

SESSION OF 2005

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2477

As Amended by Senate Committee on
Ways and Means

Brief*

HB 2477 would amend current law related to the dormancy period before certain property is considered abandoned, shortening the period from five years to three years. Under existing law, stock or equity interest property is considered abandoned five years after the most recent stock split or other distribution was unclaimed; or five years after the second mailing of a statement was returned undeliverable, or the holder discontinued mailings, notifications, or communications to the apparent owner. Ownership in plans that provide for automatic reinvestment of dividends is considered abandoned five years after the owner has stopped communication or the location of the owner became unknown. This bill shortens that time from five years to three years. The bill also would include all types of stock related property.

Background

Currently, stock or equity interest property is considered abandoned after five years. After abandoned stock is received by the State Treasurer, it is held for a minimum of six months and not more than one year before it is sold. Once the stock is sold, the money is deposited into the State General Fund until it is claimed by the rightful owner. The State earns interest on this money.

The State Treasurer's office testified in support of this bill and noted that there would initially be a larger amount of income from the sale of unclaimed stocks under this bill since they would be dealing with three years of stock at the first sale after passage of the bill. No persons spoke in opposition to 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 indicated that the State Treasurer receives most abandoned stocks around November 1 of each year and holds the sale of that property in July or August of the following year. Any increase in revenue would not be seen sooner than FY 2007.

The Senate Committee on Ways and Means recommended amendments which would make all types of stock related property subject to the provisions contained in the original version of the bill. The State Treasurer's office testified that all types of stock related property were included in the original fiscal note, so no additional fiscal impact would be realized by the amendment.