

LEG. FINANCE - BILLS 1985 - 1986 2358

2nd SSB 181 cont. - HB 182

2358

particular job. Not knowing whether he was going to have to simply have to replace bearings or replace a whole rotor assembly in a piece of machinery. So the work can vary from year to year on each ship in a great bit of detail. We do dry dock each vessel each year.

"The competitive advantages that were mentioned earlier that this operator will have are really three: one, he will not have thirty-eight million dollars worth of capital costs to recover in his bid price. He will have a lease cost that he's going to have to recover. He'll also have the Alaska bidder's preference and the interport differential. As Rep. Pignalberi mentioned the cost of moving a ship from Ketchikan to Seattle is very significant. I can give an illustration: we just hurriedly figured out a interport differential on the Matanuska who is currently in the shipyard in Seattle...undergoing overhaul. The interport differential for moving the Matanuska from Ketchikan down and back and the transportation costs for the crew and the per diem we would have to pay is approximately \$50,000. The whole job in the dry dock that we are paying the shipyard is only \$44,000. In evaluating one of those jobs we would take the Ketchikan shipyard bid, the specifications would delineate the interport differential, and we would add that interport differential in to any other shipyard, whether it be Seattle, Tacoma, or Portland."

"I think the intent of the bill is very, very good. The current administration, I know, certainly intends to make the shipyard work. This shipyard has got a long hard road ahead of it. In the last 5 years on the West coast, 23 shipyards have closed... With the \$38 million dollars the state's invested, it behooves us to do our very best to make sure that that yard succeeds. It will have a lot of very definite advantages for the marine highway to be able to repair ships in Ketchikan and not have to take them south. We are looking forward to taking advantage of those advantages."

Number 245

Rep. Pignalberi pointed out the importance of the leasing process because "the best protection for taking operating advantage of the new facility is to charge an awful lot for that lease because the lease income is something you can deduct from the repair bills...in the net income basis to the state. ...What would prevent Todd shipyards or some outside operator from coming up or is that the plan because you need the expertise. Are you going to have an outside company come and take advantage of this \$38 million dollar facility we built for Alaskans?"

Joe Camp said, "If the state were to operate the facility with state employees we would be basically an Alaska Marine Highway repair facility. We don't have the time, the talent or the inclination to go out and look for commercial business. That's not our business to compete with other shipyards. It would be a very, very expensive operation. We could not do it competitively, I think. To attract a competent shipyard in there is going to take some incentive because as I say, shipyards are closing, not opening."

"What the state was looking at, in effect, was managing the facility. For a number of years we looked at it that way. We were looking at stateside yards and to help design the yard two years ago, we sent out a request for proposals for yard operators prequalified from US yards. From there came expression of interest in operating the yard and we...picked their brains to redesign the yard...saying, 'If you were operating and building a shipyard what would you put in?' ...and redesigned and built it. Now, the City of Ketchikan, about a year ago, stepped in and said they would like to manage the facility and we are currently negotiating with the City of Ketchikan. We feel that it is very viable and smart for the City of Ketchikan to get involved in it because they're interested in building an industry, building an industrial park and expanding the yard to other marine related activities...

"For it to really be a viable yard, we need to cover the operating expenses of the yard and the capital cost replacement in the yard but not necessarily turn a profit for the state... The enterprise fund in principle we have set up with the City of Ketchikan. All of the revenues that the City of Ketchikan collects will go into an enterprise fund and in effect there are three buckets that the funds will flow into. The first bucket is for annual operating and maintenance expenses of the yard. Probably for the first couple of years, if it pays all of its own operating expenses it will be lucky. ...A second bucket which is a capital replacement fund, a sinking fund, which all of the facilities that are in the original lease to the city will be amortized over the life of that particular facility and an amount of money will go into this fund each year. ...The third bucket is if there is additional money... is for new capital buildings and facilities."

Rep. Pignalberi asked if any of the money will come back to the state.

Joe Camp said, "It stays right in the facility to make the facility go. The money will come back to the sinking fund, the termination of the lease will come back to the state."

Rep. Davis asked if the sinking fund was state operated.

Joe Camp replied that the sinking fund is part of the enterprise fund of the Ketchikan shipyard.

Number 360

Rep. Pignalberi asked what would prevent the City of Ketchikan from putting the fund money into a different project?

Joe Camp said, "the terms of the lease..."

Rep. Marrou asked about the question marks on the fiscal note from DOT.

Number 380

Joe Camp said, "It should not cost us anything. It's difficult to project ahead whether we will save operating money and maintenance money. Hopefully we will. One thing that is going to be very good for the yard but is going to end up potentially costing the state more money is the fact that it's not going to be very convenient for our employees to live in Ketchikan. Right now with our ships spending several months a year in Seattle, it's quite convenient for many of our employees to live in Seattle and simply work on the ships during overhaul. Once the shipyard moves to Ketchikan and we begin repairing our ships in January of next year in Ketchikan, then it's going to be very inconvenient. There's going to be an incentive for people to move back to Alaska. However, when they do their pay increases 22%. They get a COLA...with that situation our payroll costs can go up so it's going to be very difficult to estimate just what our total budget picture is going to be."

Number 405

Rep. Marrou pointed out that the interport differential offsets the COLA.

Joe Camp agreed but added, "It will cost us more on many of our jobs that the shipyard itself cannot do. We have to bring the owner or the manufacturers technical representative in to do particular work... These people are all located in Seattle. It's going to cause us to have to plan our overhauls much better... We pay travel expenses for those tech reps when we bring them to Ketchikan."

Number 428

Rep. Marrou moved that the CS for the second sponsor substitute for HB 181 be adopted.

There were no objections.

Rep. Marrou moved that the bill be passed out of committee.

There were no objections.

Rep. Davis suggested to Joe Camp that there should be a letter of intent on the bill from the Attorney General.

Rep. Davis also said that a new zero fiscal note is needed before it moves out also.

There was discussion on residency and COLA.

The meeting was adjourned at 8:00.



Dept. of Transportation & Public Facilities

Position Paper

BILL NO: 181 (2nd Sponsor Substitute)

APPROVED

[Signature]
K. J. Krapp
Commissioner

TITLE: An Act relating to the Maintenance of Vessels of the Alaska Marine Highway System

DATE:

The department agrees with the concept that Alaska Marine Highway System (AMHS) vessels should be repaired in Alaska.

However, we disagree with this bill as written as it removes the competitive process from repair contracts. In effect, this bill gives a "blank check" to the private shipyard operator to charge AMHS whatever he pleases since he would have a captive market.

AMHS has made a conscious effort to reduce repair costs and thus make more of the limited budget available for operations. One undesirable result of enactment of this bill, as written, could be an unreasonable increase in the cost of repairs which would be paid out of operating funds with the net result being a reduction in service to Alaskan communities.

Market economic factors favor the operator of the Ketchikan Shipyard. He will have three distinct economic advantages over outside shipyards.

1. He will have minimal capital costs to recover in his repair pricing.
2. He will have an Alaska bidders preference.
3. Any outside bidder will have an "interport differential" added to their bid in the evaluation process.

(Interport differential is the cost of positioning a vessel to another repair port. It includes full, crew repatriation, per diem, and any other identifiable direct cost of the positioning/repositioning. It is calculated for each vessel at each overhaul but would be in the neighborhood of \$50,000.00 for a mainline vessel.)

The department recommends that the bill be modified by adding the words "at competitive prices" on line 15 following the word maintenance.

**STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date : _____

REQUEST

Bill/Resolution No. : CS For 2d Sponsor Sub. HB181
 Title : "...maintenance of vessels or the Alaska Marine Highway System."

Sponsor : Taylor, Sund and Goll
 Requestor : _____
 Date of Request : _____

FISCAL DETAIL

Agency Affected : DOT&PF - AMHS
 BRU : Marine Operations

Components : 1) SE Vessels Operations and Overhaul 2) SW Vessels Operations and Overhaul.

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE						
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FUNDING : (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

See attached.

Prepared by : Joe D. Camp, Deputy Commissioner Phone : 465-3950
 Division : Alaska Marine Highway System Date : 3/18/86

Approved by Commissioner : [Signature] Date : 3/18/86
 Agency : DOT/PP

Distribution (by Agency preparing fiscal note) :

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CS For 2d Sponsor Substitute for HB 181

There are eventualities relating to the maintenance of vessels of the Alaska Marine Highway System within the State of Alaska that could be positive or negative in impact. At this point in time it is not possible to assess the fiscal-impact of the presently written bill.

There is the possibility that the higher costs of doing business in an "Alaskan Shipyard" could be somewhat offset by the savings generated from an interport differential or cost of delivery of a vessel to and from Alaska. On the other side, it would be less desirable for crewmembers to live outside Alaska and more would likely move back resulting in higher COLA payments.

The fiscal impact will remain unknown until some experience is generated in vessel repairs in Alaska.



ALASKA STATE LEGISLATURE
 HOUSE OF REPRESENTATIVES
 RESEARCH AGENCY

Pouch Y, State Capitol
 Juneau, Alaska 99811
 (907) 465-3991

April 2, 1986

MEMORANDUM

TO: Representative Bette Cato

ATTN: Rhonda Cargill

FROM: Deb Pomeroy, Administrative Officer *DP*

RE: Vessels Owned by the State of Alaska
 Research Request 86-155

You requested information on the number of boats larger than 16 feet that are owned by various departments of the State. I contacted Bob Head, Property Manager with the Division of General Services and Supply in the Department of Administration (DOA). He was able to provide computer printouts on vessels owned by all the State agencies with the exception of the University of Alaska.¹ The attached table contains the data on boats larger than 16 feet by department.

In addition to the nine ferries owned by the Marine Highway System, the State of Alaska owns 173 boats larger than 16 feet. The following is a breakdown of the size and ownership:

<u>Size</u>	<u># of boats</u>	<u>Ownership</u>
> 45'	13	8--DF&G; 5--DPS
26' - 45'	26	12--DF&G; 12--DPS; 1--DOE; 1--Surplus
17' - 25'	130	96--DF&G; 27--DPS; 1--Corr.; 1--DEC 1--H&SS; 1--DNR; 2--DOT/PF; 1--Surplus
Unknown	6	4--DPS; 1--DNR; 1--Surplus

I hope this information answers your questions. If you have any questions or would like additional information, please contact this agency.

DP

Attachments

¹This printout is on file at House Research if you would like to see it. Julie Mipes with the University of Alaska in Fairbanks will be sending information on the U of A's vessels in the next week. I will forward that information to you as soon as it is received.

STATE OF ALASKA
VESSELS OVER 16 FEET

DEPARTMENT	VESSEL LENGTH	CLASS DESCRIPTION
Fish & Game	91' Patrol	Metal Enclosed Inboard Power
	72' M/V Kittiwake	Boat, General
	70' (21' Beam) M/V Steller	Metal Enclosed Inboard Power
	70' Schooner	Metal Enclosed Inboard Power
	66' Crabber/Troller	Metal Enclosed Inboard Power
	65' Steel Hull T-Boat	Metal Enclosed Inboard Power
	58' Seine Boat	Metal Enclosed Inboard Power
	48' X' 24 Catamaran Fish Trap	Barge, Metal Power
	40' Utility	Metal Enclosed Inboard Power
	36' M/V O'Nerka	Plastic Enclosed Inboard Power
	34' M/V Cutthroat	Plastic Enclosed Inboard Power
	32' M/V Swolt	Plastic Enclosed Inboard Power
	32' M/V Puffin (Fiberglass)	Plastic Enclosed Inboard Power
	32' M/V Iliaska (Cruiser)	Plastic Enclosed Inboard Power
	31' M/V Clupea	Plastic Enclosed Inboard Power
	31' MV O9Kisutch	Plastic Enclosed Inboard Power
	31' Blind Slough	Barge, Metal Power
	31' Blind Slough	Barge, Metal Power
	30' Alum Boat	Metal Open Outboard Power
	26' JBC Radar	Metal Open Outboard Power
	25' Bristol Bay Drift Skiff	Wood Enclosed Outboard Power
	25' Boston Whaler	Plastic Oper. Outboard Power
	24' X 9' Wood Arctic Queen	Boat, General
	24' X 8' Scow Flat	Plastic Open Outboard Power
	24' X 40' Manigan Float House	Wood Barge
	24' Gussic Ventures	Metal Open Outboard Power
	23' Dories Interceptor	Metal Enclosed Outboard Power
	23' Commercial Cuddy	Plastic Enclosed Outboard Power
	22' X 25' Boathouse	Wood Barge
	22' ORCA Workboat	Plastic Open Outboard Power
	22' Marine Fiberglass	Plastic Open Outboard Power
	21' Woolridge	Metal Open Outboard Power
	21' Wooldrige	Metal Open Outboard Power
	21' Silver Streak	Metal Open Outboard Power
	21' Munson	Metal Open Outboard Power
	21' Glassply	Plastic Enclosed Inboard Power
	21' Glaspar Ventura	Plastic Enclosed Outboard Power
	21' Boston Whaler	Plastic Open Outboard Power
	21' Boston Whaler	Plastic Open Outboard Power
	21' Boston Whaler	Plastic Open Outboard Power
	21' Boston Whaler	Plastic Open Outboard Power
	21' Alum	Metal Open Outboard Power
20' Wood Plank	Boat, General	
20' Smokercraft	Metal Open Outboard Power	
20' Quachita	Metal Open Outboard Power	
20' Quachita	Metal Open Outboard Power	
20' Fiberform	Plastic Enclosed Outboard Power	
20' Custom Made	Metal Open Outboard Power	
20' Boston Whaler	Plastic Open Outboard Power	
20' Boston Whaler	Plastic Open Outboard Power	
20' Boston Whaler	Plastic Open Outboard Power	
20' Boston Whaler	Plastic Open Outboard Power	
20' Boat	Boat, General	
20' Alunaweld	Metal Open Outboard Power	

STATE OF ALASKA
VESSELS OVER 16 FEET

DEPARTMENT	VESSEL LENGTH	CLASS DESCRIPTION
Corrections	18' Valco	Metal Open Outboard Power
Education	30' Utility Boat	Boat, General
Environmental Cons	19' Boston Whaler	Plastic Enclosed Outboard Power
H&SS	20' R.R. Hewes Craft	Metal Open Outboard Power
Natural Resources	16'7" Boston Whaler	Plastic Enclosed Outboard Power
	Silverline MDL Hilo	Plastic Enclosed Outboard Power
Transportation	Bartlett	Ferries
	Tustanena	Ferries
	Chilkat	Ferries
	Matanuska	Ferries
	Columbia	Ferries
	Taku	Ferries
	Malaspina	Ferries
	LeConte	Ferries
	Aurora	Ferries
	16' X 30' Paint Float	Metal Barge
20' Alumina	Metal Open Outboard Power	
Surplus Warehouse	Glasply 2600 Escort	Plastic Enclosed Inboard Power
	17' Glasply	Plastic Enclosed Outboard Power
	26' Cabin Skiff Barricuda	Wood Enclosed Outboard Power


**City of
Ketchikan**

RECEIVED

MAR 10 1986

334 Front Street
Ketchikan, Alaska 99901
907-225-3111

March 4, 1986

**ALASKA
MARINE HIGHWAY SYSTEM**

The Honorable Bill Sheffield
Governor of Alaska
Pouch A
Juneau, Alaska 99811

Dear Governor Sheffield:

The City of Ketchikan has received a copy of Mayor Gieseler of Seward's letter to you dated January 16, 1986 with its attached copy of City of Seward Resolution Resolution 86-3.

