



- 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**

Under current law, custodial funds, and interest earned on those funds, that are held by the Unclaimed Property Trust Fund are counted as cash fund exempt moneys for purposes of TABOR. However, the costs incurred in the administration of the trust fund are counted as cash funds to the state and are counted as TABOR revenue. Therefore, in order to cover the additional administrative costs required by the bill, a total of \$15,286 in FY 2005-06, and \$13,641 in FY 2006-07, will be counted as cash fund revenue to the state. Cash fund revenue will be reduced by the amount of the transfer. As cash fund revenue, the amount to be refunded under TABOR will be increased as well.

Individuals who have outstanding tax liabilities in excess of \$600 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 in excess of \$600 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. Nearly 6,000 claims annually are estimated to be greater than \$600. The Division will require 0.5 FTE and \$15,286 CF in FY 2005-06, and 0.5 FTE and \$13,641 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.

<b>Table 1. Estimated Cash Fund Expenses for the State Treasurer</b>		
	<b>FY 2005/06</b>	<b>FY 2006/07</b>
Personal Services (0.5 FTE)	\$11,946	\$11,946
PERA	1,272	1,272
Medicare	173	173
Subtotal	\$13,391	\$13,391
Operating Expenses	250	250
Non-Recurring Capital Expenses	1,645	
<b>Total Expenses</b>	<b>\$15,286</b>	<b>\$13,641</b>

**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 \$15,286 and 0.5 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