

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 190

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

Economic Matters

Judicial Proceedings

Commercial Law - Abandoned Property - Notice to Apparent Owner

This departmental bill establishes, at \$100, the minimum value of presumed abandoned property for which a notice must be sent to the apparent owner. Currently, holders of abandoned property, regardless of value, must notify the apparent owner.

The bill takes effect July 1, 2005.

Fiscal Summary

State Effect: None. The change would not directly affect governmental finances or operations.

Local Effect: Local governments that hold abandoned property could realize cost savings related to the notification of owners of abandoned property.

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

Analysis

Current Law: Any holder of presumed abandoned property is required 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.

Background: Generally, property is presumed to be abandoned if it is left unclaimed for three years. A person holding abandoned property must report to the Comptroller on the property, including information on the nature of the property and the property's presumed owner. 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 of abandoned personal property without it being claimed, the Comptroller must sell the property at auction. A person who claims a legal interest in property delivered to the Comptroller must file a claim to the property or to the proceeds from its sale. For property sold at auction, if the Comptroller allows the claim, the Comptroller must pay the claimant an amount equal to the sales price plus interest at the rate earned on invested State funds. The Comptroller must pay interest on interest-bearing property at the lesser of 5% or the interest rate earned on the property while in the former holder's possession. If a claim to such property is successful, the Comptroller must pay the claimant interest for the period that the Comptroller held the property, up to five years.

Local Fiscal Effect: To the extent that local governments are holders of abandoned property, they could realize savings related to the notification process since they would only have to notify presumed owners of property worth more than \$100.

In fiscal 2003, the Montgomery County finance office reported 9,400 items of abandoned property to the Comptroller. Of the 1,830 items with an address, 950 were valued at less than \$100. Under the bill, Montgomery County would not have to send out notices for these properties, thereby saving paper, printing, and postage costs.

It is not known, however, the number of abandoned properties that are held by local governments that would meet the requirements of the bill in any given year.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - January 24, 2005
n/hlb

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