The City of Ketchikan believes that the Ketchikan Shipyard can and should actively compete in the West Coast shiprepair market.

The City believes that, by this means, the Ketchikan Shipyard will most economically serve the State of Alaska and other potential customers, and will thereby yield the greatest benefits to Alaska.

Sincerely,


James A. Van Altvorst
City Manager

JAV:lm

c.c. Senator Robert H. Ziegler, Sr.
Representative John Sund
Representative Robin L. Taylor
Richard J. Knapp, Commissioner, DOT/PF
✓ Joe D. Camp, Deputy Commissioner, DOT/PF

Offered: 3/19/86
Referred: Finance

Original sponsors: Taylor, Sund
and Goll

1 IN THE HOUSE BY THE TRANSPORTATION COMMITTEE
2 CS FOR 2d SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 181 (Transportation)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - SECOND SESSION
5 A BILL
6 For an Act entitled: "An Act relating to the maintenance of vessels of the
7 Alaska marine highway system."
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
9 * Section 1. AS 19.65 is amended by adding a new section to read:
10 Sec. 19.65.030. MAINTENANCE OF ALASKA MARINE HIGHWAY SYSTEM
11 VESSELS. A vessel of the Alaska marine highway system may not be
12 transported outside of the state for the purpose of maintenance unless
13 the commissioner of transportation and public facilities determines
14 that there is no facility in the state able and available to perform
15 the maintenance at competitive prices.

Introduced: 3/5/86
Referred: Transportation
and Finance

1 IN THE HOUSE

BY TAYLOR, SUND AND GOLL

2

2d SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 181

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the maintenance of vessels of the
Alaska marine highway system."

7

8

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

9

* Section 1. AS 19.65 is amended by adding a new section to read:

10

§ 19.65.030. MAINTENANCE OF ALASKA MARINE HIGHWAY SYSTEM

11

VESSELS. A vessel of the Alaska marine highway system may not be

12

transported outside of the state for the purpose of maintenance unless

13

the commissioner of transportation and public facilities determines

14

that there is no facility in the state able and available to perform

15

the maintenance.

HOUSE

COMMITTEE REPORT

(11)

Date referred: 4/11/86

FURTHER REFERRALS:

DATE: 4-28-86

The FINANCE Committee has considered HB 182

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

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with CS HB 182 (FIN) same title new title

and recommends do pass

further referral to the _____ Committee

- and attaches:
- letter of intent
 - first fiscal note
 - new fiscal note
 - zero fiscal note

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature] - NO REC.

[Signature] No Recommendation

[Signature] NO REC.

[Signature] NO REC.

[Signature]
Chairman

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : 4/25/86

REQUEST

Bill/Resolution No. : CSHB 182 (FIN)
 Title : Unclaimed Property

 Sponsor : Governor
 Requestor : House Finance Committee
 Date of Request : 4/25/86

FISCAL DETAIL

Agency Affected : Revenue
 BRU : Audit

 Components : Audit Administration

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		59.2	---	---	---	---
TRAVEL		1.0	---	---	---	---
CONTRACTUAL		40.0	---	---	---	---
SUPPLIES		0	---	---	---	---
EQUIPMENT		0	---	---	---	---
LAND & STRUCTURES		0	---	---	---	---
GRANTS, CLAIMS		0	---	---	---	---
MISCELLANEOUS		0	---	---	---	---
TOTAL OPERATING		100.2	---	---	---	---

CAPITAL		0	0	0	0	0
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REVENUE		4200.0	---	---	---	---
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FUNDING : (Thousands of Dollars)

GENERAL FUND		0				
FEDERAL FUNDS		0				
OTHER		100.2				
TOTAL		100.2				

POSITIONS :

FULL-TIME		2				
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

NPA

Prepared by : Al Adams, Chair Phone : 465-3706
 Division : House Finance Committee Date : 4/25/86

Approved by Commissioner : _____ Date : _____
 Agency : _____

Distribution (by Agency preparing fiscal note) :

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

ANALYSIS OF FISCAL NOTE FOR CS HB 182 (FIN)

FY 87:

Expenditures

Personal Services---

Unclaimed Property Administrator (Range 18 for 9 months)	\$ 36.7
Tax Examiner I (Range 10 for 9 months)	\$ 22.5
Subtotal	\$ 59.2

Travel---

Training and seminars by NAUPA	\$ 1.0
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Contractual---

Advertising, postage, data processing, telecommunications, forms design and printing	\$ 40.0
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Total Expenditures \$100.0

Revenue

Passage of the bill will immediately generate \$1.7 million in new revenue for the general fund. This is because the balance of the existing unclaimed property trust fund is about \$1.8 million and the bill allows the department to keep \$100,000 in the fund to pay claims before transferring the remainder to the general fund. The rest of the revenue estimate is computed at \$5 (national average annual receipt: low estimate) x 500,000 (state population estimate) for a total of \$2.5 million. Thus, total estimated revenues generated by the bill equal \$4.2 million.

Funding Source

Since the bill provides for funding of operating costs with program receipts, the funding source for this fiscal note is other funds.

FY88 AND FUTURE FISCAL YEARS:

There will be fiscal impact from the bill in future fiscal years. It will continue to generate revenue. Although exact estimates cannot be determined, the national average estimate is a good indicator of the revenue potential.

Operating expenses will also continue in the future. The budget process will determine the actual level of funding provided.

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 182 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the disposition of unclaimed
7 property."

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

9 * Section 1. AS 06.05.470(x) is amended to read:

10 (x) Unclaimed funds remaining after the completion of the liq-
11 uidation by the department shall be handled in accordance with AS 34.-
12 45.110 - 34.45.780 [RETAINED FOR FIVE YEARS BY IT UNLESS SOONER
13 CLAIMED BY THE OWNER. AFTER THAT, THE REMAINING SUM SHALL BE TRANS-
14 FERRED TO THE GENERAL FUND].

15 * Sec. 2. AS 06.25.085 is amended to read:

16 Sec. 06.25.085. APPLICATION OF GENERAL BANKING LAWS. The pro-
17 visions of AS 06.05.005 - 06.05.085, 06.05.090 06.05.270, 06.05.307,
18 06.05.320 - 06.05.327, 06.05.405 - 06.05.425, 06.05.440 - 06.05.445,
19 [06.05.460,] 06.05.462, 06.05.465 - 06.05.515 and 06.05.525 - 06.05.-
20 545 apply to all trust companies engaged in any phase of the business
21 of banking as that term is defined by AS 06.05.540(3) or AS 06.25.100.

22 * Sec. 3. AS 10.15.520 is amended to read:

23 Sec. 10.15.520. DEPOSIT WITH DEPARTMENT OF AMOUNT DUE PERSONS
24 WHO CANNOT BE FOUND. Upon the voluntary or involuntary dissolution of
25 a cooperative, the portion of the assets distributable to a creditor,
26 member, shareholder or patron or other person unknown or who cannot be
27 found, or who is under a disability with [AND THERE IS] no person
28 legally competent to receive the distributive portion, shall be re-
29 duced to cash, and within six months after the final dividend in the

1 liquidation or winding up is payable, shall be deposited with the
2 department. The receiver or other liquidating agent shall prepare in
3 duplicate and under oath a statement containing the names and last
4 known addresses of the persons entitled to the funds, and shall file
5 the statement with the department. The department shall handle the
6 funds in accordance with AS 34.45.110 - 34.45.780 [THE FUNDS SHALL
7 THEREUPON ESCHEAT TO AND BECOME THE PROPERTY OF THE STATE. THE OWNER,
8 OR THE OWNER'S HEIRS OR PERSONAL REPRESENTATIVES, MAY RECLAIM ANY
9 FUNDS SO DEPOSITED IN THE MANNER PROVIDED FOR ESTATES WHICH HAVE
10 ESCHEATED TO THE STATE].

11 * Sec. 4. AS 12.36.030(b) is repealed and reenacted to read:

12 (b) The law enforcement agency shall dispose of that part of the
13 property referenced in (a) of this section that is

14 (1) subject to AS 34.45.110 - 34.45.780 in accordance with
15 AS 34.45.110 - 34.45.780;

16 (2) not subject to AS 34.45.110 - 34.45.780 by selling the
17 property in the same manner as a sale upon execution; after paying the
18 expenses for the preservation and sale of the property, the law en-
19 forcement agency shall dispose of the proceeds of the sale in the same
20 manner as money collected upon a judgment.

21 * Sec 5. AS 13.11.025 is amended to read:

22 Sec. 13.11.025. NO TAKER. If there is no taker under the pro-
23 visions of this chapter [,]

24 (1) personal property in the intestate estate passes to the
25 state and is subject to AS 34.45.280 - 34.45.780; if notice to heirs,
26 substantially equivalent to that required by AS 34.45.310, has been
27 given by the personal representative or other person, AS 34.45.310
28 does not apply;

29 (2) real property in the intestate estate passes to the

1 state and is subject to AS 38.95.200 - 38.95.270.

2 * Sec. 6. AS 13.16 is amended by adding a new section to read:

3 Sec. 13.16.381. DISPOSITION OF UNCLAIMED ESTATE BY PERSONAL
4 REPRESENTATIVE. When there is no taker of an intestate estate, or if
5 an heir, devisee, or claimant cannot be found and the missing person
6 has no conservator, the personal representative shall handle the

7 (1) unclaimed personal property of the estate in accordance
8 with AS 34.45.280 - 34.45.780; and

9 (2) unclaimed real property of the estate in accordance with
10 AS 38.05.

11 * Sec. 7. AS 13.16.600(a) is amended to read:

12 (a) If an heir, devisee, or claimant cannot be found, the per-
13 sonal representative shall distribute the share of personal property
14 of the missing person to the person's conservator, or if the person
15 has no conservator [ANY, OTHERWISE] to the Department [COMMISSIONER]
16 of Revenue to be deposited in the general fund as required by AS 34.-
17 45.370. Property distributable to the Department of Revenue under
18 this subsection is subject to AS 34.45.280 - 34.45.780. If notice to
19 the heir, devisee, or claimant, substantially equivalent to that
20 required by AS 34.45.310, has been given by the personal representa-
21 tive or other person, AS 34.45.310 does not apply [TO BECOME A PART OF
22 THE STATE ESCHEAT FUND].

23 * Sec. 8. AS 13.16.600(b) is repealed and reenacted to read:

24 (b) Real property distributable to a missing heir, devisee, or
25 claimant shall be distributed first to the conservator of the heir,
26 devisee, or claimant; if the heir, devisee, or claimant has no conser-
27 vator, the real property passes to the state. Real property reported
28 under this section is subject to AS 38.95.200 - 38.95.270.

29 * Sec. 9. AS 34.45.030 is amended to read:

1 Sec. 34.45.030. SALE. If [THE] property held by a person de-
2 scribed in AS 34.45.010 is not claimed and taken away within one year
3 after the time it is received, the person having possession of the
4 property may sell the property in the manner provided in AS 34.45.-
5 010 - 34.45.080, except that property described in AS 34.45.110 -
6 34.45.260 shall be reported to the Department of Revenue under AS 34.-
7 45.280 and is subject to AS 34.45.290 - 34.45.780 [THIS CHAPTER].

