

SB

231

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**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 5/21/03

FURTHER: Finance

Date of 5-Day Notice: 3/25/04
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 4/2/04

State Affairs Committee considered SENATE BILL NO. 231

SB 231 DECREASE TIME TO CLAIM UNCLAIMED PROPERTY

"An Act shortening the time periods after which certain unclaimed property is presumed to be abandoned; and providing for an effective date."

and recommends:

- be replaced with _____ CS SB 231 _____
- adopt previous _____ CS _____
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DOR	3/29/04	✓		

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>John J. Conroy</i>	✓			
<i>Bert H. Stedman</i>	✓			
CHAIR: <i>[Signature]</i>				

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

April 2, 2004

SUBJECT: CSSB 231(STA) relating to unclaimed property
(Work Order No. 23-GS1151\D)

TO: Senator Gary Stevens
Chair, State Affairs Committee
Attn: Katrina

FROM:  Theresa L. Bannister
Legislative Counsel

This memo accompanies the committee substitute described above. At your request the proposed language was not changed, except for a correction, two commas in sec. 34.45.200(d), one spelling change in the definition of "mineral", one stylistic and grammatical change in the definition of "mineral proceeds", and replacing "this chapter with "34.45.110 - 34.45.780" throughout the bill.

1. Definition. The new definition of "last known address" does not work where it occurs throughout the chapter. It appears in nine sections of the chapter. As an example, please look at AS 34.45.120, and, in particular, at paragraph (4) of that section. If the new definition was designed for a particular section, you could retain the current definition and define the term only for that particular section.

2. Conforming amendment. AS 34.45.320(d) contains a reference to "ownership interest under AS 34.45.200." AS 34.45.200 has been rewritten and now uses "equity interest." I recommend that AS 34.45.320(d) be amended to use the new term. AS 34.45.330(c) also uses the term "ownership interest," but it may be acceptable there.

TLB:med
04-364.med

Enclosure

.....

facsimile transmittal

To: Leg. Legal

Fax: 2029

From: Katrina Matheny, Sen. Gary Stevens
Office

Date: 4/2/2004

Re: State Affairs CS

Pages: 11

CC:

Urgent

For Review

Please Comment

Please Reply

Please Recycle

.....

Can I please get a Senate State Affairs CS that mirrors this work draft. This version was passed by the committee with no changes. Thanks.

.....

CS FOR SENATE BILL NO. 231 (STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE SENATE STATE AFFAIRS COMMITTEE

Introduced: 5/21/03

Referred:

Sponsor: HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL**FOR AN ACT ENTITLED**

1 "An Act relating to unclaimed property; and providing for an effective date."

2 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 * Section 1. AS 34.45.110(a) is amended to read:

4 (a) Except as otherwise provided in AS 34.45.120 - 34.45.780, all intangible
5 property, including income or increment derived from the property, less lawful
6 charges, that is held, issued, or owing in the ordinary course of a holder's business and
7 has remained unclaimed by the owner for more than three [FIVE] years after
8 becoming payable or distributable is presumed abandoned.

9 * Sec. 2. AS 34.45.150(a) is amended to read:

10 (a) Other than money payable on an instrument that is subject to
11 AS 34.45.140, money payable on a check, draft, or similar instrument on which a
12 banking or financial organization is directly liable, including a cashier's check and a
13 certified check, that has been outstanding for more than five [SEVEN] years after it
14 was payable or after its issuance if payable on demand, is presumed abandoned. This
15 presumption does not apply if the owner, within the preceding five [SEVEN] years,

1 has communicated in writing with the banking or financial organization concerning
2 the instrument or has otherwise indicated an interest as evidenced by a memorandum
3 or other record, on file, prepared by an employee of the organization.

