

Department of Legislative Services
 Maryland General Assembly
 2008 Session

FISCAL AND POLICY NOTE

House Bill 968 (Delegate F. Turner, *et al.*)
 Economic Matters

Commercial Law - Abandoned Property - Notice to Apparent Owners

This bill requires the Comptroller to establish and maintain an electronic abandoned property database. The bill also repeals provisions of law related to the current notification procedure for abandoned property, including the requirement to advertise abandoned property in local newspapers on an annual basis.

Fiscal Summary

State Effect: The bill codifies current practice with regard to maintaining an electronic abandoned property database. General fund expenditures would decrease by approximately \$550,000 annually beginning in FY 2009 due to the modification of the newspaper advertising requirement. Revenues would not be affected.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	(550,000)	(550,000)	(550,000)	(550,000)	(550,000)
Net Effect	\$550,000	\$550,000	\$550,000	\$550,000	\$550,000

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The abandoned property database has to contain the names and last known addresses, if any, of persons who own abandoned property. The Comptroller is

required to maintain, or cause to be maintained, an Internet web site that • provides a reasonable means of searching the database; • contains a statement that information concerning the amount or description of the property and the name and address of the person who held the property may be obtained by persons who possess an interest in the property; • contains a statement that a proof of claim may be presented by the owner; and • includes a link to an abandoned property claim form. Finally, the Comptroller must publish notice of the Internet web site at least quarterly in one or more newspapers of general circulation in each county in the State.

Current Law: The Comptroller is required to publish the names of newly reported owners of property presumed abandoned within 365 days of the filing of the report by the holder of the abandoned property, if the property has a value of at least \$100. Notice of property valued at \$100 or less is not required to be published, unless the Comptroller considers publication to be in the public interest.

Any holder of presumed abandoned property is required to send written notice to the apparent owner of the presumed abandoned property, at the apparent owner's last known address, informing the owner that the holder is in possession of the property and that the property will be considered abandoned unless the owner responds to the holder within 30 days after the notification.

Generally, property is presumed to be abandoned if it is left unclaimed for three years. A person holding abandoned property must file a report with the Comptroller including information on the nature of the property and the property's presumed owner. Within 365 days after the report's filing, the Comptroller must publish a notice in a newspaper of general circulation in the county where the presumed owner's last known residence is located, naming the owner and holder of the property, and stating the means by which the owner may claim the property. The Comptroller must then mail out notices to owners of abandoned property valued at \$100 or more within 120 days of receipt of the report filed by the holders. The property must be delivered or paid to the Comptroller at the time an abandoned property report is filed, at which time the State takes custody of the property.

Within one year of taking custody of abandoned personal property, the Comptroller must sell the property at auction. A person who claims a legal interest in property delivered to the Comptroller must file a claim to the property or to the proceeds from its sale. For property sold at auction, if the Comptroller allows the claim, the Comptroller must pay the claimant an amount equal to the sales price.

The Comptroller currently has an electronic abandoned property database on the agency's web site (http://compnet.comp.state.md.us/Compliance_Division/Unclaimed_Property/).

Background: Chapter 36 of 2005 reduced the newspaper publication requirement from twice a year to once a year.

State Expenditures: As noted, the Comptroller must advertise abandoned property in local newspapers on an annual basis. The Comptroller's Office currently spends about \$650,000 annually to advertise abandoned property. This usually takes the form of a supplement to the various newspapers. The bill requires the Comptroller to only publish notice of the Internet database on a quarterly basis, which can be done in a one-half page advertisement. As a result, modifying the current notification requirement would decrease general fund advertising expenditures by approximately \$550,000 annually beginning in fiscal 2009.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller's Office, Department of Legislative Services

Fiscal Note History: First Reader - February 28, 2008
mll/hlb

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