8 * Sec. 10. AS 34.45.070(b) is amended to read:

9 (b) The district judge or magistrate shall hold the money in
10 trust for the owner of the property and shall pay it to the owner upon
11 the latter's making a written, verified claim to it, with proof of
12 ownership, within one year [SIX MONTHS] after the date of the sale.
13 If no claim is made within one year [SIX MONTHS] after the date of the
14 sale, the district judge or magistrate shall immediately pay the
15 excess proceeds to the Department of Revenue. Excess proceeds that
16 are required to be paid over to the Department of Revenue under this
17 section, are subject to AS 34.45.280 and 34.45.330 - 34.45.780. [THE
18 DEPARTMENT OF REVENUE SHALL DEPOSIT THE EXCESS PROCEEDS IN THE STATE
19 TREASURY, AND THE OWNER, WITHIN SEVEN YEARS AFTER THE DEPOSIT, MAY
20 RECOVER THE MONEY FROM THE STATE.]

21 * Sec. 11. AS 34.45 is amended by adding new sections to read:

22 ARTICLE 2. PERSONAL PROPERTY PRESUMED ABANDONED; GENERAL RULES.

23 Sec. 34.45.110. GENERAL RULE FOR PROPERTY PRESUMED ABANDONED.

24 (a) Except as otherwise provided in AS 34.45.120 - 34.45.780, all
25 intangible property, including income or increment derived from the
26 property, less lawful charges, that is held, issued, or owing in the
27 ordinary course of a holder's business and has remained unclaimed by
28 the owner for more than five years after becoming payable or distrib-
29 utable is presumed abandoned.

1 (b) Property is payable or distributable for the purposes of
2 AS 34.45.120 - 34.45.780 even if the owner failed to demand the prop-
3 erty or to present an instrument or document required to receive
4 payment of the property.

5 Sec. 34.45.120. GENERAL RULES FOR TAKING CUSTODY OF UNCLAIMED
6 INTANGIBLE PROPERTY. Unless otherwise provided in this chapter or by
7 another statute of the state, intangible property is subject to the
8 custody of the state as unclaimed property if the conditions raising a
9 presumption of abandonment under AS 34.45.110 or 34.45.140 - 34.45.260
10 are satisfied and

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

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

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

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

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

26 (4) the last known address of the apparent owner, as shown
27 on the records of the holder, is in a state that either does not
28 provide by law for the escheat or custodial taking of the property, or
29 its escheat or unclaimed property law is not applicable to the

1 property, and the holder is a domiciliary, government, or governmental
2 subdivision or agency, including a municipality, of the state;

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

7 (6) the transaction out of which the property arose oc-
8 curred in the state and

9 (A) the last known address of the apparent owner or
10 other person entitled to the property is unknown, or the last
11 known address of the apparent owner or other person entitled to
12 the property is in a state that either does not provide by law
13 for the escheat or custodial taking of the property or its es-
14 cheat or unclaimed property law does not apply to the property,
15 and

16 (B) the holder is a domiciliary of a state that either
17 does not provide by law for the escheat or custodial taking of
18 the property or its escheat or unclaimed property law does not
19 apply to the property.

20 ARTICLE 3. CONDITIONS LEADING TO PRESUMPTION OF ABANDONMENT OF
21 PARTICULAR TYPES OF PERSONAL PROPERTY.

22 Sec. 34.45.140. TRAVELER'S CHECKS AND MONEY ORDERS. (a) Sub-
23 ject to (d) of this section, money payable on a traveler's check that
24 has been outstanding for more than 15 years after its issuance is
25 presumed abandoned unless the owner, within the preceding 15 years,
26 has communicated in writing with the issuer concerning it or otherwise
27 indicated an interest as evidenced by a memorandum or other record, on
28 file, prepared by an employee of the issuer.

29 (b) Subject to (d) of this section, money payable on a money

1 order or similar written instrument, other than a third-party bank
2 check, that has been outstanding for more than seven years after its
3 issuance is presumed abandoned unless the owner, within the preceding
4 seven years, has communicated in writing with the issuer concerning it
5 or otherwise indicated an interest as evidenced by a memorandum or
6 other record, on file, prepared by an employee of the issuer.

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

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

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

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

24 (3) the issuer has its principal place of business in the
25 state, the records of the issuer show the state in which the travel-
26 er's check, money order, or similar written instrument was purchased
27 and the state of purchase either does not provide by law for the
28 escheat or custodial taking of the property or its escheat or un-
29 claimed property law is not applicable to the property.

1 (e) Notwithstanding any other provision of AS 34.45.110 - 34.-
2 45.780, (d) of this section applies to money payable on traveler's
3 checks, money orders, and similar written instruments, other than a
4 third-party bank check, presumed abandoned after January 31, 1965,
5 except to the extent that those sums have been paid over to a state
6 before January 1, 1974.

7 Sec. 34.45.150. CHECKS, DRAFTS, AND SIMILAR INSTRUMENTS ISSUED
8 OR CERTIFIED BY BANKING AND FINANCIAL ORGANIZATIONS. (a) Other than
9 money payable on an instrument that is subject to AS 34.45.140, money
10 payable on a check, draft, or similar instrument on which a banking or
11 financial organization is directly liable, including a cashier's check
12 and a certified check, that has been outstanding for more than seven
13 years after it was payable or after its issuance if payable on demand,
14 is presumed abandoned. This presumption does not apply if the owner,
15 within the preceding seven years, has communicated in writing with the
16 banking or financial organization concerning the instrument or has
17 otherwise indicated an interest as evidenced by a memorandum or other
18 record, on file, prepared by an employee of the organization.

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

25 Sec 34.45.160. BANK DEPOSITS AND MONEY IN FINANCIAL ORGANIZA-
26 TIONS. (a) A demand, savings, or matured time deposit with a banking
27 or financial organization, including a deposit that is automatically
28 renewable, and money paid toward the purchase of a share, a mutual
29 investment certificate, or other intangible property interest in a

1 banking or financial organization is presumed abandoned unless the
2 owner, within the preceding seven years has,

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

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

8 (3) otherwise indicated an interest in the property as
9 evidenced by a memorandum or other record, on file, prepared by an em-
10 ployee of the banking or financial organization;

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

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

19 (A) communicated in writing with the banking or finan-
20 cial organization or otherwise indicated an interest as evidenced
21 by a memorandum or other record, on file, prepared by an employee
22 of the banking or financial organization; and

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

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

1 cease payment of interest.

2 (c) Property described in (a) of this section that is automat-
3 ically renewable is matured for purposes of (a) of this section upon
4 the expiration of its initial time period. However, in the case of a
5 renewal to which the owner consents at or about the time of renewal by
6 communicating in writing with the banking or financial organization or
7 by otherwise indicating consent as evidenced by a memorandum or other
8 record on file, prepared by an employee of the organization, the prop-
9 erty is matured upon the expiration of the last time period for which
10 consent was given. If, at the time provided for delivery in AS 34.-
11 45.320, a penalty or forfeiture in the payment of interest would
12 result from the delivery of the property, the time for delivery is
13 extended until the time when no penalty or forfeiture would result.

14 (d) For purposes of this section, "property" includes interest
15 and dividends.

16 Sec. 34.45.170. MONEY OWING UNDER LIFE INSURANCE POLICIES. (a)
17 Money held or owing under a life or endowment insurance policy or
18 annuity contract that has matured or terminated is presumed abandoned
19 if unclaimed for more than five years after the money became due and
20 payable as established from the records of the insurance company
21 holding or owing the money. However, property described in (c)(2) of
22 this section is presumed abandoned if unclaimed for more than two
23 years.

24 (b) If a person other than the insured or annuitant is entitled
25 to the money and the address of that person is not known to the compa-
26 ny, or it is not definite and certain from the records of the company
27 who is entitled to the money, it is presumed that the last known
28 address of the person entitled to the money is the same as the last
29 known address of the insured or annuitant according to the records of

1 the company.

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

6 (1) the company knows that the insured or annuitant has
7 died; or

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

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

13 (B) neither the insured nor another person appearing
14 to have an interest in the policy has, within the preceding two
15 years, according to the records of the company, assigned, read-
16 justed, or paid premiums on the policy, subjected the policy to a
17 loan, corresponded in writing with the company concerning the
18 policy, or otherwise indicated an interest as evidenced by a
19 memorandum or other record, on file, prepared by an employee of
20 the company.

21 (d) For purposes of this section, the application of an automat-
22 ic premium loan provision or other nonforfeiture provision contained
23 in an insurance policy does not prevent a policy from being matured or
24 terminated under (a) of this section if the insured has died or the
25 insured or the beneficiary of the policy otherwise has become entitled
26 to the proceeds of the policy before the depletion of the cash surren-
27 der value of a policy by the application of those nonforfeiture pro-
28 visions.

29 (e) If the laws of the state or the terms of the life insurance

1 policy require the company to give notice to the insured or the owner
2 that an automatic premium loan provision or other nonforfeiture pro-
3 vision has been exercised and the notice is to be given to an insured
4 or owner whose last known address, according to the records of the
5 company, is in the state but is undeliverable, the company shall make
6 a reasonable search to ascertain the policyholder's correct address to
7 which the notice must be mailed.

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

13 (g) Commencing two years after the effective date of this Act,
14 every change-of-beneficiary form issued by an insurance company under
15 a life or endowment insurance policy or annuity contract to an insured
16 or owner who is a resident of the state must request the following
17 information:

18 (1) the name of each beneficiary, or if a class of benefi-
19 ciaries is named, the name of each current beneficiary in the class;

20 (2) the address of each beneficiary; and

21 (3) the relationship of each beneficiary to the insured.

22 Sec. 34.45.180. DEPOSITS HELD BY UTILITIES. A deposit, includ-
23 ing interest on the deposit, made by a subscriber with a utility to
24 secure payment, or money paid in advance for utility services to be
25 furnished, less lawful deductions, that remains unclaimed by the owner
26 for more than one year after the termination of the services for which
27 the deposit or advance payment was made is presumed abandoned.

28 Sec. 34.45.190. REFUNDS HELD BY BUSINESS ASSOCIATIONS. Except
29 to the extent otherwise ordered by a court or administrative agency,

1 money that a business association has been ordered by the court or
2 administrative agency to refund is presumed abandoned if it remains
3 unclaimed by the owner for more than one year after it became payable
4 in accordance with the final determination or order providing for the
5 refund, regardless of whether the final determination or order re-
6 quires the owner to make a claim for it.

7 Sec. 34.45.200. STOCK AND OTHER INTANGIBLE INTERESTS IN BUSINESS
8 ASSOCIATIONS. (a) Except as otherwise provided in AS 34.45.210 and
9 (b) and (e) of this section, stock or other intangible ownership
10 interest in a business association, the existence of which is evi-
11 denced by records available to the association, is presumed abandoned
12 and, with respect to the ownership interest, the association is the
13 holder, if a dividend, distribution, or other money payable as a
14 result of the interest has remained unclaimed by the owner for seven
15 years after the money became payable, and the owner, within that seven
16 years, has not

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

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

25 (b) At the expiration of a seven-year period following the
26 failure of the owner to claim a dividend, distribution, or other money
27 payable to the owner as a result of the ownership interest, the inter-
28 est is not presumed abandoned unless there have been at least seven
29 dividends, distributions, or other payments paid during the period,

1 none of which has been claimed by the owner. If seven dividends,
2 distributions, or other payments are paid during the seven-year peri-
3 od, the ownership interest is presumed abandoned at the end of the
4 seven-year period. If seven dividends, distributions, or other pay-
5 ments are not paid during the seven-year period, the period continues
6 to run until there have been seven dividends, distributions, or other
7 payments that have not been claimed by the owner.

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

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

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

27 Sec. 34.45.210. PROPERTY OF BUSINESS ASSOCIATIONS HELD IN COURSE
28 OF DISSOLUTION. Except for intangible property distributable under
29 AS 06.05.465, intangible property distributable in the course of a

1 dissolution of a business association that remains unclaimed by the
2 owner for more than one year after the date specified for final dis-
3 tribution is presumed abandoned.

4 Sec. 34.45.220. PROPERTY HELD BY AGENTS AND FIDUCIARIES. (a)
5 Intangible property and income or increment derived from the intan-
6 gible property held in a fiduciary capacity for the benefit of another
7 person is presumed abandoned unless the owner, within five years after
8 it has become payable or distributable, has increased or decreased the
9 principal, accepted payment of principal or income, communicated
10 concerning the property, or otherwise indicated an interest as evi-
11 denced by a memorandum or other record, on file, prepared by the fidu-
12 ciary.

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

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

24 (d) For the purposes of this chapter, a person who is considered
25 as holding property in a fiduciary capacity for a business association
26 alone is the holder of the property only so far as the interest of the
27 business association in the property is concerned, and the business
28 association is the holder of the property so far as the interest of
29 another person in the property is concerned.

1 Sec. 34.45.230. PROPERTY HELD BY COURTS AND PUBLIC AGENCIES.
2 Intangible property held for the owner by a court, state, municipality
3 or other government, governmental subdivision or agency, public corpo-
4 ration, or public authority, that remains unclaimed by the owner for
5 more than one year after becoming payable or distributable, is pre-
6 sumed abandoned.

7 Sec. 34.45.240. GIFT CERTIFICATES AND CREDIT MEMOS. (a) A gift
8 certificate or a credit memo, issued in the ordinary course of an
9 issuer's business, that remains unclaimed by the owner for more than
10 five years after becoming payable or distributable is presumed aban-
11 doned.

12 (b) In the case of a gift certificate, the amount presumed
13 abandoned is the price paid by the purchaser for the gift certificate.
14 In the case of a credit memo, the amount presumed abandoned is the
15 amount credited to the recipient of the memo.

16 Sec. 34.45.250. WAGES. Unpaid wages, including wages represent-
17 ed by unrepresented payroll checks, owing in the ordinary course of the
18 holder's business and that remain unclaimed by the owner for more than
19 one year after becoming payable are presumed abandoned.

