



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 388 (as enacted)
Senate Bill 389 (as enacted)
Sponsor: Senator Veronica Klinefelt
Senate Committee: Veterans and Emergency Services
House Committee: Military, Veterans and Homeland Security

PUBLIC ACT 100 of 2024
PUBLIC ACT 101 of 2024

Date Completed: 11-8-24

RATIONALE

According to testimony before the Senate Committee on Veterans and Emergency Services, active-duty military service can be a very stressful period in a military member's life, which can lead to members forgetting about accounts or other properties under the purview of the Uniform Unclaimed Property Act (UUPA). Generally, the UUPA prescribes dormancy periods for property, which are the length of time specific property can be unclaimed before being presumed abandoned and escheating to the State. Some had concern that previous dormancy periods for active-duty military members were unclear in statute, which may have increased the possibility of forgotten properties. It was suggested that extending the dormancy period for specified properties of active-duty military or reserve component members from three years to five years may reduce the likelihood of military members' properties going unclaimed and escheating to the State.

CONTENT

Senate Bill 389 amended the Uniform Unclaimed Property Act to lengthen dormancy periods, from three years to five years, for specified properties if the owner of the property is a member of the United States Armed Forces in the reserve component on active orders. Additionally, the bill aligns longer dormancy periods for specified property for individuals on active-duty military service with the five-year standard proposed above.

Senate Bill 388 amended 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, in agreement with **Senate Bill 389**.

The bills took effect on July 23, 2024. Senate Bill 389 applies to property on and after July 23, 2024.

Senate Bill 389

Generally, the UUPA prescribes requirements for the reporting and disposition of unclaimed property. The dormancy period 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 requires that dormancy periods for certain properties (listed below) be lengthened for members of the United States Armed Forces on active-duty military service. The bill expanded the scope of these lengthened dormancy periods to include members of the United States Armed Forces in the reserve component on active orders.

The bill added Section 17a to the Act, which lengthened the dormancy periods of the following properties from *three years to five years* if the owner of the property is a member of the United States Armed Forces that is 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.
- 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.
- 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.
- Accounts established in a bank or trust company by a person in trust for another, as described in Public Act 248 of 1909, 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 under 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 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.
- 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.

Additionally, the bill shortens the existing dormancy periods for the following types of property to the following lengths of time for members of the United States Armed Forces on active-duty military service:

- 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; from *seven years to five years*.
- Accounts established in a bank or trust company by a person in trust for another, as described in Public Act 248 of 1909, 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; from *fifteen years to five years*.
- 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; from *fifteen years to five years*.

Senate Bill 388

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

The bill lengthens the allowed inactive time in accordance with Senate Bill 389.

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

MCL 490.355 (S.B. 388)

BACKGROUND

Public Act (PA) 29 of 1995 established the UUPA. The Act provided for the reporting and disposition of unclaimed property and standardized dormancy periods for unclaimed property. In 2010, PA 197 shortened most dormancy periods (excluding those for traveler's checks) to three years, after which time the property would escheat to the State; however, an exception was written into PA 197 of 2010 that specified "[t]he provisions of 2010 PA 197 that modified dormancy periods of this act do not apply if the owner of the property is on active-duty military service." This meant that the lengthened dormancy periods described above in **CONTENT** remained law for individuals on active-duty military service. Public Act 197 of 2010 did not mention individuals "in the reserve component on active orders", which Senate Bill 389 added.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

According to testimony before the Senate Committee on Veterans and Emergency Services, there were several inconsistencies between the Credit Union Act and the UUPA. The Credit Union Act prescribed three-year dormancy periods for unclaimed property when the UUPA prescribes five-year dormancy periods for active-duty military personnel. These inconsistencies may have contributed to more confusion for military members and further escheatment of their properties. Senate Bill 388 amended the Credit Union Act to standardize dormancy periods between the two Acts for the benefit of these military members.

Legislative Analyst: Alex Krabill

FISCAL IMPACT

The bills will have an indeterminate fiscal impact on the State and no fiscal impact on local units of government. The DoT may 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.