

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

Senate Bill 434

(Senator Lawlah, *et al.*)

Budget and Taxation

Appropriations

State Treasury - Unpresented Checks Fund

This bill revises the procedures for administering the Unpresented Checks Fund. Specifically, the bill: (1) eliminates a seven-year limitation on reissuing checks presented for payment; (2) provides that when required by federal or State law or when considered proper by the Treasurer, unpresented checks may be voided and the monies returned to their source or transferred to another account; and (3) clarifies that State-issued unpresented check funds are not subject to the Maryland Uniform Disposition of Abandoned Property Act.

Fiscal Summary

State Effect: None. The bill would not materially affect State finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The Treasurer is allowed to reissue checks presented for payment for seven years, but thereafter prohibits reissuance of State checks. This procedure is inconsistent with the Maryland Uniform Disposition of Abandoned Property Act which allows claims to be filed indefinitely.

Federal law requires that if checks funded in whole or in part with federal money remain unrepresented for 180 days, the federal funds must be returned or reallocated to new eligible expenditures.

Background: The bill is intended to conform the treatment of unrepresented State checks to the Abandoned Property time limits (indefinite), as well as clarifying that State-issued unrepresented checks are not subject to the Abandoned Property statute. The bill provides that the Treasurer may void unrepresented checks and dispose of the funds as required by federal or State law, rather than retain the monies in the Unrepresented Check Fund.

The Unrepresented Check Fund consists of checks issued against State money and have remained unrepresented for two years. After two years the money in the fund may be transferred to the general fund, except for an amount equal to pay for checks that may be presented.

This bill was introduced on a recommendation from the Joint Committee on the Management of Public Funds.

Additional Information

Prior Introductions: None.

Cross File: HB 688 (Delegate Heller, *et al.*) (Joint Committee on the Management of Public Funds) – Appropriations.

Information Source(s): Comptroller's Office, Treasurer's Office, Department of Legislative Services

Fiscal Note History: First Reader - February 17, 2004
ncs/hlb

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