



TESTIMONY BY KALBERT K. YOUNG
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STATE OF HAWAII
TO THE SENATE WAYS AND MEANS
ON
SENATE BILL NO. 2321

January 29, 2014

RELATING TO UNCLAIMED PROPERTY

Senate Bill No. 2321, proposes to escheat unclaimed cash, in amounts under \$100 held by the State's Unclaimed Property Program (the "Program"), to the State's general fund. SB No. 2321 proposes to permanently escheat to the general fund, unclaimed cash as follows:

- (1) Unclaimed cash of less than \$10, if unclaimed for a period of two years;
- (2) Unclaimed cash of at least \$10 but less than \$25, if unclaimed for a period of three years;
- (3) Unclaimed cash of at least \$25 but less than \$50, if unclaimed for a period of five years; and
- (4) Unclaimed cash of at least \$50 but less than \$100, if unclaimed for a period of ten years.

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 claim such funds in the future.

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