

THE BEST AND WORST OF STATE UNCLAIMED PROPERTY LAWS

COST SCORECARD ON STATE UNCLAIMED PROPERTY STATUTES

October 2013

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EXECUTIVE SUMMARY

The Council On State Taxation (COST) has long monitored and commented on the laws governing state unclaimed property administration. Part of that effort has resulted in the publication of a Scorecard ranking the states on their adoption of a statutory framework that impacts the perceived fairness of the rules and requirements for state unclaimed property administration.² Improving the laws governing unclaimed property is a priority for COST and its members. 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 in particular, for handling 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.

This Scorecard evaluates the 50 States and the District of Columbia based on several key elements of state unclaimed property law. By focusing strictly on objective criteria—the law itself rather than administrative actions—the Scorecard provides a roadmap for legislators who seek to ensure that their state’s unclaimed property laws are fair for both owners and holders.³

The criteria utilized in the Scorecard include:

- Whether business-to-business transactions are subject to escheat;
- Whether state unclaimed property statutes provide a period of limitations for unclaimed reporting requirements that corresponds with state tax laws and normal recordkeeping requirements for business practices;
- Whether state unclaimed property statutes provide an independent administrative appeals process for holders;
- Whether the state prohibits contingent-fee auditors in its administration of unclaimed property;
- Whether gift certificates/gift cards are subject to escheat;
- Whether the state imposes excessive penalties in the unclaimed property arena; and
- Whether the state treats both the payment of interest to property owners and the assessment of interest against holders equitably.

TOP-RANKED STATES

Massachusetts	A
Virginia	A
Illinois	A–
Indiana	A–
North Carolina	A–
Wisconsin	A–
Arizona	B+
Kansas	B+
Maryland	B+
Ohio	B

BOTTOM-RANKED STATES

Delaware ⁴	D—
Mississippi	D—
New York	D—
Alaska	D
California	D
Louisiana	D
Maine	D
Missouri	D
New Hampshire	D
New Jersey	D
North Dakota	D

Introduction

COST's underlying membership comprises over 600 companies that conduct business in multiple jurisdictions. Our member companies file tax returns and unclaimed property reports in every state and the District of Columbia. COST has long supported legislative efforts designed to improve laws governing the administration of state unclaimed property programs.⁵ COST's activities dating from early 2000 include 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;⁶ and urging states to enact examination procedures and dispute resolution provisions.

In the spring of 2007, a landmark federal court decision reaffirmed COST's position that significant reforms to state unclaimed property laws are still needed. A federal court decision to shut down California's unclaimed property program⁷ served as a wake-up call to states guilty of prioritizing their bottom line ahead of the historic goals 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."⁸

In recent years, unclaimed property has grown considerably as a revenue stream for many states. Twenty years ago, for example, unclaimed property comprised 2.4% of Delaware's total state revenue, behind inheritances taxes and hospital board and treatment fees.⁹ 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. For Fiscal Year 2013, unclaimed property accounted for an estimated 16% of Delaware's total general fund revenue—becoming the State's third-largest revenue source.¹⁰ Nationwide,

The Scorecard provides a roadmap for legislators who seek to ensure that their state's unclaimed property laws are fair for both owners and holders.

state coffers include over \$40 billion in unclaimed property—nearly double the \$22.8 billion states held just a decade ago.¹¹

Most states have adopted some version of the Uniform Act for Unclaimed Property, first promulgated in 1954 by the National Conference of Commissioners on Uniform State Laws (NCCUSL) as the Uniform Disposition of Unclaimed Property Act. Subsequent Uniform Acts were approved by NCCUSL (now the Uniform Law Commission; hereinafter referred to as "ULC") in 1966, 1981, and 1995. The ULC designed the Uniform 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.

Although many states initially adopted a version of these Uniform Acts, most of those states have made changes to the original language in the Uniform Acts when enacting their unclaimed property statutes. As a result, the intervening years have witnessed a substantial decrease in the uniformity of unclaimed property laws across the states. Further, California, Delaware, New York and Texas have refrained from substantial adoption of any of the Uniform Acts. Indeed, significant departures by many of the states from the core features of the Uniform Acts have led the ULC to undertake yet another rewrite of its Uniform Unclaimed Property Act.¹²

In 2008, COST's Unclaimed Property Task Force developed a policy statement on unclaimed property. That statement, 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.¹³

Over the years, COST has recognized that the laws governing unclaimed property are unpredictable. Unlike the tax arena, where conventional statutes of limitations, independent administrative appeals processes, and definitions as to what is taxable are core concepts, 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 positions would provide clarity, predictability and fairness to the administration of unclaimed property laws. It is our view that adoption of the substantive and procedural reforms in this Scorecard will help improve the business climate of adopting states, and will thereby improve state efforts towards fostering job growth and economic expansion.¹⁴

Criteria Used in the Unclaimed Property Scorecard

The Scorecard on State Unclaimed Property Statutes grades each state based on an accumulated point total. The Scorecard assesses points for each category where the state deviates from COST’s recommendations for balanced, fair and effective unclaimed property laws. Points for each category conform to COST’s determination of the relative importance of specific issues to unclaimed property holders. The respective categories are presented in order of importance in this Scorecard.

Business-to-Business Transactions

Elimination of business-to-business transactions from the definition of unclaimed property is the single most impor-

tant 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 government in making such determinations. When two companies reconcile and settle their accounts, there is no need for a 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 operate through thousands of commercial accounts. Outstanding credit balances in these accounts are frequently small dollar amounts. A common practice during a state audit is to conduct a statistical sample of a company’s commercial accounts for a specific period to identify outstanding credit balances. The results of that sample are then extrapolated back to a point in time chosen by the auditor,¹⁵ 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, and are so common in commercial transactions that requiring such items to be turned over to the government unnecessarily increases the cost of doing business.

Indeed, because businesses have the incentive, opportunity, and wherewithal to collect what is owed to them, legitimate 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 business does not pursue a credit balance on another business’ 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 a windfall for the state.

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 any public benefit from the remote chance of reclaiming the relatively few business accounts that actually are legitimately owed and unclaimed. In this most heavily-weighted category of the Scorecard, states can easily improve their standing. For example, Michigan’s enactment of a partial business-to-business exemption in 2012 H.B. 4563 helped improve the State’s assessment by three points.

If a business does not pursue a credit balance on another business’ books, it is likely that the credit discrepancy was already resolved or never existed in the first place.

In this Scorecard, states with specific statutory exemptions for business-to-business transactions are assessed zero points.¹⁶ Several states partially exempt business-to-business transactions as long as the holder and business have an ongoing business relationship. These states are assessed two points if the partial exemption is statutory and three points if it is an explicit administrative practice or guideline. States with no exemption for business-to-business transactions are assessed five points.

Periods of Limitations

The fair and equitable administration of unclaimed property requires reasonable periods of limitations for unclaimed property reporting and liabilities. Reporting requirements should be uniform and correspond with the recordkeeping requirements of the Internal Revenue Code, state tax laws, and normal business practices. In addition, statutes of limitations should run from the time a report is filed in good faith. The period of limitations would be tolled by the filing of a report that is fraudulent.

Many states provide no statutory limits for unclaimed property reporting requirements. Other states have a weak statute of limitations provision that requires holders to notify the Administrator/Controller/Department of any dispute regarding property not reported. If a holder has property on its books that it does not believe is unclaimed property and therefore reportable, the administrator can disagree and take the position that no statute of limitations applies with respect to the property.

States that currently have a period of limitations of three to five years are assessed zero points in the COST Scorecard. States with a period of limitations that runs from the date a report was filed or a duty arose are assessed one point, as are states with a period of limitations less than 10 years and language requiring identification of a dispute with regard to property. States with a period of limitations of 10 years or greater and language requiring identification of a dispute with regard to property are assessed two points. States with no period of limitations are assessed three points.

