By:  Landgraf (Senate Sponsor - Zaffirini) H.B. No. 1514

(In the Senate - Received from the House April 8, 2021; April 12, 2021, read first time and referred to Committee on State Affairs; April 22, 2021, reported adversely, with favorable Committee Substitute by the following vote: Yeas 9, Nays 0; April 22, 2021, sent to printer.)

COMMITTEE VOTE

               Yea Nay Absent  PNV

Hughes          X

Birdwell        X

Campbell        X

Hall            X

Lucio           X

Nelson          X

Powell          X

Schwertner      X

Zaffirini       X

COMMITTEE SUBSTITUTE FOR H.B. No. 1514 By:  Zaffirini

A BILL TO BE ENTITLED

AN ACT

relating to the administration of unclaimed property.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1.  Section 551.005(b), Estates Code, is amended to read as follows:

(b)  The clerk of a court that orders an executor or administrator to pay funds to the comptroller under Section 551.001 shall provide to [~~serve on~~] the comptroller, by certified mail or e-mail [~~personal service of citation~~], a certified copy of the court order not later than the fifth day after the date the order is issued.

SECTION 2.  Section 1109.013(c), Insurance Code, is amended to read as follows:

(c)  An insurer shall report and deliver unclaimed proceeds to the comptroller as required by Chapter 74, Property Code [~~Section 1109.051~~].

SECTION 3.  Section 72.001, Property Code, is amended by adding Subsection (a-1) to read as follows:

(a-1)  Tangible or intangible personal property is not subject to this chapter if it is a worthless or non-freely transferable security.

SECTION 4.  Section 74.001(a), Property Code, is amended to read as follows:

(a)  Except as provided by this section [~~Subsection (b)~~], this chapter applies to:

(1)  property that is presumed abandoned under Chapter 72, Chapter 73, or Chapter 75;

(2)  property that is presumed abandoned under Chapter 154, Finance Code;

(3)  unclaimed proceeds under Chapter 1109, Insurance Code; or

(4)  any other law requiring a person to report and deliver property to the comptroller under this chapter.

SECTION 5.  Section 74.101(a), Property Code, is amended to read as follows:

(a)  Each holder who on March 1 holds property to which this chapter applies [~~that is presumed abandoned under Chapter 72, 73, or 75 of this code or under Chapter 154, Finance Code,~~] shall file a report of that property on or before the following July 1. The comptroller may require the report to be in a particular format, including a format that can be read by a computer.

SECTION 6.  Sections 74.1011(a), (b), and (b-1), Property Code, are amended to read as follows:

(a)  Except as provided by Subsection (b), a holder who on March 1 holds property to which this chapter applies that is valued at more than $250 [~~that is presumed abandoned under Chapter 72, 73, or 75 of this code or Chapter 154, Finance Code,~~] shall, not later than the 60th day before the date the property is delivered to the comptroller, provide to the owner by [~~on or before the following May 1,~~] mail to the last known address of the [~~known~~] owner or by e-mail written notice stating that:

(1)  the holder is holding the property; and

(2)  the holder may be required to deliver the property to the comptroller on or before July 1 if the property is not claimed.

(b)  The notice required under Subsection (a) does not apply to a holder who:

(1)  has already provided such notice to the owner of the property or a person entitled to the property under existing federal law, rules, and regulations or state law within the time specified under Subsection (a); or

(2)  does not have a record of a physical or e-mail [~~an~~] address for the property owner or any other person entitled to the property.

(b-1)  If an owner has designated a representative for notice under Section 72.1021 or 73.103, the holder shall mail or e-mail the written notice required under Subsection (a) to the representative in addition to providing written [~~mailing the~~] notice to the owner.

SECTION 7.  Section 74.301(a), Property Code, is amended to read as follows:

(a)  Except as provided by Subsection (c), each holder who on March 1 holds property to which this chapter applies [~~that is presumed abandoned under Chapter 72, 73, or 75~~] shall deliver the property to the comptroller on or before the following July 1 accompanied by the report required to be filed under Section 74.101.

SECTION 8.  Section 74.401(d), Property Code, is amended to read as follows:

(d)  If after investigation the comptroller determines that property delivered under this chapter is not marketable or [~~from a safe deposit box or other repository~~] has insubstantial commercial value, the comptroller may destroy or otherwise dispose of the property at any time.

