

BILL ANALYSIS

Senate Research Center

S.B. 1916
By: Watson
Business & Commerce
4/6/2015
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 1916 establishes a method by which abandoned federal savings bonds would escheat to the state and their value be given to the proper owner. Under this bill, federal savings bonds that go unclaimed for three years after their date of maturity would escheat to the state. The state would then sue the federal government for title to these bonds, after which their value would be redeemed and deposited in general revenue.

The original owner of the bonds would be notified under procedures already established by the Office of the Comptroller of Public Accounts of the State of Texas, in order to allow them to reclaim the value of their bonds that they might not have knowledge have been established in their name. Because not all people will be able to be notified, this bill should result in more money flowing to the state.

As proposed, S.B. 1916 amends current law relating to the escheat of United States savings bonds.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 71, Property Code, by adding Subchapter E, as follows:

SUBCHAPTER E. ESCHEAT OF UNITED STATES SAVINGS BONDS

Sec. 71.401 (a) Defines "United States savings bond."

(b) Requires that United States savings bonds which are subject to the provisions of this Title, including bonds in the possession of the comptroller of public accounts of the State of Texas (comptroller), and those lost, stolen, or destroyed bonds registered to persons with last known addresses in the state, notwithstanding other provisions of this chapter and any other contrary provision of Title 6 or other law, be presumed abandoned when such bonds have remained unclaimed for three years after their date of maturity.

(c) Requires that United States savings bonds which are presumed abandoned under Subsection (b), including bonds in the possession of the comptroller, and those lost, stolen, or destroyed bonds registered to persons with last known addresses in the state, escheat to the State of Texas three years after such bonds are presumed abandoned, and all property rights and legal title to and ownership of such United States Savings Bonds or proceeds from such bonds, including all rights, powers, and privileges of survivorship of any owner, co-owner or beneficiary, vest solely in the State of Texas according to the procedure set forth in Subsections (d) through (h).

(d) Requires the comptroller, within 180 days after the applicable three years in Subsection (c), if no claim has been filed in accordance with the provisions of this Title for such United States savings bonds, to commence a civil action in a district court in Travis County, Texas, or in any other court of competent jurisdiction, for a determination that such United States savings bonds have escheated to the state of Texas. Authorizes the comptroller to postpone the bringing of such action until sufficient United States savings bonds have accumulated in the comptroller's custody to justify the expense of such proceedings.

(e) Requires the sheriff or any constable of any county of the State of Texas or the clerk of the court in which the case is pending to make service of the citation by publication in accordance with the provisions of Texas Rules of Civil Procedure, Part II, Section 5, Rules 109 through 118.

(f) Requires the court, if no person files a claim or appears at the hearing to substantiate a claim or where the court determines that a claimant is not entitled to the property claimed by such claimant, if satisfied by evidence that the comptroller has substantially complied with the laws of this state, to enter a judgment that the subject United States savings bonds have escheated to the State of Texas, and all property rights and legal title to and ownership of such United States savings bonds or proceeds from such bonds, including all rights, powers, and privileges of survivorship of any owner, co-owner, or beneficiary, have vested solely in the state of Texas.

(g) Requires the comptroller, notwithstanding Sections 74.507 (Fee for Recovery) and 74.704 (Assistance in Enforcement), to redeem such United States savings bonds escheated to the State of Texas and when the proceeds which have escheated have been recovered by the comptroller, to first pay all costs incident to the collection and recovery of such proceeds from the redemption of the United States savings bonds and to thereafter promptly deposit the remaining balance of such proceeds in the general revenue fund [or any other fund you decide is correct] to be distributed in accordance with law.

(h) Authorizes any person making a claim for the United States savings bonds escheated to the State of Texas under this Chapter, or for the proceeds from such bonds, to file a claim with the comptroller. Authorizes the Treasurer, upon providing sufficient proof of the validity of such person's claim, to, in his or her sole discretion, pay such claim less any expenses and costs which have been incurred by the state in securing full title and ownership of such property by escheat. Requires that no action, if payment has been made to any claimant, thereafter, be maintained by any other claimant against the state or any officer thereof, for or on account of such funds.

SECTION 2. Amends Section 74.001(a), Property Code, to provide that, except as provided by Subsection (b) (providing that this chapter does not apply to a holder of property subject to Chapter 76), this chapter applies to a holder of property that is presumed abandoned under Chapter 71 Subchapter E, Chapter 72 (Abandonment of Personal Property), Chapter 73 (Property Held by Financial Institutions), or Chapter 75 (Texas Minerals).

SECTION 3. Effective date: upon passage or September 1, 2015.