Independent Administrative Appeals Process for Holders

Administrative appeals processes for tax controversies are typically unavailable for holders of unclaimed property

because the relevant statutory provisions fall outside of state tax statutes. In most states, the only recourse for a holder of disputed unclaimed property is to sue the state agency in court.

The opportunity to resolve disputes before an independent tribunal—non-judicial or judicial—is a 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. Independent tribunals are less likely to be driven by concerns over revenue collection or upholding department policies.

While an independent tribunal for unclaimed property disputes is a clear “best practice,” some states provide a second-best alternative. These states, by law or regulation, at least provide a non-independent administrative appeals process for holders of unclaimed property—giving them a forum to challenge audit findings.

States with an independent judicial or administrative appeals process for holders are assessed zero points. States with a non-independent (administrative) appeals process for unclaimed property disputes are assessed one point. States that fail to provide any process for appealing unclaimed property disputes are assessed two points.

Use of Contingent-Fee Auditors

State use of contingent-fee auditors has grown exponentially since our last report, and accordingly, their use is given more weight in this Scorecard. Contingent-fee audit arrangements encourage auditors to be overly aggressive, to interpret State laws to their own advantage, to “cherry pick” audit targets, and to ignore holder errors that would result in lower assessments. They have no place in a fair, balanced, and effective unclaimed property statutory framework. The risk of abuse creates a perception of unfairness that colors holders' relationships with administrators and creates an atmosphere of mistrust that hinders compliance. Equally important, excessive payments to contingent fee auditors significantly reduce funds that would otherwise be available for return to the rightful 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 third-party auditors fees well in excess of anything a state employee could expect to earn. In other words, the states have created an artificial labor market by hiring contingent fee auditors. A potential solution that would address both staffing concerns and contingent fee risks is to compensate third-party

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auditors on an 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. This procedural change would ultimately benefit owners, holders and states.

State officials must be wary, however, of contingent fee arrangements masquerading as hourly rates, such as an hourly fee structure capped by a percentage of the amount recovered. Such arrangements are still tainted by the contingent-fee cap, yet also carry an undesirable incentive for the third-party auditor to extend the length of the audit until the cap is reached.

Illinois, North Carolina and Virginia are the only states that have enacted provisions in their unclaimed property law addressing contingent-fee payments to third-party auditors. Illinois unclaimed property law prohibits the state from entering into a contingent fee arrangement to conduct unclaimed property audits of holders “located in Illinois.”¹⁷ Virginia has a similar rule for holders either domiciled in the Commonwealth or with a principal place of business there.¹⁸ In 2012, the North Carolina legislature enacted HB 462,¹⁹ which imposes a permanent ban on the use of contingent-fee auditors by the Secretary of Revenue and Treasurer (although the law kept an exception for contingent-fee audits of life insurance companies for unclaimed death benefits or holders of unredeemed bond funds). In Georgia, contingent-fee arrangements have been found by the courts to be void as against public policy,²⁰ although their use in the unclaimed property arena has not been tested. At the present time, every other state either uses contingent-fee auditors for unclaimed property audits or has the statutory authority to do so. Those states were assessed three points in this category. Georgia, Illinois, Virginia, and North Carolina were each assessed one point for, respectively, uncertain application of the policy ban, no prohibition for out-of-state holders, and exceptions to the general rule.

Gift Cards and Gift Certificates Should Be Exempt

In retail, a sale is consummated when a gift certificate is purchased. 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 is therefore consistent with private contract rights. In addition, gift certificates and gift cards are typically redeemable in merchandise only; they are not redeemable for cash. When the state receives cash as part of an unclaimed property report relating to an unredeemed gift certificate or gift card, the state has acquired a right the owner of the gift certificate/gift card did not possess. The state should never acquire any rights greater than those held by the owners of the property. Requiring a

Contingent-fee audit arrangements . . . have no place in a fair, balanced, and effective unclaimed property statutory framework.

retailer to turn over the full face value of gift certificates also deprives the retailer of profit on the transaction—profit to which it is entitled and on which it is taxed. Finally, unlike most unclaimed intangible consumer property, the purchaser of a gift card or gift certificate is typically not the ultimate owner of the gift card once it is gifted. Accordingly, when the true owner (the giftee) is unknown, it is improper for states to use address or zip code information derived from the purchase transaction to identify the state of escheatment under the first priority rule (state of last known address for owner-unknown property) established by the U.S. Supreme Court.²¹

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

Penalties for Noncompliance

Penalties for failure to pay or failure to file are common in the tax world, where taxpayers typically have a clearer understanding of their filing requirements. In the unclaimed property arena, however, where adequate definitions of property often do not exist, excessive or unlimited penalties can have a more destructive impact. Given the uncertainty surrounding many unclaimed property assessments, the threat of excessive penalties or interest is often used to force holders to settle on otherwise unclear and uncertain audit assessments. Thus the indiscriminate use of these penalties and interest in the unclaimed property arena can result in unbalanced and coerced settlements, thereby preventing litigation that can often benefit future holders by clarifying inadequate state definitions of abandoned property.

While states impose several types of penalties, this Scorecard focuses on two specific penalties: failure to report and failure to pay. Penalties for failure to report generally are the least onerous and range from \$100 to \$200 per day and typically reach a maximum of \$5,000. Penalties for failure to pay tend to be higher and are typically 25% of the value of the property that “should” have been paid plus an additional amount—usually \$25,000. Some states require “willful failure” to pay before imposition, but standards for determining what constitutes willful failure are varied and unclear.

Other states impose no penalties at all, preferring to let the interest on unreported amounts account for the time value of such property.

The penalty ranges described above are generally consistent with penalties levied in the tax arena. Accordingly, states with similar penalties for unclaimed property are assessed zero points. States with excessive penalties, including penalties in excess of the amount due, penalties with no maximum upper limit, and/or potential imprisonment, are assessed one or two points depending on the severity of the penalties. States with limited penalties receive a one-point credit; states with no penalties are credited with two points.

Many states provide a waiver of penalties if the failure to file or pay was in good faith or was reasonable. Since the waiver of penalties by state is a subjective measure, the Scorecard only assesses the statutory penalty provisions rather than administrative practices.

Treatment of Interest

Many states impose interest²² on holders for failing to timely comply with unclaimed property reporting requirements. Interest should not be used as a penalty; it should be charged and paid to reflect the time value of money to the ultimate owner of the property. In the unclaimed property context, it makes little sense to require holders to pay interest to the state (the property does not “belong” to the state, after all) unless the state also pays interest on the time value of the property when it is reclaimed by the rightful owner. Accordingly, interest rules should apply equally in both directions: if assessed by the state on holders, it should be paid by the state to rightful owners. Unfortunately, several states impose interest on holders but do not pay interest to owners. Other states allow interest to be paid to owners only before the instrument reported is converted to money (referred to as pre-liquidation/conversion interest), but not after the property is converted to money (post-conversion). This provides an improper incentive for states to immediately convert

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unclaimed property to money (upon receipt), and generally allows states to avoid paying interest to owners. Finally, states that charge interest at market rates upon holders should also pay interest at market rates to owners.

Those states that fail to impose and award interest equitably (including states that ban interest on a post-conversion basis) and states that impose excessive rates well above the market rate are assessed one point in the COST Scorecard.

Detailed Survey Data

The table below ranks each state’s statute in the categories described above. Detailed survey data for each state is provided beginning on page 8. The final grades are based on the following scale:

- A = 0 to 6 points
- B = 7 to 10 points
- C = 11 to 13 points
- D = 14 to 16 points
- F = Over 16 points

This document is not intended to be relied upon as legal authority for state abandoned property rules. Readers should research individual state laws as needed.

