

Sukup, Chair
Tymeson
Fallon

HSB 110

SUC WAYS AND MEANS
SF (HF) 721

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON WAYS
AND MEANS BILL BY
CHAIRPERSON VAN FOSSEN)

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act excluding certain business property from being considered
2 abandoned property under the state's disposition of unclaimed
3 property law.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 556.1, subsection 9, Code 2001, is
 2 amended by adding the following new unnumbered paragraphs:
 3 NEW UNNUMBERED PARAGRAPH. "Property" does not include
 4 credits, advance payments, overpayments, refunds, or credit
 5 memoranda shown on the books and records of a business
 6 association with respect to another business association
 7 unless the balance is property described in section 556.2 held
 8 by a banking organization or financial organization.

9 NEW UNNUMBERED PARAGRAPH. "Property" does not include gift
 10 certificates, electronic gift cards, or unrefunded or
 11 unclaimed layaway deposits.

12 EXPLANATION

13 This bill makes a change in the state's disposition of
 14 unclaimed property law. The bill provides that under the
 15 definition of "property" which is subject to the chapter,
 16 "property" does not include credits, advance payments,
 17 overpayments, refunds, or credit memoranda shown on the books
 18 of a business association with respect to another business
 19 association unless this type of property is held by a bank or
 20 financial institution. In addition, "property" does not
 21 include gift certificates, electronic gift cards, or
 22 unrefunded or unclaimed layaway deposits.

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Substituted for by SF 526
4/26/01

(P. 1599)

APR 18 2001

WAYS & MEANS CALENDAR

HOUSE FILE 721

BY COMMITTEE ON WAYS AND MEANS

WITHDRAWN (SUCCESSOR TO HSB 110)

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

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HF-721

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21 include gift certificates, electronic gift cards, or
22 unrefunded or unclaimed layaway deposits.

25 HOUSE FILE 721

26 H-1636

- 27 1 Amend House File 721 as follows:
 - 28 2 1. Page 1, line 2, by striking the words
 - 29 3 "paragraphs" and inserting the following:
 - 30 4 "paragraph".
 - 31 5 2. Page 1, by striking lines 9 through 11.
- By SHOULTZ of Black Hawk

31 H-1636 FILED APRIL 23, 2001

**HOUSE FILE 721
FISCAL NOTE**

A fiscal note for **House File 721** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 721 provides for the disposition of unclaimed property by excluding certain property from being considered abandoned property. The property excluded includes business-to-business transactions and also unclaimed business-to-consumer gift certificates, electronic gift cards, or unrefunded or unclaimed layaway deposits. The Bill would be effective July 1, 2001.

ASSUMPTIONS

1. House File 721 excludes from the definition of "property," refunds, gift certificates, vendor checks, and credit balances. As of the effective date of the Bill, businesses will no longer turn over to the State money from these items, no matter how long the item has been considered abandoned.
2. During the time period, 1993 through 2000, the State received an average of \$413,000 from the four property classifications. The money is first deposited in the State Unclaimed Property Fund.
3. During the time period, 1997 through 1999, the State received a total of \$24.8 million from all property classifications and returned \$8.7 million to the rightful owners (35.3%).
4. Money remaining in the Unclaimed Property Fund that is not claimed by a rightful owner is transferred to the State General Fund on a periodic basis. Under assumption three above, 64.7% of the \$413,000 annual unclaimed property in these categories would be transferred to the State General Fund.
5. The business-to-business unclaimed property exclusion is projected to have a much lower negative impact on General Fund receipts. However, a specific estimate is not available at this time.

FISCAL IMPACT

House File 721 is expected to result in a reduction in General Fund revenues from unclaimed property of \$267,000 annually, due to the exclusion from the definition of "property," refunds, gift certificates, vendor checks, and credit balances.

SOURCE

Iowa Treasurer of State

(LSB 1938HV, JWR)

FILED APRIL 23, 2001

BY DENNIS PROUTY, FISCAL DIRECTOR