Unclaimed Property: The State’s Lost & Found Program

INTRODUCTION

What Is Unclaimed Property?

Wyoming law requires banks, insurance companies, and many other types of entities (known as holders) to transfer to the Wyoming State Treasurer's Office personal property considered abandoned by owners. These “unclaimed” properties include savings or checking accounts, stocks, uncashed dividends or payroll checks, refunds, traveler’s checks, trust distributions, unredeemed money orders, insurance payments or refunds, life insurance policies, annuities, certificates of deposit, customer overpayments, utility security deposits and mineral royalty payments. Real property, such as houses, land, and certain types of personal property, such as automobiles, are not covered by the state’s Unclaimed Property Law.

The state takes custody of unclaimed property and maintains an indefinite obligation to reunite the property with owners or heirs, should they come forth and make a claim. In essence, the state acts as the custodian and/or fiduciary of the funds and stands in the shoes of the owner. The state makes an effort to locate and refund all property at no cost.

How Much Are We Talking About?

Since 1993, more than $96 million has been received and approximately $35 million has been disbursed. The state currently has a total of over $60 million in property that has not yet been claimed by owners.

HISTORY OF UNCLAIMED PROPERTY LAWS

Unclaimed Property laws date back to the 1930s, but have become much broader and more enforced in the last 25 years. The National Conference of Commissioners on Uniform Laws proposed a Uniform State Unclaimed Property Law in 1954. Since that time, the law has been revised in 1966, 1981, and 1995. Wyoming was the last state to pass an unclaimed property law in 1993. We currently use a combination of the 1981 and the 1995 Act. The statute citation is W.S. 34-24-101 through 140.

OVERVIEW

Wyoming is currently among the 49 states that hold unclaimed property in perpetuity. Over the past 23 years the State has routinely taken in more unclaimed property than it has reunited with owners and the amount of unclaimed property that could theoretically be claimed by owners has grown each year. However, despite the difference between collections and disbursements, Wyoming's success rate in getting property back to the owner remains one of the highest in the nation at approximately 37%. With enhanced methodologies we believe we can return more property to owners and collect more unclaimed property for Wyomingites.
Let's Talk Money

As shown in Figure 1, as of today, the total amount of unclaimed property held in custody by the state, but not yet claimed by owners, is approximately $60 million. Of the $60 million dollars currently in the fund approximately $7 million are termed “unknown property.” Unknown property means the state is holding the property but the owner of the property is unknown. When the term unknown is used it can mean that there is an owner who could make a claim but the name of the person is unknown to the state; or the property may truly not have an identifiable owner. One example of the first type of unknown property is travelers checks. The owner of the travelers check is known to the owner, but is likely not known to the state, nor to the bank which issued the check. Since the travelers check sat dormant for a period of time the bank (holder) reports it to the state as unclaimed. However, it is possible, and frequently happens, that the owner finds the travelers check and uses it, the bank honors it and the bank claims money back from the state. An example of the second type of “unknown property” is cash which might have been lost at a public venue and if unclaimed by the owner is turned in by the city or county to the state’s Unclaimed Property Division. The second type of unknown property is not likely to be claimed.

As you can see in Figure 1, there is a total of $7 million in unknown property and of that property approximately $135,000 of the total is very unlikely to be claimed.

The entire $60 million in the fund is referred to as the state’s potential liability for unclaimed property. Interest is earned on the funds invested in the state agency pool. The average percentage of interest earned in BFY 17 was 2.5%. Per W.S. 34-24-124 the interest earned on the funds first pays the operating costs of the Unclaimed Property Division and the residual goes to the general fund on June 30th of each year. From the fund, the Unclaimed Property Division is self-supporting and Wyoming is nationally known as one of the few states in the nation to be self-supporting. Since the inception of the program in 1993, more than $11 million has been transferred to the General Fund.

ISSUES TO CONSIDER

Internal Operations:

From the time of its inception in 1993 until recently, the Unclaimed Property Program has operated under the same rules and processes. This has brought consistency to the program but has left it far behind in technology. Almost all other states have more advanced technology and swifter, more effective processes already in place. For example, most states have systems for
filing claims on-line, while Wyoming still mails out applications to people who contact the Division and then requires the completed application and supporting documents to be returned as a hard copy.

Making improvements in notifying the public that unclaimed property might await them is the “easy part” of the unclaimed property directive. With websites and social media, it is progressively easier to “get the word out”. So, the focus on improvement is not on notifying the public, but rather on being able to swiftly and accurately assess and process a claim once it is submitted.

Over the last few months, some actions have been taken. The Treasurer’s Office has deployed a new website with modern programming, including a foundation which will allow it to be wed to an on-line unclaimed property filing system. The Office has researched and tested systems by other states to see what options are available and the cost of each. We have requested proposals from the two main vendors. Additionally, because funds are almost non-existent in our current budget, we are exploring the possibility of simply obtaining a data interface directly from a company such as Lexis-Nexis which will not result in an automated system but will expedite the processing of the claims.

With changes in technologies comes the opportunity to change internal methods of both receiving property from holders and processing claims. The Division is neck deep in analyzing its processes, seeking ways to reduce bureaucracies which have crept in over the years and which might now be streamlined. All discovered efficiencies are being redirected to enhance customer service in an effort to reunite more owners with their unclaimed property. We have begun tracking the number and size of claims differently and as the months proceed we will have hard data to know to what degree our changes are effective.

Statutory Changes:

Since we know the Uniform Law Commission will have a near final draft of a new Uniform Unclaimed Property Act available to us in the near future, we are in the process of assessing it in light of Wyoming’s current statutes. We are hopeful that the Uniform Act, or appropriate parts thereof will be available for consideration during the 2018 Legislative Session; we know it will not be available from the Uniform Commission in time for the 2017 Session.

Conclusion:

We believe we will be reporting positive changes to the Unclaimed Property program by this time next year; those changes could be very significant for Wyoming citizens if technologies can be enhanced within the budgets available.