Detailed Survey Data

+	B-to-B Transactions Exempt?	Periods of Limitations	Independent Appeals Process?	Contingent Fee Audits Banned?	Gift Certificates Exempt?	Penalties	Treatment of Interest	TOTAL POINTS	GRADE
AL	5	2	2	3	0	0	0	12	C
AK	5	3	0	3	2	1	1	15	D
AZ	2	0	1	3	0	0	1	7	B+
AR	5	2	2	3	0	0	1	13	C–
CA	5	3	2	3	1	0	1	15	D
CO	5	0	2	3	2	0	1	13	C–
CT	5	3	1	3	0	(2)	0	10	B–
DE	5	2	1	3	2	2	1	16	D–
DC	5	2	2	3	2	0	1	15	D
FL	4	1	2	3	0	1	1	12	C
GA	5	3	1	1	2	0	0	12	C
HI	5	2	2	3	1	0	1	14	D
ID	5	0	2	3	1	(1)	1	11	C+
IL	0	0	1	1	1	2	1	6	A–
IN	0	2	2	3	0	(2)	1	6	A–
IA	0	3	1	3	2	0	1	10	B–
KS	0	1	1	3	0	2	0	7	B+
KY	5	2	0	3	2	1	0	13	C–
LA	5	2	2	3	2	0	1	15	D
ME	5	2	2	3	2	0	1	15	D
MD	0	0	2	3	0	2	0	7	B+
MA	0	0	1	3	0	(1)	1	4	A
MI	2	1	2	3	0	2	1	11	C+
MN	5	2	2	3	0	(2)	1	11	C+
MS	5	3	2	3	2	0	1	16	D–
MO	5	3	1	3	1	2	0	15	D
MT	5	2	2	3	1	0	1	14	D
NE	5	1	1	3	1	0	1	12	C
NV	5	1	2	3	1	0	1	13	C–
NH	5	3	2	3	1	0	1	15	D
NJ	5	2	2	3	1	1	1	15	D
NM	5	2	1	3	1	1	1	14	D
NY	5	3	1	3	2	1	1	16	D–
NC	0	1	2	1	1	0	1	6	A–
ND	5	3	0	3	2	2	0	15	D
OH	0	3	1	3	0	2	0	9	B
OK	5	0	1	3	2	0	1	12	C
OR	5	3	1	3	2	(2)	1	13	C–
PA	5	2	1	3	1	2	0	14	D
RI	5	1	2	3	0	0	1	12	C
SC	5	1	1	3	0	0	1	11	C+
SD	5	1	2	3	1	(2)	1	11	C+
TN	2	3	2	3	1	0	0	11	C+
TX	3	2	2	3	1	1	1	13	C–
UT	5	2	0	3	0	0	1	11	C+
VT	5	2	2	3	0	0	1	13	C–
VA	0	1	1	1	0	1	1	5	A
WA	5	1	2	3	0	1	1	13	C–
WV	5	2	2	3	1	0	0	13	C–
WI	0	0	2	3	0	0	1	6	A–
WY	5	2	2	3	1	0	1	14	D

State	Business-to-Business Transactions Exempt?	Period of Limitations	Independent Appeals Process?	Contingent-Fee Audits Banned?	Gift Certificates Exempt?	Penalty Provisions	Treatment of Interest
AL	No. Ala. Code 1975 § 35-12-73 (b)	An action may not be commenced more than 10 years after holder identified property in a report or gave notice of dispute with regard to the property. Ala. Code 1975 § 35-12-88	No. Unclaimed property statutes do not address appeals. Ala. Code 1975 § 35-12-85	Not for unclaimed property. But see Ala. Code § 40-2A-6 banning contingent-fee arrangements for tax audits.	Yes. Ala. Code 1975 § 35-12-73(b)(1)	- Failure to Report or Pay: \$100 per day / \$5,000 max. - Willful Failure to Report or Pay: \$500 per day/\$25,000 max. - Fraudulent Report: \$1,000 per day with a maximum of \$25,000. Ala. Code 1975 § 35-12-92	No interest paid to property owners. Ala. Code 1975 § 35-12-83 (c) No interest imposed on holders. Ala. Code 1975 § 35-12-92
AK	No. A.S. §§ 34.45.110(a); 34.45.760(11)	None. A.S. § 34.45.430	Formal appeal provided for in unclaimed property statutes. A.S. § 34.45.400	No.	No. A.S. § 34.45.240	Penalties for failure to report or pay unclaimed property reference the tax code: 5% per 30 day period, 25% max. - Negligence: 5% of total amount due. - Fraud: greater of \$500 or 50% of amount due. - Willful Failure to File: 100% of amount otherwise due; or imprisonment up to one year A.S. §§ 34.45.470, 43.05.220	Owner only entitled to receive pre-liquidation/ conversion interest. A.S. § 34.45.340 Interest may be imposed on holders. A.S. § 34.45.470
AZ	Yes. "Property" does not include property of a person who is maintaining a current business relationship with the holder. A.R.S. § 44-301(15)	Yes. 4 years after holder identified property in report; 6 years for understatement of 25% or greater. No period of limitation if no report or fraudulent report filed. A.R.S. § 44-321 (B)	Appeal of "determination of amounts due" is to Department; final decision of Department subject to judicial review. A.R.S. § 44-338	No.	Yes. A.R.S. § 44-301(15)	- Willful Failure to File a Report: \$100 per day/maximum \$5,000. - Willful Failure to Pay: 25% of the value of the property that should have been paid. A.R.S. § 44-326	Interest only paid to property owners pre-liquidation/ conversion. A.R.S. § 44-311 (B). Interest may be imposed on holders. A.R.S. § 44-326(A)
AR	No. A.C.A. § 18-28-201(B); 18-28-202	Yes. An action may not be commenced more than 10 years after holder specifically identifies property in a report or gives notice of dispute regarding property. A.C.A. § 18-28-219	No. Unclaimed property statutes do not address appeals.	No.	Yes. A.C.A. § 18-28-201(13)(B)	- Failure to Report or Pay: \$200 per day with a maximum of \$5,000. - Willful Failure to Report or Pay, or Fraudulent Report: \$1,000 per day with a maximum of \$25,000 plus 25% of the value of property that should have been paid. A.C.A. § 18-28-224	Only pre-conversion/ liquidation interest paid to owners. A.C.A. § 18-28-211 Interest may be imposed on holders. A.C.A. § 18-28-224
CA	No. West's Ann. Cal. C.C.P. § 1502.	None. West's Ann. Cal. C.C.P. § 1570	No. Unclaimed property statutes do not address appeals.	No.	Yes, if no expiration date. West's Ann. Cal. C.C.P. § 1520.5	- Willful Failure to Report: \$100 per day with a maximum of \$10,000. - Willful Failure to Pay: \$5,000-\$50,000. West's Ann. Cal. C.C.P. § 1576	Interest only paid to property owners pre-liquidation/ conversion. West's Ann. Cal. C.C.P. § 1562 Interest is imposed on holders. West's Ann. Cal. C.C.P. § 1577; CCR 1172.40

