

HSB 753

WAYS AND MEANS

SUC. 11 Y
SF 0 2557

Sukup
Larson
Myers

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON VAN FOSSEN)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the state's disposition of unclaimed property
2 law by setting a limit on the retention of abandoned property
3 records, excluding certain property from being considered
4 abandoned property, and setting requirements and conditions
5 for hiring independent auditors.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 556.1, subsection 9, Code 1999, is
2 amended by adding the following new unnumbered paragraphs:

3 NEW UNNUMBERED PARAGRAPH. "Property" does not include
4 credits, advance payments, overpayments, refunds, and credit
5 memoranda shown on the books and records of a business
6 association with respect to another business association
7 unless the balance is property described in section 556.2 held
8 by a banking organization or financial organization.

9 NEW UNNUMBERED PARAGRAPH. "Property" does not include gift
10 certificates, electronic gift cards, or unrefunded or
11 unclaimed layaway deposits.

12 Sec. 2. Section 556.11, Code 1999, is amended by adding
13 the following new subsection:

14 NEW SUBSECTION. 8. a. A holder required to file a report
15 under this section shall maintain its records containing the
16 information required to be included in the report until the
17 holder files the report and for three years after the date of
18 filing, unless a shorter time is provided in paragraph "b" or
19 by rule of the treasurer of state.

20 b. A business association that sells, issues, or provides
21 to others for sale or issue in this state, travelers checks,
22 money orders, or similar written instruments other than third-
23 party bank checks, on which the business association is
24 directly liable, shall maintain a record of the instruments
25 while they remain outstanding, indicating the state and date
26 of issue, for three years after the date the property becomes
27 reportable.

28 Sec. 3. Section 556.23, Code 1999, is amended by adding
29 the following new unnumbered paragraph:

30 NEW UNNUMBERED PARAGRAPH. The treasurer of state may
31 contract with an independent auditor to conduct the
32 examination allowed under this section on behalf of the
33 treasurer of state in accordance with rules adopted by the
34 treasurer. The rules shall, at a minimum, contain the
35 procedures and conduct of the independent auditor in making

1 the examination, the method for payment, the requirement for
2 confidentiality, procedures for appeals by the person whose
3 records are examined, and conflict of issue provisions.

4 EXPLANATION

5 The bill makes three changes in the state's disposition of
6 unclaimed property law. The bill provides that under the
7 definition of "property" which is subject to the chapter,
8 "property" does not include credits, advance payments,
9 overpayments, refunds, and credit memoranda shown on the books
10 of a business association with respect to another business
11 association unless this type of property is held by a bank or
12 financial institution. In addition, "property" does not
13 include gift certificates, electronic gift cards, or
14 unrefunded or unclaimed layaway deposits.

15 The bill requires a holder of abandoned property to keep
16 records of the property for up to three years after the holder
17 has filed the required report with the treasurer of state.

18 The bill provides for the hiring of an independent auditor
19 to examine records on behalf of the treasurer of state. The
20 treasurer shall adopt rules setting out the procedures and
21 conduct of the independent auditor in making the examination,
22 requiring confidentiality, conflict of issue provisions, and
23 appeals by the person whose records are examined.

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REPRINTED

APR 3 2000

WAYS & MEANS CALENDAR

HOUSE FILE 2557
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 753)

Passed House, ^(P. 1375) Date 4/11/00 Passed Senate, ^(P. 1258) Date 4-19-00
Vote: Ayes 97 Nays 0 Vote: Ayes 29 Nays 20
Approved 5/15/00

A BILL FOR

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2 law by setting a limit on the retention of abandoned property
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4 abandoned property, and setting requirements and conditions
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HF 2557

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2 amended by adding the following new unnumbered paragraphs:

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16 information required to be included in the report until the
17 holder files the report and for three years after the date of
18 filing, unless a shorter time is provided in paragraph "b" or
19 by rule of the treasurer of state.

20 b. A business association that sells, issues, or provides
21 to others for sale or issue in this state, travelers checks,
22 money orders, or similar written instruments other than third-
23 party bank checks, on which the business association is
24 directly liable, shall maintain a record of the instruments
25 while they remain outstanding, indicating the state and date
26 of issue, for three years after the date the property becomes
27 reportable.

28 Sec. 3. Section 556.23, Code 1999, is amended by adding
29 the following new unnumbered paragraph:

30 NEW UNNUMBERED PARAGRAPH. The treasurer of state may
31 contract with an independent auditor to conduct the
32 examination allowed under this section on behalf of the
33 treasurer of state in accordance with rules adopted by the
34 treasurer. The rules shall, at a minimum, contain the
35 procedures and conduct of the independent auditor in making

1 the examination, the method for payment, the requirement for
2 confidentiality, procedures for appeals by the person whose
3 records are examined, and conflict of issue provisions.

