

LATE

WRITTEN TESTIMONY

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 2321, S.D. 1

March 27, 2014

RELATING TO UNCLAIMED PROPERTY

Senate Bill No. 2321, S.D. 1 proposes that claims for property held by the State's Unclaimed Property Program in amounts less than \$100.00 be filed within ten years of deposit into the trust fund, or the funds will escheat to the State and be transferred to the State's general fund.

The Department appreciates the intent of the bill as funds held in trust by the Program can be held for long periods or in perpetuity, without the rightful owners submitting a claim and substantiating ownership of funds. Currently, Chapter 523A, HRS, the statutes which govern the Program, does not impose any time limitations for the property owners, their rightful heirs, or beneficiaries, to claim their funds. While we appreciate the intent of the bill, as the fiduciary administering the Program's Trust Fund, we believe that it is in the better interest of the owners, their heirs, or beneficiaries to have access to file a claim for their funds without time limitations. This current approach has best met the intent of the Program which is to return unclaimed funds to their rightful owners. The Program currently has approximately 275,000 individual properties totaling approximately \$20.6 million that are less than \$100 and may be impacted should this bill be enacted. Please note that Section 523A-26(d), HRS, requires that all unencumbered and unexpended

funds in excess of \$1.3 million at the end of each fiscal year be lapsed to the credit of the general fund. Therefore, in essence, cash in amounts less than \$100 as proposed in this bill is being transferred to the general fund and may be utilized as general fund monies. The funds, however, are not being “escheated” to the general fund which allows owners to claims such funds in the future.

Thank you for the opportunity to provide testimony on this bill.