

BILL ANALYSIS

C.S.H.B. 257
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Observers note that the dormancy period for most unclaimed personal property is three years but that different dormancy periods may apply depending on the nature of the property. Interested parties contend that experiences with the various return rates to property owners for bank accounts, matured certificates of deposits, and money orders indicate that locating an owner is easier if the property has been abandoned for a shorter period. The parties assert that reducing the dormancy periods for these property types and for utility deposits would increase the state's return rates and result in a significant one-time gain in general revenue for fiscal year 2013. The parties further note that legislation is required to capitalize on Texas' experience with the different return rates for unclaimed property in order to increase the likelihood that the owners of such property will be found and the property returned by reducing the dormancy period for certain types of property. C.S.H.B. 257 seeks to address this matter by changing statutes relating to the periods for presumed abandonment of certain unclaimed personal property.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 257 amends the Property Code to establish that a utility deposit is presumed abandoned on the latest of the following dates: the first anniversary of the date a refund check for the utility deposit was payable to the owner of the deposit; the first anniversary of the date the utility last received documented communication from the owner of the utility deposit; or the first anniversary of the date the utility issued a refund check for the deposit payable to the owner of the deposit if, according to the knowledge and records of the utility or payor of the check, during that period, a claim to the check has not been asserted or an act of ownership by the payee has not been exercised.

C.S.H.B. 257 changes the date on which a money order is presumed abandoned to the latest of the following dates: the third anniversary, rather than the seventh anniversary, of the date on which the money order was issued; the third anniversary, rather than the seventh anniversary, of the date on which the issuer of the money order last received from the owner of the money order communication concerning the money order; or the third anniversary, rather than the seventh anniversary, of the date of the last writing, on file with the issuer, that indicates the owner's interest in the money order.

C.S.H.B. 257 increases the cap on the amount of service, maintenance, or other charges that may be imposed by the holder of an abandoned money order prior to the time of presumed abandonment from 50 cents per month to one dollar per month for each month the money order remains uncashed prior to the month in which the money order is presumed abandoned.

C.S.H.B. 257 establishes that an account at a financial institution that is a checking or savings

account or a matured certificate of deposit is presumed abandoned if the account has been inactive for at least three years, beginning with the date of the depositor's last transaction or correspondence concerning the account. The bill defines "utility deposit" and defines "utility" by reference to the Utility Code.

EFFECTIVE DATE

September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 257 contains a provision not included in the original increasing the cap on the amount of service, maintenance, or other charges that may be imposed by the holder of an abandoned money order prior to the time of presumed abandonment for each month the money order remains uncashed prior to the month in which the money order is presumed abandoned.

C.S.H.B. 257 differs from the original in nonsubstantive ways by conforming to certain bill drafting conventions.