

Honolulu, Hawaii

Feb 29, 2008

RE: H.B. No. 2559
H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir:

Your Committees on Consumer Protection & Commerce and
Judiciary, to which was referred H.B. No. 2559, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE UNIFORM UNCLAIMED PROPERTY
ACT,"

beg leave to report as follows:

The purpose of this bill is to update the Uniform Unclaimed
Property Act (Act) to conform to the 1995 version of the Act.

The Commission to Promote Uniform Legislation testified in
support of this bill. The Department of Budget and Finance (B&F)
supported the intent of this measure.

Your Committees find that, under common law, abandoned
personal property was either available to the next person who took
possession and control of the property, or otherwise escheated to
the State. The original Unclaimed Property Act and its successors
changed that traditional approach to one in which the property or
proceeds were transferred to the State as a permanent custodian
for the owners.

This bill updates existing law, among other things, by:

- (1) Clarifying certain jurisdictional issues in response to
a United States Supreme Court decision concerning
interests in investment securities when an owner's
address cannot be ascertained;



- (2) Clarifying what constitutes unclaimed property by reducing the emphasis placed on the written records of the holder of the property;
- (3) Placing restrictions on the "dormancy" charges that holders may impose;
- (4) Requiring the payment of interest on certain property items; and
- (5) Restricting the ability of third parties to charge service fees to "find" unclaimed property for clients.

This bill, does not, however, change certain features of the current law that were requested by B&F - the administrator of the Unclaimed Property Act.

Your Committees have amended the measure by:


- (1) Requiring the reporting of property that is an interest-bearing account;
- (2) Clarifying the notice and publication requirement, to retain certain features that B&F felt were effective in providing notice to property owners;
- (3) Clarifying and limiting the payment of interest by the administrator on interest-bearing property by:
 - (A) Limiting the interest requirement to properties delivered to the administrator after the Act's effective date;
 - (B) Specifying that the interest paid be simple interest; and
 - (C) In any event at no higher a rate than actually earned while in the possession of the administrator;
- (4) Replacing statutory references to the previous version of the Uniform Unclaimed Property Act;
- (5) Changing the effective date from July 1, 2008, to July 1, 2009; and



- (6) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection & Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2559, H.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 2559, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committees on Consumer
Protection & Commerce and
Judiciary,



TOMMY WATERS, Chair



ROBERT N. HERKES, Chair



