

THE BEST AND WORST OF STATE UNCLAIMED PROPERTY LAWS

SCORECARD ON STATE UNCLAIMED PROPERTY STATUTES: THE HOLDERS' PERSPECTIVE

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EXECUTIVE SUMMARY

For many years, the Council On State Taxation (COST) has monitored and commented on the laws governing state tax administration through its publication of "The Best and Worst of State Tax Administration: Scorecard on Tax Appeals & Procedural Requirements." This Scorecard builds on that tradition by evaluating the laws governing state administration of unclaimed property from the Holder's perspective. Although unclaimed property is not a tax, in many respects it operates like one. In most companies, tax department personnel have responsibility for compliance with unclaimed property laws and especially for unclaimed property audits.

COST recognizes that, just as with respect to tax laws, compliance with unclaimed property laws depends upon a system that holders of unclaimed property perceive to be balanced, fair, and effective.

Improving the laws governing unclaimed property is a priority for COST and its members. The purpose of this inaugural Scorecard on State Unclaimed Property Statutes is to foster long-overdue legislative changes.

This Scorecard evaluates the 50 States and the District of Columbia based on several elements of state unclaimed property law. By focusing strictly on objective criteria—the law itself rather than administrative practices—the Scorecard provides a roadmap for legislators who seek to ensure that their state's unclaimed property laws are fair for owners and holders.² These criteria include:

- Whether business-to-business transactions are subject to escheat;
- Whether a period of limitations for unclaimed reporting requirements exists that corresponds with state tax laws and normal business practices;
- Whether an independent administrative appeals process is available for holders;
- Whether gift certificates are subject to escheat;

- Whether the state treats both the payment of interest to property owners and the assessment of interest against holders equitably; and,
- Whether the state engages contingent-fee auditors in its administration of unclaimed property.

Top Ranked States

Kansas	A
Arizona	A-
Wisconsin	A-
Indiana	B+
Maryland	B+
Massachusetts	B+
North Carolina	B+
Virginia	B+

Bottom-Ranked States

Delaware	F
Georgia	D-
Mississippi	D-
New York	D-
Oregon	D-
Pennsylvania	D
New Hampshire	D+
Utah	D+
Wyoming	D+

INTRODUCTION

COST's underlying membership includes more than 600 companies that do business in every state. Our member companies file tax returns and unclaimed property reports in every state and the District of Columbia. COST has long-supported and focused legislative resources toward improving laws governing the administration of state unclaimed prop-

erty programs.³ COST's efforts from early 2000 included studying how pecuniary incentives for third-party auditors result in overly aggressive assessments; proposing a Holder's Bill of Rights to stress guidelines for third party contractor qualifications; recommending prohibitions on conflicts of interest; and urging states to enact examination procedures and dispute resolution provisions. These efforts included testimony before various state legislatures and resulted in positive steps by many states.

In the spring of 2007, a landmark federal court decision⁴ reaffirmed COST's assertion that significant unclaimed property law reforms are still needed. That court's decision to shut down California's unclaimed property program served as a wake-up call to states guilty of putting their bottom line ahead of the purpose of unclaimed property laws. The court chided California's unclaimed property program and reminded State officials that, "If the purpose of the law is... to reunite owners with their lost or forgotten property, its ultimate goal should be to generate little or no revenue at all for the state."⁵

Unclaimed property has escalated considerably as a revenue stream for many states. Fifteen years ago, for example, unclaimed property comprised 2.4% of Delaware's total state revenue, behind inheritances taxes and hospital board and treatment fees.⁶ By 2004, proceeds from unclaimed property exceeded monies collected by Delaware from the State Lottery, bank franchise taxes, and business and occupation gross receipts taxes. Now, unclaimed property makes up 11.1% of Delaware's total general fund revenue and has evolved to become the State's third largest source of revenue.⁷ Nationwide, state coffers hold approximately \$40 billion in unclaimed property.⁸

Most states have adopted some version of the Model Act for Unclaimed Property, first proposed in 1954 by the National Conference of Commissioners on Uniform State Laws (NCCUSL). Subsequent model acts were approved by NCCUSL in 1966, 1981, and 1995. Three states use the 1954 Model Act as the starting point for their unclaimed property state laws; 14 states use the 1966 Model Act; 18 States use the 1981 Model Act; and 14 states use the 1995 Model Act.⁹ Both California and Delaware have refrained from a substantial adoption of any of the model acts. Unfortunately, many states have deviated from the various versions of the model unclaimed property laws such that even states that have adopted the same model acts are still not uniform with each other.

NCCUSL designed the model acts around two concepts. The first is that the state stands in the shoes of the owner of the lost property and serves as a repository for lost property until the rightful owner is found. The second premise is that, where an owner cannot be found, any economic windfall should benefit the public.

