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## BILL ANALYSIS



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Senate Bill 388 and 389 (as introduced 6-14-23)  
Sponsor: Senator Veronica Klinefelt  
Committee: Veterans and Emergency Services

Date Completed: 9-27-23

**CONTENT**

**Senate Bill 389 would amend the Uniform Unclaimed Property Act to apply lengthened dormancy periods for military members on active duty to members in the reserve component on active orders.**

**Senate Bill 388 would amend Part 4 (Members) of the Credit Union Act to lengthen the time a member may have an inactive designation on an account at a domestic credit union to agree with Senate Bill 389.**

Senate Bill 389 would apply to property on and after its effective date.

**Senate Bill 389**

The Uniform Unclaimed Property Act prescribes requirements for the reporting and disposition of unclaimed property. Generally, the dormancy period (the length of time a property can be unclaimed before being presumed abandoned) for many properties covered by the Act is three years. After this three-year dormancy period, the property is presumed abandoned and often escheated, or handed over to the State.

The Act lengthens dormancy periods for specified properties (listed below) for members of the United States Armed Forces on active-duty military service (see **BACKGROUND**). Under the bill, these lengthened dormancy periods also would apply to members of the United States Armed Forces in the reserve component on active orders. The bill would accomplish this by creating Section 17a, which is described below.

Section 17a would lengthen the dormancy period of the following properties from *three years to five years* if the owner of the property were a member of the United States Armed Forces that was in the reserve component on active orders:

- All property, including any income or increment derived from the property, less any lawful charges, that is held, issued, or owing in the ordinary course of a holder's business and remains unclaimed after it becomes payable or distributable.
- Most sums payable on a check, draft, or similar instrument, on which a banking or financial organization is directly liable, including a cashier's check and a certified check, which is outstanding after it is payable or after its issuance if payable on demand unless the owner takes specified actions concerning it.
- Any demand, savings, or matured time deposit with a banking or financial organization, including a deposit that is automatically renewable, and any funds paid toward the purchase of a share, a mutual investment certificate, or any other interest in a banking or financial organization unless the owner takes specified actions.
- Funds held or owing under any life or endowment insurance policy or annuity contract that has matured or terminated after the funds become due and payable per the records of the insurance company holding or owing the funds.

- Funds which are held by a provider under the Prepaid Funeral and Cemetery Sales Act that remain unclaimed after the death of the contract beneficiary or, if no contract beneficiary has been designated, after the death of the owner of the contract.
- Property and its income or increment held in a fiduciary capacity for the benefit of another person, unless the owner takes specified actions.
- Most gift certificates, gift cards, or credit memos if they are either not claimed or used after becoming payable or distributable or they are used or claimed one or more times without exhausting their full value but subsequently are not claimed or used.
- All property held in a safe deposit box or any other safekeeping repository in Michigan in the ordinary course of the holder's business and proceeds resulting from the sale of the property that remains unclaimed by the owner after the lease or rental period on the box or other repository has expired.

Section 17a would lengthen the dormancy period *from three years to seven years* for any sum payable on a money order or similar written instrument, other than a third party bank check, after its issuance, for which the owner had not taken specified actions if the owner of the property were a member of the United States Armed Forces that was in the reserve component on active orders.

Section 17a would lengthen the dormancy period of the following properties *from three years to 15 years* if the owner of the property were a member of the United States Armed Forces that was in the reserve component on active orders:

- Accounts established in a bank or trust company by a person in trust for another when no other or further notice of the existence and terms of a legal and valid trust have been given in writing to the bank.
- Accounts established pursuant to the Michigan Uniform Gifts to Minors Act after the owner or the person entitled to the funds last communicated in writing with the banking or financial organization concerning the funds.
- Funds held as payment for providing for the final disposition of a dead human body unless the owner or person entitled to the funds has communicated in writing with the banking or financial organization concerning the funds or otherwise indicated in interest as evidenced by a memorandum or other record on file prepared by an employee of the banking or financial organization.

### **Senate Bill 388**

Currently, Part 4 (Members) of the Credit Union Act prescribes requirements for designating an account with a domestic credit union as inactive. A member may have an inactive designation on the member's account for three years. After those three years, a domestic credit union must deliver all money or property in the account to the Department of Treasury and terminate any membership based on the account.

The bill would lengthen the allowed inactive time to agree with Senate Bill 389.

MCL 567.225 et al. (S.B. 389)  
MCL 490.355 (S.B. 388)

### **BACKGROUND**

In 2010, Public Act (PA) 197 shortened most dormancy periods to three years, after which time the financial property escheats to the State; however, PA 197 exempted military members on active-duty from those shortened dormancy periods, meaning that the longer dormancy periods described in **CONTENT** still apply to those on active-duty military service.

Legislative Analyst: Alex Krabill

## **FISCAL IMPACT**

The bills would have an indeterminate fiscal impact on the State and no fiscal impact on local units of government. The Department of Treasury (DoT) could receive fewer unclaimed properties from credit unions by increasing the length of time an account could have an inactive designation for active military personnel. The DoT also could receive additional unclaimed properties from other institutions by reducing the dormancy periods for military personnel to the time frames outlined in Senate Bill 389. This is unlikely to have a significant increase or decrease on the number of unclaimed properties that are turned over to the State annually.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.