LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 22, 2015

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB1454** by Raney (Relating to property that is or may be presumed abandoned.), **As Passed 2nd House**

The potential revenue loss from implementation of the bill cannot be determined at this time.

The bill would amend the Property Code to authorize an owner of shares of a mutual fund, a depositor of an account, such as a checking or savings account, and an owner of the contents of a safe deposit box to designate the name and physical or electronic mailing address of a representative for the purpose of providing notification of presumed abandoned property. The bill would cease the running of the period for determining abandonment if the representative communicates to the holder or depository of the asset that the representative knows the owner's location and that the owner exists and has not abandoned the asset. The bill would require the House Committee on Investments and Financial Services to conduct an interim study to examine the state's escheat laws and abandoned property laws; a report of the findings and recommendations would be due to the Lieutenant Governor, Speaker of the House and members of the legislature on November 1, 2016. The bills provisions amending the Property Code would take effect on September 1, 2017.

The bill's provisions amending the Property Code could potentially reduce the number of assets held by depositories considered to be abandoned and therefore reduce remittances of abandoned property to the Comptroller of Public Accounts. The remittances of abandoned or unclaimed property are deposited to the General Revenue Fund. According to the Comptroller of Public Accounts, there is no data upon which to estimate the number and value of accounts which would be affected by the designation of an owner's representative whose knowledge of the owner's location and retention of the assets would prevent funds from being presumed abandoned and therefore reported and delivered to the state. As a scenario, the agency indicated that if the bill causes the remittance of 25 percent of individual accounts and 50 percent of business accounts to be delayed, the loss to the General Revenue Fund could be $32.2 million in fiscal year 2018 and $33.4 million in fiscal year 2019.

It is assumed that costs for the House Committee on Investments and Financial Services to conduct the interim study could be absorbed within existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts
LBB Staff: UP, SD, LCO, MW, CL, EP