

SESSION OF 2024

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2577

As Amended by Senate Committee on Financial
Institutions and Insurance

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.

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

*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>

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*.

Senate Committee on Financial Institutions and Insurance

In the Senate Committee hearing on March 6, 2024, **proponent** testimony was provided by the State Treasurer, who stated the bill would clean up provisions in statute to ensure the State Treasurer not only has the authority to send money to KPERS to be invested, as authorized in current law, but to also decide the amount that could be safely invested, and to withdraw all or a portion of those funds from KPERS when needed to meet the State's obligations or to pay out property claims to the rightful owners or heirs. The State

Treasurer noted that while the Office of the State Treasurer promotes the unclaimed property program and returns as much money as possible to the rightful owners or heirs, the balance in the Unclaimed Property Fund continues to grow by millions of dollars per year and providing the option to invest a portion of the fund and generate interest for the State General Fund is a good policy.

No other testimony was provided.

The Senate Committee amended the bill to change its effective date to publication in the statute book.

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 with 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