

Approved

Clyde D. Graeber

4-3-89

Date

MINUTES OF THE HOUSE COMMITTEE ON COMMERCIAL AND FINANCIAL INSTITUTIONS.

The meeting was called to order by Clyde D. Graeber at
Chairperson

3:30 ~~a.m.~~/p.m. on March 28, 1989 in room 527-S of the Capitol.

All members were present except: Mary Jane Johnson, Excused.

Committee staff present: Bill Wolff, Research Department
Myrta Anderson, Research Department
Bruce Kinzie, Revisor of Statutes
June Evans, Secretary

Conferees appearing before the committee: Joan Finney, Treasurer, State of Kansas
John W. Campbell, Deputy Attorney General
Glenn J. Hawkins, State Relations Manager,
Government Affairs, OXY, USA, Inc.

Representative Green moved and Representative Wilbert seconded the minutes of the March 23 meeting be approved. The motion carried.

The Chairman opened the hearing on Senate Bill 326, an Act amending and supplementing the disposition of unclaimed property act; amending K.S.A. 58-3902, 58-3903, 58-3904, 58-3905, 58-3907, 58-3909, 58-3910, 58-3912 and 58-3932 and repealing the existing sections.

Joan Finney, Treasurer, was the first to testify supporting S.B. 326 stating since enactment of the Unclaimed Property Act by members of the 1979 Legislative session, \$20 million has been reported to the State Treasury. Owners have recovered \$6 million and \$4 million interest income has been earned on the money held for custody.

Senate bill 326 amends the unclaimed property act; the amendments make the Kansas law more uniform with the laws of other states.

New Section 1 was included at the request of the Attorney General and relates to unclaimed property held by the Federal Government. The amount involved nationally is estimated to be \$5 million.

Currently, property is presumed abandoned after 7 years if there has not been any contact with the owner. The amendment contained in this bill shortens that time period to 5 years thereby increasing the receipts from \$2.3 million in 1988 to \$8.3 million in 1990.

Additionally, the bill allows the holder to report amounts of up to \$25 in aggregate. The law now requires detailed reporting on all amounts \$3 and over. (See Attachment #1).

The next conferee was John W. Campbell, Deputy Attorney General, in support of Senate Bill 326, stating under Kansas law, there is no clear cut authority to accept unclaimed property held from the federal government. Kansas is in the potentially embarrassing position of obtaining a multi-million dollar judgment and having no means by which to accept the actual money.

The Attorney General urges the committee to approve S.B. 326 as it could result in Kansas receiving literally millions of dollars. (See Attachment #2).

The last conferee testifying in support of S.B. 326 was Glenn J. Hawkins, State Relations Manager, OXY, USA, Inc., stating they have gone to great lengths to ensure that Kansas receive the money owed them which is collected on their behalf. Principally, this is royalty income; often passed from generation to generation. However, after efforts are made to locate those

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON Commercial and Financial Institutions
room 527-S Statehouse, at 3:30 ~~xx~~/p.m. on March 28, 1989

other holders of property presumably abandoned fail, we submit these funds to the state in a report required by the Kansas Disposition of Unclaimed Property Act. This annual report to the State Treasury individually lists all persons to whom money is owed above \$3.00. We support the amendment to change the amount from \$3.00 to \$25.00. (See Attachment #3).

After discussion the Chairman asked the Committee their wishes on Senate Bill #326.

Representative Roper moved and Representative Eckert seconded that Senate Bill #326 be moved out favorably. The motion carried.

The Chairman thanked the Committee for their work on the Committee during the Session.

The meeting adjourned at 4:00 P.M.

Joan Finney

TREASURER



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TESTIMONY OF JOAN FINNEY, STATE TREASURER, BEFORE THE HOUSE COMMERCIAL AND FINANCIAL INSTITUTIONS COMMITTEE, MARCH 28, 1989.

RE: SB 326

Mr. Chairman:

Since enactment of the Unclaimed Property Act by members of the 1979 Legislative session, \$20 million has been reported to the State Treasury. Owners have recovered \$6 million and \$4 million interest income has been earned on the money held for custody.

Senate Bill 326 amends the unclaimed property act; the amendments make the Kansas law more uniform with the laws of other states.

New Section 1 was included at the request of the Attorney General and relates to unclaimed property held by the Federal Government. The amount involved nationally is estimated to be \$5 billion.

