

Revenue Estimating Conference

Unclaimed Property and Transfers to the State School Trust Fund

Executive Summary

Estimates of receipts and refunds to owners from unclaimed property and the subsequent distribution into the State School Trust Fund were discussed on July 19, 2022, by the Revenue Estimating Conference.

The Conference reviewed the final data for Fiscal Year 2021-22. For the year, the State of Florida received \$637.7 million in receipts which was \$91.2 million above the December 2021 estimate. In contrast, refunds were only \$13.0 million above the prior estimate, leading to a total of \$383.3 million for the year. At the end of Fiscal Year 2021-22, \$263.3 million had been transferred to the State School Trust Fund. This total was \$71.2 million above the December 2021 estimate.

Like programs in other states, receipts came in significantly higher than anticipated for the second consecutive year. While some of the causes are unclear, the strength of the U.S. equities market over the last two years is at least a dominant driver. Dormant financial accounts are divested from the financial system when received by the Department of Financial Services' Division of Unclaimed Property. When the divestment coincides with a strong equity market, the cash value is pushed atypically high. The Department of Financial Services' Division of Unclaimed Property divested the latest dormant financial accounts just prior to the recent fall in the U.S. equities market.

The new forecast projects Fiscal Year 2022-23 receipts of \$607.9 million and refunds of \$388.8 million. The projected transfer to the State School Trust Fund was increased to \$226.2 million, \$51.4 million higher than the previous forecast. Even though the Conference anticipates that receipts will stay strong in Fiscal Year 2022-23, the recent drop in the equities market causes a year-over-year decline from Fiscal Year 2021-22 and a flattening in Fiscal Year 2023-24. Annual Refunds are estimated by historical claim rate data provided to the Conference. Claim rate data has proven to be an accurate predictor of refunds.

The following table shows the differences from the previous forecast for the current and upcoming fiscal years.

	Dec 2021	July 2022	Difference
2022-23 Receipts	\$556.5	\$607.9	\$51.6
2022-23 Refunds	\$372.9	\$388.8	\$15.9
2022-23 Transfer to State School Trust Fund	\$174.8	\$226.2	\$51.4
2023-24 Receipts	\$566.4	\$607.9	\$41.5
2023-24 Refunds	\$372.7	\$384.0	\$11.4
2023-24 Transfer to State School Trust Fund	\$185.5	\$216.6	\$30.1

Dollars shown in millions.

Revenue Estimating Conference

Unclaimed Property

Forecast of Receipts, Refunds to Owners, and Transfers to the State School Trust Fund

Summer Conference

Tuesday, July 19th, 2022

**Unclaimed Property Receipts, Refunds to Owners, and Transfers to the State School Trust Fund
Tuesday, July 19th, 2022**

Actual	Receipts	Refunds	Transfer to State School TF
2016-17	428.2	310.4	133.9
2017-18	507.8	317.9	178.5
2018-19	535.5	316.8	218.8
2019-20	500.5	321.9	144.0
2020-21	685.4	343.5	328.5
2021-22	637.7	383.3	263.3

Adopted Forecast												
	Receipts			Refunds			Adjustments			Transfer to State School TF		
	<u>OLD</u>	<u>NEW</u>	<u>change</u>	<u>OLD</u>	<u>NEW</u>	<u>change</u>	<u>OLD</u>	<u>NEW</u>	<u>change</u>	<u>OLD</u>	<u>NEW</u>	<u>change</u>
2022-23	556.3	607.9	51.6	372.9	388.8	15.9	-8.7	7.1	15.8	174.8	226.2	51.4
2023-24	566.4	607.9	41.5	372.7	384.0	11.4	-7.2	-7.2	-0.1	186.5	216.6	30.1
2024-25	576.3	618.8	42.6	377.7	384.5	6.7	-6.2	-6.3	-0.1	192.3	228.1	35.8
2025-26	586.4	632.8	46.4	378.2	392.1	13.9	-6.4	-6.5	-0.1	201.8	234.2	32.4
2026-27	596.6	647.0	50.4	384.5	399.4	14.9	-6.2	-6.2	-0.1	205.9	241.4	35.5
2027-28	-	661.6	-	-	407.7	-	-	-6.2	-	-	247.7	-

