SF1645 - 2E - "Unclaimed Property Req Modification"

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Commitee: **Enviroment, Economic Development And Agriculture Division**
Date Completed: **04/13/2016**
Agency: Commerce Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X

Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact. if any, is discussed in the narrative.
Reductions shown in the parentheses.

State Cost (Savings)		Biennium		Biennium	
Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	290	275	275
Total	**-**	**-**	**290**	**275**	**275**
Biennial Total			**290**		**550**

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	2	2	2
Total	**-**	**-**	**2**	**2**	**2**

Executive Budget Officer's Comment
I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Marianne Conboy Date: 4/13/2016 8:52:18 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.
*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium		Biennium	
Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	290	275	275
Total	**-**	**-**	**290**	**275**	**275**
Biennial Total			**290**		**550**
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	-	290	275	275
Total	**-**	**-**	**290**	**275**	**275**
Biennial Total			**290**		**550**
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
Biennial Total			**-**		**-**

Bill Description

Section 1 (a) Requires the Commerce Department to provide public notice of abandoned property within the calendar year next following the year in which the property was paid or delivered. The section also requires that the Department of Commerce, expend, at a minimum, 15 percent of funds allocated to the division on public notice and report annually to the legislature on how those funds were expended.

Section 1 (b) requires the commissioner to designate at least two full-time equivalent positions whose purpose is to return abandoned properties to the owners.

Section 2 requires the Commerce Department to list all persons appearing to be the owner of abandoned property on the Commerce Website organized alphabetically and by county. The list must remain on the Commerce website at all times and be updated at least three times per year.

Section 2 further requires the Commerce Department to publish a list of owners valued at $500 or more. The list must be published in the largest newspaper in every county of the state and contain the names of all persons whose last known address is in the county. A partial version of the list may be published no more than three times a year.

Section 2 also requires the Commerce Department to annually provide legislators with a list of all owners of unclaimed property within each legislators respective legislative district beginning July 1, 2017.

Section 3 Requires the Commerce Department report to the legislature by January 1, 2017, the process owners of unclaimed property must comply with in order to file a claim under chapter 345. The section also requires the Commerce Department to report what documentation and identification is required to perfect a claim and a comparison of the effectiveness of the commissioner uses in returning property to owners.

Section 4 Provides for a blank appropriation from the General Fund to fund Section 1 subd. 1(b) of the bill.

Assumptions

Section 1(a) The Commerce Department assumes that the reporting requirements outlined in section 1 of the bill can be accomplished with no additional resources.

Section 1(b) The Commerce Department assumes that 2.0 FTE will be necessary on an ongoing basis to meet the requirement of designating two FTE (or equivalent) to the purpose of returning property.

Section 2, subd.1a (a)(1) The Commerce Department assumes that the requirement to post all persons appearing to be the owner of abandoned property on the Commerce website would be in addition to the existing web-based search functionality. The Commerce Department assumes this can be accomplished with existing resources as the data already exists in the unclaimed property system.

Section 2 subd. 1a (a)(2) The Commerce Department assumes that the requirement to advertise all unclaimed properties valued over $500 applies only to property received in the prior reporting period (new property). On an annual basis, Minnesota receives in approximately 20,000 new properties over $500.

The Minnesota Newspaper Association (MNA) has previously provided the Commerce Department with several scenarios estimating the cost range for placing print ads containing the entire list of names in the newspaper in each of Minnesotas 87 counties. The estimates ranged from a scenario of publishing 13,000 names at a cost of $70,000 to a scenario of publishing 47,600 names at a cost of $206,500. Information received from other states is in keeping with the numbers received from MNA.

For the purpose of this note, assuming that the requirement only relates to new property received annually greater than $500, the Commerce Department assumes that the cost of complying with the annual advertising requirement would be approximately $108,000. This amount is based upon our estimate of 20,000 new names over $500.00 per year multiplied by an estimated per line cost of $5.38 (using MNA calculations of $70,000/13,000 names).

If the requirement relates to all property that greater than $500, (Minnesota currently has over 150,000 of such property) Commerce assumes that total costs for newspaper advertisements would be significantly higher.

Section 2 subd1a(3)(b) The Department of Commerce currently has the capability of providing lists of apparent owners by 5 digit zip code (which is consistent with how Holders report property). To achieve the desired results of preparing lists based upon the addresses specific to a legislative district, the department would need to purchase an annual subscription of nine digit zip code tables, write conversion code to match that subscription table against our property data table and then write code to match those results against the tables of the legislative districts addresses.

It is our understanding that the cost of the annual nine digit zip code subscription is approximately $2,000.00. The coding costs with the unclaimed property programs third party vendor are $125.00/hour. The vendor estimates this job needing 100 hours of code work and testing. Consequently, the Commerce Department assumes $12,500 of one-time costs.

Section 3 The Department of Commerce assumes that the reporting requirements outlined in Section 3 can be accomplished without any additional resources as the information the agency must report to the Legislature is already tracked.

Expenditure and/or Revenue Formula

Section 1
-2.0 Low-Level FTEs

FTE Cost Table	FY16	FY17	FY18	FY19
Low Level	0.00	2.00	2.00	2.00
Total FTEs	0.00	2.00	2.00	2.00
Total Costs	0	167,542	165,312	165,312

Section 2
-Estimated $108,000/year advertising costs
-$2,000/year subscription for nine digit zip code list
-$12,500 one time cost

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Number of properties exceeding $500 p/year:
Unclaimed Property program data

Advertising costs:
Prior quote from Newspaper association coupled with information received from other states that do newspaper advertising.

Agency Contact:

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