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FISCAL IMPACT REPORT

SPONSOR <u>Chandler</u>	LAST UPDATED _____
	ORIGINAL DATE <u>01/23/23</u>
SHORT TITLE <u>Notice for Abandoned Property Lists</u>	BILL NUMBER <u>House Bill 26/aHJC/aHFI#1</u>
	ANALYST <u>Hitzman</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
TRD Revenue Processing Division Staff	\$118.0	\$121.0	\$125.0	\$364.0	Recurring	General Fund
Total	\$118.0	\$121.0	\$125.0	\$364.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent version of this legislation.

Sources of Information

LFC Files

Responses Received From
 Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of HFI#1 Amendment

The House Floor Amendment to House Bill 26 (HB26) strikes amendments from the House Judiciary Committee, instead requiring the Taxation and Revenue Department to list the municipality of the last known address of the person, rather than the entire address, and clarifies that the notification should be published in the year following the year in which the property was paid or delivered to the administrator, which the agency notes was the requirement in law prior to 2021.

Synopsis of HJC Amendment

The House Judiciary Committee amendments to HB26 changes the requirement for the Taxation and Revenue Department to post the entire address or location of an abandoned property and instead requires the agency to list just the county.

Synopsis of House Bill 26

House Bill 26 (HB26) reinstates certain provisions regarding notice of abandoned property lists, requiring the Taxation and Revenue Department (TRD) to publish a notice of abandoned property in each county of the last known address of a person on the notice, or the last known address of that person’s principal place of business, and clarifies that advertisements must be likely to attract the owner, not just the general public. The advertisement must contain the name of each owner and the last known address for each person, unless the total value of the property is less than \$50 thousand.

This bill does not contain an effective date, and as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed.

FISCAL IMPLICATIONS

HB26 would likely have a small fiscal impact on TRD as the entity responsible for posting the advertisement. TRD would likely experience an additional cost for publishing notices in each county and costs to include the new required information, including names and addresses. TRD estimates this bill presents an unfunded recurring mandate of \$118 thousand in FY23 for meeting the expanded publishing requirements, growing with inflation, for a total three-year estimated cost of \$364 thousand within the agency’s revenue processing division.

TRD also notes 2021 amendments to this law have reduced legal notice revenues received by newspapers, so HB26 may have an indeterminate but minimal impact on legal notice revenues.

SIGNIFICANT ISSUES

As noted by TRD, HB26 would once again require the agency to publish “a lengthy and costly list of unclaimed property owners and their addresses annually in every county.” Current law shortens the published notices significantly by simply requiring TRD to publish information to search unclaimed property online and how to contact TRD. House Floor amendments to HB26 would cut down on the amount of information required to be published, requiring just the municipality be listed rather than a full address.

Further, there is a public safety concern with publishing the names and addresses of unclaimed property owners, which could compromise the security of victims of domestic violence and other forms of violence. House Floor amendments to HB26 instead require just the municipality be listed, which could address some of these concerns and provide additional privacy.

PERFORMANCE IMPLICATIONS

If HB26 intends to increase the public’s ability to receive their unclaimed property, TRD notes its data does not support this presumption, as the agency has seen an increased rate of total claims since the 2021 amendment that shortened publication requirements. The agency regularly coordinates local news stories on unclaimed property at no cost to the agency and has launched an improved and automated unclaimed property search system in September 2022.

The agency notes in 2020, newspaper advertisements listed over 38 thousand individual names and addresses at a taxpayer cost of \$117.8 thousand. Afterward, TRD sent out 1,456 claims, each

of which cost \$80.90 plus staff time. By contrast, after a local television news station featured unclaimed property in May 2019, TRD sent out about 4,200 claims. TRD reports “that three-minute local news segment yielded three times as many claims as the legal notices at no cost to the State.”

ADMINISTRATIVE IMPLICATIONS

As noted, the bill would result in an increased administrative burden on TRD’s revenue processing division of \$364 thousand over three years.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB26 essentially reverses 2021 amendments within the Omnibus Tax Bill (HB98) that only required TRD to publish notices online.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If not enacted, 2021 amendments that shortened the requirements for publishing would remain in place, so administrators would continue to advertise in accordance with the previous provisions.

JH/al/ne/rl