

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2207

2001 SENATE TRANSPORTATION

SB 2207

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2207

Senate Transportation Committee

Conference Committee

Hearing Date 1-25-01;2-1-01;2-8-01

Tape Number	Side A	Side B	Meter #
1	x		36.5-End
1		x	0.0-14-1
2-1-01	2 x		49.5-end
2-1-01	2	x	0.0-3.5
2-8-01	1 x		17.5-19.4

Committee Clerk Signature



Minutes:SB 2207 relates to the crediting of dividends, interest, or increments to an owner of unclaimed property and to the payment of unclaimed property claims.

Senator Trenbeath: Let the record show that Senator Trenbeath will be presiding for the next few minutes while Senator Stenchjem testifies.

Senator Stenchjem: (District 30; Supports) States that he supports this bill.

John Delbert: (Supports) See attached testimony.

Senator Stenchjem: For the record, what is it exactly that happened?

John Delbert: I had life insurance for one company, a day later it changed to another company. That company couldn't locate me so stock was purchased, it earned some money then it got turned over to the state.

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Linda Fischer: (Unclaimed Property Administrator; Neutral) States that the only dividends John Deibert did not receive was while property was in Unclaimed Property custody. Explains the difference between Senate and introduced bills.

Senator Espgaard: How long was Mr. Deibert's property in possession?

Linda Fischer: 2 years. I am only aware of one written complaint.

Senator Bercier: How many employees are in your department?

Linda Fischer: The entire Land Dept. has 18 employees. We don't have any specific person who works directly with unclaimed property. About half of us deal with it on occasion.

Senator Bercier: How much unclaimed property do you have in custody?

Linda Fischer: 27,000 owners, \$12 million in unclaimed property from 1975 until present. There is no land in unclaimed property, it's mostly in the form of cash.

Hearing closed.

Committee reconvened for discussion on 2-1-01.

Senator Stenchjem: What right does the state have to keep interest earned?

Senator Espgaard: The money goes to a school fund and this would have a big fiscal impact on the state. When does the state ever get principal amount or liquidate property?

Senator Stenchjem: Senator Trenbeath please do research on this.

Committee closed.

Committee reopened on SB 2207 on 2-8-01.

Senator Trenbeath moves to Do Pass. Seconded by Senator Espgaard. Roll Call taken. 6-0-0.

Floor carrier is Senator Espgaard.

Committee closed.

FISCAL NOTE

Requested by Legislative Council
01/16/2001

Bill/Resolution No.: SB 2207

Amendment to:

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	(\$24,000)	\$0	(\$24,000)
Expenditures	\$0	\$0	\$0	\$25,800	\$0	\$10,800
Appropriations	\$0	\$0	\$0	\$15,000	\$0	\$0

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	(\$49,800)	\$0	\$0	(\$34,800)

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

If this bill becomes law, the Common Schools Trust will pay approximately \$12,000 in interest and dividend income annually, plus the Land Department will need to spend a portion of its appropriation to track dividends and interest on unclaimed property (.25 of one FTE = \$5,400 every fiscal year, plus at least \$15,000 software development costs in FY2002 only.) Any money we spend on operations is money that would have gone to our educational trusts.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

\$12,000 in lost interest and dividend income annually for the Common Schools Trust (estimate of accrued dividends and interest that would be paid.)

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

25% of one FTE @\$1,800 per monthtimes 24 months = \$10,800 for the biennium, plus we would need to spend at least \$15,000 in software development costs in the first fiscal year of the 2001-2003 biennium.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

The \$15,000 software development cost is not included in our 2001-2003 Executive Budget recommendation.

Name:	Robert J. Olhelser	Agency:	Land Department
Phone Number:	8-2800	Date Prepared:	01/18/2001

REPORT OF STANDING COMMITTEE (410)
February 9, 2001 2:06 p.m.

Module No: SR-24-2893
Carrier: Espegard
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2207: Transportation Committee (Sen. Stenehjem, Chairman) recommends DO PASS
(6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2207 was placed on the
Eleventh order on the calendar.

2001 HOUSE TRANSPORTATION

SB 2207

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2207

House Transportation Committee

Conference Committee

Hearing Date March 1, 2001

Tape Number	Side A	Side B	Meter #
1		x	1,656

Committee Clerk Signature *Louanna L. Pink*

Minutes: Rep. Weisz - Chairman opened the hearing on SB 2207; A BILL for an Act to create and amend section 47-30.1-21.1 of the North Dakota Century Code, relating to the crediting of dividends, interest, or increments to an owner of unclaimed property; and to amend and reenact subsection 3 of section 47-30.1-24 of the North Dakota Century Code, relating to the payment of unclaimed property claims.