4 EXPLANATION

5 This bill makes three changes in the state's disposition of
6 unclaimed property law. The bill provides that under the
7 definition of "property" which is subject to the chapter,
8 "property" does not include credits, advance payments,
9 overpayments, refunds, and credit memoranda shown on the books
10 of a business association with respect to another business
11 association unless this type of property is held by a bank or
12 financial institution. In addition, "property" does not
13 include gift certificates, electronic gift cards, or
14 unrefunded or unclaimed layaway deposits.

15 The bill requires a holder of abandoned property to keep
16 records of the property for up to three years after the holder
17 has filed the required report with the treasurer of state.

18 The bill provides for the hiring of an independent auditor
19 to examine records on behalf of the treasurer of state. The
20 treasurer shall adopt rules setting out the procedures and
21 conduct of the independent auditor in making the examination,
22 requiring confidentiality, conflict of issue provisions, and
23 appeals by the person whose records are examined.

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HOUSE FILE 2557

H-8756

- 1 Amend House File 2557 as follows:
2 1. Page 1, line 3, by inserting after the word
3 "include" the following: "after three years from the
4 date of recording of".

By MYERS of Johnson

H-8756 FILED APRIL 6, 2000

W/P
4/11/00 (P. 1374)

HOUSE FILE 2557

H-8782

- 1 Amend House File 2557 as follows:
2 1. Page 1, by striking lines 1 through 11.
3 2. Page 1, line 17, by striking the word "three"
4 and inserting the following: "four".
5 3. Page 1, line 26, by striking the word "three"
6 and inserting the following: "four".
7 4. Page 1, by striking lines 28 through 34 and
8 inserting the following:
9 "Sec. _____. The treasurer of state shall give
10 notice of intended action, as required in section
11 17A.4, to adopt rules providing for the conditions and
12 requirements for entering into a contract with an
13 independent auditor to conduct the examination allowed
14 under section 556.23 on behalf of the treasurer. The
15 proposed rules shall, at a minimum, contain the".
16 5. Title page, by striking lines 3 and 4 and
17 inserting the following: "records and requiring the
18 filing of rules setting requirements and conditions".

By SUKUP of Franklin
MYERS of Johnson

H-8782 FILED APRIL 10, 2000

Adopted
4/11/00 (P. 1374)

HOUSE FILE 2557

S-5396

- 1 Amend House File 2557, as amended, passed, and
- 2 reprinted by the House, as follows:
- 3 1. Page 1, by striking lines 15 and 16 and
- 4 inserting the following: "of issue, for four years
- 5 after the date of filing."

By COMMITTEE ON WAYS AND MEANS
JOANN JOHNSON, Chairperson

S-5396 FILED APRIL 12, 2000

Adopted

4-17-00

(P. 1196)

HOUSE FILE 2557

S-5444

- 1 Amend House File 2557, as amended, passed, and
- 2 reprinted by the House, as follows:
- 3 1. Page 1, line 18, by inserting after the figure
- 4 "17A.4," the following: "by December 31, 2000,".

By JOHN REDWINE
BETTY A. SOUKUP

S-5444 FILED APRIL 17, 2000

ADOPTED

(P. 1196)

2-4/11/00 W
2-4/12/00 Amend/Do Pass W/S 539

HOUSE FILE **2557**
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 753)

(As Amended and Passed by the House, April 11, 2000)

Passed House, Date 4/11/00 (P. 1376) Passed Senate, Date 4-19-00 (P. 1258)
Vote: Ayes 97 Nays 0 Vote: Ayes 29 Nays 20
Approved 5/15/00
(P. 1668) Re. Passed 4/20/00
Vote 95-0

A BILL FOR

1 An Act relating to the state's disposition of unclaimed property
2 law by setting a limit on the retention of abandoned property
3 records and requiring the filing of rules setting requirements
4 and conditions for hiring independent auditors.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

SENATE AMENDMENT TO HOUSE FILE 2557

H-8989

- 1 Amend House File 2557, as amended, passed, and
- 2 reprinted by the House, as follows:
- 3 1. Page 1, by striking lines 15 and 16 and
- 4 inserting the following: "of issue, for four years
- 5 after the date of filing."
- 6 2. Page 1, line 18, by inserting after the figure
- 7 "17A.4," the following: "by December 31, 2000,".
- 8 3. By renumbering, relettering, or redesignating
- 9 and correcting internal references as necessary.

