

BILL ANALYSIS

Senate Research Center
84R17064 NC-D

H.B. 1454
By: Raney et al. (Elife)
Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Escheatment is the process of identifying customer's deposit (checking, savings, et cetera) and time deposit (CD) accounts that are considered abandoned and remitting the funds to the state if the customer cannot be contacted to re-activate the account. After three years of inactivity, if an account holder is unable to be contacted, a financial institution must remit the property in question to the comptroller of public accounts of the State of Texas. Current law does not allow for a financial representative to be contacted in these cases. H.B. 1454 allows the account holder to designate a representative for escheatment purposes only.

H.B. 1454 amends current law relating to notice, reporting, and records requirements for holders of certain personal property that is or may be presumed abandoned.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 72, Property Code, by adding Section 72.1021, as follows:

Sec. 72.1021. SHARES OF MUTUAL FUND; DESIGNATION OF REPRESENTATIVE FOR NOTICE. (a) Authorizes the owner of shares of a mutual fund to designate the name and a mailing or e-mail address of a representative of the owner only for the purpose of receiving the notice required by Section 74.1011 (Notice by Property Holder Required). Provides that the owner is not required to designate a representative under this subsection.

(b) Requires the comptroller of public accounts of the State of Texas (comptroller) to prescribe a form that a holder of shares of a mutual fund may make available to an owner of the shares to designate a representative for notice under this section.

(c) Provides that a representative for notice designated under this section does not have any rights to the mutual fund shares and may not access the shares.

(d) Provides that the running of the three-year period of abandonment under Section 72.101 (Personal Property Presumed Abandoned) ceases immediately if a representative designated under this section communicates to the holder that the representative knows:

(1) the owner's location; and

(2) that the owner exists and has not abandoned the shares of the mutual fund.

SECTION 2. Amends Subchapter B, Chapter 73, Property Code, by adding Section 73.103, as follows:

Sec. 73.103. DESIGNATION OF REPRESENTATIVE FOR NOTICE. (a) Requires the depositor of an account or the owner of the contents of a safe deposit box to designate the name and a mailing or e-mail address of a representative of the depositor or the owner only for the purpose of receiving the notice required by Section 74.1011. Provides that the depositor or owner is not required to designate a representative under this subsection.

(b) Requires the comptroller to prescribe a form that a holder of an account or the contents of a safe deposit box may make available to a depositor of the account or owner of the contents of the box to designate a representative for notice under this section.

(c) Provides that a representative for notice designated under this section does not have any rights to the account or safe deposit box and may not access the account or box.

(d) Provides that the running of a period of abandonment under Section 73.101 (Inactive Account or Safe Deposit Box Presumed Abandoned) ceases immediately if a representative designated under this section communicates to the holder that the representative knows:

(1) the depositor's or owner's location; and

(2) that the depositor or owner exists and has not abandoned the account or the contents of a safe deposit box.

SECTION 3. Amends Section 74.101(c), Property Code, as follows:

(c) Requires that the property report include, if known by the holder:

(1) Makes no change to this subdivision;

(2) the name and last known mailing or e-mail address of any person designated as a representative for notice under Section 72.1021 or 73.103;

(3) Creates this subdivision from existing Subdivision (2) text;

(4) Redesignates Subdivision (3) as Subdivision (4);

(5) Redesignates Subdivision (4) as Subdivision (5); and

(6) Redesignates Subdivision (5) as Subdivision (6).

SECTION 4. Amends Section 74.1011, Property Code, by adding Subsection (b-1), to require the holder, if an owner has designated a representative for notice under Section 72.1021 or 73.103, to mail or e-mail the written notice required under Subsection (a) (requiring the holder of certain property to mail a certain notice) to the representative in addition to mailing the notice to the owner.

SECTION 5. Amends Section 74.103(a), Property Code, as follows:

(a) Requires a holder required to file a property report under Section 74.101 (Property Report) to keep a record of:

(1) Makes no change to this subdivision;

(2) the name and last known mailing or e-mail address of any representative for notice designated under Section 72.1021 or 73.103;

(3) Creates this subdivision from existing Subdivision (2);

(4) Redesignates Subdivision (3) as Subdivision (4).

SECTION 6. Effective date: January 1, 2016.