

# SB2619

Measure Title: RELATING TO UNCLAIMED PROPERTY.

Report Title: Unclaimed Property; Written Notice; Contact Information

Description: Requires a holder of unclaimed property to provide documentation in its report to the director of finance that the holder exhausted all known last contact information, including postal or electronic mailing address and telephone number, of the apparent owner. Requires a holder of unclaimed property to contact the apparent owner via mail, electronic mail, or telephone no more than six months prior to the holder submitting a report to the director of finance.

Companion:

Package: None

Current Referral: CPH, WAM

Introducer(s): KIDANI, BAKER, DELA CRUZ, NISHIHARA, Galuteria, Shimabukuro, Wakai

TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND  
HEALTH  
ON  
SENATE BILL NO. 2619

February 1, 2016

RELATING TO UNCLAIMED PROPERTY

Senate Bill No. 2619 proposes an amendment to Section 523A-8 (7), Hawaii Revised Statutes, to require holders of unclaimed property to contact owners via postal mail, email, and telephone and to provide such documentation in their report to the Director of Finance.

The Department of Budget and Finance supports enhanced efforts to contact unclaimed property owners before such property is reported to the State. Currently, the holders submit an affidavit to the State certifying that they have met all of the statutory requirements to contact the owners prior to submitting the property to the Unclaimed Property Program.

We support this bill provided that the holders can continue to submit the affidavit certifying compliance with the increased contact provisions. The State would continue to reserve the right to conduct audits, random or otherwise, should it be necessary to validate the statements in the affidavit.

Thank you for the opportunity to testify in support of Senate Bill No. 2619.

Presentation To  
Senate Committee on Commerce, Consumer Protection, and Health  
February 1, 2016 at 9:00 AM  
State Capitol Conference Room 229

**Testimony in Opposition to Senate Bill 2619**

TO: The Honorable Rosalyn H. Baker, Chair  
The Honorable Michelle N. Kidani, Vice Chair  
Members of the Committee

My name is Edward Pei and I am the Executive Director of the Hawaii Bankers Association (HBA). HBA is the trade association representing eleven FDIC insured depository institutions with branch offices in the State of Hawaii.

For financial institutions, the issue of unclaimed property deals primarily with deposit accounts. There are instances of safe deposit boxes going unclaimed but that is less prevalent. With respect to deposit accounts, frankly the last thing we want to do is to escheat funds to the State. Therefore, attempts are made to contact the depositor to claim their funds. However, if we are unable to reach the depositor, or they do not respond, we have no recourse but to escheat the funds to the State, according to the time frames set forth by statutes. Usually, we will have to wait some time until the funds are ready to be escheated.

We are opposed to the changes to HRS Section 523A-8 as proposed by this bill. It is already quite onerous to escheat funds to the State, and further documentation and tracking will make it even more onerous. Also, we do not believe the statute should require certain methods to contact the owner, because those methods are evolving as the communications alternatives have evolved. For example, texting is an alternative aside from those mentioned and there will likely be new technologies that will emerge. Also, despite many attempts by banks to collect this information, customers often do not provide email addresses or phone numbers, or they do not update the information when there is a change.

We also feel the attempt to contact the owner within six months of the escheat makes little sense. If we had no contact after other attempts, it is not likely we will be able to reach the customer again.

Thank you for the opportunity to submit this testimony and please let us know if we can provide further information.



Edward Y. W. Pei  
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Testimony to the Senate Committee on Commerce, Consumer Protection & Health  
February 1, 2016

Testimony in Opposition to SB 2619, Relating to Unclaimed Property

To: The Honorable Rosalyn Baker, Chair  
The Honorable Michelle Kidani, Vice-Chair  
Members of the Committee

My name is Stefanie Sakamoto, and I am testifying on behalf of the Hawaii Credit Union League, the local trade association for 63 Hawaii credit unions, representing over 800,000 credit union members across the state. We are opposed to SB 2619, Relating to Unclaimed Property.

Currently, whenever a deposit account becomes “dormant” at a credit union, the credit union makes every effort to contact the member before turning over the funds to the State. The credit union does not want the funds to escheat to the state. Putting in the new language requiring such detailed “documentation” 6 months prior to escheat would place an added, unnecessary burden upon financial institutions.

Thank you for the opportunity to provide comments.