RECEIVED FROM THE SENATE

H-8989 FILED APRIL 19, 2000

House Concurred 4/20/00 (P. 1667)

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Section 1. Section 556.11, Code 1999, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 8. a. A holder required to file a report
4 under this section shall maintain its records containing the
5 information required to be included in the report until the
6 holder files the report and for four years after the date of
7 filing, unless a shorter time is provided in paragraph "b" or
8 by rule of the treasurer of state.

9 b. A business association that sells, issues, or provides
10 to others for sale or issue in this state, travelers checks,
11 money orders, or similar written instruments other than third-
12 party bank checks, on which the business association is
13 directly liable, shall maintain a record of the instruments
14 while they remain outstanding, indicating the state and date
15 of issue, for four years after the date the property becomes
16 reportable.

17 Sec. 2. The treasurer of state shall give notice of
18 intended action, as required in section 17A.4, to adopt rules
19 providing for the conditions and requirements for entering
20 into a contract with an independent auditor to conduct the
21 examination allowed under section 556.23 on behalf of the
22 treasurer. The proposed rules shall, at a minimum, contain
23 the procedures and conduct of the independent auditor in
24 making the examination, the method for payment, the
25 requirement for confidentiality, procedures for appeals by the
26 person whose records are examined, and conflict of issue
27 provisions.

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**HOUSE FILE 2557
FISCAL NOTE**

A fiscal note for House File 2557 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2557 provides for the disposition of unclaimed property by setting a limit on the retention of abandoned property records, excluding certain property from being considered abandoned property, and setting requirements and conditions for the Treasurer of State concerning the hiring of independent auditors to examine the records of any person believed to have failed to report unclaimed property.

ASSUMPTIONS

1. House File 2557 excludes from the definition of "property," refunds, gift certificates, vendor checks, and credit balances.
2. During the time period, 1993 through 1999, the State received an average of \$372,000 from the above four property classifications.
3. During the time period, 1997 through 1999, the State received a total of \$24.8 million from all property classifications and turned over \$8.7 million to the rightful owners.
4. The State will return 35.3% of all property received.
5. Expenses incurred to hire independent auditors shall be paid from monies in the Unclaimed Property Fund. The independent auditors' expenses will be off-set by additional unclaimed property identified by the auditors and deposited into the Unclaimed Property Fund.
6. It is unknown how much it will cost to hire independent auditors.
7. It is unknown how much additional unclaimed property will be identified by the auditors and deposited into the Unclaimed Property Fund.

FISCAL IMPACT

House File 2557 is expected to result in a reduction in General Fund revenues from unclaimed property of approximately \$241,000 annually, due to the exclusion from the definition of "property," refunds, gift certificates, vendor checks, and credit balances.

House File 2557 sets requirements and conditions for the Treasurer of State concerning the hiring of independent auditors to examine the records of any person believed to have failed to report unclaimed property. Since it is unknown how much it will cost to hire independent auditors and it is unknown how much additional unclaimed property will be identified by the auditors and

-2-

deposited into the Unclaimed Property Fund, the effect on State revenues of hiring independent auditors cannot be determined.

SOURCE

Iowa Treasurer of State

(LSB 5686hv, RNR)

FILED APRIL 10, 2000

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 2557

AN ACT

RELATING TO THE STATE'S DISPOSITION OF UNCLAIMED PROPERTY LAW BY SETTING A LIMIT ON THE RETENTION OF ABANDONED PROPERTY RECORDS AND REQUIRING THE FILING OF RULES SETTING REQUIREMENTS AND CONDITIONS FOR HIRING INDEPENDENT AUDITORS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 556.11, Code 1999, is amended by adding the following new subsection:

NEW SUBSECTION. 8. a. A holder required to file a report under this section shall maintain its records containing the information required to be included in the report until the holder files the report and for four years after the date of filing, unless a shorter time is provided in paragraph "b" or by rule of the treasurer of state.

b. A business association that sells, issues, or provides to others for sale or issue in this state, travelers checks, money orders, or similar written instruments other than third-party bank checks, on which the business association is directly liable, shall maintain a record of the instruments while they remain outstanding, indicating the state and date of issue, for four years after the date of filing.

Sec. 2. The treasurer of state shall give notice of intended action, as required in section 17A.4, by December 31, 2000, to adopt rules providing for the conditions and requirements for entering into a contract with an independent auditor to conduct the examination allowed under section 556.23 on behalf of the treasurer. The proposed rules shall, at a minimum, contain the procedures and conduct of the independent auditor in making the examination, the method for payment, the requirement for confidentiality, procedures for

appeals by the person whose records are examined, and conflict of issue provisions.

BRENT SIEGRIST
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2557, Seventy-eighth General Assembly.

ELIZABETH ISAACSON
Chief Clerk of the House

Approved 5/15, 2000

THOMAS J. VILSACK
Governor