

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 201

(Chairman, Economic Matters Committee)
(By Request – Departmental – Comptroller)

Economic Matters

Finance

Commercial Law - Disposition of Abandoned Property - Notice Requirement of Holder

This departmental bill requires any holder of presumed abandoned property, between 30 and 120 days before filing the required report to the Comptroller on the owner and nature of the abandoned property, to send written notice 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 within 30 days after the notification to the holder. The bill repeals the notice provision applicable only to property held by a banking organization, financial organization, or a business association.

The bill is effective July 1, 2003.

Fiscal Summary

State Effect: The bill could result in more property being returned directly to the owner without involving State government. Any reduction in interest earnings from unclaimed funds or proceeds from the sale of abandoned property is assumed to be minimal and partially offset by a reduction in the cost to the Comptroller for advertising, notice, and processing related to the property.

Local Effect: None.

Small Business Effect: The Comptroller has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law: A banking organization, financial organization, or business association that holds presumed abandoned property must send a notice by first class mail to the depositor, at the depositor's last known address, that the property will be considered abandoned if there is no response within 30 days after the notification. Other holders of abandoned property are not required to notify the property's owner.

Generally, property is presumed to be abandoned if it is left unclaimed for four years. Effective July 1, 2003, property will be presumed to be abandoned if it is left unclaimed for three years.

A person holding abandoned property must report to the Comptroller, under oath, on the property. The report must include:

- the name, if known, and the last known address, if any, of each person who appears from the holder's records to be the owner of any presumed abandoned property valued at \$100 or more;
- in the case of unclaimed funds of an insurance corporation, the full name of the insured, annuitant, principal, or claimant, and the last known address according to the insurance corporation's records;
- the nature and identifying number, if any, or description of the property and the amount that appears to be due (items valued at less than \$100 may be reported in the aggregate);
- the date when the property became payable, demandable, or returnable, and the date of the last transaction with the owner with respect to the property; and
- any other information prescribed the Comptroller prescribes by rule.

For persons other than insurance corporations, the report must cover the period of July 1 through June 30 and must be filed by October 31 of that year. For insurance corporations, the period is January 1 through December 31 and must be filed by April 30. Within 180 days after the report's filing, the Comptroller must publish a notice in a newspaper naming the owner and holder of the property, and stating the means by which the owner may claim the property. The Comptroller must then mail a notice about the property to the owner's last known address. The property must be delivered or paid to the Comptroller, at which time the State takes custody of the property.

Within one year of taking custody without being claimed, the Comptroller must sell the abandoned property at auction. The proceeds are distributed in the following manner: (1) up to \$50,000 is deposited in a fiscal year to a special fund, from which claims for purportedly abandoned property must be paid; (2) the Comptroller may retain the Comptroller's costs in administering the State's abandoned property laws; (3) \$500,000 goes to the Maryland Legal Services Corporation; and (4) the remainder goes to the State's general fund.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller's Office; Department of Labor, Licensing, and Regulation; Office of the Attorney General (Consumer Protection Division); Department of Legislative Services

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mdf/jr

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