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March 26, 2026

Senator Matt D. Klein, Chair
Senator Judy Seeberger, Vice Chair
Senator Gary H. Dahms, Ranking Minority Member
Minnesota Commerce and Consumer Protection Committee

Re: COST's Comments on S.F. 4366 – Unclaimed Property

Dear Chair Klein and Members of the Committee:

On behalf of the Council On State Taxation (COST), we encourage you not to advance SF 4366, which is ostensibly based on the Uniform Law Commission's Revised Uniform Unclaimed Property Act (RUUPA). The RUUPA model legislation has *not* been approved by the ABA House of Delegates. Although the RUUPA legislation has received serious criticism since its promulgation (COST prefers the American Bar Association's Draft Model Unclaimed Property Act (ABA Draft)¹), certain provisions in SF 4366 fail to meet even the minimal holder protections provided in the RUUPA. The legislation includes provisions that are either contrary to the RUUPA, the ABA Draft, or federal common law.

About COST

COST is a non-profit trade association based in Washington, DC. COST was formed in 1969 as an advisory committee to the Council of State Chambers of Commerce and today has an independent membership of approximately 500 major corporations engaged in interstate and international business. COST's objective is to preserve and promote the equitable and non-discriminatory state and local taxation of multijurisdictional business entities.

Statute of Limitations Inconsistent with RUUPA and ABA Draft

The RUUPA contains a five-year statute of limitations for nonfraudulent reports and a catch-all statute of limitations of ten years from when the duty to report arises. The ABA Draft shortens those periods to four and seven years, respectively. SF 4366 would depart from RUUPA and provide for a ten-year statute of limitations for reports under Section 345A.42. More importantly, SF 4366 renders meaningless any stated statute of limitations as it limits the statute to items "specifically identified

¹ Attached. Note that neither the RUUPA nor the ABA Draft have been approved by the ABA House of Delegates.

in a report.” Any assessment of unclaimed property deficiency would almost assuredly be related to items that were not included on a report. This “specifically identified” language has been rejected by both the RUUPA and ABA Draft.

Constitutionality Concerns with Sales of Securities

SF 4366 provides that securities can be escheated after three years just like RUUPA, but Section 345A.43 provides securities can be liquidated one year after the commissioner receives the security in contrast to three years under RUUPA. These relatively short periods of time raise Constitutional due process and takings issues,² which is why the ABA Draft provides that securities can be escheated after ten years.

Priority Rules Inconsistent with Federal Common Law

SF 4366 would expand Minnesota’s jurisdiction to escheat unclaimed property in a manner inconsistent with federal common law. Federal common law establishes primary (state of last known address of the owner, as reflected in the books and records of the holder) and secondary (state of incorporation of the holder) priority rules that cannot be superseded by a state.³ New Section 345A.19 in the bill would apply a third priority rule allowing escheatment if the transaction takes place in Minnesota and is not “specifically exempt” in states with primary and secondary priority of escheatment. In many states, the unclaimed property statutes of the primary and secondary states may simply not apply to an item of property, even though that property is not “specifically exempt.” If the property is not escheatable, for whatever reason, to states holding primary and secondary escheat priority, neither should it be escheatable to Minnesota under a contrived catch-all third priority rule.

Additionally, Section 345A.20 in the bill would provide that the *commissioner* may determine whether the last known address of the owner is in Minnesota, even if the holder’s books and records do not reflect such an address. This is contrary to federal common law and establishes a standard that makes it impossible for holders to comply.

Expansion of Property Rights to Escheated Property

Section 345A.42(a) in the bill would provide that the expiration of a statute of limitations on an owner’s right to receive or recover property, whether specified by contract or court order, does not prevent the property from being reported. This section thus bestows upon the State more rights than the actual owner of the property. Unclaimed property laws should allow the State to temporarily step into the shoes of the owner until the owner comes forth; Minnesota should not be granted *more* rights to unclaimed property than the rightful owner.

² See the article from the ABA’s *Business Law Today* publication:
https://www.americanbar.org/groups/business_law/resources/business-law-today/2018-february/the-revised-uniform-unclaimed-property-act/

³ *Texas v. New Jersey*, [379 U.S. 674 \(1965\)](#)

Conclusion

For the foregoing reasons, we request this Committee seek further amendments to SF 4366 or table this legislation until the legislature has had an adequate opportunity to address the issues raised above, consider other policy improvements such as the inclusion of a business-to-business exemption, and hear from all stakeholders on the issues.

Respectfully,

A handwritten signature in blue ink, appearing to read 'Dylan Waits', is written over a light blue rectangular background.

Dylan Waits

cc: COST Board of Directors
Patrick J. Reynolds, COST President & Executive Director