State	Business-to-Business Transactions Exempt?	Period of Limitations	Independent Appeals Process?	Contingent-Fee Audits Banned?	Gift Certificates Exempt?	Penalty Provisions	Treatment of Interest
CO	No. C.R.S.A. §§ 38-13-102(10); 38-13-110(1)(a)	No action may be commenced by the Administrator more than 5 years after the duty arose. C.R.S.A. § 38-13-122	No. Unclaimed property statutes do not address appeals.	No.	No, except for certain paper gift certificates. C.R.S.A. § 38-13-108.4	- Failure to Report: \$100 per day with a maximum of \$5,000 - Willful Failure to Pay: 25% of value of property that should have been paid. C.R.S.A. § 30-13-127	Interest only paid to property owners pre-liquidation/conversion. C.R.S.A. § 38-13-114(e) Interest imposed on holders. C.R.S.A. § 38-13-127(1)
CT	No. C.G.S.A. § 3-73a	None. C.G.S.A. § 3-73b	No, but any person aggrieved by decision of Treasurer may file an appeal to Superior Court. C.G.S.A. 3-71a.	No.	Yes. C.R.S.A. § 3-73a(e)	No penalties.	Interest paid to owners but owner must make claim. C.R.S.A. § 3-70a(e) Interest imposed on holders. C.R.S.A. § 3-65b(a)
DE	No. 12 Del. C. §§ 1197, 1198(11)	For reports filed after 7/22/2002, three years after date report is filed, or six years if >25% under-statement in the report. 12 Del. C. § 1158. For reports filed prior to 7/22/2002, no statute of limitations applies; state looks back on audit to 1980. SB 420 (2002)	Yes. Holder may request a hearing on an audit assessment before an independent reviewer. However, The Secretary of Finance may adopt or reject the independent reviewer's determination in whole or in part. 12 Del. C. § 1156.	No.	No. 12 Del. C. § 1198(11)	- Failure to Report: 5% per month not to exceed 50% of the amount required to be shown on the report. - Failure to Pay: 0.5% per month with a maximum of 25% of the value of the property that should have been paid. - <u>Fraudulent Report</u> : 75% of the fraudulent amount. 12 Del. C. § 1159	No interest paid to owners. 12 Del. C. § 1145 Interest may be imposed on holders. 12 Del. C. § 1159(d)
DC	No. DC ST §§ 41-102(16A), 41-103; D.C. Mun. Regs. 3002	Mayor may not commence action more than 10 years after holder specifically identified property in a report or gave notice of dispute over property. DC ST § 41-129(b).	No. Unclaimed property statutes do not address appeals.	No.	No. DC ST § 41-114	- Failure to Report or Pay: \$200 per day with a maximum of \$10,000. - Willful Failure to Report or Pay: \$1,000 per day with a maximum of \$25,000. DC ST § 41-135	Interest paid to owners pre-liquidation/conversion. DC ST § 41-121 Interest may be imposed on holders. DC ST § 41-135(a)
FL	Generally, no. Certain B-to-B transactions of transportation companies and healthcare providers are exempt. F.S.A. § 717.117(7)(b)&(c)	No action may be commenced by the department with respect to any duty of a holder more than 10 years after the duty arose. F.S.A. § 717.129(2)	No. Unclaimed property statutes do not address appeals.	No.	Yes. F.S.A. § 717.1045	- Failure to Report: \$500 per day with a maximum of \$5,000 and 25% of the value of the property not reported. - Failure to Pay: \$500 per day, maximum of \$5,000 and 25% of the value of the property not paid. F.S.A. § 717.134	Interest only paid to owners pre-liquidation/conversion. F.S.A. § 717.121 Interest may be imposed on holders. F.S.A. § 717.134(4)

State	Business-to-Business Transactions Exempt?	Period of Limitations	Independent Appeals Process?	Contingent-Fee Audits Banned?	Gift Certificates Exempt?	Penalty Provisions	Treatment of Interest
GA	No. Ga. Code Ann. § 44-12-193, 44-12-192(10)	None. Ga. Code Ann. § 44-12-226	No, but any person aggrieved by a decision of the commissioner can appeal to Superior Court of Fulton County. Ga. Code Ann. § 44-12-221	Sears, Roebuck v. Parsons 401 S.E. 2d 4 (Ga., 1991) voids contingent fee arrangements as against public policy, but is untested in unclaimed property context.	No. Ga. Code Ann. § 44-12-205	- Failure to Report: \$100 per day with a maximum of \$5,000. - Failure to Pay: 25% of the value of property that should have been paid. Ga. Code Ann. § 44-12-227	No interest paid to owners. Ga. Code Ann. § 44-12-220(c) No interest imposed. Ga. Code Ann. § 44-12-227
HI	No. HRS § 523A-2, 523A-3	Administrator may not maintain an action more than 10 years after the holder identified the property in a report. HRS § 523A-19	No. Unclaimed property statutes do not address appeals.	No.	Yes, provided the gift certificate or gift card has no expiration date, no expiration period, and no post-sale charges or fees. HRS § 523A-3.5	- Failure to Pay/File: \$200 per day, max. \$5,000. - Willful Failure to Pay/Fraudulent Report: \$1,000 per day with a maximum of \$25,000 plus 25% of value of property that should have been paid. HRS § 523A-24	Owner entitled to pre-liquidation/conversion interest. HRS § 523A-12 Interest may be imposed on holders. HRS § 523A-24
ID	No. I.C. § 14-502.	If holder has filed a report, administrator may commence an action within 3 years after filing the report; if holder fails to file, administrator may commence an action within 7 years. I.C. § 14-529	No. Unclaimed property statutes do not address appeals.	No.	No, unless they have an expiration date. Gift certificates without an expiration date are presumed abandoned if they remain unclaimed for five years. I.C. § 14-514; 502(2)(b)	Failure to Pay: 5% of the property that should have been paid. I.C. § 14-533	Owner is entitled to interest on interest-bearing property and pre-liquidation/conversion interest. I.C. § 14-521, 14-524(3) Interest may be imposed on holder. I.C. § 14-533
IL	Yes. 765 ILCS 1025/2a(b)	An action may commence with respect to a required report within 5 years after the report is filed. 765 ILCS 1025/23.5	No, but holder may contest a charge or fee issued by the State Treasurer by requesting an administrative hearing. 765 ILCS 1025/25.5	Yes, but only for examinations of holders "located in Illinois." 765 ILCS 1025/24.5	Yes, as long as the gift certificates or gift cards do not have expiration dates or post-sale charges. 765 ILCS 1025/10.6	- Failure to Report: \$500 per day; each day is a separate offense. - Willful Refusal to Pay: Class B Misdemeanor (up to 6 months imprisonment & \$1,500). 765 ILCS 1025/25	No interest paid to owner. 765 ILCS 1025/15 Interest may be imposed on holder. 765 ILCS 1025/25.5
IN	Yes. IC 32-34-1-1(e)	An action may not commence more than 10 years after the holder makes a report or gives express notice of a dispute regarding the property. IC 32-34-1-41	No. Unclaimed property statutes do not address appeals.	No.	Yes. IC 32-34-1-1(f)	No penalties.	Owner is only entitled to interest accruing as of time of delivery to the attorney general, unless the property was early-reported. IC 32-34-1-30 Interest may be imposed on holder. IC 32-34-1-45
IA	Yes. I.C.A. § 556.1(12)(i)	None. I.C.A. § 556.16	No, but holders may file an appeal with the IA unclaimed property division within 30 days of assessment by the division. IA ADC 781-9.28(556)	No.	No. I.C.A. § 556.9	Willful Failure to Pay: 25% of the value of the property that should have been paid. I.C.A. § 556.25	Owner is entitled to interest accruing pre-liquidation or conversion to money. I.C.A. § 556.15 Interest may be imposed on holder. I.C.A. § 556.25

