

MEMBERS PRESENT

Chairman Dini  
Mr. Robinson  
Mr. Harmon  
Mrs. Westall  
Mr. Getto  
Mr. Craddock  
Mr. Bedrosian  
Mr. Bergevin  
Mr. Fitzpatrick  
Mr. Jeffrey  
Mr. Marvel

GUESTS PRESENT

See Guest List Attached

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Chairman Dini called the meeting to order at 9:00 A.M. He stated that everyone was present, constituting a quorum, and that the order of business would be AB 85. Chairman Dini called upon Dr. Robinson, who headed the sub-committee in connection with same, to report his findings to the Committee.

AB 85 - Adopts Uniform Disposition of Unclaimed Property Act with Modification (Fiscal Note)

DR. ROBINSON

Dr. Robinson stated that meetings were held in both Reno and Las Vegas concerning the desirability of having an Unclaimed Act in the State of Nevada with witnesses, both pro and con, testifying. He stated that Nevada was only one of 13 western states that does not have an Unclaimed Property Act and over 40 of the states in the nation do have such an Act. He stated one of the important things to us was the advantage of reciprocity and because Nevada did not have such a law our state was ineligible for reciprocity and, therefore, substantial sums are returned to other states as a result. Dr. Robinson said California was leaned on heavily, as indicated on page 3, since they had a law since 1959, amended and re-amended, giving the sub-committee the advantage of seeing the errors and loopholes and hopefully correcting them in our Bill.

Dr. Robinson stated that Dick Sheffield did go to Sacramento and met with the Office of the Controller who administers the law in California. He stated that they had a pretty large workload and staff. He said they had legal counsel for the California Controller's Office testify both in Reno and Las Vegas. Dr. Robinson outlined what was reviewed, the Uniform Disposition of Unclaimed Property Act, the 3 Bills had in the last session, a Bill Dr. Robinson had introduced, and particular attention was paid to the California, New York, Ohio, Indiana, Minnesota, and Washington laws, having been in effect the longest. He stated the primary function of these Acts was to return unclaimed property to the owners. He stated the second function was that it becomes a source of revenue for the State of Nevada. Dr. Robinson stated they did conclude and determine there was a need for this type of legislation in the State of Nevada. He said they already had small amounts in the insurance return of unclaimed benefits and through the Labor Commissioner the return of unclaimed wages. Dr. Robinson then went on to outline the sub-committee's study of the problem and the scheme of how the Bill should be designed. He referred the Committee to page 6 in connection with same. He said the figures on pages 7 and 8 are based on the experiences of other states.

Dr. Robinson then turned the remarks over to Dick Sheffield to relate to the Committee the California experiences of how the function of their department works. Mr. Sheffield outlined the operation of the California program; run out of the State Controller's Office, 3 attorneys do the general work but do litigation whenever necessary in connection with the unclaimed property, and 50 to 60 people headed by an administrator, together with accountants and auditors out in the field making examinations. He said they had three ladies who did nothing but open safety deposit boxes and catalog the contents. He said not too much tangible property was involved in this type of program. He said the Controller could reject anything he did not want to handle. Mr. Sheffield stated most of it was computerized. He said they had people whose last known addresses are in Nevada and that money could be sent to us if Nevada had a program which allowed the state to take the money and enter into a reciprocal agreement with California. Mr. Sheffield then returned the remarks back to Dr. Robinson. Dr. Robinson stated that the present State Treasurer, Mr. Colton, is interested in administering the Unclaimed Property Act if it is passed.

Dr. Robinson then referred the Committee to pages 13 and 14, the costs of administration, and giving a breakdown of administrators. He then referred the Committee to page 15, section 29 of the Bill, and why the retroactive phase was put in to roll it back ten years so that all of the unclaimed property for the previous period would be ten years; otherwise, it would be ten years before some of the lists would be starting to be transferred to the states and they would have a period of ten years of expenses without any transfer coming in.

Chairman Dini then stated testimony would be taken from the witnesses present and then they would get back to the mechanics of the Bill. Chairman Dini then recognized Mrs. Westall. Mrs. Westall asked that the record show it must have been oversight that her name is not on the Bill.