4 * Sec. 3. AS 34.45.160(a) is amended to read:

5 (a) A demand, savings, or matured time deposit with a banking or financial
6 organization, including a deposit that is automatically renewable, and money paid
7 toward the purchase of a share, a mutual investment certificate, or other intangible
8 property interest in a banking or financial organization is presumed abandoned unless
9 the owner, within the preceding five [SEVEN] years, has

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

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

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

18 (4) OWNED OTHER PROPERTY TO WHICH (1), (2), OR (3) OF
19 THIS SUBSECTION APPLIES AND THE BANKING OR FINANCIAL
20 ORGANIZATION HAS COMMUNICATED IN WRITING WITH THE OWNER
21 WITH REGARD TO THE PROPERTY THAT WOULD OTHERWISE BE
22 PRESUMED ABANDONED UNDER THIS SUBSECTION AT THE ADDRESS TO
23 WHICH COMMUNICATIONS REGARDING THE OTHER PROPERTY ARE
24 REGULARLY SENT; OR

25 (5) HAD ANOTHER RELATIONSHIP WITH THE BANKING OR
26 FINANCIAL ORGANIZATION CONCERNING WHICH THE OWNER HAS

27 (A) COMMUNICATED IN WRITING WITH THE
28 BANKING OR FINANCIAL ORGANIZATION OR OTHERWISE
29 INDICATED AN INTEREST AS EVIDENCED BY A MEMORANDUM OR
30 OTHER RECORD, ON FILE, PREPARED BY AN EMPLOYEE OF THE
31 BANKING OR FINANCIAL ORGANIZATION; AND

1 (B) THE BANKING OR FINANCIAL ORGANIZATION
2 COMMUNICATES IN WRITING WITH THE OWNER WITH REGARD TO
3 THE PROPERTY THAT WOULD OTHERWISE BE ABANDONED
4 UNDER THIS SUBSECTION AT THE ADDRESS TO WHICH
5 COMMUNICATIONS REGARDING THE OTHER RELATIONSHIP
6 REGULARLY ARE SENT].

7 * Sec. 4. AS 34.45.170(a) is amended to read:

8 (a) Money held or owing under a life or endowment insurance policy or
9 annuity contract that has matured or terminated is presumed abandoned if unclaimed
10 for more than three [FIVE] years after the money became due and payable as
11 established from the records of the insurance company holding or owing the money.
12 [HOWEVER, PROPERTY DESCRIBED IN (c)(2) OF THIS SECTION IS
13 PRESUMED ABANDONED IF UNCLAIMED FOR MORE THAN TWO YEARS.]

14 * Sec. 5. AS 34.45 is amended by adding a new section to read:

15 **Sec. 34.45.175. Certain property distributed in insurance company**
16 **reorganizations.** (a) Property distributed in the course of a demutualization,
17 rehabilitation, or related reorganization of an insurance company is presumed
18 abandoned two years after the date of the demutualization, rehabilitation, or related
19 reorganization if, at the time of the demutualization, rehabilitation, or related
20 reorganization, the last known address of the owner on the books and records of the
21 holder is known to be incorrect, or a distribution or statement is returned by the post
22 office as undeliverable, and the owner has not

23 (1) communicated in writing with the holder or its agent regarding the
24 property; or

25 (2) otherwise communicated with the holder regarding the property as
26 evidenced by a memorandum on file with the holder or its agent.

27 (b) The conditions raising a presumption of abandonment for property
28 distributable in the course of a demutualization, rehabilitation, or related
29 reorganization of a mutual insurance company that is not subject to (a) of this section
30 are as otherwise provided in this chapter.

31 * Sec. 6. AS 34.45.200 is repealed and reenacted to read:

1 **Sec. 34.45.200. Stock and other intangible interests in business**
2 **associations or financial organizations.** (a) Stock or other equity interest in a
3 business association or financial organization is presumed abandoned five years after
4 the earliest of

5 (1) the date of the most recent dividend, stock split, or other
6 distribution unclaimed by the owner;

7 (2) the date that a statement of account or other notification or
8 communication concerning the stock or other equity interest was returned as
9 undeliverable; or

10 (3) the date that the holder of the stock or other equity interest
11 discontinued mailings, notifications, or communications to the owner.