SECTION 9.  Subchapter E, Chapter 74, Property Code, is amended by adding Section 74.405 to read as follows:

Sec. 74.405.  DISPOSITION OF SECURITIES. (a) The comptroller may sell or otherwise liquidate a security delivered to the comptroller under this chapter.

(b)  The comptroller may not sell a security listed on an established stock exchange for less than the price prevailing on the exchange at the time of sale. The comptroller may sell a security not listed on an established exchange by any commercially reasonable method.

SECTION 10.  Sections 74.501(c), (d), and (f), Property Code, are amended to read as follows:

(c)  All claims to which this subchapter [~~section~~] applies must:

(1)  identify the specific property in the possession of the comptroller that is being claimed;

(2)  include all necessary documentation the comptroller may require; and

(3)  except as provided by Section 74.503, be filed in accordance with procedures, contain the information, and be on forms prescribed by the comptroller.

(d)  On receipt of a claim form and all necessary documentation the comptroller may require, or [~~and~~] as may be appropriate under the circumstances, the comptroller may approve the claim of:

(1)  the reported owner of the property;

(2)  if the reported owner died testate:

(A)  the appropriate legal beneficiaries of the owner as provided by the last will and testament of the owner that has been accepted into probate or filed as a muniment of title; [~~or~~]

(B)  the executor of the owner's last will and testament who holds current letters testamentary; or

(C)  the appropriate legal beneficiaries of the owner as provided by a valid last will and testament of the owner that has not been accepted into probate or filed as a muniment of title, if:

(i)  the amount of the property being claimed is less than $10,000; and

(ii)  the beneficiaries named in the will are the same persons who would inherit the property if the owner had died intestate;

(3)  if the reported owner died intestate:

(A)  the legal heirs of the owner as provided by Sections 201.001,[~~and~~] 201.002, and 201.003, Estates Code; [~~or~~]

(B)  the court-appointed independent administrator of the owner's estate, if the administrator was appointed before the fourth anniversary of the date of the death of the owner; or

(C)  the court-appointed dependent administrator of the owner's estate;

(4)  the legal heirs of the reported owner as established by a determination [~~an affidavit~~] of heirship order signed by a judge of the county probate court or by a county judge;

(5)  if the reported owner is a minor child or an adult who has been adjudged incompetent by a court of law, the parent or legal guardian of the child or adult;

(6)  if the reported owner is a corporation:

(A)  the president or chair of the board of directors of the corporation, on behalf of the corporation; or

(B)  any person who has legal authority to act on behalf of the corporation;

(7)  if the reported owner is a corporation that has been dissolved or liquidated:

(A)  the sole surviving shareholder of the corporation, if there is only one surviving shareholder;

(B)  the surviving shareholders of the corporation in proportion to their ownership of the corporation, if there is more than one surviving shareholder;

(C)  the corporation's bankruptcy trustee, bankruptcy estate representative, or other person authorized pursuant to Title 11, United States Code, or an order of a bankruptcy court to act on behalf of or for the benefit of the corporation's bankruptcy estate, or any assignee of any such person; or

(D)  the court-ordered receiver for the corporation; or

(8)  any other person that is entitled to receive the unclaimed property under other law or comptroller policy.

(f)  Notwithstanding Subsection (e), the [~~The~~] comptroller may approve the [~~a~~] claim of [~~for~~]:

(1)  the attorney general or other Title IV-D agency, as defined by Section 101.033, Family Code, for child support arrearages owed by the reported owner of the property that are [~~and~~] reflected in a child support lien notice that complies with Section 157.313, Family Code; or

(2)  a person holding a durable power of attorney of a person who is medically incapacitated. [~~A claim under this subsection may be submitted by the lienholder or the attorney general on behalf of the lienholder.~~]

SECTION 11.  Section 74.501(e), Property Code, as amended by Chapters 267 (S.B. 1420) and 897 (H.B. 3598), Acts of the 86th Legislature, Regular Session, 2019, is reenacted and amended to read as follows:

(e)  Except as provided by Subsection (d)(7) or (f) or Section 551.051, Estates Code, the comptroller may not pay to the following persons a claim to which this section applies:

(1)  a creditor, a judgment creditor, a lienholder, or an assignee of the reported owner or of the owner's heirs;

(2)  a person holding a power of attorney from the reported owner or the owner's heirs; or

(3)  a person attempting to make a claim on behalf of a corporation that was previously forfeited, dissolved, or terminated, if the comptroller finds that:

(A)  the corporation was revived for the purpose of making a claim under this section; and

(B)  the person submitting the claim was not an authorized representative of the corporation at the time of the corporation's forfeiture, dissolution, or termination.