20 Sec. 34.45.260. CONTENTS OF SAFE DEPOSIT BOX OR OTHER SAFEKEEP-
21 ING REPOSITORY. All tangible and intangible personal property held in
22 a safe deposit box or other safekeeping repository in a financial
23 organization in the state in the ordinary course of the holder's
24 business, and proceeds resulting from the sale of the property permit-
25 ted by other law, that remain unclaimed by the owner for more than one
26 year after the lease or rental period on the box or other repository
27 has expired, are presumed abandoned.

28 ARTICLE 4. REPORTING AND DISPOSITION OF PERSONAL PROPERTY.

29 Sec. 34.45.280. REPORT OF ABANDONED PERSONAL PROPERTY. (a) A

1 person holding personal property, tangible or intangible, presumed
2 abandoned and subject to custody as unclaimed property under AS 34.-
3 45.110 - 34.45.430, shall report to the department concerning the
4 property as provided in this section.

5 (b) The report must be verified and must include

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

12 (2) in the case of unclaimed money amounting to \$25 or
13 more, held or owing under a life or endowment insurance policy or
14 annuity contract, the full name and last known address of the insured
15 or annuitant and of the beneficiary according to the records of the
16 insurance company holding or owing the funds;

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

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

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

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

29 (c) If the holder of property presumed abandoned and subject to

1 custody as unclaimed property is a successor to other persons who
2 previously held the property for the apparent owner, or the holder has
3 changed the holder's name while holding the property, the holder shall
4 file with the holder's report all known names and addresses of each
5 previous holder of the property.

6 (d) The report required under (a) of this section shall be filed
7 before November 1 of each year for unclaimed property held as of June
8 30 of that year, but the report of a life insurance company shall be
9 filed before May 1 of each year for unclaimed property held as of
10 December 31 of the preceding year. On written request by a person
11 required to file a report, the commissioner may postpone the reporting
12 date.

13 (e) Not more than 120 days before filing the report required by
14 this section, the holder in possession of property presumed abandoned
15 and subject to custody as unclaimed property under AS 34.45.110 -
16 34.45.430 shall send written notice to the apparent owner at the
17 owner's last known address informing the owner that the holder is in
18 possession of property subject to this chapter if

19 (1) the holder has in its records an address for the appar-
20 ent owner that the holder believes to be accurate,

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

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

24 (f) The requirements of this section do not apply to the holder
25 of gift certificates and credit memos that are presumed abandoned
26 under AS 34.45.240 during the year preceding June 30 of each year if
27 the total aggregate value of the certificates and memos is less than
28 \$250.

29 Sec. 34.45.290. REQUESTS FOR REPORTS AND EXAMINATION OF RECORDS.

1 (a) The department may require a person who has not filed a report
2 under AS 34.45.280 to file a verified report stating whether the
3 person is holding unclaimed property reportable or deliverable under
4 AS 34.45.110 - 34.45.780.

5 (b) The department, at reasonable times and upon reasonable
6 notice, may examine the records of a person if the department has
7 reason to believe that the person has not complied with the provisions
8 of this chapter. The department may conduct the examination even if
9 the person believes that the person does not possess property report-
10 able or deliverable under this chapter. The department may use the
11 information obtained under this subsection only for the purposes of
12 this chapter. The department, or a current or former officer, em-
13 ployee, or agent of the department, may not disclose information that
14 is viewed or obtained during the course of an examination under this
15 subsection and that is confidential under state or federal law or
16 regulation, unless the disclosure is necessary to carry out the pur-
17 poses of this chapter.

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

24 (d) If, after the effective date of this Act, a holder fails to
25 maintain the records required by AS 34.45.300 and the records of the
26 holder available for the periods subject to AS 34.45.110 - AS 34.-
27 45.780 are insufficient to permit the preparation of a report, the
28 department may require the holder to report and pay the amount that is
29 reasonably estimated from the available records.

1 Sec. 34.45.300. RETENTION OF RECORDS. (a) Every holder re-
2 quired to file a report under AS 34.45.280, shall, if it has obtained
3 the last known address of the owner, maintain a record of the name and
4 last known address of the owner for 10 years after the property be-
5 comes reportable, unless a shorter time period is provided in (b) of
6 this section or by regulations adopted by the department.

7 (b) A business association that sells, or provides such instru-
8 ments to others for sale, in the state its traveler's checks, money
9 orders, or other similar written instruments, other than third-party
10 bank checks on which the business association is directly liable,
11 shall maintain a record of the instruments while they remain outstand-
12 ing, indicating the state and date of issue, for three years after the
13 date the property is reportable.

14 Sec. 34.45.310. NOTICE AND PUBLICATION OF LISTS OF ABANDONED
15 PROPERTY. (a) The department shall publish a notice not later than
16 the March 1 following the submission of the report required by AS 34.-
17 45.280, or in the case of property reported by life insurance com-
18 panies, not later than the September 1 following the submission of the
19 report. The notice shall be published at least once a week for two
20 consecutive weeks in a newspaper of general circulation in the area of
21 the state in which the last known address of a person to be named in
22 the notice is located. If no address is listed or the address is
23 outside the state, the notice shall be published in a newspaper of
24 general circulation in the area in which the holder of property has
25 its principal place of business in the state.

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

28 (1) the names, in alphabetical order, and last known ad-
29 dress, if any, of persons listed in the reports and entitled to notice

1 within the area as specified in (a) of this section;

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

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

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

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

26 (e) The mailed notice must contain

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

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

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

8 (f) This section does not apply to money payable on traveler's
9 checks, money orders, and other written instruments presumed abandoned
10 under AS 34.45.140.

11 Sec. 34.45.320. PAYMENT OR DELIVERY OF ABANDONED PROPERTY. (a)
12 Except as otherwise provided in (b) and (c) of this section, a person
13 who is required to file a report under AS 34.45.280, shall, within six
14 months after the final date for filing the report under that section,
15 pay or deliver to the department all abandoned property required to be
16 reported.

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

25 (c) Property reported under AS 34.45.280 for which the holder is
26 not required to report the name of the apparent owner shall be de-
27 livered to the department when the report is filed.

28 (d) The holder of an ownership interest under AS 34.45.200 shall
29 deliver a duplicate certificate, or other evidence of ownership if the

1 holder does not issue certificates of ownership, to the department.
2 Upon delivery of a duplicate certificate to the department, the holder
3 and a transfer agent, registrar, or other person acting for or on
4 behalf of a holder in executing or delivering the duplicate certifi-
5 cate is relieved of all liability, in accordance with the provisions
6 of AS 34.45.330 to every person, including a person acquiring the
7 original certificate or the duplicate of the certificate issued to the
8 department, for loss or damage resulting to a person by the issuance
9 and delivery to the department of the duplicate certificate.

10 Sec. 34.45.330. CUSTODY BY STATE. (a) Upon the payment or
11 delivery of property to the department, the state assumes custody and
12 responsibility for the safekeeping of the property. A person who pays
13 or delivers property to the department in good faith is relieved of
14 all liability to the extent of the value of the property paid or
15 delivered for a claim existing at the time of the payment or delivery
16 or that may arise or be made with respect to the property after the
17 payment or delivery.

18 (b) A holder who has paid money to the department under AS 34.-
19 45.110 - 34.45.430 may make payment to a person appearing to the
20 holder to be entitled to payment. Upon receiving proof of payment
21 from the holder and proof that the payee was entitled to the payment,
22 the department shall promptly reimburse the holder for the payment
23 without imposing a fee or other charge. If reimbursement is sought
24 for a payment made on a negotiable instrument, including a traveler's
25 check or money order, the department shall reimburse the holder under
26 this subsection when the holder files proof that the instrument was
27 presented and that payment was made to a person who appeared to the
28 holder to be entitled to payment. The department shall reimburse the
29 holder for payment made under this subsection even if the holder paid

1 a person whose claim was barred under AS 34.45.430.

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

8 (d) The department may accept the holder's affidavit as suffi-
9 cient proof of the facts that entitle the holder to recover money and
10 property under this section.

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

18 (f) Property removed from a safe deposit box or other safekeep-
19 ing repository is received by the department subject to the holder's
20 right under this subsection to be reimbursed for the actual cost of
21 the opening and to a valid lien or contract providing for the holder
22 to be reimbursed for unpaid rent or storage charges. For charges
23 other than the actual cost of the opening, the department shall reim-
24 burse or pay the holder an amount no greater than the value of the
25 property recovered less the department's selling cost.

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

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

29 (2) the person delivering the property was not a fiduciary

1 then in breach of trust in respect to the property, and had a reason-
2 able basis for believing, based on the facts then known to the person,
3 that the property was abandoned for the purposes of this chapter; and

4 (3) there is no showing that the records under which the
5 delivery was made did not meet reasonable commercial standards of
6 practice in the industry.

7 Sec. 34.45.340. CREDITING OF DIVIDENDS, INTEREST, OR INCREMENTS
8 TO OWNER'S ACCOUNT. Except as provided under AS 34.45.360(d) for
9 appreciation of securities, if property other than money is paid or
10 delivered to the department under AS 34.45.110 - 34.45.430, the owner
11 is entitled to receive from the department dividends, interest, or
12 other increments realized or accruing on the property at or before the
13 department's liquidation or conversion of the property into money.

14 ARTICLE 5. ADMINISTRATION OF ABANDONED PROPERTY.

15 Sec. 34.45.360. PUBLIC SALE OF ABANDONED PROPERTY. (a) Except
16 as provided in (c) and (d) of this section, the department, within
17 three years after receiving abandoned property, shall sell it to the
18 highest bidder at public sale in the area of the state that the de-
19 partment determines to be the most favorable market for the property
20 involved. The department may decline the highest bid and reoffer the
21 property for sale if in the judgment of the department the bid is
22 insufficient. If in the judgment of the department the probable cost
23 of sale exceeds the value of the property, the department need not
24 offer the property for sale. A sale held under this section shall be
25 preceded by a single publication of notice, at least three weeks in
26 advance of sale, in a newspaper of general circulation in the general
27 area in which the property is to be sold.

28 (b) Securities listed on an established stock exchange must be
29 sold at prices prevailing at the time of sale on the exchange. Other

1 securities may be sold over the counter at prices prevailing at the
2 time of sale or by another method the department considers advisable.

3 (c) Unless the department considers it to be in the best inter-
4 est of the state to do otherwise, the department shall hold all secu-
5 rities that have been delivered to the department, other than those
6 presumed abandoned under AS 34.45.200, for at least one year before
7 the department may sell the securities.

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

20 (e) The purchaser of property at a sale conducted by the depart-
21 ment under this section takes the property free of all claims of the
22 owner or previous holder of the property and of all persons claiming
23 through or under them. The department shall execute all documents
24 necessary to complete the transfer of ownership.

25 Sec. 34.45.370. DEPOSIT OF MONEY AND ACCOUNTING. (a) Except as
26 otherwise provided by this section, the department shall promptly
27 deposit in the general fund of the state all money received under
28 AS 34.45.110 - 34.45.780, including the proceeds from the sale of
29 abandoned property under AS 34.45.360. The department shall retain in

1 a separate trust fund an amount not less than \$100,000 from which the
2 department shall make prompt payment of allowed claims. Before making
3 the deposit, the department shall record the name and last known
4 address of each person appearing from the holders' reports to be
5 entitled to the property and the name and last known address of each
6 insured person or annuitant and beneficiary and, with respect to each
7 policy or contract listed in the report of an insurance company, its
8 number, the name of the company, and the amount due. The department
9 shall make the record available for public inspection at all rea-
10 sonable business hours.

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

16 Sec. 34.45.380. FILING OF CLAIM WITH DEPARTMENT. (a) A person,
17 excluding another state, claiming an interest in property paid or
18 delivered to the department may file a claim on a form prescribed by
19 the department and verified by the claimant.

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

29 (c) If a claim is allowed, the department shall pay or deliver

1 to the claimant the property or the amount the department actually
2 received, or the net proceeds if it has been sold by the department,
3 together with an additional amount required by AS 34.45.340. For the
4 purposes of determining net proceeds after sale of the property, the
5 department may deduct

6 (1) costs incurred in connection with the sale of the
7 property;

8 (2) costs of mailing and publication in connection with the
9 property;

10 (3) reasonable service charges; and

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

13 (d) If a claim is allowed and the property claimed was inter-
14 est-bearing to the owner on the date of surrender by the holder, the
15 department also shall pay interest at the rate prescribed in AS 45.-
16 45.010 or a lesser rate the property earned while in the possession of
17 the holder. Interest begins to accrue when the property is delivered
18 to the department and ceases on the expiration of 10 years after
19 delivery or the date on which payment is made to the owner, whichever
20 is earlier. The department may not pay interest on interest-bearing
21 property for a period occurring before the effective date of this Act.

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

27 (f) Unless another state files a claim to recover the property,
28 if the identity of the owner of the property is known, the department
29 shall apply the fair market value of the property to satisfaction of

1 the child support obligations of the owner.

2 Sec. 34.45.390. CLAIM OF ANOTHER STATE TO RECOVER PROPERTY. (a)
3 After personal property has been paid or delivered to the department
4 under this chapter another state may recover the property if

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

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

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

21 (4) this state took custody of the property under AS 34.-
22 45.120(6), and, under the laws of the state of domicile of the holder,
23 the property has escheated to or become subject to a claim of aban-
24 donment by the state of domicile; or

25 (5) the property is the sum payable on a traveler's check,
26 money order, or other similar instrument of which this state took
27 custody under AS 34.45.140, and the instrument was purchased in the
28 other state, and, under the laws of the other state, the property
29 escheated to or became subject to a claim of abandonment by the other

1 state.