12 (b) Unmatured or unredeemed debt of a business association or financial
13 organization, other than a bearer bond or an original issue discount bond, is presumed
14 abandoned five years after the date of the most recent interest payment unclaimed by
15 the owner.

16 (c) Matured or redeemed debt, including bearer bonds and original issue
17 discount bonds, is presumed abandoned five years after the date of maturity or
18 redemption.

19 (d) At the time property is presumed abandoned under this section, any other
20 property right accrued or accruing to the owner as a result of the property interest, and
21 not previously presumed abandoned, is also presumed abandoned.

22 (e) A distribution of net margins by a cooperative incorporated under
23 AS 10.25 is presumed abandoned if the distribution remains unclaimed by the owner
24 for more than one year after the date authorized for the distribution. The distribution
25 presumed abandoned under this subsection reverts to the cooperative if the cooperative
26 has, at least six months before the proposed date that the distribution reverts to the
27 cooperative, both

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

30 (2) published notice of the proposed reversion in the manner provided
31 by law or court rule for service of a summons by publications.

1 * **Sec. 7.** AS 34.45.220(a) is amended to read:

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

8 * **Sec. 8.** AS 34.45.240(a) is amended to read:

9 (a) A gift certificate or a credit memo, issued in the ordinary course of an
10 issuer's business, that remains unclaimed by the owner for more than three [FIVE]
11 years after becoming payable or distributable is presumed abandoned.

12 * **Sec. 9.** AS 34.45 is amended by adding a section to article 3 to read:

13 **Sec. 34.45.270. Burden of proof as to property evidenced by record of**
14 **check, draft, or similar instrument.** A record of the issuance of a check, draft, or
15 similar instrument is prima facie evidence of an obligation. In claiming property from
16 a holder who is also the issuer, the department's burden of proof as to the existence
17 and amount of the property and its abandonment is satisfied by showing issuance of
18 the instrument and passage of the requisite period of abandonment. Defenses of
19 payment, satisfaction, discharge, and want of consideration are affirmative defenses
20 that must be established by the holder.

21 * **Sec. 10.** AS 34.45.280(f) is repealed and reenacted to read:

22 (f) The requirements of this section apply to the holder of intangible property
23 with a total aggregate value greater than \$750 that is presumed abandoned under
24 AS 34.45.110 - 34.45.780 during the year preceding June 30 of each year. For
25 purposes of determining total aggregate value under this subsection, the holder shall
26 include all intangible property from prior years that was not reported under this
27 chapter.

28 * **Sec. 11.** AS 34.45.290 is repealed and reenacted to read:

29 **Sec. 34.45.290. Requests for reports and examination of records.** (a) The
30 department may require a person who has not filed a report under AS 34.45.280 or a
31 person who the department believes has filed an inaccurate, incomplete, or false

1 report, to file a verified report in a form specified by the department. The report must
2 state whether the person is holding property reportable under this chapter, describe
3 property not previously reported or as to which the department has made inquiry, and
4 specifically identify and state the amounts of the property that may be in issue.

5 (b) The department, at reasonable times and upon reasonable notice, may
6 examine the records of any person to determine whether the person has complied with
7 this chapter. The department may conduct the examination even if the person believes
8 it is not in possession of any property that must be reported, paid, or delivered under
9 this chapter. The department may contract with any other person to conduct the
10 examination on behalf of the department.

11 (c) The department at reasonable times may examine the records of an agent,
12 including a dividend disbursing agent or transfer agent, of a business association or
13 financial organization that is the holder of property presumed abandoned if the
14 department has given the notice required by (b) of this section to both the association
15 or organization and the agent at least 90 days before the examination.