State	Business-to-Business Transactions Exempt?	Period of Limitations	Independent Appeals Process?	Contingent-Fee Audits Banned?	Gift Certificates Exempt?	Penalty Provisions	Treatment of Interest
KS	Yes. K.S.A. 58-3935 (g)	Action may not be commenced against a holder more than five years after the holder specific-ally reported the property or gave notice of dispute regarding the property. K.S.A. 58-3962	No. Unclaimed property statutes do not address appeals.	No.	The Kansas Unclaimed Property Reporting Guide notes that: "Kansas removed gift certificates from Kansas Law in 2004."	- Failure to Report: \$100 per day with a maximum of \$5,000. - Failure to Pay: 25% of the value of property that should have been paid. - Willful Failure to Pay: Class B misdemeanor (up to 6 months imprisonment) K.S.A. 58-3967	Owner is entitled to interest. K.S.A. 58-3954 Interest may be imposed on holder. K.S.A. 58-3967(d)
KY	No. KRS § 393.010, 393.090	State must bring action within 15 years from the time the cause of action accrued. KRS § 393.260	Yes. KRS § 393.160.	No.	No. KRS § 393.090	- Failure to Report: \$50-\$200 or imprisonment for not less than 30 days nor more than six months or both. KRS § 393.990	No interest paid to owner. No interest imposed. KRS § 393.990
LA	No. LSA-R.S. 9:153; 154(17)	Action may not be maintained by administrator more than ten years after holder identified the property in a report or notified administrator of a dispute regarding the property. LSA-R.S. 9:171	No. Unclaimed property statutes do not address appeals.	No.	No. LSA-R.S. 9:154(A) (d)	- Failure to Report or Pay: \$200 per day with a maximum of \$5,000. - Willful Failure to Report or Pay or a Fraudulent Report: \$1,000/day, maximum of \$25,000 plus 25% of the value of the property that should have been reported or paid. LSA-R.S. 9:176	Owner is entitled to interest before liquidation or conversion of the property to money. LSA-R.S. 9:163 Interest may be imposed on holders. LSA-R.S. 9:176(A)
ME	No. 33 M.R.S.A. § 1952(13), 1953	Action may not be maintained more than 10 years after holder specifically identifies property in a report or gives notice of a dispute regarding the property. 33 M.R.S.A. § 1970	No. Unclaimed property statutes do not address appeals.	No.	No. 33 M.R.S.A. § 1953(G)	- Failure to Report or Pay: \$200 per day with a maximum of \$5,000. - Willful Failure to Report or Fraudulent Report: \$1,000 per day with a maximum of \$25,000 plus 25% of the property that should have been reported. 33 M.R.S.A. § 1975	Owner entitled to interest pre-liquidation/ conversion and on certain interest bearing accounts. 33 M.R.S.A. § 1962 Excessive interest may be imposed on holder (18% or 10% above T-Bill rate). 33 M.R.S.A. § 1975
MD	Yes. MD Code, Comm. Law, § 17-101(m)	Administrator may not examine records of any person regarding abandoned property after 5 years from the date the person filed the report. MD Code, Comm. Law § 17-322(a)	No. Unclaimed property statutes do not address appeals.	No.	Yes. MD Code, Comm. Law, § 17-101(m)(1)	- Failure to Report: \$100 per day with a \$5,000 maximum - Failure to Pay: 15% of the value of property that should have been paid. - Willful Failure to Pay: \$500-\$5,000 or imprisonment for not more than 6 months or both. MD Code, Comm. Law, § 17-323	No interest paid to owner. No interest imposed on holder. MD Code, Comm. Law, § 17-323

State	Business-to-Business Transactions Exempt?	Period of Limitations	Independent Appeals Process?	Contingent-Fee Audits Banned?	Gift Certificates Exempt?	Penalty Provisions	Treatment of Interest
MA	Yes. M.G.L.A. 200A §5; 960 CMR 4.02	The period of limitation shall be defined as an abandonment period of three years plus a six year statute of limitation period immediately following said abandonment period (9 years). M.G.L.A. 200A, §12(f)	No, but holders may within 30 days appeal a decision of the assistant treasurer of the unclaimed property division to the Treasurer. M.G.L.A. 200A §12(h)	No.	Yes. M.G.L.A. 200A §5D	Failure to Report: \$500. M.G.L.A. 200A, §12 (c)	Owner only entitled to pre-liquidation/ conversion interest. M.G.L.A. 200A §10A Interest may be imposed on holder. M.G.L.A. 200A §12(e)
MI	Yes, for credit balances, overpayments, deposits, refunds, discounts, rebates, credit memos, or unidentified remittances created after April 1, 2009. The exemption is N/A for outstanding checks, drafts, or similar instruments. M.C.L.A. 567.257a.	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. M.C.L.A. 567.250(2)	No. Unclaimed property statutes do not address appeals.	No.	Yes. M.C.L.A. 567.235(4)	- Failure to Report: \$100 per day with a \$5,000 maximum - Failure to Pay: 25% of value of property that should have been paid - Willful Failure to Pay: \$500-\$25,000 plus imprisonment for not more than 6 months or both. M.C.L.A. 567.255	Owner only entitled to pre-conversion/ liquidation interest. M.C.L.A. 567.242 Interest may be imposed on holder. M.C.L.A. 567.255
MN	No. M.S.A. § 345.39	Action may not be maintained more than 10 years after holder specifically identifies property in a report or gives notice of a dispute regarding the property. M.S.A. § 345.46	No. Unclaimed property statutes do not address appeals.	No.	Yes. M.S.A. § 345.39	No Penalties.	No interest paid to owner. M.S.A. § 345.45 Interest may be imposed on holder. M.S.A. § 345.55(Subd. 3)
MS	No. Miss. Code Ann. § 89-12-15, 89-12-3(f)	None. Miss. Code Ann. § 89-12-35	No. Unclaimed property statutes do not address appeals.	No.	No. Miss. Code Ann. §§ 89-12-3(f), 89-12-15	- Willful Failure to Report: \$5 per day with a \$100 maximum - Willful Failure to Pay: \$5-\$100 or imprisonment for not more than 6 months or both. Miss. Code Ann. § 89-12-47(3)	Owner only entitled to pre-conversion/ liquidation interest. Miss. Code Ann. § 89-12-33 Interest may be imposed on holder. Miss. Code Ann. § 89-12-47(3)
MO	No. V.A.M.S. 447.535	None, except for actions relating to property vested in holder prior to August 13, 1984 or held in a fiduciary capacity prior to August 13, 1974. V.A.M.S. 447.547	No, but holder may request reconsideration by the Treasurer, and may contest estimation techniques in an appeal de novo to circuit court V.A.M.S. 447.539.10	No.	No. However, gift certificates redeemable in merchandise only shall be reportable at 60% of their face value. V.A.M.S. 447.505(5)	- Willful Failure to Report: 5% per month up to 25% of the total value at issue. - Willful Refusal to Pay/Fraudulent Report: \$100 per day up to \$10,000 and Class A/B misdemeanor (up to 12 months imprisonment). V.A.M.S. 447.577	Owner entitled to interest. 447-565(2) Interest may be imposed on holders. V.A.M.S. 447.539(8)