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

6 (c) The department shall require a state, before recovering
7 property under this section, to agree to indemnify this state and its
8 officers and employees against liability on a claim for the property.

9 Sec. 34.45.400. ACTION TO ESTABLISH CLAIM. (a) A person ag-
10 grievied by a decision or action of the department under this chapter
11 may apply to the department within 60 days after the mailing date of
12 the department's notice to the person, giving notice of the grievance
13 and requesting an informal conference. At the conference the person
14 aggrieved may present arguments and evidence relevant to the decision
15 or action of the department. If the department determines that a
16 correction is warranted, the department shall make the correction.

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

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

22 (2) within 30 days after the decision resulting from an
23 informal conference.

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

1 (d) A person aggrieved by the decision of the department may,
2 within 30 days after the formal hearing and decision by the depart-
3 ment, appeal to the superior court in the judicial district in which
4 the person resides. The department shall give appellant access to the
5 department's file in the matter for preparation of the appeal. If,
6 after the appeal is heard, it appears that the decision of the depart-
7 ment was correct, the court shall confirm that decision. If incorrect
8 the court shall determine the amount that the person aggrieved is
9 entitled to recover and shall order the repayment. The department
10 shall immediately pay the amount due and attach a certified copy of
11 the judgment to the payment.

12 Sec. 34.45.410. ELECTION TO TAKE DELIVERY. (a) The department
13 may decline to receive property reported under this chapter. If the
14 department elects not to receive custody of the property, the depart-
15 ment shall notify the holder within 120 days after the holder files
16 the report required under AS 34.45.280.

17 (b) A holder, with the written consent of the department and
18 upon terms prescribed by the department, may report and deliver prop-
19 erty before the property is presumed abandoned. Property delivered
20 under this subsection shall be held by the department and is not pre-
21 sumed abandoned until the property would otherwise be presumed aban-
22 doned under this chapter.

23 Sec. 34.45.420. DESTRUCTION OR DISPOSITION OF PROPERTY HAVING
24 INSUBSTANTIAL COMMERCIAL VALUE. If the department determines after
25 investigation that property delivered under this chapter has insub-
26 stantial commercial value, the department may destroy or otherwise
27 dispose of the property at any time. An action or proceeding may not
28 be maintained against the state or an officer of the state or against
29 the holder because of an action taken by the department under this

1 section.

2 Sec. 34.45.430. PERIODS OF LIMITATION. The expiration, before
3 or after the effective date of this Act, of a period of time specified
4 by contract, statute, or court order, during which a claim for money
5 or property may be made or during which an action or proceeding may be
6 commenced or enforced to obtain payment of a claim for money or to
7 recover property, does not prevent the money or property from being
8 presumed abandoned, and does not affect a duty to file a report or to
9 pay or deliver abandoned property to the department as required by
10 AS 34.45.110 - 34.45.430.

11 ARTICLE 6. ENFORCEMENT AND PENALTIES.

12 Sec. 34.45.450. ENFORCEMENT. The department may bring an action
13 in a court of competent jurisdiction to enforce AS 34.45.110 - 34.45.-
14 780.

15 Sec. 34.45.460. INTERSTATE AGREEMENTS AND COOPERATION. (a) The
16 department may enter into agreements with other states to exchange
17 information needed to enable this or another state to audit or other-
18 wise determine unclaimed personal property that this state or another
19 state may be entitled to subject to a claim of custody. The depart-
20 ment may, by regulation, require the reporting of information needed
21 to enable compliance with agreements made under this section, and
22 prescribe the form for the report.

23 (b) To avoid conflicts between the department's procedures and
24 the procedures in other jurisdictions that enact the Uniform Unclaimed
25 Property Act, the department, so far as is consistent with the pur-
26 poses, policies, and provisions of this chapter, shall, before adopt-
27 ing, amending, or repealing regulations, advise and consult with
28 administrators in other jurisdictions that enact, substantially, the
29 Uniform Unclaimed Property Act, and shall take into consideration the

1 rules of administrators in other jurisdictions that enact the Uniform
2 Unclaimed Property Act.

3 (c) The department may join with other states to seek enforce-
4 ment of AS 34.45.110 - 34.45.780 against a person who is or may be
5 holding property reportable under AS 34.45.110 - 34.45.430.

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

14 (e) The department may request that the attorney general of
15 another state, or another person, bring an action to enforce this
16 chapter in the other state in the name of the department. This state
17 shall pay all expenses including attorney fees in an action under this
18 subsection. The department may agree to pay the person bringing the
19 action attorney fees based in whole or in part on a percentage of the
20 value of property recovered in the action. Expenses paid under this
21 subsection may not be deducted from the amount that is subject to a
22 claim by the owner under AS 34.45.110 - 34.45.430.

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

28 (b) A person who fails to pay or deliver property or fails to
29 perform other duties required under this chapter may be required to

1 pay the civil penalties calculated under AS 43.05.220, on the proper-
2 ty, or the value of the property, that the person had a duty to pay,
3 deliver, or report to the department.

4 (c) A person who intentionally refuses after written demand by
5 the department to pay or deliver property to the department as re-
6 quired under this chapter is guilty of a class A misdemeanor.

7 ARTICLE 7. GENERAL PROVISIONS.

8 Sec. 34.45.700. AGREEMENT TO LOCATE REPORTED PROPERTY. An
9 agreement to pay compensation to recover or assist in the recovery of
10 property reported under AS 34.45.280, made within 24 months after the
11 date payment or delivery is made under AS 34.45.290, is unenforceable.

12 Sec. 34.45.710. FOREIGN TRANSACTIONS. AS 34.45.110 - 34.45.780
13 do not apply to property held, due, and owing in a foreign country and
14 arising out of a foreign transaction.

15 Sec. 34.45.720. APPLICATION. (a) AS 34.45.110 - 34.45.780 do
16 not relieve a holder of a duty that arose before the effective date of
17 this Act to report, pay, or deliver property. A holder who did not
18 comply with the law in effect before the effective date of this Act is
19 subject to the applicable enforcement and penalty provisions that
20 existed before the effective date of this Act, and the applicable
21 enforcement and penalty provisions are continued in effect for the
22 purpose of this subsection.

23 (b) The initial report filed under AS 34.45.280 for property
24 that was not required to be reported before the effective date of this
25 Act but that is subject to AS 34.45.110 - 34.45.780 must include all
26 items of property that would have been presumed abandoned during the
27 six-year period preceding the effective date of this Act, as if
28 AS 34.45.110 - 34.45.780 had been in effect during that period.

29 Sec. 34.45.730. REGULATIONS. The department shall adopt

1 regulations necessary to carry out the provisions of AS 34.45.110 -
2 34.45.780.

3 Sec. 34.45.740. UNIFORMITY OF APPLICATION AND CONSTRUCTION.
4 AS 34.45.110 - 34.45.780 shall be applied and construed so as to
5 effectuate their general purpose to make uniform the law with respect
6 to unclaimed property among states enacting the Uniform Unclaimed
7 Property Act.

8 Sec. 34.45.750. REPORT BY DEPARTMENT UPON FAILURE TO MAKE REPORT
9 OR MAKING FALSE REPORT. If a person fails to submit a report as
10 required under AS 34.45.110 - 34.45.780, or makes, wilfully or other-
11 wise, a false report, the department shall make the report from the
12 information it obtains under AS 43.05.050. A report made by the
13 department is prima facie valid for all legal purposes.

14 Sec. 34.45.760. DEFINITIONS. In AS 34.45.110 - 34.45.780,
15 unless the context requires otherwise,

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

19 (2) "banking organization" means a bank, trust company,
20 savings bank, industrial bank, land bank, safe deposit company, pri-
21 vate banker, or an organization defined by other applicable laws as a
22 bank or banking organization;

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

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

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

2 (6) "domicile" means the state of incorporation of a corpo-
3 ration and the state of the principal place of business of an unincor-
4 porated person;

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

8 (8) "holder" means a person, wherever organized or domi-
9 ciled, who is

10 (A) in possession of property belonging to another,

11 (B) a trustee, or

12 (C) indebted to another on an obligation;

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

20 (10) "intangible property"

21 (A) includes

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

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

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

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

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

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

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

14 (11) "last known address" means a description of the lo-
15 cation of the apparent owner sufficient for the purpose of the deliv-
16 ery of mail;

17 (12) "owner" means a depositor in the case of a deposit, a
18 beneficiary in the case of a trust other than a deposit in trust, a
19 creditor, claimant, or payee in the case of other intangible property,
20 or a person having a legal or equitable interest in property subject
21 to AS 34.45.110 - 34.45.780; the term includes a person's legal rep-
22 resentative;

23 (13) "person" means an individual, business association,
24 state, municipality or other government, including the United States
25 government, subdivision or agency, public corporation, public authori-
26 ty, estate, trust, two or more persons having a joint or common inter-
27 est, or other legal or commercial entity;

28 (14) "property" means personal property;

29 (15) "state" means a state, district, commonwealth,

1 territory, insular possession, or other area subject to the
2 legislative authority of the United States;

3 (16) "utility" means a person who owns or operates for
4 public use a plant, equipment, property, franchise, or license for the
5 transmission of communications or the production, storage, trans-
6 mission, sale, delivery, or furnishing of electricity, water, steam,
7 or gas.

8 Sec. 34.45.780. SHORT TITLE. AS 34.45.110 - 34.45.780 may be
9 cited as the Uniform Unclaimed Property Act.

10 * Sec. 12. AS 38.95 is amended by adding new sections to read:

11 ARTICLE 5. REAL PROPERTY ESCHEATED TO STATE.

12 Sec. 38.95.200. REAL PROPERTY SUBJECT TO ESCHEAT. (a) Real
13 property in an intestate estate for which no taker can be found and
14 real property devised by will for which no devisee, heir, or other
15 claimant can be found escheats to the state.

16 (b) Real property of a defunct organization or corporation, for
17 which no proceeding for distribution instituted has been instituted
18 within four years after the organization becomes defunct, escheats to
19 the state.

20 Sec. 38.95.210. ENFORCEMENT OF RIGHTS BY DEPARTMENT. (a) When
21 the Department of Natural Resources is informed or has reason to
22 believe that real property has escheated to the state, the department
23 shall bring an action in superior court to establish whether the
24 property has escheated to the state.

25 (b) The department may maintain an action to recover the pos-
26 session of escheated property, or for the enforcement of the state's
27 right to the property.

28 Sec. 38.95.220. JUDGMENT OF ESCHEAT. (a) If the superior court
29 determines that the real property has escheated to the state, the

1 superior court shall issue a judgment of escheat.

2 (b) A court order approving settlement of an estate that dis-
3 tributes real property to the state is a judgment of escheat.

4 Sec. 38.95.230. MANAGEMENT OF ESCHEATED REAL PROPERTY BY DEPART-
5 MENT. (a) After a judgment of escheat under AS 38.95.220, the de-
6 partment may sell, lease, exchange, assign, or otherwise manage real
7 property that has escheated to the state. In determining the proper
8 disposition of escheated real property the department shall, within
9 two years after the judgment of escheat under AS 38.95.220, make a
10 written finding that it is in the best interests of the state either
11 to

12 (1) obtain an appraisal of the fair market value of the
13 real property and sell, lease, exchange, assign, or otherwise manage
14 the property, including retention in state management; or

15 (2) retain the real property in state management without
16 obtaining an appraisal.

17 (b) The appraised value of property handled under (a)(1) of this
18 section, or the selling price from a sale under AS 38.05.055 if it is
19 lower, less the expenses of sale or appraisal, is the established
20 value of the property for purposes of redemption by an heir or other
21 taker under AS 38.95.240(c).

22 (c) Seven years after the judgment of escheat, real property
23 that has not been otherwise disposed of by the department becomes
24 general state land for classification, disposal, and use.

25 Sec. 38.95.240. TIME WITHIN WHICH TO CLAIM ESCHEATED REAL PROP-
26 ERTY. (a) Within seven years after a judgment of escheat under
27 AS 38.95.220, a person who is not a party to the escheat proceeding
28 may bring an action in the superior court to prove the person's claim
29 to the real property. If the plaintiff establishes the claim and

1 establishes that the plaintiff had no knowledge of the prior escheat
2 proceeding, the court shall award the plaintiff the property if it has
3 been managed under AS 38.95.230(a)(2), or the appraised value of the
4 property under AS 38.95.230(b) if the property has been managed under
5 AS 38.95.230(a)(1).

6 (b) If it is determined that the plaintiff is entitled to the
7 property, the department shall deliver the property to the plaintiff.
8 The rents, profits, interest, or dividends that accrue to the state
9 during its possession of the property are the property of the state
10 and may not be recovered.

11 (c) If it is determined that the plaintiff is entitled to the
12 appraised value of property that has been disposed of under AS 38.-
13 95.230(a)(1), at the department's discretion it may offer to the
14 plaintiff land owned by the state and available for disposal that is
15 of comparable value to the appraised value under AS 38.95.230(a)(1).
16 If the department does not offer land of comparable value, or if the
17 plaintiff refuses the department's offer, the plaintiff is entitled to
18 the established value of the property under AS 38.95.230(b).

19 (d) The time limitation of seven years does not apply to a minor
20 or an incapacitated person as defined by AS 13.26.005, but such a
21 person must bring an action to prove the person's claim to the real
22 property within one year after the incapacity ceases.

23 (e) This section does not prevent the state from transferring
24 escheated real property to a person who provides proof satisfactory to
25 the department that the person is the owner of the real property when
26 the department determines the transfer to be appropriate.