In 2008, COST renewed its efforts to work for balanced, fair and effective laws to govern the administration of unclaimed property programs. COST's Unclaimed Property Task Force developed a policy position on unclaimed property. That position, which has been approved by the COST Board of Directors as official COST policy, is as follows:

State unclaimed property programs should seek to unite owners with their property in the manner that is least burdensome to owners, holders and the State. Toward that end, such programs must:

- Provide clear, reasonable and consistent definitions of items included in and excluded from the definition of abandoned or unclaimed property;
- Exclude from the definition of abandoned or unclaimed property unidentified remittances, credit balances arising from business to business transactions, merchandise due bills, gift cards and gift certificates;
- Refrain from deeming as "abandoned" or "unclaimed" items that are accounting or bookkeeping discrepancies, fraudulent transactions, or that do not have a rightful owner other than the holder;
- Provide a reasonable statute of limitations for holders; and
- Ensure that administration of State unclaimed property statutes is conducted in a fair, even-handed and predictable manner by banning contingent-fee arrangements to compensate outside auditors and by providing holders access to an independent tribunal to appeal the findings or assessment resulting from an unclaimed property audit.¹⁰

Over the years, COST has recognized that the world of unclaimed property is unpredictable. Unlike the tax world, with conventional statutes of limitations, independent administrative appeals processes and definitions as to what is taxable, unclaimed property law is frequently arbitrary and unclear. This lack of clarity creates numerous problems for holders of unclaimed property. Enacting legislation consistent with COST's policy position would provide clarity and fairness to unclaimed property law.

Barometers of Unclaimed Property Statutes and Administration

This Scorecard grades each state based on an accumulated point total. The point total was determined by assessing points for each category where the state deviates from COST's recommendations for balanced, fair and effective unclaimed property laws. Points for each category are based on COST's determination of the relative importance of specific issues to unclaimed property holders.

STATE	B TO B TRANSACTIONS EXEMPT?	PERIODS OF LIMITATION	INDEPENDENT APPEALS PROCESS?	GIFT CERTIFICATES EXEMPT?	TREATMENT OF INTEREST	CONTINGENT- FEE AUDITORS?	Misc. PROVISIONS	TOTAL POINTS	GRADE
AL	5	1	2	0	0	2	-	10	C+
AK	5	3	0	2	0	2	-1	11	C
AZ	2	0	0	0	0	2	-	4	A-
AR	5	1	2	0	1	2	-	11	C
CA	5	3	2	0	0	2	-	12	C-
CO	5	0	2	2	0	2	-	11	C
CT	5	3	2	0	0	2	-	12	C-
DE	5	3	2	2	1	2	1	16	F
DC	5	1	2	2	0	2	-	12	C-
FL	5	1	0	0	0	2	-	8	B-
GA	5	3	2	2	0	2	1	15	D-
HI	5	1	2	0	1	2	-	11	C
ID	5	0	0	1	0	2	2	10	C+
IL	0	3	2	1	1	2	-	9	B-
IN	0	1	2	0	0	2	-	5	B+
IA	0	3	2	2	0	2	1	10	C+
KS	0	0	0	0	0	2	-	2	A
KY	5	2	0	2	0	2	1	12	C-
LA	5	1	2	2	0	2	-	12	C-
ME	5	1	2	2	0	2	-	12	C-
MD	0	3	0	0	0	2	1	6	B+
MA	0	1	2	0	0	2	-	5	B+
MI	5	1	2	1	0	2	1	12	C-
MN	5	1	2	0	1	2	-	11	C
MS	5	3	2	2	0	2	1	15	D-
MO	5	3	0	1	0	2	-	11	C
MT	5	1	2	1	0	2	-	11	C
NE	5	1	0	1	1	2	-	10	C+
NV	5	1	2	1	0	2	-	11	C
NH	5	3	2	1	0	2	-	13	D+
NJ	5	3	2	0	0	2	-	12	C-
NM	5	1	2	1	0	2	-	11	C
NY	5	3	2	2	1	2	-	15	D-
NC	0	0	2	1	1	2	-	6	B+
ND	5	3	0	0	0	2	-	10	C+
OH	0	3	2	0	1	2	-	8	B-
OK	2	0	2	2	0	2	-	8	B-
OR	5	3	2	2	1	2	-	15	D-
PA	5	2	2	1	1	2	1	14	D
RI	5	1	2	0	0	2	1	11	C
SC	5	1	2	0	0	2	-	10	C+
SD	5	1	2	2	0	2	-	12	C-
TN	2	3	2	1	0	2	-	10	C+
TX	2	3	2	1	1	2	-	11	C
UT	5	1	2	2	1	2	-	13	D+
VT	5	1	2	2	0	2	-	12	C-
VA	0	0	2	2	0	2	-	6	B+
WA	5	1	2	0	0	2	-	10	C+
WV	5	1	2	1	0	2	-	11	C
WI	0	0	2	0	0	2	-	4	A-
WY	5	1	2	2	1	2	-	13	D+

Business-to-Business Transactions

Elimination of business-to-business transactions from the definition of unclaimed property is the single most important issue for the holder community. Businesses are in the best position to determine whether another business holds their property, and they do not need the assistance of the state in making such determinations. When two companies reconcile and settle their accounts, it makes no sense for the state to re-open those closed books and records years later to determine whether one business holds property that belongs to another business.

