

SESSION OF 2013

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2139**

As Amended by House Committee of the Whole

**Brief\***

HB 2139, as amended, would amend the law governing canceled warrants (also known as checks) and unclaimed property.

Under current law, State of Kansas checks are canceled after being unclaimed for one year. The unclaimed funds are placed in the Canceled Warrants Fund, from which payments may be made for up to a four-year period from the original date of cancellation. This process, in effect, sets a five-year limitation on the ability of taxpayers to claim their property.

The bill would abolish the Canceled Warrants Payment Fund and transfer all balances accrued from unpaid canceled warrants to the State General Fund. The bill also would include language stating any programming costs incurred by the Department of Administration to implement the bill would come from the agency's existing resources. In addition, the bill would prohibit the agency from requesting any additional funding for programming costs associated with the bill.

Further, the bill would consider the unclaimed funds to be unclaimed property as defined in state law and delete the five-year limitation for taxpayers to claim funds from a canceled State check.

Finally, the bill would repeal outdated statutory references to earlier versions of the criminal code.

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\*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>

## **Background**

The bill was introduced by the House Committee on General Government Budget.

At the House Committee on Financial Institutions' hearing, a representative of the Department of Administration provided proponent testimony, stating the bill would make state government more efficient. The representative indicated existing law exempts canceled warrants from the unclaimed property process, meaning the funds cannot be searched for on the State Treasurer's Unclaimed Property website. In addition, the funds are outside the unclaimed property account within the State General Fund and cannot be tracked by those seeking the unclaimed funds. The representative stated the bill would allow persons to easily track and find their unclaimed funds, without a time limit to do so.

There were no opponents to the bill at the time of the House Committee hearing.

The House Committee of the Whole re-referred the bill to the House Committee on Financial Institutions.

The House Committee on Financial Institutions amended the bill to transfer funding from the abolished Canceled Warrants Payment Fund to the Unclaimed Property Claims Fund, rather than the State General Fund. The bill also was amended to clarify the Department of Administration would be required to implement the provisions of the bill within the agency's existing resources, and the agency would be prohibited from requesting additional funding for implementation.

The House Committee of the Whole amended the bill to replace the reference to the Unclaimed Property Claims Fund with the State General Fund.

The revised fiscal note provided by the Division of the Budget states passage of the bill, as introduced, would have

an estimated fiscal effect of \$30,800, all from the State General Fund, in FY 2014 for expenditures. The fiscal note states the Department of Administration would need \$29,000 for one-time programming costs (\$22,000 for technical analysis and \$8,800 for functional analysis to the SMART system) for FY 2014 and \$1,800 for annual programming costs starting in FY 2014 and each year thereafter. In addition, the Department for Children and Families (DCF) indicates the federal government requires the federal portion of canceled warrants to be credited to the associated federal fund. DCF notes if, under the bill, the federal portion of a canceled warrant is sent to the State Treasurer as unclaimed property, DCF would need to know the amount by federal fund, in order to credit the associated federal fund. The credits would be absorbed by DCF as a state-only cost.