

Department of Planning and Budget
2008 Fiscal Impact Statement

1. Bill Number: HB1313

House of Origin	<u> X </u>	Introduced	<u> </u>	Substitute	<u> </u>	Engrossed
Second House	<u> </u>	In Committee	<u> </u>	Substitute	<u> </u>	Enrolled

2. Patron: Byron

3. Committee: Commerce and Labor

4. Title: Unclaimed property; credit union accounts.

5. Summary: Provides state-chartered credit unions with the same flexibility regarding inactive or dormant account fees and interest that federally-chartered credit unions may exercise under applicable federal law.

6. No Fiscal Impact. See item 8, below.

7. Budget Amendment Necessary: No.

8. Fiscal Implications: Under current state law, no banking or financial organization may deduct any dormant service charge or cease to accrue interest on any account from the date the account is declared dormant or inactive except in conformity with cessation of interest or service charges generally assessed upon active accounts. At the end of five years from the date the account is declared dormant, such holder must remit the account to the Department of the Treasury's Unclaimed Property Division, which administers the Virginia Uniform Disposition of Unclaimed Property Act.

Federal law allows federal credit unions to apply dormant service charges to accounts presumed abandoned and remit only the remaining amount as unclaimed property to the Commonwealth. The National Credit Union Administration takes the position that state law is preempted by federal law with regard to regulating account fees and charges. Current state law limits the imposition of fees and charges on dormant accounts at state chartered credit unions. This bill will amend the Code to place state chartered credit unions in the same position as the national credit unions with regard to the application of dormant service charges to accounts presumed abandoned or dormant accounts.

This bill will impact the amount returned to the account owner. The bill does not have a fiscal impact to the state.

9. Specific Agency or Political Subdivisions Affected: Department of the Treasury

10. Technical Amendment Necessary: No.

11. Other Comments: The companion bill, SB137, is currently before the Senate Committee on Commerce and Labor.

Date: 1/24/2008 dpbtmw

Document: G:\2008 Session\Fiscal Impact Statements\HB1313.Doc

cc: Secretary of Finance