

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 19, 2021

TO: Honorable Chris Turner, Chair, House Committee on Business & Industry

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1981 by Craddick (relating to the release by the comptroller of unclaimed property to certain persons.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1981, Committee Report 1st House, Substituted : a negative impact of (\$1,306,000) through the biennium ending August 31, 2023.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	(\$653,000)
2023	(\$653,000)
2024	(\$653,000)
2025	(\$653,000)
2026	(\$653,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable (Cost) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$653,000)	8.0
2023	(\$653,000)	8.0
2024	(\$653,000)	8.0
2025	(\$653,000)	8.0
2026	(\$653,000)	8.0

Fiscal Analysis

The bill would amend Section 74.501 of the Property Code, regarding approval of unclaimed property claims filed with the Comptroller, to give the Comptroller authority to approve the claim of a person holding a limited power of attorney from the reported owner or the owner's heirs that authorizes the person to receive the unclaimed property. The bill provides that a limited power of attorney described in this subsection must be attested by two or more credible witnesses who are at least 14 years of age and must provide a notarized signature.

Methodology

According to the Comptroller's office, the administrative costs would total \$653,000 annually to hire eight additional full-time equivalents (FTEs), including two Attorney IVs and six Account Examiner IIs, to handle the anticipated workload increase. In fiscal year 2019, the Comptroller's Unclaimed Property Division approved or denied 239,466 claims. The agency's estimate assumes five percent of approved or denied claims would be third-party power of attorney claims authorized by the bill, or approximately 12,000 claims. The agency indicates that an additional hour of staff time would be required in order to validate the provisions in the bill required of the power of attorney, including requesting information from the notary, verifying the notary stamp, and independently verifying the identification of the witnesses and the holder of the limited power of attorney. This additional staff time would result in the agency's need for six Account Examiner IIIs at a cost of \$384,000. Additionally, assuming a fraud incident rate of one percent, the Comptroller expects approximately 120 additional fraud cases. According to the agency, this would require one full time Comptroller litigation attorney to coordinate the handling of 60 cases per year, resulting in the need for two additional Attorney IV FTEs. It is assumed that the administrative cost to hire six Accounts Examiner IIIs and two Attorney IV's would total \$653,000 per year, including salary, employee benefits, payroll contribution, and operating expenses.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, SZ, LCO, MBO