Sen. Stenchjem: I am the prime sponsor of SB 2207. It does deal with interest and dividends on unclaimed property. I have here today a constituent who has a prime interest in this bill. He can go through his story with you. We see it as a fairness issue. Mr. Deibert is here.

John Deibert: I am a private citizen. I am from Bismarck. Mr. Deibert spoke from prepared written testimony. A copy of his testimony is attached.

Rep. Weisz - Chairman (1787) Your whole point to this bill is that your have dividends and interest which Realist has paid to you but that they are withholding it from you? It is not the principal itself is it?

John Deibert: What happens is when these financial corporations is when they can't locate the property owner -- they turn it over to the unclaimed property department -- after a certain period of years -- for the purpose -- and this of course, sent to them as the Unclaimed Property Department as the trustee on behalf of the property owner. Then it goes into the common schools trust account. They invest it and keeps the interest. When the claim owner makes a claim to this particular fund. The Unclaimed Property Department pays the owner as they did in my case -- on the first 500 and some dollars I got. But you see that money was accumulated prior to the repeal of that particular section of the statute. The only reason I am here now -- you are trying to put this back in again.

APPEARING IN OPPOSITION:

Linda Fisher: I am the Unclaimed Property Administrator of the State Land Department. Her prepared remarks are attached.

Rep. Weisz - Chairman (3170) If whatever Realist -- they sent the stock to you because they couldn't find the owner -- then the dividends on that same stock was sent to you -- correct?

Explain why they aren't just put into the account of John Doe? Why is it more difficult for the Land Department now to worry about a \$20 or \$50 check if you already are sitting there with the stock in --- a least walk through why ---

Linda Fisher: The stock or the money that comes in with the stock is easy. That gets put into that account and it stands and that is solid. Where the problem comes in is that we deposit all of our stock certificates into a custodial account in a street name. So when we received Mr. Deiberts property, we also received property from 75 or a 100 others owners. When the dividends come on that property they will come not as for John Deibert but they will come dividends for the

entire 100 or 75 shares that we own -- in a big check. What we have to do then is each month when the dividends come in or quarterly or however each issue happens to distribute their dividends we would have to break out how many owners are in the pool at that time, how many shares each of those owners have at that particular time and then distribute those out to each owner.

Rep. Weisz - Chairman (3339) You are telling me that Realistar is sending one check for all the stock that you hold and that is now longer sending the dividend checks based on the basic owners of the stock?

Linda Fisher: That is correct. Realistar is not sending them to us--they are coming from our custodian -- one line item with the entire amount of dividends for how many owners there are.

Rep. Jensen: (3386) I can sympathize with the position that both sides have presented to us but I am really concerned about an individual would have a tax liability for something he didn't ever receive. Do you have a way of remedying that problem?

Linda Fisher: I am not sure how all that works because our agency does not issue 1099's. I don't know how that comes together because it didn't come from us. Maybe it was on the original shares -- I can't answer that. That is something I have not heard of before.

Rep. Schmidt: (3491) You mentioned that \$33 is a small amount for the paper work, should committee perhaps look at this - - raising that? Would \$50 -- then send it out?

Linda Fisher: I am not sure I understand you question -- we are just saying that -- that was for discussion purposes -- that would be about the amount the dividends people would get -- now we're keeping dividends for managing the account -- it is a small amount that we are keeping --

kind of for managing the account -- we don't charge any fees for people to people who recover their property -- so that is what that is.

Rep. Schmidt: (3585) Thirty-three dollars might be an average -- you might have some that are 75 or 80 dollars -- to me that is quite a sum of money -- to some people -- maybe we should set a limit -- after \$50 it should be sent out.

Linda Fisher: That is something we could look at -- but that would not change the administrative cost of tracking -- it isn't the sending out that costs, it is the tracking -- we have like I said -- over 30,000 owners - with our limited staff we would be better-off to spend more resources on personnel for outreach programs, etc. For our 30,000 than more on the 1200 owners.

Rep. Grumbo: (3710) You told us of your efforts you put forward in notifying people or trying to find them --- these numbers you gave us -- are people you can not locate in any --?

Linda Fisher: These are people that since the law became effective in 1975 -- that is the cumulative number of owners we have that not been paid. We do have several outreach efforts --one is an annual publication in every county newspaper in the state -- one is where cyber people can look up their names and their neighbors names -- one is that we go to the State Fair each year and set up a booth that has the list of all the owners -- we are looking at expanding some this next year. A lot of this property comes to us with insufficient address -- that is why we got it the first place.

Rep. Grumbo: (3838) What is the total amount of dollars that are in the account now?

Linda Fisher: The is about \$16 million right now waiting to be cleared.

