

Legislative Fiscal Bureau

Fiscal Note

SF 180 - Abandoned Property Legislation (LSB 1255 SV)
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Fiscal Note Version — New

Description

Senate File 180 amends Section 566, Code of Iowa, relating to the Treasurer of State and procedures for handling property abandoned or presumed abandoned. Currently, the holder of this property must report to the Treasurer of State “owner identifying information” on all items valued at \$25.00 and above, except for financial or similar instruments. Additionally, the Treasurer of State must attempt to send a letter and publish the name and last known address of the owner. The proposed legislation changes the \$25.00 requirement to \$50.00 or more. Also, the Bill will permit the Treasurer of State to charge a fee if the holder fails to exercise “due diligence” to the owners of the property valued at \$50.00 or above.

There is also new language to indemnify the Treasurer of State when property is delivered and has no commercial value. This property can be destroyed or disposed of at any time without liability.

Currently, securities delivered to the Treasurer of State must be held for at least three years before the Treasurer of State may liquidate the securities without the fair market value option available to the owner of the security. The proposed legislation would change the option to a period of one year.

Assumptions

1. The Treasurer of State can revert proceeds from abandoned property held with a value of \$50.00 or less to the General Fund.
2. The General Fund revenues are estimated to increase by \$400,000 for FY 2004 from the disposition of presumed abandoned property other than stocks and securities. This estimate is based on:
 - a. A three-year average value of abandoned property between \$25.00 and \$49.99 that will be reverted to the State General Fund. The average value is \$43.47 per item held.
 - b. The average number of properties held between \$25.00 and \$49.99 is 9,200 items ($\$43.47 \times 9,200 = \$400,000$).
3. The estimated market value for stock and securities held as of December 31, 2002, is approximately \$5.0 million. The proposed legislation shortens the allowable liquidation period by two years or 67.0%. The result is an estimated increase in revenue of \$3.3 million ($\$5.0 \text{ million} \times 67.0\% = \3.3 million).
4. For FY 2005, the projection is estimated to increase by 10.0%, resulting from increased compliance by holders in reporting and remitting unclaimed property to the Treasurer of State.

Fiscal Impact

Senate File 180 is expected to increase revenues to the State General Fund by \$3.7 million in FY 2004 and \$4.0 million in FY 2005.

Source

Treasurer of State

/s/ Dennis C Prouty

March 3, 2003

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.
