



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 1148 (as reported without amendment)
Sponsor: Senator Joanne G. Emmons
Committee: Finance

CONTENT

The bill would make a number of changes to the Uniform Unclaimed Property Act, including reducing from seven years to five years the point at which stock or other intangible ownership interest is considered abandoned; and requiring the State Treasurer to sell securities presumed abandoned within one year of their receipt. (Currently, stock and other intangible interests in a business association that are presumed abandoned must be held by the State Treasurer for at least three years before they may be sold. Other securities must be held at least one year before being sold.)

The bill also would allow the State Treasurer to contract with another person to conduct an examination, on behalf of the State Treasurer, to determine if a person had complied with the Act; eliminate a provision in the Act that prohibits the State Treasurer from increasing the number of employees in the Abandoned and Unclaimed Property Division of the Department of Treasury; and require the Treasurer to publish a notice of abandoned property prior to July 2 (instead of June 2) each year, and eliminate the current requirement that the notice be published at least once a week for two consecutive weeks in a newspaper of general circulation in the county containing the last known address of a person named in the notice.

MCL 567.231 et al.

Legislative Analyst: G. Towne

FISCAL IMPACT

This bill would avert a potential reduction in General Fund revenue from unclaimed property over the next two to three years; however, the magnitude is not known at this time. Changes to the Uniform Unclaimed Property Act were enacted in 1995 and went into effect in April 1996. One of these changes increased the time period that dividends and other earnings from stocks, and other similar intangible property, must go unclaimed before the property can be declared abandoned. Prior to April 1996, if this type of intangible property went unclaimed for five years, it was declared abandoned and then could be liquidated immediately. In April 1996, the unclaimed time period was increased to seven years and an additional three-year holding period was added. Therefore, under current law, revenue from unclaimed property during the next two years will be lower than it otherwise would have been due to the extension of the unclaimed period from five to seven years. In other words, property that otherwise would have been escheated over the next two years will have to be held an additional two years. This bill would restore the five-year time period and eliminate the additional three-year holding period. Therefore, under the bill compared with current law, revenue from unclaimed property would increase over the next two years by an amount that is not known at this time.

Date Completed: 9-18-96

Fiscal Analyst: J. Wortley

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