

Senate Study Bill 3116 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED TREASURER OF
STATE BILL)

A BILL FOR

1 An Act relating to the treasurer of state's duties, including
2 Iowa educational savings plan trust and Iowa ABLE savings
3 plan trust requirements and disposition of unclaimed
4 property, and including effective date and retroactive
5 applicability provisions.

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

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DIVISION I

IOWA EDUCATIONAL SAVINGS PLAN TRUST

Section 1. Section 12D.3, subsection 1, Code 2024, is amended to read as follows:

1. Each participation agreement may require a participant to agree to invest a specific amount of money in the trust for a specific period of time for the benefit of a specific beneficiary. A participant shall not be required to make an annual contribution on behalf of a beneficiary. The maximum contribution that may be deducted for Iowa income tax purposes shall not exceed ~~two~~ five thousand five hundred dollars per beneficiary per year adjusted annually to reflect increases in the ~~consumer~~ higher education price index, rounded up to the nearest fifty or hundred dollars. The treasurer of state shall set an account balance limit to maintain compliance with section 529 of the Internal Revenue Code. A contribution shall not be permitted to the extent it causes the aggregate balance of all accounts established for the same beneficiary under the trust to exceed the applicable account balance limit.

Sec. 2. Section 422.7, subsection 22, paragraph c, subparagraph (1), Code 2024, is amended by adding the following new subparagraph division:

NEW SUBPARAGRAPH DIVISION. (g) A direct trustee-to-trustee transfer to a Roth individual retirement account in accordance with the rules under section 529(c)(3)(E) of the Internal Revenue Code.

Sec. 3. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to January 1, 2024, for tax years beginning on or after that date.

DIVISION II

DISPOSITION OF UNCLAIMED PROPERTY

Sec. 4. Section 556.1, Code 2024, is amended by adding the following new subsection:

NEW SUBSECTION. 15. *“Virtual currency”* means a digital representation of value, other than a representation of the

1 United States dollar or a foreign currency, that functions
2 as a unit of account, a store of value, and a medium of
3 exchange that uses cryptography to secure transactions that
4 are digitally recorded on a distributed ledger, such as a
5 blockchain.

6 Sec. 5. NEW SECTION. **556.2D Unclaimed virtual currency.**

7 1. The treasurer of state shall, in accordance with chapter
8 17A, adopt rules as are necessary for the method of delivery,
9 transfer, maintenance, and sale of virtual currency that is
10 presumed abandoned.

11 2. The treasurer of state may decline to accept virtual
12 currency deemed abandoned if the treasurer of state determines
13 that the virtual currency is not freely transferable, is of
14 nominal value, or the value is less than the estimated expenses
15 of maintenance, notice, or sale of the property.

16 3. The treasurer of state may direct a holder of virtual
17 currency to sell virtual currency in conjunction with the
18 holders' reporting. A holder that sells virtual currency at
19 the direction of the treasurer of state shall be entitled to
20 the protections provided under section 556.13, provided that
21 the holder has complied with the notice provisions of section
22 556.2 and has otherwise acted in good faith.

23 Sec. 6. Section 556.11, subsection 5, Code 2024, is amended
24 to read as follows:

25 5. a. If the holder of property presumed abandoned
26 under [this chapter](#) knows the whereabouts of the owner and
27 if the owner's claim has not been barred by the statute of
28 limitations, the holder shall, before filing the annual report,
29 communicate with the owner and take necessary steps to prevent
30 abandonment from being presumed. The holder shall exercise due
31 diligence to ascertain the whereabouts of the owner.

32 b. If the property presumed abandoned is securities, a
33 brokerage account, or virtual currency, the holder of property
34 shall provide notice to the owner that the owner's holdings may
35 be liquidated either prior to or subsequent to reporting to

1 the state, after which the owner will be entitled to claim the
2 proceeds of sale only.

3 c. A holder is not required to make a due diligence mailing
4 to owners whose property has an aggregate value of less than
5 fifty dollars.

6 d. The treasurer of state may charge a holder that fails to
7 timely exercise due diligence, as required in [this subsection](#),
8 five dollars for each name and address account reported if
9 thirty-five percent or more of the accounts are claimed within
10 the twenty-four months immediately following the filing of the
11 holder report.

12 Sec. 7. Section 556.12, subsection 1, Code 2024, is amended
13 to read as follows:

14 1. If a report has been filed with the treasurer of state,
15 or property has been paid or delivered to the treasurer of
16 state, for the fiscal year ending on June 30 or, in the case of
17 unclaimed demutualization proceeds, for the preceding calendar
18 year as required by [section 556.11](#), the treasurer of state
19 ~~shall provide~~ may do any of the following:

20 a. Provide for the publication annually of at least
21 one notice not later than the following November 30. Each
22 notice ~~shall~~ may be published at least once each week for two
23 successive weeks in an English language newspaper of general
24 circulation in the county in this state in which is located the
25 last known address of any person to be named in the notice.
26 If an address is not listed or if the address is outside this
27 state, the notice ~~shall~~ may be published in the county in which
28 the holder of the abandoned property has its principal place
29 of business within this state.

30 b. Publish information to make the public aware of
31 the existence of unclaimed property and the treasurer of
32 state's unclaimed property program in a newspaper in general
33 circulation in the state.

34 Sec. 8. Section 556.19, Code 2024, is amended to read as
35 follows:

1 trustee-to-trustee transfer from a 529 account to a Roth
2 individual retirement account in accordance with the rules
3 under the federal Internal Revenue Code section 529(c)(3)(E)
4 are exempt from state individual income taxation.

5 The division of the bill applies retroactively to January 1,
6 2024, for the tax year beginning on or after that date.

7 DIVISION II — DISPOSITION OF UNCLAIMED PROPERTY. The bill
8 creates regulations that are necessary for the methods of
9 delivery, transfer, maintenance, and sale of virtual currency
10 that is presumed abandoned. The bill allows the treasurer
11 of state (treasurer) to decline to accept abandoned virtual
12 currency if the treasurer of state determines that the virtual
13 currency is (1) not freely transferable, (2) of nominal
14 value, or (3) the value is less than the estimated expenses of
15 maintenance, notice, or sale of the property. The bill allows
16 the treasurer to sell abandoned virtual currency.

17 The bill provides that the holder of property that are
18 securities, brokerage accounts, or virtual currency shall
19 provide notice to the owner that the holdings may be liquidated
20 either prior to or subsequent to reporting to the state and
21 will only be entitled to claim the proceeds of sale.

22 The bill removes the requirement for publication of public
23 notice by the treasurer for abandoned property, instead making
24 it optional and at the discretion of the treasurer.

25 The bill provides that the treasurer may pay or deliver
26 property directly to a person if the person receiving the
27 property or payment is shown to be the apparent owner included
28 on a report for abandoned property and the treasurer reasonably
29 believes the person is entitled to receive the property or
30 payment. The treasurer may use state tax information to assist
31 in identifying the owner of property.