

Colorado Legislative Council Staff

STATE
FISCAL IMPACT

Drafting Number: LLS 05-0240

Date: January 23, 2005

Prime Sponsor(s): Rep. Judd

Bill Status: House Judiciary

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TITLE: CONCERNING THE INTERCEPTION OF THE PAYMENT OF SPECIFIED CLAIMS TO SATISFY CERTAIN OBLIGATIONS OF THE CLAIMANT, AND MAKING AN APPROPRIATION THEREFOR.

Fiscal Impact Summary	FY 2005/2006	FY 2006/2007
State Revenues		
General Fund		
State Expenditures		
General Fund	\$8,194*	
Cash Fund - Unclaimed Property Trust Fund	30,510	\$27,222
FTE Position Change	1.0 FTE	1.0 FTE
Other State Impact: None		
Effective Date: August 10, 2005, unless a referendum petition is filed		
Appropriation Summary for FY 2005/2006:		
Treasury Department - \$30,510 CF and 1.0 FTE		
Department of Revenue - \$8,194 General Fund*		
Local Government Impact: None		

**This amount may be included in the Long Bill. In that event, no further appropriation is required.*

Summary of Legislation

This bill provides a method of intercepting the payment of claims for unclaimed property in order to satisfy certain obligations of the claimant. Specifically, the bill directs the State Treasurer to:

- offset outstanding court fines, fees, costs, and restitution against claims for unclaimed property through a memorandum of understanding (MOU) with the Judicial Department;
- offset child support obligations against claims for unclaimed property through an MOU with the Department of Human Services; and
- suspend payment of claims for unclaimed property until delinquent state taxes, penalties, or interest is paid, based on specific information provided to the State Treasurer by the Department of Revenue.

A claimant for unclaimed property would be required to submit his or her social security number or federal employer identification number. These numbers would not become part of the public records of the administrator of unclaimed property.

State Revenues

Individuals who have outstanding tax liabilities may have a portion of that liability intercepted and credited to the state General Fund as part of a claim for unclaimed property. The extent to which this may occur is unknown and cannot be quantified.

State Expenditures

State Treasurer. The bill requires that claims for unclaimed property be matched against information provided by the Judicial Department, the Department of Human Services, and the Department of Revenue. This will create an additional workload impact on the Unclaimed Property Division within the office of the State Treasurer.

The Unclaimed Property Division states that their database system could not easily be adapted to compare their database with external databases for an automated matching process. The Division proposes a manual comparison of the lists that are provided to the division for claims. The Division initiates approximately 27,000 claims for property owners each year with an average claim of \$150. The Division will require 1.0 FTE and \$30,510 CF in FY 2005-06, and 1.0 FTE and \$27,222 CF in FY 2006-07 in order to comply with the provisions of the bill. Table 1 identifies the administrative expenses for the Unclaimed Property Division of the State Treasury from the Unclaimed Property Trust Fund.

Table 1. Estimated Cash Fund Expenses for the State Treasurer		
	FY 2005/06	FY 2006/07
Personal Services (1.0 FTE)	\$23,892	\$23,892
PERA	2,485	2,485
Medicare	345	345
Subtotal	\$26,722	\$26,722
Operating Expenses	500	500
Non-Recurring Capital Expenses	3,288	
Total Expenses	\$30,510	\$27,222

Judicial Department. The Judicial Department established a similar process during 2003 with the Lottery Division to intercept the funds from lottery winners if the winners also owed restitution. The Judicial Department is currently conducting a similar program with the Department of Revenue to intercept offenders' state income tax refunds to pay fines and restitution. Since the requirements of the bill for the Judicial Department parallel the procedures already in place, the changes to the current process would be negligible. Furthermore, the volume of individuals claiming unclaimed

property who owe restitution or fines is not expected to be significant. Therefore, no fiscal impact on the Judicial Department is anticipated.

Department of Human Services. The system interface between the Department of Human Services and the State Treasury will be similar to the system established between the department and the Colorado Lottery. It is assumed that there will be a very small number of matches for unclaimed property. The Department of Human Services anticipates the need for 40 hours of computer programming to set up the initial match system. Ongoing system maintenance will require 10 hours annually, and approximately five hours of system operational programming will be required monthly to monitor and match the names. At this level, the department will be able to administer the program within the existing resources allocated to the department.

Department of Revenue. The Department of Revenue will require approximately 180 hours of computer programming time for an IT Pro II at the job rate of \$45.52 per hour. These one-time costs are estimated to be \$8,194 General Fund. It should be noted that if computer programming resources for the Department of Revenue are included in the Long Bill, no further appropriation for the Department of Revenue will be necessary.

Expenditures Not Included

Pursuant to the Joint Budget Committee's budget policies, the following expenditures have not been included in this fiscal note:

- health and life insurance costs;
- short-term disability costs;
- inflationary cost factors;
- leased space; and
- indirect costs.

State Appropriations

The fiscal note implies that the Department of the Treasury will require a cash fund appropriation in the amount of \$30,510 and 1.0 FTE CF (Unclaimed Property Trust Fund) in FY 2005-06 in order to implement the provisions of the bill. In addition, the Department of Revenue will require a General Fund appropriation in the amount of \$8,194 in FY 2005-06. However, if computer programming resources are included in the Long Bill appropriation for the Department of Revenue, no further appropriation for the department will be required.

Departments Contacted

State Treasury Revenue Judicial Human Services