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H.B. 480
(l_136_1707-2)
136th General Assembly

Fiscal Note & Local Impact Statement

Click here for H.B. 480's Bill Analysis

Version: In House Technology and Innovation

Primary Sponsors: Reps. Roemer and Dovilla

Local Impact Statement Procedure Required: No

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Highlights

- The bill establishes a $25 aggregate threshold for moneys or rights to moneys to qualify as unclaimed funds. Current law does not mention any such dollar threshold.
- The bill revises the penalties for violating the Unclaimed Funds Law. First, the bill imposes an annual 3% interest rate on unclaimed funds when they are not reported, are underreported, or not paid. Secondly, the bill establishes a civil penalty of $100 daily up to $10,000 for the above violations.
- The bill establishes an additional penalty for the fraudulent filing of an unclaimed funds report in addition to those above that includes a civil penalty of $500 daily from the date the report is made until it is corrected, up to $25,000 and a civil penalty of 25% of the value of the fraudulently reported amounts until the report is rectified.
- The bill modifies the procedures for claiming funds of a deceased owner of unclaimed funds without an executor or administrator. These changes may result in more such claims being paid.
- The bill requires the Department of Commerce Director to create an expedited procedure to process an unclaimed funds claim when the total value of those holdings are less than $1,000. There may be some administrative costs associated with creating these procedures, which may be offset through future administrative savings resulting from the quicker processing of claims.

Detailed Analysis

Overview

The bill makes several modifications to the Unclaimed Funds Law pertaining to unclaimed funds, such as what are considered qualifying holdings, the penalties for failing to properly report unclaimed funds, and information sharing between governmental entities. In totality, it is difficult to quantify the fiscal effects of the bill on Department of Commerce (COM) operations or the Unclaimed Funds Trust Fund, but the changes do not appear to significantly impact the value of claims currently held in the Unclaimed Funds Trust Fund, nor the payments of claims made from the Trust Fund. These provisions may impose some administrative costs on COM and other state agencies and political subdivisions. The provisions that do have a fiscal impact are discussed in greater detail below.

Qualifying unclaimed funds

The bill establishes a $25 aggregate threshold for moneys or rights to moneys to qualify as unclaimed funds. There is no current monetary threshold to qualify for unclaimed funds. The bill does authorize a holder to voluntarily make funds below the $25 aggregate total subject to unclaimed funds reporting requirements if these moneys would otherwise qualify. It is unclear as to how many potential unclaimed funds holdings would fall below this $25 aggregate total established in the bill. As of the end of FY 2026, the Unclaimed Funds Trust Fund balance was approximately $5.4 billion. Additionally, there were $711.0 million in unclaimed funds received in FY 2026, with $190.0 million in unclaimed funds from over 184,000 claims paid in that same year. There are over 24.7 million total unclaimed fund holdings in the trust.

Penalties for violations of Unclaimed Funds Law

The bill revises the penalties for violating the Unclaimed Funds Law in three ways, but it is unclear how these changes would impact the amount of penalty revenue that is collected by COM under the Unclaimed Funds Law. First, for a failure to report, pay, or deliver unclaimed funds within the required time under the Unclaimed Funds Law, the bill imposes an annual 3% interest rate on those funds. Secondly, for failing to report, pay, or deliver unclaimed funds within four months of the required date, the bill establishes a civil penalty of $100 daily, up to $10,000. Finally, for fraudulently filing an unclaimed funds report, in addition to the above penalties, the bill establishes (1) a civil penalty of $500 daily from the date the report is made until it is corrected, up to $25,000, and (2) a civil penalty of 25% of the value of the fraudulently reported amounts.

Unclaimed funds of a deceased owner

The bill changes the procedures for claiming funds of a deceased owner of unclaimed funds without an executor or administrator in a way that may allow for the payment of more unclaimed funds claims of deceased owners. The bill allows these claims to be awarded if the total value is less than $5,000; the claimant is the deceased owner's (1) surviving spouse, (2) surviving children age 18 or older, (3) parent, (4) sibling, or (5) surviving niece or nephew age 18 or older; and the claimant provides an unredacted death certificate and sworn affidavit.

Other Unclaimed Funds Law changes

The bill makes a series of other changes to the Unclaimed Funds Law that appear to have some additional fiscal implications. First, the bill allows the COM Director to request any officer, board, commission, or political subdivision to furnish information to, or exchange information with COM in order to carry out the Unclaimed Funds Law. The bill also allows those governmental entities to send information to COM by mutual agreement. There could be some administrative costs to those entities depending on the volume and detail of the information requested by COM.

The bill requires the Director to create an expedited procedure to process an unclaimed funds claim when the total value of those holdings is less than $1,000. Specifically, the bill prohibits the requirement that a claimant provide notarized forms for these claims and instead requires the Director to accept certain documents as proof of claim. There would be some administrative costs to establish this process, however, those costs could eventually be offset through administrative savings realized through quicker claim processing under these procedures.

Synopsis of Fiscal Effect Changes

The substitute bill (I_136_1707-2) makes numerous changes to the Unclaimed Funds Law. The total fiscal impact of these changes are unclear, however, it does not appear that any changes in the substitute bill will have a significant fiscal impact on the Unclaimed Funds Trust Fund. The changes in the substitute bill with a fiscal impact are described in the bullet points below.

- The substitute bill establishes a $25 aggregate threshold for moneys or rights to moneys to qualify as unclaimed funds.
- The substitute bill modifies the penalties associated with failing to report, underreporting, or failing to pay an unclaimed funds claim.
- The substitute bill modifies the procedures for an individual to claim unclaimed funds from a deceased owner, to streamline the process for certain claims.
- The substitute bill requires governmental entities, at the request of the Director of Commerce, to furnish information to, or exchange information with the Director as needed to carry out the Unclaimed Funds Law.
- The substitute bill removes the provisions from the As Introduced version that establishes various requirements pertaining to the investment of unclaimed funds.
- The substitute bill removes the provisions from the As Introduced version of the bill that includes virtual currency as a type of property that may become unclaimed funds.

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