

Historical Tax Law Changes Unclaimed Property Collections

Laws 2001, Chapter 22 establishes the Department of Housing in statute, moving administration of the Housing Trust Fund and Housing Development Fund from the Department of Commerce under A.R.S. § 41-1512 and A.R.S. § 41-1518 to the Department of Housing under A.R.S. § 41-3955 and 41-3956, respectively. The law updates the statutory distribution of unclaimed property revenues to reflect the shift.

Laws 2001, Chapter 146 requires DOR to deposit monies from unclaimed victim restitution payments in the Victim Compensation and Assistance Fund for the purpose of establishing, maintaining and supporting programs that compensate and assist victims of crime.

Laws 2002, Chapter 241 makes technical corrections to the provisions contained in Laws 2001, Chapter 22 to clarify that the statutory distribution of unclaimed property revenues reflects the shift of administration of the Housing Trust Fund and Housing Development Fund from the Department of Commerce under A.R.S. § 41-1512 and A.R.S. § 41-1518 to the Department of Housing under A.R.S. § 41-3955 and 41-3956, respectively.

Laws 2003, Chapter 2 requires the first \$5,000,000 in unclaimed property revenues received in FY 2003 be deposited in the General Fund.

Laws 2004, Chapter 135 established unclaimed property provisions related to deposits of trustees' sales with the county treasurer in the county in which the sale took place. The law stipulated that excess proceeds from the sale deposited with the county treasurer are presumed abandoned 3 years after deposit with the treasurer and no pending application for distribution has been made. The treasurer was required to report unclaimed monies to DOR for the prior fiscal year on or before November 1.

Laws 2005, Chapter 333 required DOR to deposit in FY 2005 and FY 2006 any unclaimed property that was associated with the case of Ladewig v. State of Arizona in the General Fund.

Laws 2006, Chapter 33 increased the abandonment period for tangible property that was held in a safe deposit box from 1 to 3 years after the expiration of the box's lease or rental period.

Laws 2006, Chapter 243 eliminated the statutory requirement that monies held for payment of void warrants by the State Treasurer of up to \$1 million be transferred to the Homeless Trust Fund. A.R.S. § 44-302 stipulated that monies held by the State Treasurer for the payment of warrants by a state agency that remain unclaimed by the owner at the time of the void date printed on the warrant are presumed abandoned.

Laws 2006, Chapter 316 appropriated \$135,000 from the Estate and Unclaimed Property Fund in FY 2006 to DOR for supplemental funding for unclaimed property printing and advertising costs.

Laws 2006, Chapter 347 required DOR to deposit in FY 2007 any unclaimed property that was associated with the case of Ladewig v. State of Arizona and the case of Kerr v. State of Arizona in the General Fund.

Laws 2007, Chapter 260 made changes to abandonment periods for certain classifications of property and the timeframe that securities can be sold. The abandonment periods for corporate bonds and dividends on securities was reduced from 5 to 3 years. The law allowed DOR to sell unclaimed securities upon their receipt, with the requirement that all proceeds from the sales of securities in FY 2008 be deposited into the state General Fund. The sale of all securities held by DOR was estimated to generate a one-time gain of \$45 million to the General Fund and reduce DOR's \$160,000 annual portfolio management costs by \$60,000. Actual collections of \$47.2 million from the sale of securities exceeded the original estimate by \$2.2 million.

Laws 2008, Chapter 264 established that any monies left in a retirement account or benefit plan are presumed abandoned 3 years after the statutorily prescribed date of distribution. As holder of the property, ASRS was required to report and pay the property to DOR. The impact to the General Fund had not been determined. (Effective July 1, 2009)

Laws 2009, 4th Special Session, Chapter 3 accelerated by 2 years the holding periods for all property types to be presumed abandoned and therefore unclaimed. Chapter 3 revised the holding period for traveler's checks from 15 to 3 years as well as the holding period for money orders from 7 to 3 years. It was projected that shortening these holding periods would result in additional General Fund revenues of \$39.4 million in FY 2010 (*Please see Laws 2010, Chapters 102 and 119*). Actual collections in FY 2010 were \$83.7 million, or \$44.3 million more than anticipated.

Laws 2009, 4th Special Session, Chapter 3 required that the first \$10.5 million in unclaimed property proceeds be deposited into the Housing Trust Fund, the next \$24.5 million into the DOR Administrative Fund, and all remaining proceeds are redirected to the General Fund. Distributions to VCAF, UAF, and PSF continued to be distributed as under current law.

Laws 2010, Chapter 102 restores the holding periods for stocks, principal and interest on debt, and any dividend, profit, distribution, redemption, payment on principal or other sum held by a business association for its shareholder from 2 to 3 years. The impact to the General Fund has not been determined.

Laws 2010, Chapter 119 restores the holding periods for traveler's checks from 3 to 15 years. The impact to the General Fund is estimated to be \$(2.4) million in FY 2011.

Laws 2011, Chapter 28 reduces the annual deposit of unclaimed property revenues to the Housing Trust Fund from \$10.5 million to \$2.5 million beginning in FY 2012. Additionally, the bill establishes the Seriously Mentally Ill Housing Trust Fund with the first \$2 million in unclaimed property revenue collected annually. These monies are to be used to fund housing for the seriously mentally ill and the fund is to be administered by the Department of Health Services. Also, the bill removes the non-lapsing provision from the unclaimed monies deposited into the Department of Revenue Administration Fund.

Laws 2011, Chapter 315 provides clarifications and modifications of current unclaimed property holder rights, and establishes the difference between a private holder ruling and a holder information ruling. Additionally, Chapter 315 provides holders with the right to withdraw a request for a ruling on unclaimed property provisions if DOR disagrees with the holder's request for confidentiality. The act requires DOR to notify a holder when a holder information ruling is modified or revoked and mandates that the decision of DOR to publish a ruling is not an appealable decision.

Laws 2012, Chapter 217 allows certificates of deposit and the resultant interest to be declared abandoned 3 years after maturity.