

Approved _____

3/17/89
Date

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

The meeting was called to order by SENATOR RICHARD L. BOND at _____
Chairperson

9:00 a.m./p.m. on WEDNESDAY, MARCH 15, 1989 in room 529S of the Capitol.

~~All~~ members were present, ~~except~~ Senators Bond, Salisbury, Anderson, Karr, Kerr, Parrish, Reilly, Strick and Yost

Committee staff present:
Bill Wolff, Legislative Research
Bill Edds, Revisors Office
Louise Bobo, Committee Secretary
Myrta Anderson, Legislative Research

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

The meeting was called to order at 9:17 a.m. by Chairman Bond.

SB 326 - Joan Finney, State Treasurer, appeared before the committee in behalf of this proposed legislation. This bill amends the unclaimed property act and makes the law more uniform with other states. According to Ms. Finney, this bill will accomplish two major changes: (1) it will shorten the time period of property presumed abandoned from 7 years to 5 years and (2) it will allow the holder to report amounts up to \$25 in aggregate. (attachment 1)

John Campbell, Deputy Attorney General, spoke in favor of SB 326. Mr. Campbell informed the committee that this bill would provide the means by which the State of Kansas could obtain unclaimed property held by the United States Government. Passage of this bill could result in literally millions of dollars of new non-tax revenue for the state, according to Mr. Campbell. (attachment 2)

Appearing before the committee in support of SB 326 was Glenn Hawkins, Oxy USA, Inc., who informed the members that his organization supported this proposal. His company was primarily interested in the change in the statute permitting holders of unclaimed property to report amounts under \$25 in the aggregate. Under the existing statute, only amounts under \$3 are allowed to be reported to the state in the aggregate. (attachment 3)

There were no opponents to this bill and the hearings were closed.

Staff pointed out that there was another provision in the bill that had not been mentioned--Kansas has two years to try and find the owner of property and after that the one who assist in the recovery of the property is limited to compensation not exceeding 15% of the value of the recovered property.

Senator Karr made a motion that the committee pass the bill out favorably. The motion was seconded by Senator Reilly. The motion carried.

The meeting adjourned at 9:40 a.m.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

Joan Finney
TREASURER



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TESTIMONY OF JOAN FINNEY, STATE TREASURER, BEFORE THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE, MARCH 15, 1989

RE: SB 326

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.

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.

*Attachment 1
Sen FI + I
3/15/89*

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.

SENATE COMMITTEE ON FINANCIAL
INSTITUTIONS & INSURANCE

March 15, 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 money 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

*Attachment 2
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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 literally millions of dollars of new non-tax revenue for the state.

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
Senate Financial Institutions and Insurance Committee

March 15, 1989

Mr. Chairman, members of the Committee, it is a pleasure to appear before you this morning 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.

*Attachment 3
Sen 7 I + I
3/13/89*