16 (d) Documents and working papers obtained or compiled by the department,
17 or the department's agents, employees, contractors, or designated representatives, in
18 the course of conducting an examination under this chapter are confidential and are
19 not public records, but the documents and papers may be

20 (1) used by the department in the course of an action to collect
21 unclaimed property or otherwise enforce this chapter;

22 (2) used in joint examinations conducted with or under an agreement
23 with another state, the federal government, or any other governmental subdivision,
24 agency, or instrumentality;

25 (3) produced under subpoena or court order; or

26 (4) disclosed to the unclaimed property office of another state for that
27 state's use in circumstances equivalent to those described in this subsection, if the
28 other state is bound to keep the documents and papers confidential.

29 (e) If an examination of the records of a person results in the disclosure of
30 property reportable under this chapter, the department may assess the cost of the
31 examination against the holder at the rate of \$200 a day for each examiner, or a greater

1 amount that is reasonable and was incurred, but the assessment may not exceed the
2 value of the property found to be reportable under this chapter. The cost of an
3 examination made under (c) of this section may be assessed only against the business
4 association or financial organization.

5 (f) If a holder does not maintain the records required by AS 34.45.300 and the
6 records of the holder available for the periods subject to this chapter are insufficient to
7 permit the preparation of a report, the department may require the holder to report and
8 pay to the department the amount the department reasonably estimates, on the basis of
9 any available records of the holder or by any other reasonable method of estimation,
10 should have been but was not reported.

11 * **Sec. 12.** AS 34.45.300(a) is repealed and reenacted to read:

12 (a) Except as otherwise provided in (b) of this section, a holder required to file
13 a report under AS 34.45.280 shall maintain the records containing the information
14 required to be included in the report for 10 years after the holder files the report,
15 unless a shorter period is provided by regulations adopted by the department.

16 * **Sec. 13.** AS 34.45.310 is repealed and reenacted to read:

17 **Sec. 34.45.310. Notice and publication of lists of unclaimed property.** (a)
18 The department shall notify apparent owners of unclaimed property under this chapter
19 in the manner and method set out in (b) of this section. In deciding whether to use an
20 additional method specified in (b)(2) of this section, and which of those methods to
21 use, the department shall employ the most cost-effective method available within its
22 appropriations.

23 (b) The department

24 (1) shall notify all apparent owners of the unclaimed property in
25 accordance with this section by means of posting on the department's website on the
26 Internet;

27 (2) may use any of the following to provide additional notice to the
28 apparent owners:

29 (A) publication in a newspaper of general circulation in the
30 area of the state in which the last known address of a person to be named in the
31 notice is located, or if the address is unknown, in the area in which the holder

1 has its principal place of business in the state;

2 (B) individual contact by regular or electronic mail, or by
3 telephone, if the department has current contact information on file under this
4 chapter;

5 (C) any other manner and method that the department considers
6 effective for providing notice and publication under this chapter.

7 (c) In its notice and publication under (b) of this section, the department shall
8 provide the names of the apparent owners of the property and information regarding
9 recovery of the unclaimed property

10 (d) The department is not required to publish in the notice an item of less than
11 \$100 in value.

12 (e) This section does not apply to money payable on traveler's checks, money
13 orders, and other written instruments presumed abandoned under AS 34.45.140.

14 * Sec. 14. AS 34.45.760(10) is amended to read:

15 (10) "intangible property"

16 (A) includes

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

19 (ii) credit balances, customer overpayments, gift
20 certificates, security deposits, refunds, credit memos, unpaid wages,
21 and unidentified remittances;

22 (iii) stocks and other intangible ownership interests in
23 business associations or financial organizations;

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

26 (v) amounts due and payable under the terms of
27 insurance policies; [AND]

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

1 and

2 **(vii) amounts due and payable as mineral proceeds;**

3 (B) does not include

4 (i) unused airline tickets;

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

8 (iii) overpaid contributions by employers to the
9 unemployment compensation fund under AS 23.20.130;

