

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 2807

January 30, 2014

RELATING TO UNCLAIMED PROPERTY

Senate Bill No. 2807 proposes an amendment to Section 523A-26 (d), Hawaii Revised Statutes, to increase retained balance in the Unclaimed Property Trust Fund from \$1,300,000 to \$4,000,000 at the end of each fiscal year.

The Department of Budget and Finance strongly supports this Administration measure as it will provide sufficient funds to process and pay claims in the first quarter of each fiscal year in a timely manner.

Section 523A-26 (d), Hawaii Revised Statutes, currently requires all unencumbered and unexpended moneys in excess of \$1,300,000 in the Unclaimed Property Trust Fund as of June 30 of each year be lapsed to the credit of the general fund. The purpose of providing for the balance of \$1,300,000 is to pay claims and administrative expenses of the Unclaimed Property Program until holder deposits are received by November 1 of each year. Upon receipt of holder deposits, such funds are then used to pay for claims and administrative expenses of the program for the remainder of the fiscal year.

The program has experienced a substantial increase in claims being filed which have resulted in more claims being paid at the beginning of each fiscal year. In fiscal year 2014, approximately \$2,000,000 of claims were paid in the first two months of the

fiscal year. In order to avoid an interruption of claim payments, a temporary loan from the general fund was made in order to allow the Program to continue to issue payments without interruption. The general fund loan was subsequently repaid in December upon the receipt of holder funds remitted to the State. The increase in the minimum balance to \$4,000,000 will provide the program with sufficient funds to process and pay claims in the first quarter of each fiscal year.

Thank you for the opportunity to testify in strong support of Senate Bill No. 2807.