Large businesses typically do business through many thousands of commercial accounts. Outstanding credit balances in these accounts are generally small dollar amounts. Thus, a common practice in states without a business-to-business exemption is to conduct a statistical sample of a company's commercial accounts for a specific period that identifies outstanding credit balances. The results of that sample are then extrapolated back to a point in time chosen by the auditor¹¹ and the holder is presented with an assessment for "unremitted credit balances." However, business-to-business credit balances are frequently not property actually due a creditor, do not require the "protection" of the state, and are so common in commercial transactions that requiring such items to be turned over to the state unnecessarily increases the cost of doing business.

Indeed, because businesses have the incentive, opportunity and wherewithal to collect what is owed to them, significant credit balances between businesses are inherently reconcilable. Unlike most individuals, businesses have standardized accounting systems and hire bookkeepers, accountants, and attorneys to monitor their finances. Accordingly, if a company does not pursue a credit balance on another company's books, it is likely that the credit discrepancy was already resolved or never existed in the first place. Including these items in the definition of unclaimed property creates onerous record-keeping and proof requirements and fails to consider that many credits are bookkeeping errors or product credits never intended to be refunded as cash. In addition, many credit balances are only promised discounts premised upon future purchases which remain uncollected if such purchases are never made—and the result is nothing more than an arbitrary "taking" from holders.

For these reasons, credit balances between businesses should be excluded from the definition of unclaimed property. Such a rule places the recordkeeping burden on the appropriate party in the business transaction—the party with the financial incentive to collect legitimate outstanding amounts. The cost to a business that enters into millions of transactions yearly to trace such items and prove that the items are not abandoned property far exceeds the benefits to society from

turning over the relatively few accounts that actually are legitimately owed and unclaimed.

States that exclude business-to-business transactions from the definition of unclaimed property are assessed no points.¹² Four states exempt business-to-business transactions as long as the holder and business association have an on-going business relationship.¹³ These states are given two points for not having a total exclusion for business-to-business transactions. States with no business-to-business exclusion are assessed five points.

Periods of Limitation

Many states provide no period or statute of limitations for unclaimed property reporting requirements or for a state to "look back" at prior years. The fair and equitable administration of unclaimed property requires reasonable periods of limitations. Further, periods of limitation should be uniform from state to state and should correspond with the record-keeping requirements of the Internal Revenue Code, state tax laws, and normal business practices. In addition, periods of limitation should run from the time a report is filed in good faith, although the period should be tolled by the filing of a report that is fraudulent. Such a statute, of course, would have no impact on an owner's ability to recover property held by the holder or by the state.

States that currently provide a period of limitations of three to five years are assessed no points in the COST Scorecard. States with a period of limitations of six to 10 years are assessed one point. States with a period of limitations greater than 10 years are assessed two points. States with no period of limitations are assessed three points.

Independent Administrative Appeals Process for Holders

Because unclaimed property administration falls outside of state tax statutes, administrative appeals processes in place for tax controversies are usually unavailable for holders of unclaimed property. In most states, the only recourse for a holder involved in a dispute with a state over unclaimed property is to sue the state agency in court, and even that recourse is being challenged.¹⁴

A handful of states provide an independent administrative appeals forum to holders of unclaimed property. The ability to reach an independent tribunal—non-judicial or judicial—is key to ensuring fair and equitable unclaimed property administration. To be truly independent, the tribunal must not be located within or report, directly or indirectly, to the department charged with administering the state's unclaimed property laws, *or to any subordinate executive agency*. Without independence, the appearance of objectivity is simply not present. That perception, regardless of its accuracy, necessarily detracts from even exemplary personnel and work

product of the adjudicative body. Independent tribunals are less likely to be driven by concerns over revenue collection, upholding department policies, or offending departmental decision-makers.

States with no independent appeals process—or with an administrative appeals process within the department charged with administering unclaimed property—are assessed two points. States with a completely independent administrative appeals process for holders are assessed no points.

Gift Certificates

In retail, a sale is consummated when a gift certificate is purchased, and the certificate becomes a contract between the customer and the store, with full notice of the consequences of nonperformance. Excluding gift certificates and gift cards from the definition of unclaimed property respects private contract rights. Moreover, gift certificates and gift cards are typically redeemable in merchandise only; they are not redeemable for cash. The state should never acquire any rights greater than those held by the owners of the property. Finally, requiring retailers to turn over the full face value of gift certificates deprives the retailer of profit on the transaction—profit to which they are entitled and on which they are taxed.

States with no exemption for gift certificates are assessed two points. States where gift certificates are reportable at a percentage less than 100% of face value (e.g., 60%) or states that in some way qualify whether gift certificates are escheatable (e.g., only gift certificates with expiration dates) are assessed one point. States with a total exemption for gift certificates are assessed no points.

Treatment of Interest

Many states impose interest on holders for failing to comply with unclaimed property reporting requirements. States are clearly entitled to assess interest on amounts underreported or not reported at all. Likewise, many states pay interest to the original owner when the owner claims property in the state's possession. However, several states do not pay interest to owners and yet impose interest on holders. Interest is charged and paid to reflect the time value of money, and states that charge interest to holders must pay interest to owners. Those states which fail to impose and award interest equitably are assessed one point in the COST Scorecard.