State	Business-to-Business Transactions Exempt?	Period of Limitations	Independent Appeals Process?	Contingent-Fee Audits Banned?	Gift Certificates Exempt?	Penalty Provisions	Treatment of Interest
MT	No. MCA 70-9-803, 70-9-802(14)(a)	Action may not be maintained more than 10 years after holder specifically identifies property in a report or gives notice of a dispute regarding the property. MCA 70-9-819(2)	No. Unclaimed property statutes do not address appeals.	No.	No. However, gift certificates redeemable in merchandise only shall be reportable at 60% of their face value. MCA 70-9-803(g)	- Failure to Report or Pay: \$100 per day with a \$2,500 maximum. - Willful Failure to Report or Pay/Filing of Fraudulent Report: \$1,000 per day up to \$25,000 plus 25% of the value of the property that should have been reported or paid. MCA 70-9-824	Owner is not entitled to interest. MCA 70-9-815, 70-9-812 Interest may be imposed on holders. MCA 70-9-824
NE	No. Neb. Rev. Stat. § 69-1308	Treasurer may not commence action 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. Neb. Rev. Stat. § 69-1315(2)	No. but any person aggrieved by a decision of the Treasurer may appeal in accordance with the Administrative Procedure Act. Neb. Rev. Stat. § 69-1320.	No.	Yes. Gift certificates without an expiration date or finance charge are exempt. Neb. Rev. Stat. § 69-1305.03(a)	- Willful Failure to Report: \$100 per day with a maximum of \$5,000. - Willful Failure to Pay: 25% of value of property that should have been paid. Neb. Rev. Stat. § 69-1324(a)	No interest paid to owner. Neb. Rev. Stat. § 69-1314 Interest may be imposed on holder. Neb. Rev. Stat. § 69-1324(b)
NV	No. N.R.S. 120A.113, 120A.500	Action may not be maintained by administrator more than 7 years after the holder identified the property in a report or gave notice to the administrator of a dispute regarding the property. N.R.S. 120A.680	No. Unclaimed property statutes do not address appeals.	No.	Yes, if no expiration date. If sold with an expiration date, 60% of the unredeemed value remaining on a gift certificate is presumed abandoned as of expiration date. N.R.S. 120A.520	- Failure to Report or Pay: \$200 per day with a \$5,000 maximum - Willful Failure to Report or Pay: \$1,000 per day with a \$25,000 maximum plus 25% of the value of property that should have been paid. N.R.S. 120A.730	Owner is only entitled to pre-conversion/ liquidation interest. N.R.S. 120A.600 Interest may be imposed on holder. N.R.S. 120A.730
NH	No. N.H. Rev. Stat. § 471-C:2, C:1(xi)	None. N.H. Rev. Stat. § 471-C:33	No. Unclaimed property statutes do not address appeals.	No.	Gift certificates valued at \$100 or less are exempt. N.H. Rev. Stat. § 471-C:16	- Willful Failure to Report: \$100 per day with a \$5,000 maximum. - Willful Failure to Pay: 25% of the value of property that should have been paid. N.H. Rev. Stat. § 471-C:38	Owner only entitled to interest pre-conversion/ liquidation. N.H. Rev. Stat. § 471-C:23 Interest may be imposed on holder. N.H. Rev. Stat. § 471-C:38
NJ	No. N.J.S.A. 46:30B-7, 30B-6(r)	Action may not be maintained more than 10 years after holder specifically identifies property in a report or gives notice of dispute regarding the property. N.J.S.A. 46:30B-89	No. Unclaimed property statutes do not address appeals by holders.	No.	No. Gift cards issued after July 1, 2010 are presumed abandoned. For most gift cards, the amount presumed abandoned is 60% of value on date abandoned. N.J.S.A. 46:30B-42.1	- Willful Failure to Report: \$200 per day with a \$100,000 maximum. - Willful Failure to Pay: \$1,000 per day with a maximum of \$250,000 plus 25% of the value of the property that should have been paid. N.J.S.A. 46:30B-104; 46:30B-105	Owner only entitled to pre-conversion/ liquidation interest. N.J.S.A. 46:30B-68 Interest may be imposed on holder. N.J.S.A. 46:30B-103

State	Business-to-Business Transactions Exempt?	Period of Limitations	Independent Appeals Process?	Contingent-Fee Audits Banned?	Gift Certificates Exempt?	Penalty Provisions	Treatment of Interest
NM	No. N.M.S.A. 1978 § 7-8A-1(13); 7-8A-2	Action may not be maintained more than 10 years after holder specifically identifies property in a report or gives notice of dispute regarding the property. N.M.S.A. 1978 § 7-8A-19(b)	No, but a person aggrieved by a final decision of the administrator may appeal to district court. N.M.S.A. 1978 § 7-8A-16.	No.	No. However, if the gift certificate is redeemable in merchandise only, the amount abandoned is 60% of the certificate's face value. N.M.S.A. 1978 § 7-8A-2	- Failure to Report or Pay: \$100 per day with a maximum of \$5,000 - Willful Failure to Report or Pay: \$250 per day, max of \$7,500, plus 25% of what should have been paid. - Fraudulent Report: \$500 per day, maximum of \$12,500 plus 25% of what should have been paid. N.M.S.A. 1978 § 7-8A-24	Owner is only entitled to pre-liquidation/ conversion interest. N.M.S.A. 1978 § 7-8A-11 Interest may be imposed on holder. N.M.S.A. 1978 § 7-8A-24
NY	No. N.Y. ABP. Law § 1315	None. N.Y. ABP. Law § 1400	No, but holder may institute within 90 days a proceeding under Article 78 of the NY civil practice law. N.Y. ABP. Law § 1412	No.	No. N.Y. ABP. Law § 1315	- Failure to Report: \$100/day, no maximum. N.Y. ABP. Law § 1412 - Fraudulent Report: Punishable as perjury. N.Y. ABP. Law § 1413	No interest paid to owner. N.Y. ABP. Law § 1405 Interest is imposed on holder. N.Y. ABP. Law § 1412
NC	Yes. N.C.G.S.A. § 116B-54(e)	An action may not be maintained more than 5 years after holder identifies property in a report or gives notice of dispute over property. N.C.G.S.A. § 116B-71	No. Unclaimed property statutes do not address appeals.	Yes. Use of contingent-fee auditors by the Treasurer are banned, except for audits of life insurance companies for unclaimed death benefits or holders of unredeemed bond funds. N.C.G.S.A. § 116B-8.	Yes, as long as the gift card/certificate 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. N.C.G.S.A. § 116B-54(b)	Willful Failure to Report or Pay or Fraudulent Report: \$1,000 per day with a maximum of \$25,000 plus 25% of the value of the property that should have been reported or paid. N.C.G.S.A. § 116B-77	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. N.C.G.S.A. § 116B-64 Interest may be imposed on holder. N.C.G.S.A. § 116B-77
ND	No. NDCC 47-30.1-02(1), 47-30.1-01(9)	None. NDCC 47-30.1-29	Yes. Within 30 days, holder may request a hearing before the board of university and school lands. NDCC 47-30.1-32	No.	No. Gift certificates and gift cards are not addressed in the unclaimed property law.	- Willful Failure to Report: \$100 per day up to 100% of value that should have been paid. - Willful Failure to Pay: 25% of the value that should have been paid. - Willful Refusal to Pay: Class B Misdemeanor (imprisonment) NDCC 47-30.1-34	Unclaimed property statutes do not address interest.
OH	Yes. R.C. § 169.01(B)(2)(b)	None. R.C. § 169.03(H)	No. R.C. § 169.03(F)(7); but the Administrative Code provides for appeal of an involuntary audit. OH ADC 1301:10-3-04	No.	Yes. R.C. § 169.01(B)(2)(d)	- Failure to Report: \$100/day, no maximum. - Failure to Report After Request: \$100 per day, no maximum. R.C. § 169.12 - Willful Failure to Report: \$500 per day, no maximum. R.C. § 169.99	Interest paid to owners. See Sogg v. Zurz, 905 N.E.2d 187 (Apr. 8, 2009) declaring R.C. § 169.08(D) unconstitutional. Interest may be imposed on holders. R.C. § 169.12(C)