STEVE HARTMAN, AMERICAN EXPRESS\*

Mr. Hartman stated that American Express authorized him to advise the Committee they were in support of the Bill; that they had been looking for it to give them some method of uniformity for all their activities across the country. He said there were two major points he wanted to bring up with regard to the Bill. He said the first one was Section 16 as it relates to travelers checks. He stated the current proposal is to set the abandonment period of ten years. He stated the Uniform Act Commissioners, which is basically a bi-partisan group, has set that period at 15 years, that is under the revised Uniform version of the Act. He stated that since 1966 every state that adopted the revised Uniform Act has set that period with regard to travelers checks at 15 years. He said that is the same with New York and California and, recently, within the last year, Michigan, who was at seven years on travelers checks, changed that to 15 year period. The reason for it being basically two-fold: American Express has found that the refund cost to the consumer who comes back in typically outweighs the value from the revenue created by the escheatment. Their figures show that 97% of all the travelers checks they issue are converted to cash within the first year but after that point the remaining 3% appear to be converted to cash between the tenth and fifteenth year and that relates to two-thirds of that remaining 3%. He stated it has been their experience that the

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\*Dr. Robinson requested as near verbatim transcription of Mr. Hartman's testimony

refund cost during that period of time outweigh the revenue that can be gained from the escheatment. The other aspect is that these travelers checks are marketed as an extra money item. He cited the Karl Malden commercial on television in regard to the keep one in your billfold and stated that happens. He said people do keep them in their billfold, there is no maturity date on them, there's no expiration date. He stated recently, and in fact this morning in speaking long distance to New York, he was advised someone brought a travelers check in that was issued in 1923, which is quite a while to hold a travelers check, but it does happen. He said it is issued and marketed as an extra money. The other aspect, he said, which in his opinion, mitigates in favor of the 15 year period, is the consumer aspect, and that is, if individual companies like American Express who market these items have a uniform approach to this given item on a nationwide basis, they can keep their per item cost down. He stated that relates back to the consumer as to what he is going to pay. He said it was American Express' feeling (a) that they are in favor of the Act but would like to see the period with regard to travelers checks uniform in accordance with the Uniform Act as revised. The second aspect deals with some administrative costs that Mr. Hartman stated he wished to point out. In section 27 of the Act, sub-section 2, it begins (a) Except with respect to travelers checks and money orders... the report to contain the name and the last known address. When you jump to sections 30 and 31 that deal with notice and publication to the public in general you have two provisions; one relates to publication and the other one relates to individual letter or notice sent to the people who are affected or at least to their last known address. Section 31, which deals with mailing of notice, in sub-section 3, provides that this section is not applicable to sums payable on travelers checks or money orders presumed abandoned under section 16. Yet, with regard to the publication in section 30 that same provision in regard to excluding travelers checks and money orders is not there. That may just be an oversight. The problem American Express sees with it is an extra burden in the administration of it and the question as to whether it will be meaningful to the people out there. The travelers checks and money orders by virtue of section 27 are going to be listed by serial numbers and a large listing of serial numbers in the paper may not be effective notice and relatively meaningless to anyone whose out there. Mr. Hartman said that was just a small problem, not a major one, but it could mean some expense and it could affect the people that are trying to be helped with the Act. He also pointed out that with regard to the administration of the Act, there is a situation where most of the businesses that

are being regulated, that are affected, the Banks, American Express, for instance, as a traveler check, money order, issuer, fall under the Dept. of Commerce, and it might be prudent to keep the administration in-house as far as that department is concerned. Mr. Hartman said he just threw that out and it may be a logical way to go. He said he could get more information, he couldn't get his people to come out from New York, that he didn't find out about the notice until recently, but he can obtain any industry statistics the Committee wished to help make a decision on the Bill.

Chairman Dini asked Mr. Hartman if he wanted an amendment in section 16. Mr. Hartman responded that he would urge going with the Revised Uniform Act as it relates to travelers checks in section 16 which is the 15 year period. Mr. Dini requested Mr. Hartman to give his proposed language to Mr. Sheffield.

JIM WADHAMS, State Commerce Director

Mr. Wadhams stated that after carefully reviewing the Bill he finds that it is merely an extension of what has been going on in the Commerce Dept. for several years. He said the Dept., through the insurance division, has had prior experience in handling these sorts of funds. He said he would have to support the Bill very strongly, from their standpoint and the administration, as it gives the opportunity to individuals who may not be aware, or may have forgotten, they have bank accounts, or parents or relatives had death proceeds on life insurance policies, or money in safe deposit boxes, and there may be some recovery to them. He said he thought it was an advance over what they have done on a limited basis of insurance and expanding it to the other moneyed institutions. He stated that inasmuch as his agencies are already involved with the businesses which would be affected, it would not represent an additional layer of government burdening business. He said the Commerce Dept. has the experience through all of its agencies in the capability of holding the hearings that would be necessary, dealing directly with the public, and would mention that one section of unclaimed funds that was not incorporated directly into the law, and would suggest an amendment to include the unclaimed funds of pre-need funeral plans which appears at N.R.S. 689.395 and currently being administered by the insurance division, and should be incorporated in the Bill to consolidate all handling of the unclaimed funds.