10 * Sec. 15. AS 34.45.760(11) is repealed and reenacted to read:

11 (11) "last known address" means

12 (A) if the address is sufficient to direct the delivery of mail or
13 receipt of a communication by the means known to the holder, a description of
14 the location of the apparent owner's residence or business;

15 (B) if the address is not sufficient as described in (A) of this
16 paragraph, a description indicating that the apparent owner was located within
17 this state;

18 * Sec. 16. AS 34.45.760 is amended by adding new paragraphs to read:

19 (18) "gift certificate" means an obligation of a business association
20 arising from a transaction between the business association and a consumer to provide
21 goods or services at a future date; "gift certificate" includes a gift certificate, stored
22 value card, gift card, on-line gift account, or other representation or evidence of the
23 obligation of a business association;

24 (19) "mineral" means gas; oil; other gaseous, liquid, and solid
25 hydrocarbons; oil shale; cement material; sand and gravel; road material; building
26 stone; chemical raw material; gemstone; fissionable and non fissionable ores; colloidal
27 and other clay; steam and other geothermal resource; or any other substance defined as
28 mineral by other state law;

29 (20) "mineral proceeds" means amounts payable for the extraction,
30 production, or sale of minerals, or, upon the abandonment of those payments, all
31 payments that become payable after the abandonment; "mineral proceeds" includes

1 amounts payable for the following:

2 (A) for the acquisition and retention of a mineral lease,
3 including bonuses, royalties, compensatory royalties, shut-in royalties,
4 minimum royalties, and delay rentals;

5 (B) for the extraction, production, or sale of minerals, including
6 net revenue interests, royalties, overriding royalties, extraction payments, and
7 production payments;

8 (C) under an agreement or option, including a joint operating
9 agreement, unit agreement, pooling agreement, and farm-out agreement.

10 * Sec. 17. The uncodified law of the State of Alaska is amended by adding a new section to
11 read:

12 APPLICABILITY. The changes made by this Act apply to property that meets either
13 of the following:

14 (1) property that, on the effective date of this Act, already was subject to a
15 statutory provision amended by this Act;

16 (2) property that, on or after the effective date of this Act, becomes subject to
17 a statutory provision amended by this Act.

18 * Sec. 18. This Act takes effect immediately under AS 01.10.070(c).

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CS SB231
 () Publish Date: _____

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						
TOTAL OPERATING	60.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	1,000.0	1,500.0	500.0			
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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)						
TOTAL	60.0	0.0	0.0	0.0	0.0	0.0

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

Comparison Original Bill to Committee Substitute

SB 231 to CS SB 231 (SA)

The main purpose for the CS is to bring Alaska's unclaimed property law more in conformity with the most current Uniform Unclaimed Property Act, which has been adopted by 13 states to date. The original bill addressed time periods for presumption of abandoned and did not address other Uniform Act language.

The CS deletes Section 2 AS 34.45.140(b) which had a proposed time period change from seven years to five years for money payable on a money order or similar written instrument. The CS revises Section 3 by deleting subsections (4) and (5) of AS 34.45.160(a). This change ensures that all property of an owner covered by the section, whether known or unknown by the owner, will fall under the protection of the Act. The CS revises Section 4 AS 34.45.170 (a) by deleting the second sentence. The first sentence covers the property referred to in the second sentence.

The CS adds a new section. AS 34.45.175 which deals with demutualization proceeds. This type of property interest was not addressed in the prior Uniform Acts and is a relatively new type of property.

The original bill made changes to AS 34.45.200(a), (b), (c) and (e) in Sections 6 – 9. However, the CS repeals and readopts AS 34.45.200 so that it more closely mirrors the Uniform Unclaimed Property Act dealing with stock and other intangible interests in business associations and financial organizations.

AS 34.45.270 which deals with burden of proof. is added for conformity to the Uniform Act.