Currently, property is presumed abandoned after 7 years if there has not been any contact with the owner. The amendments contained in this bill shorten that time period to 5 years thereby increasing the receipts from \$2.3 million in 1988 to \$8.3 million in 1990. The annual increase thereafter would be \$6 million. Approximately 1/3 of the amount received comes from out-of-state. The interest income at an 8% rate on the additional amount received in fiscal year 1990 would be an estimated \$664 thousand. This is triple the interest income amount now expected.

Atch #1

If the bill is passed, the estimated additional income earned in succeeding years would be \$480 thousand. This is double the amount which is now earned on each year's remittance of unclaimed property.

Additionally, the bill allows the holder to report amounts of up to \$25 in aggregate. The law now requires detailed reporting on all amounts \$3 and over.

These two changes will benefit holders of abandoned property by shortening the time period they must hold and account for the property, and make reporting easier by requiring less detail on small amounts.

I respectfully request this committee to report SB 326 favorably for passage.

HOUSE COMMITTEE ON COMMERCIAL &
FINANCIAL INSTITUTIONS

March 28, 1989

TESTIMONY OF JOHN W. CAMPBELL
DEPUTY ATTORNEY GENERAL
IN SUPPORT OF
SENATE BILL NO. 326

Mr. Chairman, members of the committee, my name is John Campbell, I am a Deputy Attorney General for the State of Kansas. I am here today to testify in support of Senate Bill No. 326.

New Section 1 of SB 326 would provide the means by which the State of Kansas could obtain unclaimed property held by the United States Government. The property Kansas could claim would be that which the federal government has held for the benefit of individuals and which has not been claimed by such individuals for at least five years. In cases where the last known address of such individuals was within the State of Kansas, SB 326 would provide for this property to be turned over to, or escheat to, the State instead of the federal government as is the current practice.

The reason we need this legislation now is that Kansas, along with the states of Arizona, Delaware, Illinois, Kentucky, Pennsylvania, and Rhode Island have sued the federal government for recovery of the unclaimed property. It is estimated that the Kansas

Atch #2

share of a recovery from this suit could be in the range of two to five million dollars.

Currently, under Kansas law, there is no clear cut authority to accept unclaimed property held from the federal government. We are in the potentially embarrassing position of obtaining a multi-million dollar judgment and having no means by which to accept the actual money.

The Attorney General urges the committee to approve SB 326. Approval will aid Kansas in its litigation and provide the means of accepting judgment. Passage of SB 326 could result in Kansas receiving literally millions of dollars.

Thank you for your consideration of this matter.

Testimony in Support of
SB 326
Amending the Kansas Disposition of Unclaimed Property Act
Submitted by Oxy USA, Inc.

before the
House Commercial and Financial Institutions Committee

March 28, 1989

Mr. Chairman, members of the Committee, it is a pleasure to appear before you this afternoon in support of SB 326. I am Glenn Hawkins, the Kansas State Relations Manager for Oxy USA, Inc. We are the largest oil producer in the state and also have a significant presence in natural gas, primarily in the Hugoton area. This successful partnership between our company and Kansas has existed for more than eighty years.

During that time, we have gone to great lengths to ensure that Kansans receive the money owed them which we collect on their behalf. Principally this is royalty income; often passed from generation to generation. We send out checks monthly to thousands of individuals.

When these royalty holders move we do nearly everything humanly possible to locate them and resume their monthly checks. And most of the time we're successful.

However, after our best efforts -- and those of other holders of property presumably abandoned -- fail we submit these funds to the state in a report required by the Kansas Disposition of Unclaimed Property Act. This annual report to the State Treasurer individually lists all persons to whom money is owed above \$3.00. Amounts under \$3.00 are reported and submitted to the state in the aggregate.

We support the change contained in SB 326 to raise this amount to \$25.00. This change is located on page 6 of the bill and would amend section 58-3912(b)(3) of the Act.

Holders of unclaimed property would still submit all monies to the state. This change would, however, not require individual reporting of amounts less than \$25.00. This would be a considerable administrative savings to both holders of unclaimed property and the State Treasurer's office. For amounts under \$25.00 the reporting would be done as it is now done for amounts under \$3.00 -- that is, in the aggregate to the State Treasurer.

The State Treasurer and her staff are to be commended for their work to update the Kansas law. We endorse these efforts as contained in SB 326 and urge favorable committee action on the bill.

Thank you for the opportunity to express our support of SB 326 and for your consideration of our views.

Atch #3