

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 761 (The Speaker)(By Request - Office of the Comptroller)
Health and Government Operations

Maryland Uniform Disposition of Abandoned Property Act - Revisions

This bill makes numerous changes to the Maryland Uniform Disposition of Abandoned Property Act, which governs the distribution of abandoned property in the State. Among other provisions, the bill (1) explicitly applies the requirements of the Act to additional forms of property (*e.g.*, virtual currency); (2) establishes various new requirements and procedures related to abandoned property claims; and (3) authorizes the Comptroller to retain additional proceeds from the sale of abandoned property to use for certain purposes.

Fiscal Summary

State Effect: State revenues are assumed to increase by an indeterminate amount beginning in FY 2026. Special fund expenditures by the Comptroller’s Office increase as retained funding under the bill is used for specified purposes, as discussed below.

Local Effect: The bill is not anticipated to materially affect local government finances or operations.

Small Business Effect: Minimal.

Analysis

Bill Summary: In general, the bill makes numerous alterations to the Maryland Uniform Disposition of Abandoned Property Act, some of which are described in additional detail below.

Selected Definitions

The bill adds a definition of “apparent owner” to mean a person whose name appears on a record of a holder as the owner of property held, issued, or owing by the holder. An “indication of apparent owner interest in property” is defined to mean (1) a record communicated by the apparent owner to the holder or agent of the holder concerning the property or the account in which the property is held; (2) an oral communication by the apparent owner to the holder or agent of the holder concerning the property or the account in which the property is held, if the holder or its agent contemporaneously makes and preserves a record of the fact of the apparent owner’s communication; (3) for an account, underlying security, or interest in a business association, the presentment of specified items (*e.g.*, evidence of receipt of a distribution made by electronic means); (4) activity directed by an apparent owner in the account in which the property is held, as specified; (5) a deposit into or withdrawal from an account at a financial institution, as specified; (6) subject to specified provisions, payment of a premium on an insurance policy; and (7) any other action by the apparent owner that reasonably demonstrates to the holder that the apparent owner knows that the property exists.

The bill also defines a “record” to mean information that is inscribed on a tangible medium or stored in an electronic or other medium and retrievable in perceivable form.

Apparent Owners

For purposes of the Act:

- an action by an agent or other representative of an apparent owner, other than a holder acting as the apparent owner’s agent, is presumed to be an action on behalf of the apparent owner;
- a communication with an apparent owner by a person other than the holder (or representative) is not an indication of apparent owner interest in property unless a record of the communication evidences the apparent owner’s knowledge of a right to the property; and
- if an insured dies or the insured or beneficiary of an insurance policy otherwise becomes entitled to the proceeds before depletion of the cash surrender value of the policy by operation of an automatic-premium-loan provision or other nonforfeiture provision contained in the policy, the operation of the provision does not prevent the policy from maturing or terminating.

The bill includes extensive provisions related to the determination of the address of an apparent owner, including circumstances under which Maryland is deemed to be the state of the last known address versus another state.

Presumptions of Abandoned Property – Generally

Existing statute includes provisions that govern when property held by specified entities is presumed to be abandoned. For example, certain property held by a banking or financial organization or business association is presumed abandoned three years after the later of (1) the date the holder is deemed to no longer have a valid address for the owner of the property or (2) the date the owner last took specified actions, including increasing/decreasing the amount of the deposit or corresponded in writing concerning the deposit. Among other changes, the bill incorporates references to an owner accessing the account or information concerning the account into these provisions, thereby recognizing additional actions as continued ownership of property.

Establishing the Death of an Insured or Annuitant of a Life Insurance Policy

A “death master file” is the Social Security Administration Death Master File or any other database or service that is at least as comprehensive for determining that an individual reportedly has died. The bill includes provisions regarding the use of a death master file for the purpose of determining when the death of an insured or an annuitant is presumed for purposes of the Act. A holder of specified funds must, at least on an annual basis, (1) conduct a death master file examination and comparison (as specified in the bill) on all insureds and annuitants and (2) make a record of the date on which any examination and comparison occurs.

Additional Presumptions Established for Specific Types of Property

Under the bill, virtual currency is presumed abandoned if it remains unclaimed five years after the last indication of apparent owner interest in the property. Within 30 days before the filing of a report required under existing statute regarding property that is presumed abandoned, the holder of abandoned virtual currency must liquidate the virtual currency. The holder must remit any liquidation proceeds to the Comptroller. Notwithstanding any other provision under the applicable subtitle, an owner has no right of recourse against a holder or the Comptroller to recover any gain in value to the virtual currency that occurs after the aforementioned liquidation.

The bill also includes specific procedures to determine when property held in a pension account or retirement account that qualifies for tax deferral under the income tax provisions of the Internal Revenue Code is presumed abandoned, as specified.

Additional Procedural Requirements and Authorizations

The bill establishes in statute numerous procedural requirements in regard to the Comptroller’s duties as the administrator of abandoned property. Among other provision,

the bill authorizes the Comptroller to waive an existing filing requirement for persons claiming a legal interest in any abandoned property that has been delivered to the State if (1) the person receiving the property or payment is the apparent owner, as specified; (2) the Comptroller reasonably believes the person is entitled to receive the property or payment; and (3) the property or payment has a value of \$5,000 or less.

