

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**

House Bill 824 (Delegate Kittleman)  
Economic Matters

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**Abandoned Property - Business Associations**

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The bill exempts business associations from remitting certain abandoned property to the State. Such properties include stocks, dividends, and vendor credits. Business associations still would be required to return unclaimed payroll checks to the State.

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**Fiscal Summary**

**State Effect:** General fund revenues could decrease by \$11.2 million beginning in FY 1999; future year revenue losses reflect annualization and 5% annual increase in property remittances. Expenditures would not be affected.

(in millions)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	(\$0.0)	(\$11.2)	(\$11.8)	(\$12.4)	(\$13.0)
GF Expenditures	0.0	0.0	0.0	0.0	0.0
Net Effect	(\$0.0)	(\$11.2)	(\$11.8)	(\$12.4)	(\$13.0)

*Note: ( ) - decrease; GF - general funds; FF - federal funds; SF - special funds*

**Local Effect:** None.

**Small Business Effect:** Potential meaningful impact on small businesses. Small business associations holding certain abandoned property would benefit from this legislation. Approximately \$11.2 million in property would be retained by businesses in the first year, thus increasing the profits of such businesses. It is unknown what percentage of the total would be retained by small businesses.

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## **Fiscal Analysis**

**State Revenues:** Under current law, abandoned property held by business associations must be returned to the State after five years. Pursuant to this legislation, business associations holding certain abandoned property would be able to retain them, thus resulting in a decrease in State revenues of approximately \$11.2 million in fiscal 1999. Future year revenues decrease by \$13 million by fiscal 2002. This estimate is based on the following:

- \$14 million in unclaimed receipts from business associations in fiscal 1997 of which 95% would be affected by this bill;
- 77% of property remitted to the State remains unclaimed by its rightful owner; and
- 5% annual growth rate in unclaimed property.

State revenues are not affected in fiscal 1998 since property presumed abandoned for the period ending June 30, 1997 and reported by October 31, 1997 occurs before the bill's effective date.

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**Information Source(s):** Comptroller's Office, Department of Assessments and Taxation

**Fiscal Note History:** First Reader - March 10, 1997  
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