State	Business-to-Business Transactions Exempt?	Period of Limitations	Independent Appeals Process?	Contingent-Fee Audits Banned?	Gift Certificates Exempt?	Penalty Provisions	Treatment of Interest
OK	No. 60 Okl.St. Ann. §§ 651; 658	An action may not be maintained by the treasurer with respect to a duty of a holder more than 4 years after holder files report or 10 years after duty arose, whichever is earlier. 60 Okl.St. Ann. § 666	No, but the OK Administrative Code provides procedures to protest an examination. OK ADC 735:80-1-4, 80-13-1	No.	No. 60 Okl.St. Ann. § 651	- Willful Failure to Report: \$100 per day with \$5,000 maximum - Willful Failure to Pay: 25% of the value of property that should have been reported. 60 Okl.St. Ann. § 680	Owner only entitled to pre-liquidation/ conversion interest. 60 Okl.St. Ann. § 665 Interest may be imposed on holders. 60 Okl.St. Ann. § 680
OR	No. O.R.S. § 98.342	None. O.R.S. § 98.376	No, but holder may request administrative hearing within 21 days, or collaborative dispute resolution. O.R.S. §98.412. O.A.R. 141-045-0126	No.	No. Oregon unclaimed property statutes do not address gift cards or certificates.	No Penalties.	No interest paid to owner. O.R.S. § 98.372 Interest may be imposed. O.R.S. § 98.416(2)
PA	No. 72 Pa. Stat. Ann § 1301.10	Action shall be commenced against a holder within 15 years after the property first became escheatable. 72 Pa. Stat. Ann § 1301.16	No, but holders may petition for administrative review before designee of State Treasurer within 30 days. 61 Pa. Code § 951.21	No.	Yes, but only gift certificates that do not have an expiration date or dormancy fee or other post-sale charge. 72 Pa. Stat. Ann § 1301.6(2)	- Failure to Report: \$100 per day with a maximum of \$10,000 - Failure to Pay: Misdemeanor or \$1,000 per day up to \$10,000 or imprisonment for not more than 24 months or both. 72 Pa. Stat. Ann § 1301.25	Owner entitled to receive income or other increments actually received by the State Treasurer. 72 Pa. Stat. Ann § 1301.15 Interest may not be imposed. 72 Pa. Stat. Ann § 1301.25
RI	No. R.I. Gen.Laws 1956 § 33-21.-2, 33-21.1(10)	Action may not be commenced with respect to any duty of a holder more than 10 years after the duty arose. R.I. Gen.Laws 1956 § 33-21.1-29	No. Unclaimed property statutes do not address appeals.	No.	Yes. R.I. Gen.Laws 1956 § 33-21.1-14(a)	- Willful Failure to Report: \$100 but not more than \$500 per day with a maximum of \$10,000. - Willful Failure to Pay: 25% of the value of property that should have been paid. R.I. Gen.Laws 1956 § 33-21.1-34	Owner only entitled to pre-liquidation/ conversion interest. R.I. Gen.Laws 1956 § 33-21.1-21 Interest may be imposed on holder. R.I. Gen.Laws 1956 § 33-21.1-34
SC	S.C. Code Ann. §§ 27-18-20(10), 27-18-30	An action may not commence with respect to any duty of a holder more than 10 years after the duty arose. S.C. Code Ann. §27-18-300	No, but a person aggrieved by a decision of the administrator may bring suit in the court of common claims of Richland County. S.C. Code Ann. §27-18-270.	No.	Not specifically. However, gift certificates and gift cards are not included in the definition of intangible (and therefore escheatable) property. S.C. Code Ann. § 27-18-20.	- Willful Failure to Report: \$100 per day with a maximum of \$5,000. - Willful Failure to Pay: 25% of the value of property that should have been paid. S.C. Code Ann. §27-18-350	Owner only entitled to pre-liquidation/ conversion interest. S.C. Code Ann. §27-18-220 Interest may be imposed on holder. S.C. Code Ann. §27-18-350(a)
SD	No. SDCL § 43-41B-2, SDCL § 43-41B-1(10)	An action may not commence with respect to any duty of a holder more than 10 years after the duty arose. SDCL § 43-41B-30	No. Unclaimed property statutes do not address appeals.	No.	Yes, if no expiration date or dormancy fee. SDCL § 43-41B-43	No penalties.	Owner only entitled to pre-liquidation/ conversion interest. SDCL § 43-41B-22 Interest may be imposed on holder. SDCL § 43-41B-35

State	Business-to-Business Transactions Exempt?	Period of Limitations	Independent Appeals Process?	Contingent-Fee Audits Banned?	Gift Certificates Exempt?	Penalty Provisions	Treatment of Interest
TN	Yes, provided holder and business association have an ongoing relationship. T.C.A. § 66-29-104(3)(c)	An action may not be maintained more than ten years after holder files a report for the period in which the property was reportable or gave express notice of dispute regarding the property. Period remains open if treasurer or his/her agent has initiated an audit of the report. T.C. § 66-29-118(b)	No. Unclaimed property statutes do not address appeals.	No.	Yes, but only gift certificates issued after December 31, 1998, without an expiration date or an expiration date N/A in Tennessee. For other gift cards, the amount presumed abandoned is 60% of price paid by purchaser. T.C.A. § 66-29-135	- Failure to Report: \$25 per day, maximum of \$1,000. - Failure to Pay: 10% of the value of the property for each year the property is not paid or delivered, not to exceed 25% of the value of such property or \$50,000 whichever is less. T.C.A. § 66-29-129	Owner entitled to interest on certain interest-bearing accounts. When noninterest-bearing property is delivered to the treasurer, the owner is not entitled to receive income accruing thereafter. T.C.A. § 66-29-117. Interest is not imposed on holder. T.C.A. § 66-29-129
TX	No statutory exemption Tex. Prop. Code Ann. § 72.001. However, credit balances owed to current vendors should not be reported. Unclaimed Property Reporting Instructions p.9.	None. Tex. Prop. Code § 74.308; however, audit periods are typically limited to ten years to reflect record retention requirements. Texas Unclaimed Property Audit Manual; 9/2007	No. Unclaimed property statutes do not address appeals.	No.	Yes, Texas law exempts stored value cards issued on or after Sept. 1, 2005 if no expiration date and no fees are applied. Tex. Property Code § 72.1016; Tex. Bus. & Com. Code Ann. § 604.001	- Failure to Pay or Deliver Property: 5% of the value of property due. Tex. Property Code § 74.706. - Willful failure to file, pay or allow examination of records: Class B misdemeanor; imprisonment. Tex. Property Code 74.710	No interest paid to owners. Tex. Prop. Code Ann., § 71.302. State charges interest against holders. Texas Property Code § 74.705
UT	No. U.C.A. 1953 § 67-4a-102(15a); 67-4a-201	An action may not be maintained more than 10 years after holder reported property or gave notice of a dispute to the administrator. U.C.A. 1953 § 67-4a-702	Yes. Persons aggrieved by a decision of the administrator may obtain judicial review. U.C.A. 1953 § 67-4a-704	No.	Yes. U.C.A. 1953 § 67-4a-211	Willful Failure to Report or Pay: 20% of the value of property to be reported or paid. U.C.A. 1953 § 67-4a-703	No interest paid to owners. U.C.A. 1953 § 67-4a-401 Interest imposed on holders at 12% per annum. U.C.A. 1953 § 67-4a-703
VT	No. 27 V.S.A. § 1241(13); 1242	An action may not be maintained more than 10 years after holder specifically identified property on a report or notified the administrator of a dispute regarding property. 27 V.S.A. § 1259	No. Unclaimed property statutes do not address appeals by holders.	No.	Vermont statutes do not address gift certificates. However, the VT Unclaimed Property Reporting Manual (Sept. 2012) states that unredeemed gift certificates issued after 7/1/2006 are not required to be reported.	- Failure to Report or Pay: \$200 per day with a maximum of \$5,000. - Willful Failure to Report or Pay or Fraudulent Report: \$1,000 per day up to \$25,000 plus 25% of the value of property that should have been reported or paid. 27 V.S.A. § 1264	Owner entitled to pre-liquidation/conversion interest. 27 V.S.A. § 1251 Interest may be imposed on holders. 27 V.S.A. § 1264