Chairman Dini requested Mr. Wadhams to take a look at the budget and see how it can be incorporated in his division, make a report in regard to same, and get back to the Committee. Mr. Wadhams responded he would do so.

STAN WARREN, Nevada Bell

Mr. Warren read to the Committee an analysis submitted to him entitled, "Amendment to Nevada Assembly Bill No. 85" and the same is attached to the Minutes herein as an Exhibit. He stated it contained also suggested language to reword sections 14 and 19 and would appreciate the Committee's consideration. He mentioned Section 32, where they talk about every person who has filed a report under section 27, shall within 20 days. . . . they would appreciate 180 days.

**\*\*RECESS\*\***

Chairman Dini called the meeting to order after a five minute recess. Testimony resumed on AB 85.

STAN COLTON, State Treasurer

He stated that it was his feeling the Bill provided great continuity. He stated as far as the ability to administer the Act, the State Treasurer's Office of the State of Nevada is prepared, geared, and ready to handle this Act. We've been in contact with other states, we are obtaining information already, in an effort to handle this Act should the Committee decide that the Treasurer's Office would be the best place to place the Act under. Mr. Coltan stated that personally he would like to see the Act in the Treasurer's Office because he felt he could perform the function required.

Chairman Dini asked Mr. Colton to review the budget and submit a statement back to the Committee as to how he felt it would fit into his office. Chairman Dini stated the Bill would be held in abeyance and that Mr. Colton should let him know when he gets the figures together.

Chairman Dini then stated testimony was concluded on Assembly Bill 85.

Chairman Dini then opened discussion on AB 85. He asked about the 15 year duration for American Express. Dr. Robinson stated that California, even though they had 15 years, felt it would be preferable to have ten. The longer period of time it goes the less you are able to accomplish getting the property to the rightful owner. Assemblyman Marvel asked Dr. Robinson how much he thought the law would generate for the State of Nevada. Dr. Robinson stated that from the various testimony received, it was between \$4.00 and \$6.00 for every citizen of the state. Mr. Sheffield stated he thought that this Bill should be distinguished from our traditional escheat statutes; they are not amended at all by the Bill. The difference is in the escheat someone has died and not left a Will or any heirs or next of kin and that's the end of the title and the state takes over. That is handled by the Attorney General's Office. Under the Unclaimed Property Act most of these people are still living and if a few are dead, they probably have heirs who have become the owners and this money goes to the state but is held in perpetuity for those owners. Mr. Sheffield stated they are two different systems.

Chairman Dini suggested holding off on proposed amendment until the figures are received from the two groups and it will be done all at one time.

Chairman Dini appointed Dr. Robinson to head sub-committee to pursue the amendments.

Chairman Dini stated that the next items of business would be a report of sub-committee on AB 106. He stated that Dr. Robinson submitted a report and the same will be attached to these Minutes as an exhibit. Chairman Dini called upon Dr. Robinson to make a statement. Dr. Robinson said there was a letter attached from Andrew Grose which clarifies some of the testimony that was given by Mrs. Hannifin. Dr. Robinson then went on to outline the study made and the contents of the exhibit. Dr. Robinson stated that Mr. Grose's conclusion, and in which Dr. Robinson concurred, that it may be inconvenient to the small improvement districts to continue filing these budgets but if the requirement was removed it would be running counter to the legislation that was passed in the last session and opening the door for others to come forward with the same situations. He stated that he felt perhaps 106 should be indefinitely postponed.

COMMITTEE ACTION

AB 106: Dr. Robinson moved that AB 106 be indefinitely postponed; seconded by Mr. Getto, and carried unanimously.

Chairman Dini then stated amendments were available for AB 9 which deals with the Engineer where paragraph 3 is deleted, and change the title of the Bill.

COMMITTEE ACTION

AB 9: Motion moved DO PASS, seconded by Mr. Harmon, and carried unanimously.

Chairman Dini stated that in regard to AB 85 it will be held in abeyance, and it will be continued as in the next few days it is worked on and figures received.

There being no further business to come before the meeting, the same was adjourned at 10:30 A.M. by Chairman Dini.

Respectfully submitted,



Sandra Shatzman  
Assembly Attache





AMENDMENT TO NEVADA ASSEMBLY BILL NO. 85

Amendment No. 1

On page 2 line 19 of the printed bill after "gas." insert:  
"Any person regulated by the Public Service Commission is considered a utility only and not both a utility and a business association for the purposes of this chapter."