Other statutes which are affected by the CS are AS 34.45.280(f) making the reporting requirement only applicable to holders of abandoned intangible property which has a total accumulative value in excess of \$750, AS 34.45.290 changes requests for reports and examination of records, AS 34.45.300(a) changes the retention of records, and AS 34.45.310 changes the notice and publication requirements. The CS makes changes to definitions listed under AS 34.45.760.

All other sections of the bills remain the same except for the effective date section which now provides that the Act becomes effectively immediately in accordance with AS 01.10.070(c).



**Reasons for Proposed Unclaimed Property Legislative Changes
CS SB 231 (SA)**

1. This change to section AS 34.45.110(a) will make the general abandoned period for property not defined in other parts of the Act three years instead of five years.
2. This change will make section AS 34.45.150(a) consistent with the Uniform Unclaimed Property Act. Time period for money payable on a negotiable instrument is changed from seven years to five years.
3. The change will make section AS 34.45.160(a) consistent with the Uniform Unclaimed Property Act. Ensures all property regardless of known or unknown by the owner will fall under the protection of the Act.
4. This change will make section AS 34.45.170(a) consistent with the Uniform Unclaimed Property Act. When life endowment and annuity contracts do not mature by actual proof of death, but the insured or annuitant has reached the limiting age of mortality, they should be reported consistent with other forms of life and endowment insurance.
5. Adds a new section AS 34.45.175 for distributions in insurance company reorganizations. Mutual companies are owned by their policyholders. In order to create capital or enhance financial strength mutual companies demutualize and convert to a stock form of ownership. Policyholders are entitled to receive compensation in the form of cash or stock.

Mutual companies do not have reoccurring contact with fully paid policyholders. Contact only occurs when a policyholder's estate files a claim for benefits.

Alaska's current statutes do not take into consideration the fact that virtually all policyholders were lost as of the date of the demutualization and have in fact been lost for decades prior.

6. Deleting AS 34.45.200 (b) allows companies to report unclaimed property based on inactivity or lack of owner contact. Alaska's current language requires the company to make seven distributions before property is considered unclaimed. E.g. a company may issue stock splits every two or three years. In that case, it could take fourteen to twenty-one years before it would become reportable as unclaimed property.
7. This change will make section AS 34.45.220(a) consistent with the Uniform Unclaimed Property Act by shortening the dormancy period from five years to three years.
8. This change will make section AS 34.45.240(a) consistent with the Uniform Unclaimed Property Act by shortening the dormancy period from five years to three years.

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						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()		2,000.0	2,000.0			
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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)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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

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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

May 20, 2003

The Honorable Gene Therriault
President of the Senate
Alaska State Legislature
State Capitol, Room 107
Juneau, AK 99801-1182

Dear President Therriault:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that would amend 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 custody of the state.

Alaska's current unclaimed property statutes are based on the 1981 version of the Uniform Unclaimed Property Act adopted by the National Conference of Commissioners on Uniform State Laws. That Act, and Alaska's Act, are intended to prevent people from losing their right to property that is justifiably theirs by requiring that unclaimed property be transferred to the state to act as custodian once the property is presumed abandoned. In 1995, the uniform law commissioners revised their Act to streamline the process by which states deal with unclaimed property and to better protect property owners.

One of the changes proposed in the 1995 revision is a general shortening of the time periods after which most unclaimed property is presumed to be abandoned and must be transferred to the custody of the state. Shortening the time period benefits both the state and the owner of the unclaimed property. As the custodian for the unclaimed property, the property is available to the state as a source of revenue, pending the rightful owner's claim. The rightful owner benefits by having the property transferred at an earlier date to a perpetual custodian with the stability to assure that the property will be there when the owner comes forward to claim it.

I urge your early and favorable consideration of the bill.

Sincerely,

A handwritten signature in black ink that reads "Frank H. Murkowski".

Frank H. Murkowski
Governor