Use of Contingent-Fee Auditors

Contingent-fee arrangements encourage auditors to be overly aggressive, to interpret State laws to their own advantage rather than in society's best interest, to "cherry pick" audit targets, and to ignore holder errors that would result in lower assessments. The risk of abuse creates a perception of unfairness that colors holders' relationships with administrators and creates an atmosphere of mistrust that hinders compli-

ance. Equally important, excessive payments to contingent fee auditors significantly reduce funds that would otherwise be available for the owners of the property or for the general revenue of the state.

Some states have expressed concerns over their inability to hire skilled staff auditors to adequately enforce state unclaimed property laws. The inability to hire skilled unclaimed property auditors at salaries commensurate with other, similar state positions (such as tax auditors) is undoubtedly related to the fact that states are currently willing to pay outside auditors fees well in excess of anything a state employee could expect to earn. In other words, the states have created an artificial market and could eliminate that market as easily as it was created. Nevertheless, a potential solution that addresses states' staffing concerns and avoids the contingent-fee issue is to continue to compensate third-party auditors from funds collected through audits, but to compensate them on a reasonable hourly basis for services rendered. Such an arrangement would reduce or eliminate much of the incentive for abuse that currently exists. It would also allow states to redirect the focus of the audit towards improvements in recordkeeping and tracking systems designed to improve future compliance rates, which will ultimately benefit owners, holders and states.

Our research indicates that, at the present time, every single state either uses contingent-fee auditors or has the statutory authority to do so. As a result, every state was assessed two points in this category.

Miscellaneous Provisions

Several states have provisions in their unclaimed property statutes that stand out—some in a positive way and others in a negative way. Alaska, for example, allows a company to hold property until the incidental accounts reach \$750 before reporting. For this, Alaska gets a higher grade. Alternatively, under Idaho law, any property remaining unclaimed for 10 years becomes the property of the state and is no longer recoverable by the true owner. This provision clearly violates the intent of unclaimed property statutes (e.g., for the state to stand in the shoes of the lost owner until such time as the owner is located), and Idaho's grade is lowered accordingly.

The final grades are based on the following scale:

- A = 0 to 4 points
- B = 5 to 9 points
- C = 10 to 12 points
- D = 13 to 15 points
- F = 16 or more points

Detailed Survey Data

The table on page 3 ranks each state's unclaimed property laws in the areas described above. Detailed survey data for

each state is provided beginning on page seven. Each state's unclaimed property administrator (or his or her delegate) was asked to review and offer corrections to the data. Where received, responses were integrated into the chart as appropriate to reflect the current status of the law in each state. COST extends its gratitude to those state administrators who reviewed the data.

This document is not intended to be used as a comprehensive listing of legal authority for the issues identified and readers are cautioned to research individual state laws.

ENDNOTES

1. Jana S. Leslie is Staff Counsel at the Council On State Taxation. The author is extremely grateful to Awo Archampong-Gray and Alexandra Eikner, 2007-2008 Georgetown COST Fellows, for their extensive research for this project.
2. COST acknowledges the many unclaimed property administrators who are working diligently to return unclaimed property to its rightful owners. This Scorecard measures state statutes against sound policy principles and does not attempt to quantify what some states may be accomplishing through administrative channels.
3. See “Abandon All Hope Ye Who Enter Here: Procedural and Substantive Inequities in the Compliance and Administration of State Unclaimed Property Acts”, Douglas L. Lindholm and Diann L. Smith. *New York University*, 2001.
4. *Taylor v. Chiang*, No. Civ. S-01-2407 WBS GGH (E.D. Cal. June 1, 2007).
5. Order re: Preliminary Injunction, Case 2:01-cv-02407-WBS-GGH, June 1, 2007.
6. Delaware Fiscal Notebook, 1993.
7. Delaware Fiscal Notebook, 2007.
8. Refer to the website for the National Association of Unclaimed Property Administrators at <http://www.naupa.org>.
9. Alabama, Arizona, Arkansas, Hawaii, Indiana, Kansas, Louisiana, Maine, Montana, Nevada, New Mexico, North Carolina, Vermont, and West Virginia have adopted the 1995 Model Act.
10. See “COST Policy Statements” at <http://www.cost.org>.
11. Many states have no period of limitation and auditors can go back 20 or 30 years. Moreover, statistical sampling can result in assessments of tens of million of dollars, consisting of unclaimed funds that will never be returned to the rightful owner.
12. Oregon is an example of a State that does not have a statutory exemption for business-to-business transactions; however, the current unclaimed property administration considers a letter from a business that the debt is not owed as evidence that the property is not unclaimed. Because this is an administrative policy and not written into Oregon’s unclaimed property law, Oregon does not receive credit for this administrative policy.
13. Arizona, Oklahoma, Tennessee and Texas. *Note:* There are a number of states where the unclaimed property administrator has made an administrative decision to exclude business-to-business transactions when there is an on-going business relationship (for example, Alaska). However, because these practices are not codified within state law, they are not reflected in the grades for this Scorecard.
14. In a case pending before the Delaware Court of Chancery, Delaware argues that it may not be sued without its consent as a result of the doctrine of sovereign immunity with the only narrow exception being that, pursuant to section 1156(b), an action may be brought for the “purpose of showing an abuse of discretion by the state Escheator in making the determination that penalty or interest was due”. See *CA, Inc. v. Richard S. Cordrey, et al.*, Case No. 4111-CC (November 25, 2008). If this interpretation of both sovereign immunity and of section 1156(b) is upheld, it holds tremendous significance to Delaware’s unclaimed property program (and perhaps to unclaimed property generally), for it basically means that the State is untouchable. In fact, the State in their Motion to Dismiss quotes an old common law doctrine to make their case that the State cannot be sued, saying that the “King can do no wrong.” (*Id.* at 14.)

