

HOUSE JOINT RESOLUTION NO. 592

Establishing a joint subcommittee to study the efficiency and effectiveness of the escheats law as set out in Chapter 10 of Title 55 of the Code of Virginia.

Agreed to by the House of Delegates, February 23, 1995

Agreed to by the Senate, February 21, 1995

WHEREAS, the current law relating to escheats provides for a sale at public auction of abandoned parcels of real estate, payment to localities of delinquent taxes from sale proceeds, and the return of the parcels to an active tax status within localities; and

WHEREAS, current escheats law is considered archaic and somewhat antiquated; and

WHEREAS, an escheator, appointed by the Governor of Virginia for each locality, is responsible for executing the process; and

WHEREAS, the Department of the Treasury monitors compliance with the escheats law and provides support and liaison functions between localities, escheators, and state government; and

WHEREAS, the escheat process is sometimes used as a substitute for judicial sales pursuant to § 58.1-3965 of the Code of Virginia and for settling estates when heirs cannot agree; and

WHEREAS, land records in the locality are not searched by any local official or the escheator prior to the escheat inquest or sale; and

WHEREAS, the escheated parcels of real estate are sold without warranty as to the size, location, legal description or even existence of the parcel; and

WHEREAS, a land grant signed by the Governor is issued to the purchaser; and

WHEREAS, the escheated parcels appear to be selling at a price less than the assessment, fair market value, or accrued delinquent taxes in some cases; and

WHEREAS, purchasers are not entitled to a refund of 100 percent of the purchase price, as commissions and expenses must be deducted; and

WHEREAS, individuals with a claim to escheated property have five years from the sale of such property by the Commonwealth to assert their claim; and

WHEREAS, potential claimants are not protected from exorbitant fees charged by private locating concerns; and

WHEREAS, the Commonwealth of Virginia risks liability exposure on unattended real estate during the time the parcel is in the escheat process; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee be established to study the efficiency and effectiveness of current escheats law to identify changes needed to effect maximum benefits for all participants. The study shall examine among other things: the need for a separate escheator in each locality; the feasibility of a title search to reduce purchaser refunds and convey warranty of title; methods to increase sale prices; shortening the statute of limitations for those with a claim to the escheated property; and methods of regulating locator fees to protect citizens.

The joint subcommittee shall be composed of thirteen members as follows: four members of the House of Delegates to be appointed by the Speaker of the House; three members of the Senate to be appointed by the Senate Committee on Privileges and Elections; and six members to be appointed by the Governor as follows: three escheators, one Commonwealth's attorney, one local treasurer, and one commissioner of the revenue.

The direct costs of this study shall not exceed \$8,350. The Department of the Treasury and the Division of Legislative Services shall provide staff support for the study. All agencies of the Commonwealth shall provide assistance to the joint subcommittee, upon request. Input from escheators and local officials shall be requested by the joint subcommittee.

The joint subcommittee shall complete its work in time to submit its findings and recommendations to the Governor and the 1996 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.