

SUBJECT: Raising telephone company unclaimed money grant limit for scholarships

COMMITTEE: Business and Industry — committee substitute recommended

VOTE: 8 ayes — Giddings, Elkins, Darby, Bohac, Castro, Martinez, Solomons, Zedler

0 nays

1 absent — Bailey

WITNESSES: For — Weldon R. Gray, Texas Statewide Telephone Cooperative, Inc. and Eastex Telephone Cooperative, Inc.; (*Registered, but did not testify:* Cammie Hughes, Texas Statewide Telephone Cooperative; Richard Lawson, Verizon)

Against — None

BACKGROUND: Property Code, secs. 71-76 govern unclaimed property and the delivery of abandoned property to the comptroller. Sec. 74.3011 allows local telephone exchange companies to deliver up to \$400,000 in unclaimed or abandoned money to a scholarship fund for rural students instead of delivering the money to the comptroller. Sec. 74.3012 allows local exchange companies to deliver the same amount in unclaimed money to an urban scholarship fund, with the cap on the transferred amount tied to the cap for the rural scholarship fund.

DIGEST: CSHB 2277 would increase the total amount of unclaimed money that could be transferred each year to a rural scholarship fund by all local telephone exchange companies from \$400,000 to \$800,000.

The bill would take effect September 1, 2007.

SUPPORTERS SAY: The bill would double the amount of unclaimed money from about 50 telephone exchange companies that could be transferred to scholarship funds, enabling twice as many needy Texas children to continue their education beyond high school. This is an excellent program that allows unclaimed funds to be transferred to scholarship programs that provide

initial funding for college or vocation and technical schools. Unclaimed funds generally are made up of customer deposits and credit balances that customers leave behind when they move or change service. If the customer cannot be found, after a period of time, the funds are deemed unclaimed, and the telephone companies may give up to \$400,000 to each scholarship fund. The remaining balance then is remitted to the comptroller to be used as general revenue. If the customer makes a claim on the funds, their claim is honored, no matter how much time has elapsed. The telephone companies do not benefit from these funds nor is there any financial windfall for them. Increasing the cap on amounts transferred to rural scholarship programs also would lift the corresponding cap on the amount that urban scholarship programs could receive as well.

The amount of unclaimed funds varies each year, but is almost always more than the current \$400,000 cap. In fact, often there is over \$2 million in unclaimed money yet the telephone companies can only transfer up to \$400,000 per fund, for a total of \$800,000. CSHB 2277 would enable up to \$1.6 million to be used for these important and valuable scholarships. Each telephone company has a scholarship committee that awards the mostly needs-based scholarships that range from \$500 up to \$3,000 for deserving high school students in their community. This is a good investment using a local, hands-on process that helps Texas students realize their dream of higher education and benefits the state as a whole.

OPPONENTS
SAY:

No apparent opposition.

NOTES:

The original version of the bill would have removed the cap entirely on telephone company transfer of unclaimed money to the scholarship program.

According to the fiscal note, the bill would cost \$800,000 per fiscal year in general revenue that was not transferred to the state from the unclaimed money.