STATE	BUSINESS-TO-BUSINESS TRANSACTIONS EXEMPT?	PERIODS OF LIMITATION	INDEPENDENT APPEALS PROCESS?	GIFT CERTIFICATES EXEMPT?	TREATMENT OF INTEREST	MISCELLANEOUS PROVISIONS
AL	No. 35-12-73	Treasurer may not commence action more than 10 years after holder identified property in a report. In the absence of such report, or if there is a fraudulent report, period of limitation is tolled. 35-12-88	No. 35-12-85	Yes. 35-12-73	No interest paid to property owners. 35-12-83 No interest imposed on holders. 35-12-92(d)	
AK	No.	None. 34.45.430	Yes. 34.45.400	No. 34.45.240	Owner entitled to receive interest. 34.45.340 Interest may be imposed on holders. 34.45.470	Administrative ease for holders – Alaska allows a company to hold property until the incidental accounts reach \$750 before reporting. 34.45.280(6)(f)
AZ	Yes. “Property” does not include property of a person who is maintaining a current business relationship with the holder. 44-301(15)	Department shall not commence an action more than four years after holder identified property in report; more than six years if a holder omits 25% of property that should have been included in report. No period of limitation if no report of property made or if fraudulent report filed. 44-321	Yes. 44-338	Yes. 44-301(15)	Interest paid to property owners. 44-311. Interest may be imposed on holders. 44-326(A)	
AR	No. 18-28-201	Administrator may not commence action more than 10 years after holder identifies property in a report. In the absence of such report or if fraudulent, period of limitation is tolled. 18-28-219	No.	Yes. 18-28-201	No interest will be paid. 18-28-211 Interest may be imposed on holders. 18-28-224	
CA	No. Cal. Civil Procedure Code 1550	None. (See California’s General Reporting Instructions for Holders of Unclaimed Property.)	No. 1541	Yes. Note: Gift certificates with an expiration date are escheatable per 1520.5; however, because expiration dates are illegal in California (California Civil Code Section 1749.5), gift certificates as a practical matter are exempt	Interest paid to property owners. 1562 Interest is imposed on holders unless due to reasonable cause. 1577	
CO	No. See 38-13-110(1)(a).	No action may be commenced by the Administrator more than 5 years after the duty arose. 38-13-122	No. 38-13-119	No. 38-13-108.4	Interest paid to property owners. 38-13-114 Interest may be imposed on holders. 38-13-127(1)	
CT	No.	None. 3-73b	No. 3-71a	Yes. 3-73a(e)	Interest paid to property owners. 3-70a(e) Interest may be imposed on holders. 3-65b(a)	

STATE	BUSINESS-TO-BUSINESS TRANSACTIONS EXEMPT?	PERIODS OF LIMITATION	INDEPENDENT APPEALS PROCESS?	GIFT CERTIFICATES EXEMPT?	TREATMENT OF INTEREST	MISCELLANEOUS PROVISIONS
DE	No.	None. 1202	No. 1156(b)	No. 1212	No interest paid to owners. 1145 Interest may be imposed on holders. 1159(c)	Excessive penalties – interest and penalties range from 0% to 75%. 1159(c)
DC	No. 41-102	Mayor may not commence action more than 10 years after holder identified property in a report. In the absence of such report or if fraudulent, period of limitation is tolled.	No. See 41-127.	No. 41-114	Interest paid to owners. 41-121 Interest may be imposed on holders. 41-135	
FL	No, although there is an exception for business associations subject to the jurisdiction of the U.S. Surface Transportation Board if the apparent owner of the property is a business association, as well as an exception for managed care contracts. 717.117(7)(b)	No action may be commenced by the department more than 10 years after the duty arose. 717.129	Yes. A party has the option to request an Administrative Hearing before an Administrative Law Judge. 120.68	Yes. Note: Gift certificates are not required to be reported; however, like California, Florida prohibits gift certificates from having an expiration date or any type of post-sale charge. 717.1045	Interest paid to owners. 717.121 Interest may be imposed on holders. 717.134	
GA	No. 44-12-193	None. 44-12-226	No. 44-12-221	No. 44-12-205	No interest paid to owners. 44-12-220(c) No interest imposed. 44-12-227	Excessive penalties –up to and including imprisonment. 44-12-227
HI	No. 523A-1	An action or proceeding may not be maintained by the administrator in regard to the reporting, delivery or payment of property more than 10 years after the holder identified the property in a report. (See HB2559, Section 19. Enacted 2008)	No.	Yes. (See HB 2559, Section 3.5. Enacted 2008)	No interest paid to owners. Interest may be imposed on holders. 523A-34(d)	
ID	No. 14-502	Where a holder has filed a report, administrator may commence an action within 3 years. Where a holder fails to file, administrator may commence an action within 7 years. 14-529	Yes. 63-3049; IDAPA 35-01-11 (003)	Excludes gift certificates with an expiration date prominently displayed on their face; however, gift certificates without an expiration date are escheatable. 14-514	Owner is entitled to interest. 14-521, 14-524(3) Interest may be imposed on holder. 14-533	Under Idaho law, any property remaining unclaimed for 10 years will become property of the state. 14-523(5)
IL	Yes. 765 ILCS 1025/2a(b)	None. 765 ILCS 1025/16	No. 765 ILCS 1025/25.5	Gift cards or gift certificates are escheatable if they have expiration dates and contain a post-sale charge or fee. 765 ILCS 1025/10.6	No interest paid to owner. 765 ILCS 1025/15 Interest may be imposed on holder. 765 ILCS 1025/25.5	

