

TESTIMONY BY GEORGINA K. KAWAMURA
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STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
SENATE BILL NO. 2685, S.D. 1

March 17, 2010

RELATING TO UNCLAIMED PROPERTY

Senate Bill No. 2685, S.D. 1, proposes amendments to Section 523A-9, Hawaii Revised Statutes, to require holders of unclaimed property to remit all property with their November 1st reporting deadline, deletes references to a specific number of days in which claims must be acted upon, and corrects references to the Unclaimed Property Trust Fund.

The Department of Budget and Finance strongly supports this Administration measure, as it would streamline operations.

Section 523A-9, Hawaii Revised Statutes, currently requires reporters of unclaimed property to report all property by November 1st and to remit the property by the following May 1st. The proposed revision would make Hawaii's law similar to all other states by requiring the reporting and remittance of all property at the same time, by November 1st. Many companies are actually already reporting and remitting their unclaimed property together on the November 1st date, so this change would be consistent with what many companies are already doing.

Hawaii's unclaimed property law requires the payment of interest for interest-bearing accounts reported and remitted after July 1, 2009. Companies stop paying interest by June 30 of the year the property is reported to the state. Therefore owners

would also benefit from the law change, as they would be receiving interest for their property for additional months.

The removal of the timeframe of 120 days for the review and subsequent 30 days for payment of claims will allow staff sufficient time to review claims. The program has a perpetual backlog of claims to be reviewed and paid and is not able to process all claims within the timeframe currently specified in the statutes. With the current state budget decreases, overtime is not available and there is an anticipated reduction in staff from 9 to 4 positions at the end of this fiscal year. Staff will have even less work time to process claims and attend to other tasks involved in the operation of the unclaimed property program, resulting in an increase of backlogged claims.

Also related to the unclaimed property program, this Bill clarifies Section 560:3-1210, HRS, to make it consistent with the current provisions of Chapter 523A, by correcting reference to the unclaimed property fund as the unclaimed property **trust** fund rather than the former unclaimed property general fund.

We appreciate the opportunity to testify in strong support of Senate Bill 2685.