State	Business-to-Business Transactions Exempt?	Period of Limitations	Independent Appeals Process?	Contingent-Fee Audits Banned?	Gift Certificates Exempt?	Penalty Provisions	Treatment of Interest
VA	Yes. VA Code Ann. § 55-210.8:1(B)	An action may not be maintained more than 5 years after holder identified the property on a report, filed a report, or gave notice with respect to a dispute regarding the property. Period is ten years if false/fraudulent report or no report filed. VA Code Ann. § 55-210.17	No, but administrative review is available for disputes regarding reports. Appeal is to the State Treasurer. VA Code Ann. § 55-210.22.	Yes. VA. Code Ann. 55-210.24(D) forbids 3d party contingency fee contracts on VA holders; and forbids the use of estimation techniques without the consent of the holder.	Yes, if redeemable for merchandise or services. VA Code Ann. § 55-210.8:1	- Failure to Report or Pay or Files a False Report: \$100 per day with a maximum of the lesser of \$10,000 or 25% of the value of the property. - Willful Failure to Report or Pay: \$1,000 per day with a maximum of the lesser of \$50,000 or 100% of the value of the property that should have been paid or reported. VA Code Ann. § 55-210.26:1	Owner only entitled to pre-liquidation/conversion interest. VA Code Ann. § 55-210.16:1 Interest may be imposed. VA Code Ann. § 55-210.26:1
WA	No. RCWA 63.29.020(1), 63.29.010(12)	An action may not commence with respect to any duty of a holder under this chapter more than 6 years after the duty arose. RCW 63.29.290	No. Unclaimed property statutes do not address appeals.	No.	Yes. RCW 63.29.020(6); 63.29.140.	- Willful Failure to Report or Pay: \$100 per day with a maximum of \$5,000 plus 100% of the value of property which should have been reported. RCW 63.29.340	Owner only entitled to pre-liquidation/conversion interest. RCW 63.29.210 Interest may be imposed on holders. RCW 63.29.340
WV	No. W. Va. Code § 36-8-1(13), 36-8-2.	An action may not be maintained more than 10 years after holder specifically identified the property or gave notice of dispute re: the property. W. Va. Code § 36-8-19	No. Unclaimed property statutes do not address appeals.	No.	No. If redeemable in merchandise only, the amount abandoned is deemed to be 60% of the certificate's face value. W. Va. Code § 36-8-2(a)(7)	- Failure to Report or Pay: \$200/day with a maximum of \$5,000. - Willful Failure to Report or Pay or Fraudulent Report: \$1,000/day, maximum \$25,000 plus 25% of value that should have been reported or paid. W. Va. Code § 36-8-24	Owner entitled to pre-liquidation/conversion interest; and income on the property up to the third anniversary of delivery. W. Va. Code § 36-8-11 Interest imposed on holders. W. Va. Code § 36-8-24
WI	Yes. W.S.A. 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. W.S.A. 177.29(b)	No. Unclaimed property statutes do not address appeals.	No.	Yes. Definition of "intangible property" amended in 2001 by removing the term "gift certificates". W.S.A. 177.01(10)(a)(2), 2001 Act 109	- Willful Failure to Report: \$100 per day with a maximum of \$5,000. - Willful Failure to Pay: 25% of value of property that should have been paid. W.S.A. 177.34	Owner only entitled to pre-liquidation/conversion interest. W.S.A. 177.21 Interest may be imposed on holders. W.S.A. 177.34
WY	No. W.S. 1977 § 34-24-102(x), 34-24-103	An action may not commence more than 10 years after the holder reported property or gave notice of dispute re: the property. W.S. 1977 § 34-24-130(b)	No. Unclaimed property statutes do not address appeals.	No.	Yes, if less than \$100. A gift certificate or credit memo > \$100 and unredeemed for more than 3 years is deemed abandoned. W.S. 1977 § 34-24-114	- Willful Failure to Report: \$100 per day with a maximum of \$5,000. - Willful Failure to Pay: 25% of the value of property that should have been reported or paid. W.S. 1977 § 34-24-135	No interest paid to owners. W.S. 1977 § 34-24-122 Interest may be imposed on holders. W.S. 1977 § 34-24-135

ENDNOTES

1. Douglas L. Lindholm is President and Executive Director of the Council On State Taxation (COST). Ferdinand S. Hogroian is COST's Legislative Counsel. The authors would like to express their gratitude to Aziza Farooki, COST Senior Manager, Policy and Administration, and Christopher T. Lutz, 2012 COST Legal Fellow, for their dedicated efforts in analyzing state unclaimed property laws and compiling the research used to develop this report.
2. The inaugural Scorecard on Unclaimed Property Laws was published in 2009: www.cost.org/WorkArea/DownloadAsset.aspx?id=71960.
3. 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; nor does it evaluate where states fall short in their application of the statutes, e.g., their auditing practices. For a discussion of audit abuses asserted by a holder in Delaware, see the complaint filed in *Select Medical Corp. v. Cook*, U.S. Dist. Ct. (Del.), C.A. No. 1:13-CV-00694 LPS, *complaint filed 4/17/2013*.
4. In our last Scorecard, Delaware was the only state to receive an "F" grade. In this Scorecard, Delaware is one of three states at the bottom, although its position as a major place of incorporation coupled with its reputation for unfair and aggressive audit practices places the State far below all others in any survey of companies that have experienced an audit by Delaware and its main third-party auditor, Kelmar Associates, LLC. For a discussion of Delaware and Kelmar's "unique" audit practices, see *Once a Friendly Locale to Business, the Modern State of Delaware is a Bully*, by Douglas L. Lindholm, *Forbes*, 5/16/2013, available at <http://www.forbes.com/sites/realspin/2013/05/16/once-a-friendly-locale-to-business-the-modern-state-of-delaware-is-a-bully/>.
5. See *Abandon All Hope Ye Who Enter Here: Procedural and Substantive Inequities in the Compliance and Administration of State Unclaimed Property Acts*, by Douglas L. Lindholm and Diann L. Smith, New York University, 2001, available at <http://www.cost.org/WorkArea/DownloadAsset.aspx?id=74822>.
6. For a recent example of the perceived conflict of interest that is inherent in third-party audit arrangements, see *Delaware Job Hop Stirs Flap*, by Vipal Monga, *The CFO Journal*, 8/20/2013, available at <http://blogs.wsj.com/cfo/2013/08/20/delaware-job-hop-stirs-flap/>.
7. *Taylor v. Chiang*, No. Civ. S-01-2407 WBS GGH (E.D. Cal. June 1, 2007).
8. Order re: Preliminary Injunction, Case 2:01-cv-02407-WBS-GGH, June 1, 2007.
9. Delaware Fiscal Notebook, 1993.
10. Delaware Fiscal Notebook, 2012, p.29, available at http://finance.delaware.gov/publications/fiscal_notebook_12/fiscal_notebook_12.pdf.
11. According to the website for the National Association of Unclaimed Property Administrators at <http://www.naupa.org>, states held \$22.8 billion in 2003 in unclaimed property. In Delaware, however, a shockingly low percentage of these funds are returned to owners. See *Unclaimed Property Generates Big Revenues for States*, by Vipal Monga, *The CFO Journal*, 8/20/2013, available at <http://blogs.wsj.com/cfo/2013/08/20/unclaimed-property-generates-big-revenues-for-states/>.
12. See *New Study Committee on Uniform Unclaimed Property Act* (1/16/ 2013); www.uniformlaws.org.
13. See COST's Policy Statements at www.cost.org.
14. For example, COST in 2013 outlined ways in which Nevada, following the Scorecard's recommendations, could improve its Scorecard grade and business climate. See Testimony of Ferdinand Hogroian before the Nevada Senate Judiciary Committee, available at <http://www.cost.org/WorkArea/DownloadAsset.aspx?id=83807>.
15. Many states have no period of limitation and auditors frequently look 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 or likely do not even exist.
16. In several states, the unclaimed property administrator has made an administrative decision to exclude business-to-business transactions when there is an on-going business relationship. We applaud this pragmatic approach to the issue; however, because these practices are not codified within state law, these states are not awarded full credit for a purely administrative practice.
17. 765 ILCS 1025/24.5.
18. Va. Code Ann. 55-210.24(D).
19. Codified at G.S. §116B-8.
20. See, e.g., *Sears, Roebuck & Co. v. Parsons*, 401 S.E.2d 4 (Ga. 1991).
21. See, e.g., *Texas v. New Jersey*, 379 U.S. 674 (1965). In 2013, New Jersey proposed an amendment to its unclaimed property regulations (N.J.A.C. 17:18-1.2) to allow a zip code to suffice as the "last known address" to determine whether New Jersey has a right to escheat property. For gift cards and gift certificates, the change virtually guarantees that such property will never be reunited with its rightful owner.
22. Some states assess penalties but not interest.

The Council On State Taxation (COST) is a nonprofit trade association consisting of over 600 multistate corporations engaged in interstate and international business. COST's objective is to preserve and promote equitable and nondiscriminatory state and local taxation of multijurisdictional business entities.

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