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EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY

**TESTIMONY BY LAUREL A. JOHNSTON
ACTING DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON EDUCATION
ON
SENATE BILL NO. 2921**

**February 9, 2018
3:00 P.M.
Room 229**

RELATING TO STATE LIBRARY SYSTEM

Senate Bill No. 2921 proposes to escheat unclaimed property funds of \$10 or less held for over five years to the libraries special fund.

The Department is providing comments on this bill. Currently, Section 523A-19, HRS, already establishes a ten-year time limitation for owners to file a claim for funds of \$100 or less deposited in the unclaimed property trust fund. These funds would escheat to the State and be transferred to the general fund upon expiration of the ten-year time limitation. The proposed legislation may be in conflict with Section 523A-19, HRS, as it is not clear where properties of \$10 or less would be escheated to, either the libraries special fund or general fund. In addition, a five-year escheat period may be deemed insufficient time by unclaimed property owners and we recommend that the escheat period be set at ten years (consistent with Section 523A-19, HRS,) and that Section 523A-19(c)(2), HRS, be amended to clearly identify that amounts of \$10 or less

will be deposited into the libraries special fund and amounts of more than \$10 but less than \$100 will be deposited into the general fund after a period of ten years.

Suggested revisions to Section 523A-19(c)(2):

(c) Beginning on July 1, 2014, any claim made under this part for funds in the unclaimed property trust fund shall be void if the claim is:

(1) For funds totaling less than \$100; and

(2) Filed more than ten years after the date that the full amount of the claim was deposited into the unclaimed property trust fund;
provided that for funds totaling less than \$100 that were deposited into the unclaimed property trust fund on or prior to June 30, 2014, the ten-year time limitation on claiming the funds shall commence on July 1, 2014. Unclaimed funds of \$10 or less subject to this subsection, upon the expiration of the ten-year time limitation, shall escheat to the State and be transferred to the libraries special fund. Unclaimed funds of more than \$10 but less than \$100 subject to this subsection, upon the expiration of the ten-year time limitation, shall escheat to the State and be transferred to the general fund.

[L 2008, c 55, pt of §1; am L 2014, c 184, §3]

Thank you for your consideration of our comments.