The Comptroller may apply property held to a claim for the payment of a debt owed to the State identified by or certified to the Comptroller, including debts for unpaid State, county, or municipal tax. The Comptroller may make periodic inquiries of State and local agencies in the absence of a filed claim to determine whether an apparent owner included in the unclaimed property records of the State has enforceable debts if the amount of property is valued at \$100 or more. If an enforceable debt is identified, the Comptroller must (1) apply the property or net proceeds of a sale of the property to the debt of an apparent owner who appears in the records; (2) pay the amount identified by or certified to the administrator; and (3) notify the owner of any payment toward a debt that the Comptroller determines is owed by the owner.

The bill alters statutory requirements regarding the commencement of a civil court action. Any person aggrieved by a decision – or as to whose claim the Comptroller has failed to act within six months (90 days under existing statute) after the filing of the claim – may commence an action in the circuit court to establish the claim. The proceeding must be brought within 90 days after the decision or within one year (180 days under existing statute) from the filing of the claim if the Comptroller fails to act.

Retention in Special Fund

The bill authorizes the Comptroller to retain, from funds received from the sale of abandoned property (1) an amount not exceeding \$5.0 million for information technology (IT) costs, including cybersecurity, customer relation systems, and a system for managing unclaimed property and (2) an amount of funds the Comptroller reasonably estimates is sufficient to pay any claims allowable under the Act (instead of a maximum \$50,000).

Current Law/Background: The Comptroller’s Office advises that the Maryland Uniform Disposition of Abandoned Property Act is outdated and requires the Comptroller’s Office to make determinations related to types of property that did not exist when the Act was conceived. The Act also fails to address digital means of communication, online record storage, and other factors. As such, the bill is intended to modernize the Act by incorporating additional forms of property, such as virtual currency and to bring Maryland into conformity with national best practices related to the disposition of unclaimed property.

Abandoned Property – Generally

Title 17 of the Commercial Law Article generally governs abandoned property in the State; the Comptroller is the administrator of abandoned property. Statute includes provisions that govern when property held by specified entities is presumed to be abandoned.

Statute also includes additional notice and procedural requirements. For example, a holder of presumed abandoned property valued at \$100 or more is required to send written notice (by first-class mail) to the apparent owner of the presumed abandoned property, at the apparent owner's last known address, informing the owner that the holder is in possession of the property and that the property will be considered abandoned unless the owner responds to the holder within 30 days after the notification.

A person holding abandoned property must also file a report with the Comptroller including information on the nature of the property and the property's presumed owner. The abandoned property specified in the report must be transferred to the Comptroller. The Comptroller is required to take specified actions, including those related to publication and the mailing of notice to apparent owners.

A person who claims a legal interest in property delivered to the Comptroller must file a claim to the property or to the proceeds from its sale, as further specified in statute.

Disposition of Funds

All funds received under Title 17 (the Maryland Uniform Disposition of Abandoned Property Act) must be credited by the Comptroller to a special fund. Statute specifies that the Comptroller must retain up to \$50,000 at the end of each fiscal year to pay any claims allowed under Title 17. After deducting administrative costs, the Comptroller must distribute \$8.0 million to the Maryland Legal Services Corporation Fund.

Further, the Comptroller must distribute all unclaimed money from judgments of restitution to the State Victims of Crime Fund to assist victims of crimes and delinquent acts to protect the victims' rights as provided by law. If a victim entitled to restitution that has been treated as abandoned property is located after the money has been distributed, the Comptroller must reduce the next distribution to the State Victims of Crime Fund by the amount recovered by the victim.

After making the distributions required above, the Comptroller must distribute \$500,000 from the remaining net funds to the Tax Clinics for Low-Income Marylanders Fund. Further, from fiscal 2024 through 2027, the Comptroller must subsequently distribute \$14.0 million from the remaining funds to the Access to Counsel in Evictions Special Fund.

After making the required distributions, the Comptroller must distribute the remaining net funds to the general fund.

State Fiscal Effect: The precise impact on State finances cannot be determined without experience under the bill. Some provisions in the bill – such as the explicit inclusion of virtual currency – likely result in additional types of property being reported as abandoned. However, some property that may have otherwise been deemed abandoned may not be deemed as such under the bill due to other provisions (*i.e.*, including additional types of actions as signs of continued ownership). As referenced above, after any claims are paid and required distributions are made, remaining net funds are disbursed to the general fund. The Comptroller’s Office advises generally that gross revenues have historically eclipsed the total amount of claims paid, and provisions in the bill are expected to increase gross revenues.

The Department of Legislative Services notes that the Comptroller is authorized under the bill to retain \$5.0 million for IT and other purposes in the related special fund; however, the Comptroller advises that this retention is likely to have only a nominal effect on revenues. This analysis therefore assumes there is no impact on other special funds that receive distributions after the required retention by the Comptroller’s Office.

As the additional revenues retained by the Comptroller’s Office must be used for specified IT and cybersecurity costs, it is anticipated that special fund expenditures increase significantly (assumed to begin in fiscal 2026) as the retained funding is used for this purpose.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 665 (The President)(By Request - Office of the Comptroller) - Finance.

Information Source(s): Baltimore, Harford, and Montgomery counties; Maryland Municipal League; Comptroller’s Office; Judiciary (Administrative Office of the Courts); Maryland Department of Labor; Maryland Insurance Administration; Department of Legislative Services

Fiscal Note History: First Reader - February 13, 2025
js/jkb

Analysis by: Eric F. Pierce

Direct Inquiries to:
(410) 946-5510
(301) 970-5510