

Department of Legislative Services  
Maryland General Assembly

FISCAL NOTE  
Revised

House Bill 940 (Delegate Preis. *et al.*)  
Judiciary

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**Estates and Trusts - Limitation Period for Refund Claims**

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This amended bill specifies a limitation period for filing a claim for refund after escheat to the Department of Health and Mental Hygiene or a local board of education. Under current law, if a decedent had been a recipient of long-term benefits under the Maryland Medical Assistance Program, and has no heirs or no heirs can reasonably be found, then the decedent's estate must be converted to cash and paid to the Department of Health and Mental Hygiene. If a decedent was not a Medicaid recipient and has no heirs or no heirs can reasonably be found, then the decedent's estate must be given to the local board of education.

If an heir later surfaces, the heir can file a claim for refund of the money paid to the Department of Health and Mental Hygiene or board of education. This bill specifies that such a claim for refund may not be filed after the later of three years after the death of the decedent or one year after the time of distribution of the property.

The limitation periods specified by the bill are declaratory of existing law, and shall apply whether a distribution of property occurred before, on, or after the bill's October 1, 1998 effective date.

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**Fiscal Summary**

**State Effect:** None. The Department of Health and Mental Hygiene is not aware of having paid any refunds outside of the limitation periods specified by the bill.

**Local Effect:** Potential savings for local boards of education.

**Small Business Effect:** None.

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**Fiscal Analysis**

**Local Effect:** Local boards of education would be able to retain more funds received by escheat than they have in the past. The Maryland Association of Boards of Education advises that, since 1986, the Montgomery County Board of Education refunded three claims under the escheat statute more than three years after the estates were settled, totaling over \$19,000. The Wicomico County Board of Education has had to return more than \$5,000 over a year after receiving the funds. The Howard County Board of Education returned more than \$4,000 over one year after receipt. The Anne Arundel County Board of Education recently was ordered to refund more than \$38,000 almost five years after receipt. The Carroll County Board of Education returned more than \$30,000 over one year after receipt. The Dorchester County Board of Education received over \$185,000 from one estate in 1989, but refunded that amount in 1994. Each of these claims may not have been honored had the limitation periods specified by the bill been applied.

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**Information Source(s):** Maryland Association of Boards of Education, Department of Health and Mental Hygiene, Department of Legislative Services

**Fiscal Note History:** First Reader - February 24, 1998  
Inc Revised - House Third Reader - March 20, 1998

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