STATE	BUSINESS-TO-BUSINESS TRANSACTIONS EXEMPT?	PERIODS OF LIMITATION	INDEPENDENT APPEALS PROCESS?	GIFT CERTIFICATES EXEMPT?	TREATMENT OF INTEREST	MISCELLANEOUS PROVISIONS
IN	Yes. 32-34-1-1(e)	An action may not be commenced by the attorney general more than 10 years after the holder makes a report. In the absence of a report or if fraudulent, period of limitations is tolled. 32-34-1-41	No. 32-34-1-38	Yes. 32-34-1-1(f)	Owner is entitled to interest. 32-34-1-30 Interest may be imposed on holder.	
IA	Yes. Iowa Code Ann. 556.1(10)	None. 556.16	No. 556.21	No. 556.1(10)	Owner is entitled to interest. 556.15 Interest may be imposed on holder. 556.23	If 35% of taxpayer's reported unclaimed property is claimed within 24 months from the date it was reported, treasurer may charge holder an amount equal to \$5 for each address reported for unclaimed property per 556.11(5)
KS	Yes. 58-3935 (g)	No action may be commenced by the administrator against a holder more than five years after the holder reported the property. If no report or if fraudulent, period of limitations is tolled. 58-3962	Yes. 75-37, 121(h)(3)	Yes. The requirement to report was deleted from the statute in 2001.	Owner is entitled to interest. 58-3954 Interest may be imposed on holder. 58-3967	
KY	No.	Any action brought by the state must be brought within 15 years from the time the cause of action accrued. 393.260	Yes. 393.160	No. Ky. Rev. Stat. 393.010	Owner's of interest-bearing accounts entitled to interest per regulations. No interest imposed. 393.290	Excessive penalties – up to and including imprisonment. 393.990
LA	No. 9:153	An action may not be maintained by the administrator more than ten years after the holder identified the property. In the absence of a report or if fraudulent, the period of limitations is tolled. 9:171	No. 9:168	No. 9:154(A)(6)	Owner is entitled to interest. 9:163 Interest may be imposed on a holder. 9:172 - 176	
ME	No. 33 M.R.S. 1952	An action may not be maintained by the administrator more than 10 years after the holder identified the property. In the absence of a report or if fraudulent, period of limitations is tolled. 33 M.R.S. 1970	No. 33 M.R.S. 1967	No. 33 M.R.S. 1953	Owner entitled to interest. 33 M.R.S. 1962 Interest may be imposed on holder.	
MD	Yes. 17-101	None. 17-315	Yes. 17-320	Yes. 17-101	No interest paid to owner. 17-314 No interest imposed on holder. 17-323	Excessive penalties – up to and including imprisonment. Md. Commercial Law Code Ann. 17-314