SECTION 12.  Subchapter F, Chapter 74, Property Code, is amended by adding Section 74.503 to read as follows:

Sec. 74.503.  WAIVER OF CLAIM REQUIREMENT. The comptroller may waive the requirement of filing a claim and pay or deliver property directly to a person who does not file a claim if:

(1)  the person receiving the property is the reported owner of the property;

(2)  the comptroller reasonably believes the person is entitled to receive the property or payment; and

(3)  the property has a value of less than $5,000.

SECTION 13.  Sections 74.506(a) and (b), Property Code, are amended to read as follows:

(a)  A person who has filed a claim that complies with Section 74.501(c) may appeal [~~aggrieved by~~] the decision of the comptroller on the [~~a~~] claim [~~filed under this subchapter may appeal the decision~~] before the 61st day after the day on which it was rendered.

(b)  If a claim that complies with Section 74.501(c) has not been decided before the 91st day after the day on which it was filed, the claimant may file an appeal if, after the claimant provides notice by certified mail to the comptroller of the intent to file an appeal, the comptroller does not reach a decision on the claim on or before the 60th day after the date the notice is delivered to the comptroller. An appeal under this section must be made within one year of the date the claim was filed [~~the 60-day period beginning on the 91st day after the day of filing~~].

SECTION 14.  The heading to Section 74.507, Property Code, is amended to read as follows:

Sec. 74.507.  ASSISTANCE OF CLAIMANT; FEE FOR RECOVERY.

SECTION 15.  Section 74.507, Property Code, is amended by amending Subsection (a) and adding Subsection (c) to read as follows:

(a)  A person who informs a potential claimant that the claimant may be entitled to claim property that is reportable to the comptroller under this chapter, that has been reported to the comptroller, or that is in the possession of the comptroller may not contract for or receive from the claimant for services an amount that exceeds 10 percent of the value of the property recovered, plus reasonable attorney's fees necessary to pursue the claim. If the property involved is mineral proceeds, the amount for services may not include a portion of the underlying minerals or any production payment, overriding royalty, or similar payment.

(c)  An agreement to assist a claimant in the recovery of property that is reportable to the comptroller, that has been reported to the comptroller, or that is in the possession of the comptroller under this chapter is enforceable only if the agreement:

(1)  clearly states the nature of the property and the services to be provided;

(2)  is signed by or on behalf of the claimant; and

(3)  states the amount or value of the property reasonably expected to be recovered, computed before and after a fee or other compensation has been deducted.

SECTION 16.  Section 74.601(e), Property Code, is amended to read as follows:

(e)  The comptroller may [~~on receipt or from time to time may sell securities, including stocks, bonds, and mutual funds, received under this chapter or any other statute requiring the delivery of unclaimed property to the comptroller and~~] use the proceeds from the sale of securities delivered under this chapter to buy, exchange, invest, or reinvest in marketable securities. When making or selling the investments, the comptroller shall exercise the judgment and care of a prudent person.

SECTION 17.  Section 74.707(a), Property Code, is amended to read as follows:

(a)  The comptroller may waive penalty or interest, in whole or in part, imposed on delinquent property if the comptroller determines that the holder has made a good faith effort to comply with Chapters 72-75, or for other good cause.

SECTION 18.  The following provisions of the Insurance Code are repealed:

(1)  Section 1109.013(d);

(2)  Section 1109.101; and

(3)  Subchapters B and D, Chapter 1109.

SECTION 19.  Section 1109.013(c), Insurance Code, as amended by this Act, applies only to a report that is due under Chapter 74, Property Code, on or after September 1, 2021.

SECTION 20.  To the extent of any conflict, this Act prevails over another Act of the 87th Legislature, Regular Session, 2021, relating to nonsubstantive additions to and corrections in enacted codes.

SECTION 21.  This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2021.

\* \* \* \* \*