

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: HB363

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Purkey

3. Committee: General Laws

4. Title: **Escheat funds; requirement to report and remit to State Treasurer.**

5. Summary: The bill exempts holders of unclaimed property from reporting unclaimed property to the Commonwealth that has a value belonging to any single owner of the property of \$15 or less pursuant to the Virginia Uniform Disposition of Unclaimed Property Act.

6. Fiscal Impact Estimates are: Preliminary. See item 8, below.

Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2008	-	-	-
2009	(3.0-3.5 million)	0	NGF
2010	(3.0-3.5 million)	0	NGF
2011	(3.0-3.5 million)	0	NGF
2012	(3.0-3.5 million)	0	NGF
2013	(3.0-3.5 million)	0	NGF
2014	(3.0-3.5 million)	0	NGF

7. Budget amendment necessary: No.

8. Fiscal implications: The Department of the Treasury administers the Uniform Disposition of Unclaimed Property Act, which is a uniform law adopted by all 50 states. The Department of the Treasury serves as the custodian of unclaimed (tangible and intangible) personal property until the rightful owner of the property can be located. Unclaimed property accounts are reportable to the state of the owner's last known address. The act requires holders of property belonging to Virginia citizens, but with whom the holder cannot locate to return the property, to report that property to the Commonwealth (Treasury). Once reported, Treasury's Division of Unclaimed Property's responsibility is to locate the rightful owner and return the property. During the location process, funds received from the holders are deposited to the state's Literary Fund and used to make low-interest loans to localities for school construction and other K-12 educational purposes. The Commonwealth holds property received from holders in perpetuity until the rightful owner is located. The amount of a loan can range from \$50,000 to \$7.5 million. The majority of the loans executed are at the higher end of the range.

Treasury estimates that the bill will have a negative revenue impact to the state's Literary Fund, and result in a Literary Fund revenue reduction of \$3 million to \$3.5 million annually, this estimate is based on information from 1997 through 2006.

At present, no adjustment would be needed to appropriated funds from the Literary Fund in HB30/SB30. There are sufficient balances in the Literary Fund to address current funding obligations. However, in future biennia the proposed legislation may reduce the number of Literary Fund loans released by the Department of Education annually and thereby increase the amount of time a local school division must wait to receive a Literary Fund loan. The current wait time is 12 – 18 months.

9. Specific agency or political subdivisions affected: Department of the Treasury;
Department of Education.

10. Technical amendment necessary: No.

11. Other comments: None.

Date: 1/14/2008 dpb

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cc: Secretary of Finance
Secretary of Education