

SESSION OF 2014

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2687

As Recommended by House Committee on
Financial Institutions

Brief*

HB 2687 would amend the Distribution of Unclaimed Property Act to allow a business to request an administrative hearing if there is a dispute in the results of an audit of records regarding disclosure of unclaimed property. The hearings would be conducted by the Office of Administrative Hearings. The bill also would remove the penalty of a class B misdemeanor for willfully refusing to pay or deliver property to the State Treasurer after a written demand by the Treasurer. In addition, the bill would make one technical change to existing law.

Background

The bill was introduced by the House Committee on Financial Institutions.

At the House Committee hearing on the bill, State Treasurer Ron Estes provided testimony in favor of the bill. The State Treasurer stated that current audit disputes require the Treasurer to go directly to court to enforce findings and compel holders to report the property. The State Treasurer stated the last litigation occurred more than a decade ago. In addition, the State Treasurer stated the class B misdemeanor penalty has not been used in more than 20 years and Kansas is the only state to have potential prison time for failure to report unclaimed property. There was no neutral or opponent testimony on the bill.

*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>

The fiscal note provided by the Division of the Budget states the Office of Administrative Hearings and the State Treasurer estimate the bill would result in approximately five additional appeals each fiscal year. The Office of Administrative Hearings states there would be no fiscal effect on the agency, as it would absorb the cases with existing staff. The State Treasurer states the cost of the hearings would total \$2,800 each, for a total of \$14,000. This amount would be paid from the Unclaimed Property Expense Fund, which receives unclaimed property receipts before they are deposited in the State General Fund. The State Treasurer indicates passage of the bill would result in a reduction of \$14,000 to the amount transferred to the State General Fund each fiscal year. Any fiscal effect associated with the bill is not reflected in *The FY 2015 Governor's Budget Report*.