and available for appropriations, a benefit to all Alaskans.

(Property for Alaskans is held in perpetuity, in a trust account, by the Department of Revenue, for the owner or their heirs. Each year, the Department keeps a working balance in the trust account, and transfers the remaining balance to the General Fund.)

Since 1986, \$37 million has been transferred into the General Fund, and \$16 million has been returned to Alaska property owners.

I urge you to either waive this important legislation, or schedule it for a hearing at your earliest possible convenience. If you require additional information, or if you have questions, please do not hesitate to contact me at 465-3669 or Landa Baily at 465-2302.

Very truly yours,



Tom Boutin  
Deputy Commissioner