STATE	BUSINESS-TO-BUSINESS TRANSACTIONS EXEMPT?	PERIODS OF LIMITATION	INDEPENDENT APPEALS PROCESS?	GIFT CERTIFICATES EXEMPT?	TREATMENT OF INTEREST	MISCELLANEOUS PROVISIONS
MA	Yes. 200A, 5	Any examination undertaken by the treasurer shall be conducted pursuant to a six-year statute of limitation. 200A, 12(f)	No. 200A, 12	Yes. 200A, 5D	Owner entitled to interest. 200A, 10A Interest may be imposed on holder. 200A, 12(c)	
MI	No. 567.223	An action shall not be commenced by the administrator with respect to any duty of a holder more than 10 years after the duty arose. 567.250	No. 567.247	Yes, but only if they have a maturity date of greater than 10 years and they do not charge any fees. 567.235(1)	Owner entitled to interest. 567.242 Interest may be imposed on holder. 567.251(4)	Excessive penalties – up to and including imprisonment. 567.255
MN	No. 345.39	An action may not be maintained by the administrator more than 10 years after the holder identified the property. In the absence of a report or if fraudulent, period of limitations is tolled. 345.46	No. 345.51	Yes. 345.39	No interest paid to owner. 345.45 Interest may be imposed on holder.	
MS	No. 89-12-3	None. 89-12-35	No. 89-12-41	No. 89-12-3	Owner entitled to interest. 89-12-33 Interest may be imposed on holder.	Excessive penalties – up to and including imprisonment.
MO	No. 447.535	None--unless property vested in holder prior to August 13, 1984 or held in a fiduciary capacity prior to August 13, 1974. 447.547	Yes. 447.569	No. However, gift certificates redeemable in merchandise only shall be reportable at 60% of their face value. 447.505(5)	Owner entitled to interest. 447-565(2) Interest may be imposed on holders. 447.539(7)	
MT	No. 70-9-803	An action may not be maintained by the administrator more than 10 years after the holder identified the property. In the absence of a report or if fraudulent, period of limitations is tolled. 70-9-819	No. 70-9-816	No. However, gift certificates redeemable in merchandise only shall be reportable at 60% of their face value. 70-9-803(g)	Owner entitled to interest. 70-9-815 Interest may be imposed on holders. 70-9-824	
NE	No.	No action may be commenced by the Treasurer with respect to any duty of a holder more than seven years after the holder files a report for the period in which the duty arose. 69-1315	Yes. 69-1320	A gift certificate that does not have an expiration date or finance charge is exempt. 69-1305.03(a)	No interest paid to owner. 69-1314 Interest may be imposed on holder. 69-1324 & 45-103	
NV	No. 120A.113	An action may not be maintained by the administrator more than 10 years after the holder identified the property. In the absence of a report or if fraudulent, period of limitations is tolled. NRS 120A.680	No. 120A.650	No. However, only 60% of the unredeemed or uncharged value remaining on a gift certificate which is issued or sold in NV and which has an expiration date is presumed abandoned. 120A.520	Owner entitled to interest. 120A.600 Interest may be imposed on holder. 120A.730	

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NH	No. 471-C:1	None. 471-C:33	No. 471-C:28	Gift certificates of \$100 or less are exempt. 471-C:16	Owner entitled to interest. 471-C:23 Interest may be imposed on holder. 471-C:38	
NJ	No. 46:30B-6	None. 46:30B-88	No. 46:30B-84	Yes. 46:30B-1	Owner entitled to interest. 46:30B-68 Interest may be imposed on holder. 46:30B-105.3	
NM	No. 7-8A-1	An action may not be maintained by the administrator more than 10 years after the holder identified the property. In the absence of a report or if fraudulent, period of limitations is tolled. 7-8A-19	No. 7-8A-16(A)	No. However, if the gift certificate is redeemable in merchandise only, the amount abandoned is 60% of the certificate's face value. 7-8A-2	Owner entitled to interest. 7-8A-11 Interest may be imposed on holder. 7-8A-24	
NY	No. Current administration advises no business-to-business exemption per administrative policy.	None. 1400	No. 1412(4)	No. See ABP Section 103(g)	No interest paid to owner. 1405 Interest may be imposed on holder. 1412(1) and (2)	
NC	Yes. 116B-54	An action may not be maintained by the treasurer more than five years after the holder identified the property. In the absence of a report or if fraudulent, period of limitations is tolled. 116B-71	No. 116B-68	Gift certificates or gift cards are not abandoned property when the certificate or card conspicuously states that it does not expire, bears no expiration date, or states that a date of expiration printed on the certificate or card is not applicable in North Carolina. 116B-54	If property is interest-bearing or pays dividends, the interest or dividends shall be paid by the holder until the date the property is remitted to the Treasurer. After property is remitted, the owner is not entitled to interest or dividends. 116B-64 Interest may be imposed on holder. 116B-77	
ND	No. 47-30.1-02	None. 47-30.1-29	Yes. 47-30.1-32	Yes. 47-30.1-01	No interest paid to owners. 47-30.1-21.1 Interest may be imposed on holder. 54-44-07	
OH	Yes. 169.01(B)(2)(b)	None. 169.03(H)	No. 169.03(F)(7)	Yes. 169.01(B)(2)(d)	No interest paid to owners. 169.08(D) Interest may be imposed on holders. 169.12(C)	
OK	Yes, provided holder and business association have an ongoing relationship. 60 Okl. St. 651	An action may not be maintained by the treasurer with respect to any duty of a holder more than 4 years after the holder files the report or 10 years after the duty arose, whichever is earlier. 60 Okl. St. 666	No. OAC 735:80-1-4	No. 60 Okl. St. 651	Owner entitled to interest. 60 Okl. St. 665 Interest may be imposed on holders. 60 Okl. St. 680	

