

February 10, 2015

The Honorable Marvin Kleebl, Chairperson  
House Committee on Taxation  
Statehouse, Room 185-N  
Topeka, Kansas 66612

Dear Representative Kleebl:

**SUBJECT:** Fiscal Note for HB 2196 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2196 is respectfully submitted to your committee.

HB 2196 would amend the Unclaimed Property Act. The bill would allow government entities to dispose of, as they see fit, any unclaimed property that is valued at \$20.00 or less and held for at least one year. A government entity would include the State of Kansas, a state agency, municipality, county, court, or any other unit of local government.

The State Treasurer indicates HB 2196 has the potential to decrease revenues for the State General Fund by approximately \$53,000 in FY 2016. The State Treasurer estimates that approximately \$15,000 from state agencies and approximately \$38,000 from other government entities from abandoned checks with values of \$20.00 or less would not be deposited in the State General Fund and not be credited to unclaimed property. These amounts would be retained by each state agency or government entity.

The Department of Administration estimates that the state would recover approximately \$25,600 in FY 2016 from abandoned checks that have been issued by the State of Kansas with values of \$20.00 or less. These abandoned checks are currently deposited in the State General Fund and credited to unclaimed property. This estimate is based on abandoned checks that were processed from the State of Kansas SMART accounting system and tax refund checks that were processed by the Department of Revenue in FY 2013. The actual amount and original funding source could vary widely from year to year. The Department estimates the bill would increase its administrative costs by approximately \$4,300 in FY 2016 for additional programming costs to return the abandoned checks directly to the State General Fund or to other state funds from which the original checks were issued. The Department indicates that the abandoned check process is automated and if it is interpreted that all State of Kansas issued abandoned checks would be deposited in the State General Fund, regardless of the original funding source, then

there would be no administration costs for addition programing expenses. Any fiscal effect associated with HB 2196 is not reflected in *The FY 2016 Governor's Budget Report*.

The Kansas Association of Counties and the League of Kansas Municipalities indicate the bill has the potential to reduce record keeping and the need to transfer certain abandoned property to the state. The local governments would also be able to dispose of or retain the property as they see fit.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,  
Director of the Budget

cc: Jack Smith, Department of Revenue  
Derek Kreifels, Treasurer's Office  
Larry Baer, League of Municipalities  
Melissa Wangemann, Association of Counties  
Mary Rinehart, Judiciary  
Jeremy Barclay, Corrections  
Pam Fink, Department of Administration