27 Sec. 38.95.250. PROCEEDS OF SALE OR REDEMPTION. The department
28 shall deposit the proceeds of real property sold under AS 38.95.230-
29 (a)(1) less the expenses of sale, including attorney fees and

1 appraisal and publication costs in an escheated real property trust
2 account. The department shall maintain the proceeds in the account
3 for a period of at least seven years after the date of the judgment of
4 escheat. The department may use money in the trust account to pay
5 claims made under AS 38.95.240.

6 Sec. 38.95.260. DISPOSITION OF SALE PROCEEDS SEVEN YEARS AFTER
7 THE JUDGMENT OF ESCHEAT. Seven years after the judgment of escheat,
8 net proceeds from the sale of escheated real property may be trans-
9 ferred from the escheated real property trust account to the general
10 fund and credited to the land disposal income account under AS 38.-
11 04.022, unless a person who was the owner or one of the owners of the
12 property when the property escheated to the state has outstanding
13 child support obligations, in which case the proportion of the net
14 proceeds that is attributable to the ownership interest of the person
15 shall be applied to the satisfaction of the child support obligations
16 and the balance remaining after the satisfaction shall be credited to
17 the land disposal income account.

18 Sec. 38.95.270. DEFINITION. In AS 38.95.200 - 38.95.270, "de-
19 partment" means the Department of Natural Resources.

20 * Sec. 13. AS 47.30.895(a) is amended to read:

21 (a) Those unclaimed articles [ARTICLES] of personal property
22 that are covered by AS 34.45.110 - 34.45.260 and the unclaimed money
23 in the custody of a treatment facility that belong to a patient who
24 dies before discharge, or to a patient who leaves the hospital without
25 authority, if unclaimed by the patient or the legal heirs or represen-
26 tatives of the patient within one year after the patient's death or
27 departure, shall be disposed of in accordance with AS 34.45.110 -
28 34.45.780, and the other articles of the patient's personal property
29 shall be disposed of in the manner prescribed by the department and

1 the proceeds [SHALL BE] deposited in the general fund [STATE TREA-
2 SURY].

3 * Sec. 14. AS 06.05.460; AS 09.50.070 - 09.50.160; AS 10.05.591; and
4 AS 34.45.090 are repealed.

5 * Sec. 15. The Uniform Unclaimed Property Act, enacted in sec. 11 of
6 this Act, does not apply to personal property already delivered to the
7 state or already the subject of escheat proceedings before the effective
8 date of this Act.

HB 182
Uniform Unclaimed Property Act

Historical Note

Thirty-one states, (Alaska not included) and the District of Columbia enacted either the 1954 Uniform Disposition of Unclaimed Property Act or the 1966 revision. These Acts served well as evidence by their numerous adoptions. However, the era of stability was ended with a U.S. Supreme Court decision; Texas v. New Jersey, 379 U.S. 674 (1965).

In the last decade states have become increasingly aware of the opportunities for collecting and returning to their residents unclaimed money and using the "windfall" unreturned funds as general fund receipts for the benefit of citizens of the State. Accordingly several states have sought to enforce their unclaimed property laws with enhanced vigor. They have found, however, that obtaining compliance with the law has been extremely difficult. In some instances the uncertain status of unclaimed property statutes in the wake of Texas v. New Jersey accounts for the high degree of noncompliance; many holders feel they do not know what is required of them. In addition, the enforcement provisions of the Uniform Act are inadequate and have not served to encourage compliance with the Act.

The Uniform Act served its time. However, to conform the Uniform Act expressly to the Supreme Court ruling in Texas v. New Jersey a comprehensive revision was desirable, and was enacted in 1981.

Prepared by:
Department of Revenue
Audit Division
April 22, 1986

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the disposition of unclaimed real and personal property. A detailed analysis of the bill and its relationship to current statutes follows. In addition, the official commentary on the Uniform Unclaimed Property Act (1981), by the National Conference of Commissioners on Uniform State Laws (NCCUSL), should be consulted with regard to the portion of the bill that deals with unclaimed personal property.

The personal property portion of the bill is derived in large part from the Uniform Unclaimed Property Act (1981) which the NCCUSL has approved and recommended for enactment by all states. The 1981 Act is a revision of the NCCUSL's 1966 Uniform Disposition of Unclaimed Property Act.

This bill applies to a wider range of abandoned intangible personal property than does the present AS 09.50.070, and provides for simple transfer of the custody of the personal property from the holder to the state, rather than transfer of the title. Savings accounts, deposits, drafts, money orders, traveler's checks, and safe deposit box contents are among the various property interests held by banking or financial organizations or by business associations which are covered by the bill (proposed AS 34.45.110, 34.45.140, 34.45.150, 34.45.160, 34.45.260). Also included is money owed by an insurance company, specifically including money owed under a life insurance policy or annuity agreement (proposed AS 34.45.170); deposits and refunds held by utilities (proposed AS 34.45.180); undistributed dividends, stock, and payments relating to a debt, held by a corporation (proposed AS 34.45.200); intangible personal property held by private fiduciaries (proposed AS 34.45.220), public officers, and state courts (proposed AS 34.45.230); and any

unclaimed property of a dissolved corporation (proposed AS 34.45.210).

In general, any of these property interests that have been abandoned might be claimed by the state if it is established that the amount held and owed belongs to a person whose last known address was in this state, or if the holder of the property is domiciled in this state (proposed AS 34.45.120 and 34.45.140). Holders of these property interests would be subject to the reporting requirements of the bill, which are set out in proposed AS 34.45.280. Abandonment would generally be presumed to have occurred if the owner has not claimed the property or contacted the holder in any way concerning it for a period of five years (proposed AS 34.45.110), except that a 15-year period is established for travelers checks and a seven-year period is established for money orders (proposed AS 34.45.140). Also, special provisions are made for abandonment of stock certificates or similar ownership interests in a business association. Stocks may be presumed abandoned (proposed AS 34.45.200) only if at least seven dividends have been paid and unclaimed in a seven-year period; otherwise the period would continue to run until seven dividends have been paid and not claimed. Proposed AS 34.45.200 distinguishes between dividends themselves (or any other money) that may simply be transferred to the department after five years, and the underlying interest in a business association (usually shares) which represents an interest greater than money.

The period currently prescribed in AS 09.50.070 for presumption of abandonment is seven years for all property. The NCCUSL drafting committee recommends a five-year period for most property, with exceptions as discussed. Most other states now either employ a five-year period or are considering it.

Holders of property would be required to file an annual report with the Department of Revenue (proposed AS 34.45.280) after first sending a notice to the last known address of each owner whose property is presumed abandoned (proposed AS 34.45.280(e)). The department would then be required to publish a list of the names of owners believed to have abandoned property interests under the bill, and to otherwise exercise due diligence to ascertain the whereabouts of the owners (proposed AS 34.45.310). Except in certain narrowly defined circumstances, the holders would then be required to pay or deliver the reported property to the department (proposed AS 34.45.320). After that, the holders would be relieved of all liability related to the disposition of the abandoned property (proposed AS 34.45.330). An

owner may forever claim personal property from the department (proposed AS 34.45.380). Also, a person might make a claim in court against the department, but not against the holder (proposed AS 34.45.330).

Under the bill, insurance companies would be required to report proceeds owed to an insured or to a beneficiary under the general provisions of proposed AS 34.45.110. Life insurance companies are specifically covered in proposed AS 34.45.170, which applies a five-year abandonment period to money due and payable under a life or endowment insurance policy or an annuity contract. Most life insurance policies provide for the cash surrender value of a policy to be automatically used to pay any premium payments which the insured has failed to make (or contain other nonforfeiture provisions such as extended term insurance or reduced paid-up life insurance). If an insured has stopped making premium payments because he or she has died, and if the beneficiaries are unaware of the existence of the policy, the cash surrender value of the policy will almost invariably be exhausted before the insured's age reaches the limiting age according to the mortality table on which the reserve is based. Proposed AS 34.45.170(d) provides that a nonforfeiture provision cannot prevent a policy from being matured or terminated under the provisions of proposed AS 34.45.170(a) if the insured has died or the insured or beneficiary has otherwise become entitled to the proceeds of the policy before depletion of the cash surrender value of the policy.

Within three years after receipt of abandoned personal property, the department must sell it to the highest bidder at public sale (proposed AS 34.45.360(a)), except that some types of securities held by the department must be held at least one year (proposed AS 34.45.360(c)); other types must be held at least three years before sale (proposed AS 34.45.360(d)).

The proceeds from sale of abandoned personal property, along with all other funds received by the department under the bill, would be deposited in the general fund of the state, but \$100,000 would be retained in a separate trust fund. The department would be required to make prompt payment from the trust fund of a claim, that it determined to be valid, brought by owners of property that had been turned over to the department (proposed AS 34.45.370 -- 34.45.380). The department would be authorized to determine the merits of a claim to abandoned personal property (proposed AS 34.45.380), and an owner aggrieved by a decision of the department would be required to follow established grievance

procedures of the department and then, if not satisfied, could appeal the department's final decision (proposed AS 34.45.400).

Another state would also be able to make claims to abandoned personal property if it appeared that the property should escheat to that state rather than to the State of Alaska (proposed AS 34.45.390). This section (as well as proposed AS 34.45.110 -- 34.45.140) codifies court decisions determining rights among states to claim abandoned property. Under the bill, the Department of Revenue would be required to adopt regulations to carry out the provisions of the bill (proposed AS 34.45.730), would be authorized to examine the books and records of a person whom the department had reason to believe had failed to report property subject to the bill (proposed AS 34.45.290), and could bring an action to compel delivery of property wrongfully withheld by a holder (proposed AS 34.45.450). The bill provides for the possibility of civil penalties for those who fail to comply with the provisions of the bill; criminal sanctions would be incurred by those who wilfully refuse to pay or deliver property or perform other duties as required under the bill (proposed AS 34.45.470).

The procedures set out in the Uniform Act are designed to safeguard the interests of both the state and the rightful owner of the property, if any. In the first place, the reporting requirements that would be imposed upon a holder, combined with the broader investigation and enforcement powers of the Department of Revenue and the addition of criminal penalties for wilful failure to pay or deliver, would make it possible for the state to ascertain the whereabouts of abandoned property held in this state and claim it. Under existing law, the department has no express enforcement power either to locate or to claim abandoned property. The Department of Law instead must bring an action in superior court to claim any amount of unclaimed property, including amounts under \$1. There is no specific provision in the current law authorizing any department to locate abandoned property, and only financial institutions are expressly required to report unclaimed property (AS 09.50.140).

The expansion of the categories of personal property affected by the Act would help to obtain greater revenue for the state. At the same time, the Act would serve the public purpose of re-uniting owners, or heirs of owners, with their property. Correspondence with Minnesota, a leader in implementation of an earlier version of the Uniform Act, and our own experience shows that approximately 25 percent of aban-

done property is ultimately claimed by rightful owners. The bill satisfies the requirements of due process by requiring both a holder and the department to comply with mailing and notification procedures that are reasonably aimed at locating the real owner of unclaimed personal property. Furthermore, the bill is custodial in nature in that an owner retains the right to establish and claim an interest in personal property or the proceeds from the sale of personal property from the department at any time in the future (proposed AS 34.45.380). It would be necessary for the legislature to appropriate an amount equivalent to a portion of the program receipts to cover the mailing and publication costs of notice to owners and the costs relating to sale of property and to hearings.

Minnesota reported in 1979 that the annual volume of unclaimed property in that state exceeds \$6,000,000. The Alaska Department of Law, acting under the reporting requirements currently contained in AS 09.50.140, received abandoned account reports from several Alaska banks totaling approximately \$345,000 in 1980, \$580,000 in 1981, \$440,000 in 1982, \$654,541 in 1983, and \$852,197 in 1984. These figures deal with only one category of unclaimed property and appear to be understated because of the suspension of interest payments and levying of service charges. Current law contains no prohibition against suspending interest or "charging away" dormant accounts through levying of service charges. The bill has provisions covering both practices. It would prohibit the suspension of interest payments or levying of service charges except under the same terms that the bank's contract with the customer allows charges or suspension of interest (proposed AS 34.45.160(c)). The state would then stand in the shoes of the customer when the five-year period has run, claiming any interest due, without deductions for service charges except those agreed upon between the bank and the customer.

The bill would allow for reciprocal action by states in that the attorney general may bring an action in our courts on behalf of another state to claim property belonging to the other state, and the department may request that the attorney general of another state bring a similar action on our behalf in the other state (proposed AS 34.45.460). The state on whose behalf an action is brought would be required to pay the expenses of an action in another state. Important modifications in this bill also allow for states to claim property from each other (proposed AS 34.45.390) and clarify which state has a superior claim to some types of intangible property that were the subject of conflicting state claims under older versions of the Uniform Act

(proposed AS 34.45.120 -- 34.45.140, 34.45.170, 34.45.220, and 34.45.390). These sections reflect codification of several recent court opinions, including opinions of the United States Supreme Court, resolving conflicting claims among states. The official comments of the NCCUSL offer additional explanation of the purposes of and the need for the parts of the bill that deal with personal property.

Section 8 of the bill differs from the Uniform Act, upon which it is largely based, in the following respects (other differences are wording changes only and not substantive):

1. Proposed AS 34.45.160(c)(1) adds a requirement to that proposed by the Uniform Act covering service charging of bank accounts. The Uniform Act provides only that any charges deducted on abandoned accounts must be the same as those agreed upon by the bank and its customer in a valid written contract; the attached bill adds a requirement that the agreed-upon charges also be reasonable.