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OR	No. 98.302	None. 98.376	No. 98.412(5)	No. 98.302	No interest paid to owner. 98.372 Interest may be imposed. 98.416(2)	
PA	No.	An action may not be commenced or maintained against a holder unless it is commenced within 15 years after the holder identified the property or after the property first became escheatable. 1301.16	No. 1301.19	“Qualified gift certificates” (for example, those without an expiration date), are exempt. 1301.6	Owner not entitled to interest. 1301.15 Pursuant to recent case law: <i>Smolow v. Hufner</i> , 2008, Pa. Lexis 2094 (Pa. Nov. 19, 2008). Interest may be imposed. 1301.25	Excessive penalties – up to and including imprisonment. 1301.25
RI	No. 33-21.1	An action may not be maintained by the administrator more than ten years after the holder identified the property. In the absence of a report or if fraudulent, period of limitations is tolled. 33-21.1-29	No. 33-21.1-26	Yes. 33-21.1-14	Owner entitled to interest. 33-21.1-21 Interest may be imposed on holder. 33-21.1-30	Excessive penalties – imprisonment. 33-21.1-34
SC	No. 27-18-20	No action or proceeding may be commenced by the administrator with respect to any duty of a holder under this chapter more than ten years after the duty arose. 27-18-300	No. 27-18-270	Yes (per administrative interpretation of the statute). 27-18-20	Owner entitled to interest. 27-18-220 Interest may be imposed on holder. 27-18-310	
SD	No. 43-41B-1	No action or proceeding may be commenced by the administrator with respect to any duty of a holder under this chapter more than ten years after the duty arose. 43-41B-30	No. 43-41B-27	No. 43-41B-15	Owner entitled to interest. 43-41B-22 Interest may be imposed on holder. 43-41B-31	
TN	Yes, provided holder and business association have an ongoing relationship. 66-29-104(3)(c)	None. 66-29-118	No. Tenn. Code Ann. 66-29-125	A gift certificate issued after December 31, 1998, shall not be abandoned property when the gift certificate states that it does not expire, does not have an expiration date or states that the expiration date is not applicable in Tennessee. Additionally, the amount presumed abandoned is 60% of the price paid by the purchaser. Tenn. Code Ann. 66-29-135	Owner entitled to interest. 66-29-117 Interest may be imposed. 66-29-129	

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TX	No statutory exemption; however, pursuant to the Reporting Instructions: For credit balances, "Balances owed to current customers should not be reported". For accounts payable, "Balances owed to current vendors should not be reported".	None. 74.308	No. Tex. Prop. Code 74.506	Yes, if issued after 8/31/2005 with no expiration dates and no monthly fees (see Website concerning fees permitted). If issued before 9/1/2005, exempt if they expired before running of 3 year abandonment period (reportable if they never expired). Source: Texas Comptroller Website.	State does not pay interest to property owners. Sec. 71.302 State charges interest to holders. Sec. 74.705	
UT	No. 67-4a-101	The administrator may not begin an action/proceeding against a holder more than 10 years after holder reported property or gave notice of a dispute to the administrator. 67-4a-702	No. 67-4a-704	Generally, no – although a gift certificate under \$25 is exempt. 67-4a-211	No interest paid to owners. 67-4a-401 Interest may be imposed on holders. 67-4a-703	
VT	No. 27 V.S.A. 1241	An action may not be maintained by the administrator more than ten years after the holder identified the property. In the absence of a report or if fraudulent, period of limitations is tolled. 27 V.S.A. 1259	No. 27 V.S.A. 1256	No. 27 V.S.A. 1241	Owner entitled to interest. 27 V.S.A. 1251 Interest may be imposed on holders. 27 V.S.A. 1264	
VA	Yes. 55-210.8:1(B)	An action or proceeding shall not be maintained by the administrator more than five years after the holder identified the property on a report; the date on which the holder first filed a report with the administrator wherein the holder should have but failed to report the property; or the date on which the holder filed a report with the administrator giving reasonable notice to the administrator of a dispute regarding the property. 55-210.17.	No. 55-210.20	No. 55-210.8:1	Owner entitled to interest. 55-210.16:1 Interest may be imposed. 55-210.26:1	
WA	No. RCW 63.29.010	No action or proceeding may be commenced by the department with respect to any duty of a holder under this chapter more than six years after the duty arose. RCW 63.29.290	No.	Yes. RCW 63.29.140	Owner entitled to interest. RCW 63.29.210 Interest may be imposed on holders. RCW 63.29.340	

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WV	No. 36-8-1	An action may not be maintained by the administrator more than ten years after the holder identified the property. In the absence of a report or if fraudulent, period of limitations is tolled. 36-8-19	No. 36-8-15	Partial. If redeemable in merchandise only, the amount abandoned is deemed to be sixty percent of the certificate's face value. 36-8-2	Owner entitled to 3 years of accumulated interest. 36-8-11 Interest may be imposed on holders. 36-8-24	
WI	Yes. 177.01	No civil action or proceeding with respect to any duty of a holder under this chapter may be commenced more than 5 years after the duty arose. 177.29	No. 177.26	Yes.	Owner entitled to interest. 177.21 Interest may be imposed on holders. 177.34	
WY	No. 34-24-102	No action or proceeding may be commenced by the administrator against any holder more than ten years after the holder either specifically reported the property, or gave notice of a dispute regarding the property, to the administrator. 34-24-130	No. 34-24-125	No. 34-24-114	No interest paid to owners. 34-24-122 Interest may be imposed on holders. 34-24-135	

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