SB 19-088

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

FINAL FISCAL NOTE

Drafting Number:	LLS 19-0158	**Date:**	July 25, 2019
Prime Sponsors:	Sen. Gardner Rep. Tipper	**Bill Status:**	Signed into Law
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Bill Topic: REVISED UNIFORM UNCLAIMED PROPERTY ACT

Summary of Fiscal Impact:

- ⊠ State Revenue *(minimal)*
- ⊠ State Expenditure *(minimal)*
- ☐ State Transfer
- ☐ TABOR Refund
- ⊠ Local Government
- ☐ Statutory Public Entity

This bill repeals and reenacts the Unclaimed Property Act with modified standards and procedures related to the handling, reporting, sale, disposition, and claims made for unclaimed property held by the state. Beginning in FY 2020-21, the bill minimally increases state revenue, expenditures, and workload on an ongoing basis. Local government revenue and workload may also be impacted.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the enacted bill. The bill is recommended by the Colorado Commission on Uniform State Laws.

Summary of Legislation

The bill repeals and reenacts the Unclaimed Property Act and renames it the Revised Uniform Unclaimed Property Act. Among its many provisions, this bill provides definitions, makes conforming amendments, and provides standards and procedures related to:

- determining if unclaimed property is abandoned following a specified dormancy period;
- custody and handling of unclaimed property including confidentiality and security of personal information;
- the public sale of unclaimed property by the Treasurer (state administrator);
- claims filed to recover unclaimed property, including examination of records, enforcement, and payment of claims; and
- penalties for failure to comply.

Notable changes from current law are described below.

Dormancy periods. This bill reduces the general dormancy period for specified property and for all property not specified in statute from five years to three years.

Reporting. The bill establishes an aggregate threshold of $50 for reports on the holding of property, which must include the name and address of an apparent owner, creates a standard filing date of November 1 each year, and adjusts the record retention requirement from 5 to 10 years for most records, and from 5 to 3 years for money orders.

Notifications. This bill increases the number of days required to notify an apparent property owner from 120 to 180 days, and allows the Department of Treasury to use a website to inform the public about unclaimed property to reduce expenditures.

Taking custody of property. The bill allows an owner of unclaimed property to deduct a reasonable dormancy charge. The bill also increases the period in which a claimant can file an action against the Department of Treasury to establish ownership of unclaimed property to one year, and establishes a new statute of limitations.

Sale of property. The bill increases from one to three years the time period after which the Department of Treasury may sell or liquidate securities, and allows the department to offer a replacement security in lieu of a cash pay-out.

Interest and penalties. The bill changes the interest rate assessed on the failure to report, pay, or deliver property from 18 percent to an amount determined annually by the Department of Treasury. The bill also increases the civil penalty that may be assessed in addition to interest from $100 to $200, but allows the department to waive interest and penalties.

Local opt-out. The bill does not allow a local government to opt-out of the state administered unclaimed property program. Under current law, private property in the custody of a local government that remains unclaimed after five years becomes subject to custody by the State Treasurer as unclaimed property; however, a local government may enact a law or ordinance to opt-out of this requirement. Several large cities and some counties administer their own unclaimed property program in lieu of surrendering unclaimed property to the state.

State Revenue

Beginning in FY 2020-21, this bill increases state cash fund revenue by an indeterminate amount from district court filing fees, interest and penalties on the failure of a property holder to properly report, pay, or deliver property in a timely manner.

Filing fees. By increasing the period in which a claimant has to file an action against the Department of Treasury, the bill may increase the number of district court filings which will increase district court filing fee revenue. However, since other remedies exist under current law to allow an individual to establish an unclaimed property claim before filing an action in court, any increase in filing fee revenue is expected to be minimal.

Interest and penalties. Under current law, property holders may be assessed interest and penalties for the failure to report, pay, or deliver property within a timely manner. This bill changes the civil penalty that may be assessed. A revenue change also results from a floating interest rate determined annually by the department. The net impact is expected to be minimal.

Sale of unclaimed property. By reducing the dormancy period for most properties, lengthening the period when the Department of Treasury may take possession of unclaimed property, and increasing the period for when securities may be sold, the bill affects the timing of unclaimed property sales, which changes cash fund revenue receipts. This impact has not been estimated.

State Expenditures

Beginning in FY 2020-21, this bill increases workload for the departments of Treasury, Law, and Health Care Policy and Financing.

Department of Treasury. The bill increases workload for the Department of Treasury to update policies, procedures, and materials including the unclaimed property website regarding duties for the handling, reporting, sale and distribution, and claims against unclaimed property. Workload further increases to provide training to implement new unclaimed property provisions. Conversely, some cost and workload efficiencies are also expected.

Department of Law. This bill may increase workload for the Department of Law to provide counsel to the Department of Treasury. This increase can be accomplished within existing appropriations.

Department of Health Care Policy and Financing. This bill may increase workload for the Department of Health Care Policy and Financing to update policies and procedures related to the reporting of unclaimed payments to providers enrolled in the Medicaid program, Child Health Plan Plus, and other programs. This workload can be accomplished within existing appropriations.

Local Government

Beginning in FY 2020-21, this bill will impact local government expenditures and revenue for any local government that is currently administering an unclaimed property program. With Senate Bill 19-088, local governments will no longer be eligible to be exempt from the state's unclaimed property act, and must dismantle any locally-created programs in order to turn over all tangible and intangible unclaimed property to the state. In some cases, local governments have invested intangible property and generated revenue from interest earnings. That revenue will no longer be available to these local governments. Similarly, the workload and local expenditures to administer an unclaimed property program will be reduced. These impacts have not been estimated.

Effective Date

The bill was signed into law by the Governor on April 16, 2019, and will take effect July 1, 2020.

State and Local Government Contacts

Counties	Health Care	Law
Municipalities	Treasury	Local Affairs