

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 1276 (Delegates V. Mitchell and McClenahan)
Economic Matters

Commercial Law - Abandoned Property

This bill provides that credits in connection with the sale of consumer goods to a wholesaler or retailer in the ordinary course of business are not personal property subject to the Maryland Uniform Disposition of Abandoned Property Act.

Fiscal Summary

State Effect: General fund revenues could decrease by \$1,035,000 beginning in FY 1999. Future year revenue losses reflect a 5% increase in personal property remittances. Expenditures would not be affected.

| (in dollars) | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 |
|-----------------|---------|---------------|---------------|---------------|---------------|
| GF Revenues | \$0 | (\$1,035,000) | (\$1,087,000) | (\$1,141,000) | (\$1,198,000) |
| GF Expenditures | 0 | 0 | 0 | 0 | 0 |
| Net Effect | \$0 | (\$1,035,000) | (\$1,087,000) | (\$1,141,000) | (\$1,198,000) |

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

Local Effect: None.

Small Business Effect: Potential meaningful impact on small businesses. Small businesses holding unclaimed credits would benefit from this legislation. Approximately \$1 million in credits would be retained by businesses each year thus increasing the profits of such businesses.

Fiscal Analysis

State Revenues: Under current law, unclaimed credits arising from sales transactions between businesses must be returned to the State after five years. Pursuant to this legislation, businesses holding unclaimed credits would be able to retain them, resulting in a decrease in

State revenues. State revenues would decrease by approximately \$1 million beginning in fiscal 1999. Future year revenues decrease by \$1.2 million by fiscal 2002. This estimate is based on the following:

- \$2.9 million in unclaimed property relating to business credits returned to the State in fiscal 1996;
- 40% of property involves wholesale credits;
- 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.

Information Source(s): Comptroller's Office, Office of the Attorney General (Consumer Protection Division)

Fiscal Note History: First Reader - March 6, 1997
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