

SESSION OF 2024

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2577

As Amended by House Committee of the Whole

Brief*

HB 2577, as amended, would provide discretionary authority to the State Treasurer to determine the amount of unclaimed property receipts available for long-term investment and to liquidate such investments by the Pooled Money Investment Board (PMIB) for necessary payments to owners of unclaimed property. The bill also would make technical changes.

Current law authorizes the State Treasurer to transfer idle fund balances, equivalent to the net amount of unclaimed property received by the State, to the Unclaimed Property Fund, which is maintained by the Kansas Public Employees Retirement System (KPERs), for long-term investment.

The bill would be in effect upon publication in the *Kansas Register*.

Background

The bill was introduced in the House Committee on Financial Institutions and Pensions by Representative Lewis on behalf of the Office of the State Treasurer.

[*Note:* The 2017 Legislature liquidated and transferred the Unclaimed Property Fund to the PMIB. From 2018 to 2023, provisions in annual appropriations bills have suspended the State Treasurer's authority to make transfers to the Unclaimed Property Fund for long-term investment.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

2023 SB 25 ended this suspension in FY 2024 and for FY 2025.]

House Committee on Financial Institutions and Pensions

In the House Committee hearing on January 31, 2024, the State Treasurer provided **proponent** testimony, stating the bill is intended to clean up provisions in statute to ensure the State Treasurer has the authority to determine how much money can safely be invested and to withdraw funds as needed to meet the State's obligations or to pay out property claims. The State Treasurer indicated that, as of December 31, 2023, the Unclaimed Property Division held \$579.1 million in unclaimed property; received 6,475 reports of unclaimed property, totaling \$50.4 million; and processed 46,760 claims, returning \$17.3 million to claimants. During discussion, the State Treasurer further indicated the bill would not change the State's ability to pay claims, that investment funds would be placed into a separate account with KPERS, and that gains realized would be deposited to the State General Fund.

No other testimony was provided.

House Committee of the Whole

The House Committee of the Whole amended the bill to change its effective date to publication in the *Kansas Register*.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Office of the State Treasurer, the PMIB, and KPERS indicate enactment of the bill would have no fiscal effect on agency operations. The bill could change the amount of assets that PMIB and KPERS manage, but any impact to interest earnings would be dependent on the difference in return on the principal

between investment options available to the PMIB compared to investment options available to KPERS, which cannot be estimated. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2025 Governor's Budget Report*.

Unclaimed property; State Treasurer; Kansas Public Employees Retirement System; Pooled Money Investment Board