2. Under the Uniform Act a bank or financial organization that begins to impose charges or stops paying interest has to notify the owner of the account at the owner's last known address if the account contains more than \$2. The attached bill increases the minimum amount to \$10 (proposed AS 34.45.160(c)(2)).

3. The Uniform Act provides that the department will both "defend and indemnify" a holder who pays or delivers abandoned property in good faith to the department. The attached bill relieves a reporting holder of liability and requires the department to indemnify a holder. But the wording of the bill also avoids the possibility of the state getting involved in defending lawsuits on behalf of a holder. At the same time that it protects a holder from unwarranted lawsuits, it also protects the rights of claimants (because a claimant may file a claim against the department; proposed AS 34.45.330 and 34.45.380). Similar wording in proposed AS 34.45.360(d) protects a holder, or transfer agent of a holder, from liability for the value of appreciation in securities.

4. The provisions of the Uniform Act regarding claimant remedies have been changed to conform to established hearing and grievance procedures of the department (proposed AS 34.45.400).

5. The provisions of the Uniform Act regarding both civil and criminal penalties (for failure to file reports, filing false reports, or failure to deliver abandoned

property) have been changed to be consistent with other statutes governing penalties for violations of department regulations and laws governing the department, and to be consistent with Alaska's new Criminal Code (proposed AS 34.45.470).

Sections 1 -- 6 of the bill amend existing law in AS 13.11, AS 13.16, and AS 34.45. AS 13.11.025 and AS 13.16.600 cover property of a deceased person which is not claimed in a probate proceeding. AS 13.16.381 creates a duty of the personal representative of a deceased's estate to report unclaimed property to the state. The current language in AS 34.45 deals with tangible personal property left in the care of certain bailees or consignees. The bill amends these provisions to make certain personal property unclaimed in these situations subject to the same provisions for intangible property described earlier in this letter. Specifically, the amendments incorporate the reporting and claims procedures and administrative powers provided for by the Uniform Act. Like the Uniform Act, they make the state the custodian only of personal property or the proceeds from sale of personal property; the rightful owner's property interest would never be lost.

Section 9 of the bill deals with escheat of real property. Administration of the real property escheat program is transferred from the Department of Revenue to the Department of Natural Resources. The basic requirements for escheat of real property remain unchanged. Real property escheats to the state under the intestacy laws if a person dies leaving no will and no known heirs, or if a corporation or other organization becomes defunct and real property remains undistributed four years after the organization has become defunct.

The real property escheat program differs in concept from the unclaimed personal property program in that there is an actual transfer of title to the state rather than a custodial holding of property by the state. This requires a judicial determination of escheat. An heir or other person entitled to escheated real property can appear up to seven years after the determination of escheat and claim the property or the value of the property. After that period the state has no further obligation to potential takers of the property. The reason for this difference in approach is to clear title to real property.

The major difference between the existing real property escheat statutes and the proposed statutes is in the management of the property by the state. The bill provides

that the Department of Natural Resources "may sell, lease, exchange, assign, or otherwise manage real property that has escheated to the state consistent with applicable provisions of [AS 38]." AS 38.05.630. The existing statute provides only that escheated real property may be sold.

Under this bill, the department is required to make a written finding that it is in the best interests of the state either to

1. obtain an appraisal of the property and sell, lease, exchange, assign, or otherwise manage the property, including retention in state management; or
2. retain the property without obtaining an appraisal.

Property that has been retained but not appraised must be returned to a qualified heir or other taker who appears within seven years after the determination of escheat. When property has been disposed of or retained with an appraisal, the heir or other taker is entitled to the established value of the property. The established value is the appraised value less expenses of sale, unless the property sold for less than the appraised value at a public sale to the highest bidder.

Proceeds from the sale of escheated real property are placed in an escheated real property trust account. After the redemption period has passed, unclaimed money in the trust account may be transferred to the land disposal income account, AS 38.04.022, in the general fund.

The department may, in its discretion, offer state land of value comparable to the established value to the heir or other taker in place of the established value. If the heir or other taker rejects the land of comparable value or the department does not offer it, the department must pay the established value from the escheated real property trust account.

Section 10 of the bill repeals the current escheat law contained in AS 09.50.070 -- 09.50.160; repeals AS 06.05.460, which contains reporting provisions for banks which conflict with the reporting provisions in the Uniform Act; and repeals AS 10.05.591, which contains reporting provisions for corporations which conflict with the Uniform Act.

Section 11 of the bill provides that property already delivered to the state or already the subject of escheat proceedings would not be subject to the new provisions.

This bill, then, provides a wholesale revamping of Alaska's laws on this subject. It updates and fills in gaps in our current law, and provides for desirable uniformity among the states in an area of law that cannot realistically be handled by each state in isolation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill Sheffield".

Bill Sheffield
Governor

UNIFORM UNCLAIMED PROPERTY

AS 34.45.110

This section establishes as a general proposition that all intangible property held or owing in the ordinary course of the holder's business is within the coverage of this Act. This section provides that unless a different time period is specified all intangible property which has remained unclaimed for more than five years is presumed abandoned. Sections .130 -.260 deal with specific types of property and prescribable the events which raise a presumption of abandonment.

The general dormancy period of Alaska's current escheat property law is seven years. Some legislatures have recently shortened that time period. Given the greater mobility of the population in 1985 as compared with that of a quarter century ago when the seven year dormancy period was first established, a reduction of the general dormancy period to five years is warranted. Additionally, the experiences of those states with shorter abandonment periods reveal that they are able to return to owners a substantially higher percentage of property reported as abandoned. There are exceptions in this Act to the five year dormancy period, however. For instance, statistical evidence indicates that a period of 15 years continues to be appropriate in the case of travelers checks. A majority of travelers checks will ultimately be presented for payment within the 15 year period. Also, in certain instances a shorter period is appropriate. For instance, the likelihood of finding the owner of a payroll check is materially decreased after one year. Hence, Section .250 has a one year dormancy period for unpaid wages.

Subsection (b) is intended to make clear that property is reportable notwithstanding that the owner, who has lost or otherwise forgotten his entitlement to property, fails to present to the holder evidence of his ownership or to make a demand for payment. Since the holder is indemnified against any loss resulting from the delivery of the property to the Department, no possible harm can result in requiring that holders turn over property, even though the owner has not presented proof of death or surrendered the insurance policy, savings account passbook, the gift certificate, winning racing ticket, or other memorandum of ownership.

A draft issued by a property or casualty insurance company as an offer of settlement of a claim for property damage or personal injury is not subject to the presumption of abandonment if the offer was not accepted by the payee. In this situation, the draft never became payable or distributable. The issue of whether a draft is accepted by a payee is a question of fact that is not addressed by the Act.

AS 34.45.120

This section describes the general circumstances under which a state may claim abandoned intangible property. (There is a special provision for travelers checks and money orders in Section .140). This section closely follows the language of Texas v. New Jersey, in which the court reasoned that unclaimed property is an asset of the creditor and should generally

be paid to the creditor state, i.e., the state of residence of the apparent owner. Consistent with that reasoning it held that unclaimed intangible property is subject to escheat or custody as unclaimed property first by the state of the owner's last known address. If that state cannot claim the property, the state of the holder's domicile is entitled to it.

Consistent with the court's concern for a simple rule which would avoid the complexities of proving domicile and residence the court established the priority on the basis of information contained in the holder's records. Recognizing that the holder's records might be incomplete, the court's ruling permits a claimant state to prove by other means that the last known address of the owner is within its boundaries. Where the holder's records do not show the owner's last address, the second priority claimant, the state of domicile of the holder, is entitled to claim the property. The state of the owner's last known address can later assume custody from the state of the holder's domicile by showing that the last known address of the owner is within its borders. Likewise, if the state of last known address does not have an unclaimed property law which applies to the property, the state of the holder's domicile can take the property, again subject to the right of the state of last known address to recover the property if and when it enacts an unclaimed property or escheat law.

Paragraph (1) restates the factual situation in Texas v. New Jersey. As the court there said ". . . the address on the records of a debtor, which in most cases will be the only one available, should be the only relevant last known address." If the holder's records are erroneous and the owner is in another state, that other state can reclaim the property pursuant to Section 25.

Paragraph (2) covers the situation in which the identity of the person entitled to the property is unknown, but it is established, either through the holder's records or by some other means, that the property was owned by or payable to a person whose last known address was within the claiming state. Reunification of the owner with his property in this circumstance is impossible, and insofar as that issue is concerned, it makes no difference whether the property is delivered to the state of the holder's domicile or the state of the owner's last known address. However, following the equitable concept of distributing unclaimed property among creditor states the subsection directs that, where there is no record of a name but there is a record of last known address, the state of last known address can claim the property.

Paragraph (3) is the secondary rule of Texas v. New Jersey. The Supreme Court ruled that, when property is owed to persons for whom there are no addresses, the property will be subject to escheat by the state of the holder's domicile, provided that another state may later claim upon proof that the last known address of the person entitled to the property was within its borders.

Paragraph (4) provides that, if the law of the state of the owner's last known address does not provide for escheat or taking custody of the unclaimed property or if that state's escheat or unclaimed property law is not applicable to the property in question, the property is subject to claim by the state in which the holder is domiciled. In that instance, the state of the owner's last known address may thereafter claim the property if it enacts an applicable unclaimed property law.

Paragraph (5) provides that, when the last known address of the apparent owner is a foreign nation the state in which the holder is domiciled may claim the property.

Paragraph (6) provides for a situation in which neither of the priority claims discussed in Texas v. New Jersey can be made, but the State has a genuine and important contact with the property.

Gift certificates, unused airline tickets, and other property for which there is no last known address may be claimed by the state of purchase if the state of corporate domicile does not have an abandoned property law covering the property in question under paragraph (6).

Wholly foreign transactions are excluded from the coverage of the Act.

AS 34.45.140

This section concerns travelers checks and money orders which are unclaimed. Subsections (a) and (b) deal with the requirements for presuming this property abandoned. Although the general dormancy period has been reduced for many kinds of property, the 15 year period for travelers checks and the seven year period for money orders is retained. Statistical and economic evidence has shown that these periods continue to be appropriate.

Subsection (c) prohibits holders from reducing outstanding Travelers check and money order balances through service charges unless a written contract had been entered into.

Subsection (d) and (e) adopt the rules, including the dates, provided by congressional legislation which determine the state entitled to claim sums payable on travelers checks, money orders, and similar instruments, see Pub. L. 93-495, §§ 603, 604 (Oct. 28, 1974), 88 Stat. 1525-26, 12 U.S.C. §§ 2501 et seq. The congressional action was in response to the Supreme Court decision in Pennsylvania v. New York, 407 U.S. 206 (1972), which held that the state of corporate domicile was entitled to escheat money orders when there was no last known address of the purchaser although the property had been purchased in other states. Subsection (d) substitutes as the test for asserting a claim to travelers checks and money orders the place of purchase rather than the state of incorporation of the issuer.

AS 34.45.150

This section covers checks and similar instruments issued or certified by banking and financial organizations. Checks and other instruments issued by persons other than banking and financial organizations are covered generally by Section .110. Bank checks are presumed abandoned after five years.

AS 34.45.160

This section covers bank accounts. Bank deposit accounts are generally presumed abandoned unless the depositor has within the past seven years, increased or decreased the account balance or had other written communication with the bank or financial organization. Activity by an owner with another account in the bank or another active relationship between the owner and the holder such as a loan will prevent abandonment.

Subsection (b) forbids a bank, for instance, from imposing service charges on dormant or inactive accounts, or closing the payment of interest.

Subsection (c) prevents a certificate of deposit with automatic renewal provisions from being treated as perpetually exempt from a presumption of abandonment. The subsection also insures that no interest penalty will result from the delivery of such property during the interest term then in effect.

AS 34.45.170

Subsections (a) and (b) require that money held owing under life insurance or endowment insurance policies is presumed abandoned if unclaimed for more than five years after the money became due. The last known address is the address of the insured unless the records of the company show the address of the beneficiary.

Paragraph (1) of subsection (c) provides that proceeds of a life insurance policy are presumed abandoned if the insurer is aware that the insured has died even though actual proof of death has not been furnished to the insurer. Paragraph (2) provides that the policy proceeds are payable if the limiting age under the mortality table on which the reserve is based is reached and there has been no activity with respect to the policy for 2 years.

Subsection (d) provides that the application of an automatic premium loan provision will not be used to consume the proceeds of a policy and prevent the policy from being matured under subsection (a) if the insured has died or if the beneficiaries have otherwise become entitled to the proceeds of the policy.

Subsection (e) imposes an affirmative duty upon the insurer to ascertain a correct address of an insured who fails to receive notice of the exercise of the non-forfeiture option. In these cases it is expected that as a result of the search the insurer will become aware that the insured is deceased. Subsection (f) then requires the insurer to attempt to locate the beneficiaries and pay the policy proceeds.

Subsection (g) provides for the insurer to request the addresses of beneficiaries if the insured changes a beneficiary designation. Most insurance companies do not request address information for beneficiaries. Since in many instances the initial beneficiary resides in the same household as the insured and the administrative burden of accumulating address information is thought to be considerable, the obligation to obtain the address is deferred until such time as a change of beneficiary occurs. By making the commencement date of this subsection 2 years after enactment, insurers will be provided sufficient time within to undertake the necessary administrative steps to implement this provision.

AS 34.45.180

This section requires utility companies to presume abandonment of deposits that remain unclaimed for more than one year after termination of service.

