

Unclaimed Property Improvements

AGENCY REQUEST LEGISLATION

Department of Revenue

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What the bill does

The bill makes a number of updates to the state's unclaimed property (UCP) statutes, many of which are technical in nature, that are necessary for the success of the UCP program.

- The Department of Revenue administers Washington's UCP program.

Notable provisions include:

- Restores the state's longstanding 5% cap on the value of unclaimed property a locator may retain as a locator fee.
- Restores procedures and provisions for issuing refunds to businesses for overpaid property, interest, and penalties.
- Strengthens confidentiality for businesses when they are or will be audited for UCP.
- Lowers the level at which holders must provide owner names and addresses for unclaimed property from \$50 to \$5.
- Clarifies the abandonment and reporting requirements for prearrangement funeral service contract trusts.
- Includes cryptocurrency in the definition of virtual currency and requires virtual currency to be liquidated prior to being reported to the department.
- Restores prior practices for handling securities (e.g., stocks) reported as UCP that had been inadvertently changed.

This bill restores or changes several provisions in the state's UCP statutes to ensure the program is administrable and is friendlier to consumers and businesses.

- The bill strengthens consumer protections for various types of UCP.
- Washingtonians will be able to recover more unclaimed property than under current law and will enjoy legal safeguards against exorbitant locator fees.
- The bill clarifies refund and audit procedures for businesses, and dealings with DOR related to UCP audits will be shielded by confidentiality.

Additional information

Unclaimed property is property held by an organization (a business, generally) that has not had contact with the property's rightful owner for a period of time—typically, three years, at which point the organization must turn it over to DOR. Common types of UCP are: utility and phone company deposits; uncashed checks; customer credits; insurance proceeds, and more.

In 2022, the legislature passed a wholesale update to Washington's UCP laws (ESSB 5531) based on a template law from the national Uniform Law Commission. In 2023, the legislature made initial tweaks (HB 1742) to the template law to meet some of the particular needs of our UCP program. DOR then undertook an 18-month review to identify all other changes needed to ensure the 2022 law best serves the people of Washington. This proposal is the result of that comprehensive review.

In FY 2023, DOR returned \$138.9 million of unclaimed property to over 300,000 people.