March 31, 2019

Peter Brickwedde
Assistant Commissioner of Government
and External Affairs
Minnesota Department of Commerce
85 7th Place East, Suite 280
Saint Paul, MN 55101

Email: peter.brickwedde@state.mn.us

Dear Mr. Brickwedde:

The below signed organizations are writing to express their concerns with the unclaimed property bill. Article 13 of H.F. 2208 and companion bill SB 2611, currently under consideration by the Minnesota legislature, are intended to update and modernize the state's unclaimed property statute. On Thursday, March 28, 2019, this legislation was amended into HB 2538. While it has been represented as the 2016 Revised Uniform Unclaimed Property Act ("RUUPA"), in reality many of the provisions are very different from RUUPA.

The proposed legislation contains numerous provisions that are problematic for businesses in several industries, including but not limited to banking, securities and life insurance, as well as the consumers the bills aim to protect. While the undersigned organizations will individually address concerns related to their industries, together we would like to call your attention to general concerns with the legislation.

Several of the bill's provisions are modeled after language passed by the Illinois legislature and became effective January 1, 2018. However, due to a rush to enact tax reform in Illinois, the Illinois law was enacted as part of an omnibus tax reform bill and passed without any public hearing or input from stakeholders. As a result, there have been unintended consequences, resulting in nine legislative measures introduced during the current session of the Illinois legislature. The Illinois bills are intended to modify significant provisions or overturn the new Illinois law, reverting it back to the previous statute.

Further, Minnesota citizens would be harmed by several of the provisions included in the Minnesota legislative measures. The following are a few of the problematic issues contained in in the legislation.

345.702 Quick Securities Liquidation: The proposed Minnesota provision would harm investors particularly the elderly and those saving for retirement as it permits the state unclaimed property administrator to liquidate unclaimed securities within 1 year after receipt. As many investors "set and forget" their securities investments until they are ready to retrieve them for retirement, quick liquidation may eliminate the value of their investment without giving them adequate time to claim it in securities form. The 2016 RUUPA permits three years after the administrator provides notice to the owner and also requires that the owner be made whole for up to six years after delivery of securities to the administrator and the provision of owner notice.

345.201 (13) Payroll cards: The one-year dormancy period in the Minnesota legislation would harm low-income citizens who do not hold traditional bank accounts. As such payroll cards are essentially bank accounts, they should be afforded the same dormancy period as traditional bank accounts: three years. Further, the RUUPA assigns a three-year dormancy period for payroll cards.

345.32 (a) (4): Excludes the current "non-RPO" provision: The proposed legislation completely excludes the "non-RPO" provision for demand, savings and time deposits in the existing Minnesota statute. The existing law permits tax reports and account statements sent to the owner that are not returned as undeliverable to serve as an indication of interest which forestalls the requirement to report and remit the funds in the accounts. Eliminating this provision in the pending legislation would cause the premature taking of savings, checking and CDs owned by Minnesota citizen that they have established for investment purposes with a "set and forget" strategy.

The current statute reads as follows and is not included in the proposed legislation:

> ***345.32 PROPERTY HELD BY BANKING OR FINANCIAL ORGANIZATIONS OR BY BUSINESS ASSOCIATIONS.***
>
> *The following property held or owing by a banking or financial organization or by a business association is presumed abandoned:*
>
> *(a) Any demand, savings or matured time deposit made in this state with a banking organization, together with any interest or dividend thereon, excluding contracted service charges which may be deducted for a period not to exceed one year, unless the owner has, within three years:*
>
> *4) received tax reports or regular statements of the deposit by mail from the banking or financial organization regarding the deposit. Receipt of the statement by the owner should be presumed if the statement is mailed first class by the banking or financial organization and not returned;*

Additionally, there are several problematic provisions in this proposal that are strongly opposed by the life insurance industry. These specific concerns have been, and will continue to be, raised by the Minnesota Insurance and Financial Services Council (MIFSC).

These are just a few examples of concerns with the proposed legislation. While we understand the Department of Commerce's desire to generate additional revenue, it is imperative that this objective is not achieve in a manner that harms Minnesota citizens.

We assert that the attempt to revise the Minnesota Unclaimed Property statute, which has been included in an appropriations bill, should be considered independently and more study afforded to the critical issues the measures entail. We strongly urge the Department of Commerce and the Minnesota legislature to take the necessary time to obtain input from all stakeholders, including consumers and business stakeholders, before enacting such sweeping legislation.

The undersigned would welcome the opportunity to meet and discuss the concerns of all parties.

Respectfully,

American Council of Life Insurers (ACLI)
Minnesota Bankers Association (MNBA)
Shareholder Services Association (SSA)
Stock Transfer Association (STA)
Unclaimed Property Professionals Organization (UPPO)

CC:
Representative Tim Mahoney rep.tim.mahoney@house.mn
Representative Laurie Halverson rep.laurie.halverson@house.mn
Senator Eric Pratt sen.eric.pratt@senate.mn