

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 6, 2015

TO: Honorable Kevin Eltife, Chair, Senate Committee on Business & Commerce

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1916 by Watson (Relating to the escheat of United States savings bonds.), Committee Report 1st House, Substituted

The bill would add U.S. savings bonds as property to be escheated to the state of Texas and provide that U.S. savings bonds which are presumed abandoned, including bonds in the possession of the Comptroller and a lost, stolen, or destroyed bond registered to persons with last known addresses in Texas, would escheat to Texas if the bond had remained unredeemed for at least three years after the date of maturity, and unclaimed for at least three years after being presumed abandoned.

The fiscal impact of this bill cannot be determined because it requires the Comptroller to file suit to receive a judgement that savings bonds have been escheated to Texas. Neither the result nor duration of such a suit can be predicted at this time. However, if the suit were successful Texas could receive initial revenue to unclaimed property of approximately \$4,000,000 followed by yearly inflows of about \$300,000.

The bill would amend Chapter 74 of the Property Code, regarding the report, delivery, and claims process for unclaimed property.

The bill would add Subchapter G-1, to add U.S. savings bonds as property to be escheated to the state of Texas. The bill would provide that a U.S. savings bond which is presumed abandoned, including a bond in the possession of the Comptroller and a lost, stolen, or destroyed bond registered to persons with last known addresses in Texas, would escheat to Texas if the bond had remained unredeemed for at least three years after the date of maturity, and unclaimed for at least three years after being presumed abandoned.

The bill would provide that within 180 days after the applicable three year abandonment period, the Comptroller would commence a civil action for a determination that such savings bonds have escheated to Texas. Citation for such an action shall be by publication in accordance with the Texas Rules of Civil Procedure. If the court entered a judgement that the savings bonds have escheated to Texas, the legal title to and ownership of such savings bonds would vest solely in the State of Texas. The bill would specify a process to file a claim for savings bonds escheated to Texas.

The fiscal impact of the bill cannot be determined because it requires the Comptroller to file suit to receive a judgement that savings bonds have been escheated to Texas. Neither the result nor duration of such a suit can be predicted at this time. However, if the suit were successful Texas could receive initial revenue to unclaimed property of approximately \$4,000,000 followed by

yearly inflows of about \$300,000.

The bill would take effect immediately upon enactment, assuming it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2015.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, CL, SD, SJS