AS 34.45.190

This section provides that court or administrative agency ordered refunds which remain unclaimed for more than one year are presumed abandoned. The short dormancy period of one year is justified since no possible advantage can occur to the owner by leaving his property with the holder, and failure to claim a refund is strong evidence that the property has been abandoned.

AS 34.45.200

This section covers underlying shares of stock and principal amounts of debt securities, i.e., stock certificates in the possession of the record owner. Dividends and other distributions are to be reported pursuant to AS 34.45.110.

Several states have enacted specific provisions for the presumption of abandonment of underlying share certificates. Typical is the provision of California (Cal. Civ. Pro. Code § 1516) which provides that the underlying intangible interest is presumed abandoned if the owner has not contacted the company within the abandonment period and he cannot be found whether or not dividends on that interest are paid. Connecticut, Florida, Indiana, Massachusetts, Montana, New York, Rhode Island, Wisconsin and Virginia also have specific provisions for the presumption of abandonment of underlying shares. States with escheat laws similar to New Jersey's would be entitled to claim underlying shares on the Standard Oil precedent.

This section establishes a longer dormancy period (seven years) for this property than for other property covered by this Act. Further this section requires that there must be at least seven consecutive dividend checks issued during this period of dormancy which remain uncashed. Additionally, the presumption of abandonment will not arise in the event the missing owner has communicated with the association. In this regard, the communication would normally be with an agent of the association such as a transfer agent or a dividend disbursing agent. Of course, such communication would satisfy the provision of this section. This section combines both a period of inactivity, seven years, with the requirement that distributions paid on the underlying intangible interest remain unclaimed, thus avoiding concerns that abandonment should not be presumed where a shareholder has not contacted a non-dividend paying company.

If the conditions leading to a presumption of abandonment have occurred, the holder (issuer of the security) must report to the State and if the holder has in its records an address of the owner, it must send written notice to the owner in an effort to reunite the owner with his property. Thereafter the Department may give notice by advertising the existence of the property and send mailed notice to owners of property valued at \$50 or more.

Many owners will be located through the publication and mail notice requirements of the Act. In the event abandonment is presumed and the owner subsequently appears, there are at least 3 formal opportunities to reunite that owner with the issuer before a duplicate certificate is turned over to the Department.

If the owner is not located, however, a duplicate certificate is issued to the Department pursuant to Section 320 (d) and the original certificate will be cancelled. Thereafter, if the owner appears, the duplicate certificate may be claimed from the Department.

The issuer who delivers a duplicate certificate under the Act is protected, because upon delivery it is relieved of all liability to the extent of the value of the property delivered under Section 20. If any person thereafter makes a claim against the holder, the Department is required to indemnify the holder against any liability on the claim. The required indemnity is complete, and it is not restricted to the value of the property turned over.

Subsection (e) would not require the reporting of interests enrolled in dividend reinvestment plans unless the owner has other stock which is not in dividend reinvestment and which would be presumed abandoned under Section .200.

AS 34.45.210

This section provides a dormancy period of 1 year for intangible property distributable during the course of dissolution of a business association.

AS 34.45.220

This section provides that intangible property held by agents and fiduciaries is presumed abandoned after a five year period after the property became payable or distributable. Intangible property is not "payable or distributable" under subsection (a) if the fiduciary possesses merely the discretion to pay or distribute property and has not exercised the discretion.

Subsection (d) is designed to clarify the status of transfer agents. That is, they are agents for the business association and the Department must look to the principal, the business association, as the holder, unless they have contractually undertaken the obligation to report the property. A later section provides that the department is authorized to examine the records of the holder or records relating to the holder which are in the possession of the transfer agent. See Section .290.

AS 34.45.230

This section provides that property held by the courts, municipalities or governmental agencies is presumed abandoned after one year.

AS 34.45.240

This section provides that both gift certificates and credit memos are covered under abandoned property law if unclaimed for five years.

AS 34.45.250

This section covers wages unclaimed or unpaid. The abandonment period is only 1 year since the chance of locating a missing owner of a wage check materially decreases with the passage of time.

AS 34.45.260

This section provides that all property held in safe depository boxes and remaining unclaimed for five years after the lease or rental period expires is presumed abandoned. This section is not intended to cover property left in place other than safekeeping repositories, for example, airport lockers or field warehouses. Its coverage is limited to safe deposit boxes in banks or other financial institutions.

AS 34.45.280

This section requires holders of abandoned property to report to the Department of Revenue only property with a value of \$25 or more.

Before filing its report, the holder must send written notice to the apparent owner, if the owner's claim is not barred by the statute of limitations, the property has a value of \$50 or more, and the holder's records do not disclose the address to be inaccurate.

The subsection requires that the notice be sent not more than 120 days before the filing of the report.

AS 34.45.290

This section is designed to facilitate compliance with the Act. Subsection (a) provides for the filing of a negative report if the Department requires such a report and will minimize disruption which would otherwise be caused to the holder if an examination of records instead were conducted by the Department.

Subsection (b) provides the Department the authority to conduct examinations of holders.

Subsection (c) is intended to provide a useful method whereby the Department can conduct a single examination of a dividend disbursing agent or transfer agent serving in such capacity for numerous business associations. This section, together with Section .460, will enable several states to conduct joint examinations of numerous holders at one time, saving substantial expense and thus permitting examinations which might otherwise be economically unfeasible.

Subsection (d) permits the use of estimates in instances where the holder has failed to report and deliver property that is abandoned and no longer has records with which to prepare such a report. Additionally, if the holder fails to maintain records of the last known address, states can assert claims based on any other records which might exist. This subsection does not resolve the issue of whether the domiciliary state of the holder can also claim the property from the holder.

It is the experience of other states that many holders are not retaining records of addresses of owners. This section makes it mandatory that holders maintain addresses if they initially had an address. The experience of several states has confirmed that substantial amounts of unclaimed property, for which at one time the holder had records of address, are now subject to claim only by the domiciliary state of the holder since the recorded address has not been retained.

This subsection does not require that the holder in the first instance obtain the address of the owner. For example, a record of the address of the purchaser or recipient of a gift certificate customarily is not obtained, and is not required.

Initially, the period for which records of address must be obtained is established at 10 years from the date the property was first reportable as abandoned property. For example, in the case of property that would be reportable in the aggregate without the name and address of the apparent owner, a state might adopt a rule providing for a relatively short record retention period on condition that the holder maintain a record sufficient to satisfy the requirements of Texas v. New Jersey that there be a last known address or that the State can prove that the last known address of the creditor was within its borders.

Subsection (b) is designed to ensure that the information required for asserting a claim to travelers checks and money orders is retained by the issuers of travelers checks and money orders.

Subsections (a) and (b)(3) of AS 34.45.310 set forth the dates by which the Department must publish the names of missing owners and mail notification to the last known address of each owner.

Subsection (c) and (d) have set \$50 as the minimum value required for advertising and notification.

AS 34.45.320

This section requires the holder to pay over the property within six months after reporting its existence. However, if the holder does not know the owner's name or the value of the property is less than \$25, then the property must be turned over to the Department at the time of filing the report. The notification provisions of sections .290 and .310 often stimulate owners to claim their property and the retention period of six months permits the holder to honor these claims.

Subsection (d) provides that the holder of an underlying stock interest presumed abandoned shall deliver a duplicate certificate to the Department. Upon delivery the holder is relieved of all liability to any person occasioned by the reappearance of the original certificate or the issuance of the duplicate certificate.

AS 34.45.330

This section states that when property is turned over to the State, the holder is relieved of all liability for any turnover made in good faith. Subsection (e) sets forth a definition of good faith which allows the holder to rely on its records if they meet reasonable commercial standards of practice in the industry.

The section also permits the holder to obtain reimbursement for claims it elected to pay to owners who appeared after the property was turned over.

If after turnover, any person or another state makes a claim on the holder, the State, upon request, is required to defend the holder and indemnify him against any liability. This provision is particularly important in light of the underlying share provisions of section .200.

AS 34.45.340

This section provides that an owner will be entitled to dividends, interest or other increment realized or accruing on the property during the period of time held by the Department.

AS 34.45.360

This section provides that within 3 years of receipt the Department will sell abandoned property. Subsection (c) provides an exception, that securities will generally be held a minimum of 1 year.

If the security is one which has been presumed abandoned pursuant to section .200 the Department is expected to hold the security for 3 years. It is permitted to sell the security within this 3 year period, but the missing owner is entitled to receive the proceeds of the sale or the market value of the securities at the time the claim is made. Thus there is a genuine incentive for the Department to hold this property for the requisite three year period.

Subsection (b) permits the Department to sell securities at prevailing prices directly to the issuing companies.

AS 34.45.370

This section provides that the Department will retain in a separate trust fund an amount not less than \$100,000 from which prompt payment of allowable claims shall be made.

AS 34.45.380

This section provides that if a valid claim to property turned over to the Department is made, the Department is to return the property or, if it has been sold, to pay the net proceeds of sale. If the claim is for an underlying share interest presumed abandoned under section .200 and the Department has sold the property within 3 years, the claimant is entitled to the net proceeds of sale or the market value of the property at the time claim was made, whichever is higher, together with any additional amount payable under section .340. Subsection (c) provides that the Department will pay over to the claimant the property it holds less costs incurred in connection with the sale.

Subsection (d) sets forth provisions which provide for the payment of interest and requires the Department to pay interest on property which was interest bearing to the owner. The rate of interest will be fixed at the rate prescribed in AS 45.45.010 or the rate on the unclaimed instrument.

AS 34.45.390

Paragraph (a)(1) provides that, if property was paid to the state of the holder's domicile because the last known address of the owner was unknown and it is later established that the last known address of the person entitled to the property was in another state, the state of domicile should pay over to the state of last known address.

Paragraph (a)(2) provides that if the state of the last known address subsequently enacts an unclaimed property law which covers the property, the taking state must turn it over.

Paragraph (a)(3) provides that the state of the actual owner can reclaim this property from the taking state.

Paragraph (a)(4) provides that property initially claimed under a "contracts" test because there was no last known address and the state of domicile had no applicable unclaimed property law may be reclaimed by the state of corporate domicile if it enacts an applicable unclaimed property law.

Subsection (c) provides that the state that initially receives the property and which is requested to remit it to another state should be indemnified by the claiming state.

AS 34.45.400

This section provides a remedy for both holders and owners in disagreement with an action made by the Department. These appeal rights mirror those established under tax law.

AS 34.45.410

Subsection (a) allows the Department to decline to take property of minimal value.

Subsection (b) authorizes the Department to assume custody of property prior to the time for presuming abandonment. This enables them to take possession of property, such as the contents of a safe deposit box repository, when the holder is terminating business but the property is not yet reportable. The property must be held by the Department until the abandonment period runs and then the property will be subject to the other provisions of the Act.

AS 34.45.420

This section provides for the disposition of property which has no commercial value. As an example, the contents of safety deposit boxes often include such items as rent receipts, personal correspondence and lapsed insurance policies.

Under this section the Department would be free to retain property having no commercial value. Further, the Department could transfer it to other agencies or institutions which might have an interest in the property because of its historical value or other independent significance.

This section provides that the Department in exercising its discretion in disposing of such property is not subject to a claim by the missing owner.

AS 34.45.430

This section is written to ensure that although the owner's claim against the holder may be barred by the statute of limitations prior to the effective date of the Act, the holder is not relieved of his obligation to pay abandoned property to the Department. Even though the statute of limitations has run before the effective date of the Act, the holder must report and deliver the property to the state if the holder does not regularly enforce the statute.

AS 34.45.450

This section allows Alaska to use the courts outside this State to enforce this Act.

AS 34.45.460

This section provides for cooperation among the many states that have unclaimed property laws.

In many instances holder apparently fail to report based on the correct assumption that individual and distant states will not go to the expense of auditing records. This section will permit spreading the very real expense of conducting audits among several collecting states and the pooling of information which should make enforcement of the Act less burdensome to the State and potentially less burdensome to the major corporate holders.

Action by one state for another is expressly permitted by this section. In some cases the administrator of a state may deem it wise to seek council in a foreign jurisdiction.

AS 34.45.470

This section provides monetary penalties which may be assessed against holders failing to turnover unclaimed property.

AS 34.45.700

This section provides that the Department has 24 months in which to locate owners of abandoned property before permitting heir finders access to the Department's records of unclaimed property.

AS 34.45.710

This section excludes from coverage all foreign transactions.

AS 34.45.720

Subsection (a) provides that if a state had an unclaimed property law prior to the adoption of this Act, a holder is not relieved of his duty to report and pay over the property abandoned under the Act then existing.

Subsection (b) deals with the problem of how far back a holder must check his records to determine what property not subject to the prior Act must be paid to the State under this Act. The period chosen is six years. A holder is required to pay to the State any property which six years before the date of enactment would have been payable in the enacting state if this Act had been in effect. For example, if Alaska enacts the new Act effective January 1, 1987 for property not previously presumed abandoned, the holder must report it if, as of January 1, 1981, it had been unclaimed for the abandonment period.

However, some property subject to this Act but which was not covered by a prior Act may have been paid to another state. If a holder has already paid this property to another state under its then existing unclaimed or abandoned property laws, it is not required to pay again this to this State. Nothing in this section, however prohibits this State from making a claim on the state to which the property was originally paid.

AS 34.45.730

This section provides the Department the authority to adopt regulations to carry out the provisions of the legislation.

AS 34.45.750

This section provides that if a holder fails to make a report under the Act or makes a false report, the Department may make a report from the information it is able to obtain.

AS 34.45.770

This section provides definitions for important terms used in the Act.