Amendment No. 2

On page 4 line 9 after "deductions," strike out "that has remained" and all of lines 10, 11 and 12 and insert:  
"or money held or owing to former employees or creditors or customers, that has remained unclaimed by the person appearing on the records of the utility entitled thereto for more than 7 years from the date the money became payable."

Amendment No. 3

On page 6 line 16 after "of" strike "\$10" and insert "\$25".

Amendment No. 4

On page 6 line 22 after "under" strike "\$10" and insert "\$25".

Amendment No. 5

On page 8 strike out lines 9 to 14 inclusive and insert:  
"SEC. 32. Every person who has filed a report under section 27 of this act shall, within 180 days from the final date for filing reports or in the case of sums payable on traveler's checks, pay or deliver to the department all abandoned property specified in this"

EAD:sc  
1/29/79



# Nevada Legislature

SIXTIETH SESSION

January 29, 1979

Joe Dini, Chairman  
Assembly Government Affairs Committee

Subject: REPORT OF SUBCOMMITTEE ON AB 106.

Attached is a memorandum, dated January 26, 1979, from Andy Grose regarding AB 106. Following receipt of Mr. Grose's memorandum, we met with him and gathered the following information:

1. There are 64 local improvement districts organized under Title 318, covering numerous improvement projects.

2. Your question as to the responsibility for revenue bonds as issued by improvement districts is that there is no responsibility by any local or state entity. The default would be suffered by the bond holder, but the effect would be that local and state entities would suffer indirect loss by the climate for the bond market appearing to be bad in Nevada.

3. Double barreled bonds and revenue bonds are backed up by a local or state entity, but these are not the type that an improvement district would issue.

4. Default does happen, and in the past fifteen years there have been four improvement districts under Title 318 which have gone bellyup or bankrupt in Nevada: Horizon Hills in Reno; Penrose in Yerington; Roundhill at Tahoe and Carson Improvement District in Carson City. The defaults of the four districts just mentioned were one of the reasons that the Interim Study between 1975 and 1976 brought forth AB 163, 165, 166 and 167 in the 59th Session. As indicated in Mr. Grose's letter, the budgets prepared by these districts were very helpful in detecting the stability and fiscal soundness of the improvement districts. And, Senator Dodge's SB 110 of the last Session which I call "the early warning bill" mandates that the tax department has the responsibility of alerting

EXHIBIT

REPORT OF SUBCOMMITTEE  
ON AB 106

Page two

political entities of unsoundness in an improvement district, and further allowed that a petition by citizens in an improvement district could, likewise, alert the local or state entity.

All of this legislation was to, hopefully, prevent happening in Nevada what happened in the City of New York.

It is our opinion that AB 106 would be contrary to the 1977 legislative package which was passed. And, although it may be an inconvenience to a small improvement district to file a budget, as is now required, the repealing of that requirement would be counterproductive to the efforts of the state to maintain a good, healthy climate for the bonding market in this state.

Respectfully submitted,



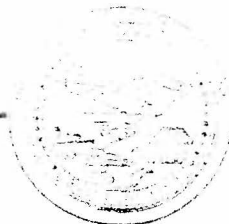
ROBERT E. ROBINSON  
Subcommittee Chairman

RER:lc

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January 26, 1979

M E M O R A N D U M

TO: Assemblymen Robert E. Robinson ✓ and Virgil M. Getto  
FROM: Andrew P. Grose *g* Research Director  
SUBJECT: A.B. 106

I regularly read the minutes of the Assembly Government Affairs Committee for the purpose of assisting wherever needed. Concerning A.B. 106, the testimony as reported in the minutes was misleading. Apparently Mrs. Hannafin said that if a local government now levies no ad valorem, its budget would be blank. This is definitely not so. The budgets show all revenue and all debt.

Ed Schorr in the Fiscal Division and I have both had numerous occasions to use the budget filings at the Department of Taxation. These occasions have often involved some of the obscure districts. Two years ago on the general improvement district study, those filings were extremely helpful. That study would have never gotten complete budget information without the filings.

We do not propose that the law be retained for the convenience of the legislative staff. Rather, it seems a basic requirement that any entity created by the state or under state law should at least provide to the state an annual budget. In the event of financial failure of any entity, the credit rating of the state and other local entities will suffer and the state will be left holding the bag.

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The bill would exempt from budget reporting a number of chapter 318 general improvement districts, some of which have rather large budgets.

If Ed Schorr and I can offer you any assistance on this bill, please let me know.

APG/jld  
cc: Ed Schorr

EXHIBIT