Fiscal Year 2021-22 Unclaimed Property Receipts and Refunds to Owners

RECEIPTS	DEC	JAN	FEB	MAR	APRIL	MAY	JUNE	Total Fiscal Year
2017-18 ACTUAL	4.6	2.7	6.9	29.8	191.3	175.7	23.2	507.8
2018-19 ACTUAL	3.8	6.3	5.0	27.1	188.4	251.8	13.9	535.5
2019-20 ACTUAL	10.1	5.4	12.7	21.7	161.8	197.8	45.4	500.5
2020-21 ACTUAL	27.7	4.6	13.6	35.1	251.7	248.4	31.1	685.4
2021-22 ACTUAL	7.2	3.4	11.9	31.5	241.1	258.7	43.9	637.7
2021-22 DEC ESTIMATE	7.2	5.3	10.6	29.0	198.2	230.5	25.6	546.5
Above/Below Estimate	-	(1.9)	1.3	2.5	42.9	28.2	18.3	91.2
REFUNDS	DEC	JAN	FEB	MAR	APRIL	MAY	JUNE	Total Fiscal Year
2017-18 ACTUAL	26.6	26.4	37.0	28.4	38.5	27.0	21.1	317.9
2018-19 ACTUAL	25.8	28.2	25.7	23.5	30.5	27.5	24.3	316.8
2019-20 ACTUAL	24.6	34.0	26.7	34.1	24.8	24.2	17.5	321.9
2020-21 ACTUAL	25.8	23.9	25.5	29.4	23.7	27.0	23.0	343.5
2021-22 ACTUAL	25.2	30.1	37.1	31.1	30.4	36.0	19.7	383.3
2021-22 DEC ESTIMATE	25.2	31.5	29.5	31.0	30.0	28.8	27.6	370.3
Above/Below Estimate	-	(1.4)	7.6	0.1	0.4	7.2	(7.9)	13.0

Unclaimed Property Trust Fund

Historical Detail

	<u>FY 13-14</u>	<u>FY 14-15</u>	<u>FY 15-16</u>	<u>FY 16-17</u>	<u>FY 17-18</u>	<u>FY 18-19</u>	<u>FY19-20</u>	<u>FY20-21</u>	<u>FY21-22</u>
1 <u>Funds Available</u>									
2 Beginning Balance	14.1	4.3	14.7	33.9	11.4	15.7	8.8	36.8	44.1
3 Abandoned property receipts	383.1	412.9	422.2	424.1	483.3	510.0	500.5	666.5	637.7
4 Atypical receipts		69.2	49.3	4.1	24.5	25.5	0.0	19.0	0.0
5 Transfers in	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6 Other nonoperating receipts	0.4	0.3	0.9	2.6	1.2	2.2	1.1	2.0	0.2
7 Total Funds Available	<u>397.6</u>	<u>486.7</u>	<u>487.1</u>	<u>464.7</u>	<u>520.4</u>	<u>553.4</u>	<u>510.4</u>	<u>724.3</u>	<u>682.0</u>
8 <u>Uses of Funds</u>									
9 Operating Expenses	4.4	4.4	4.6	4.6	5.0	5.0	5.1	4.8	4.9
10 Refunds to owners - regular	243.0	250.4	268.8	310.4	317.9	316.8	321.9	335.0	375.6
11 Refunds to owners - FDIC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.5	7.7
12 Miscellaneous disbursements	3.6	4.2	4.2	4.4	3.3	3.1	1.8	3.3	1.5
13 Retained Balance	4.3	14.7	33.9	11.4	15.7	9.8	37.4	44.1	29.0
14 Total Uses	<u>255.3</u>	<u>273.7</u>	<u>311.5</u>	<u>330.8</u>	<u>341.9</u>	<u>334.5</u>	<u>366.3</u>	<u>395.7</u>	<u>418.7</u>
15 Available for transfer to									
16 State School TF (Actual)	142.3	213.0	175.6	133.9	178.5	218.8	144.0	328.5	263.3
18 Growth rate of regular receipts	-6.4%	7.8%	2.3%	0.5%	14.0%	5.5%	-1.9%	33.2%	-4.3%
19 Growth rate of regular refunds	13.0%	3.1%	7.3%	15.5%	2.4%	-0.4%	1.6%	4.1%	12.1%
20 Change in transfer amount	-31.0%	49.7%	-17.6%	-23.7%	33.3%	22.6%	-34.2%	128.2%	-19.9%

Unclaimed Property Trust Fund

Adopted Forecast

	<u>FY 21-22</u>	<u>FY 22-23 est.</u>	<u>FY 23-24 est.</u>	<u>FY 24-25 est.</u>	<u>FY 25-26 est</u>	<u>FY 26-27 est</u>	<u>FY 27-28 est</u>
1 <u>Funds Available</u>							
2 Beginning Balance	44.1	29.0	15.0	15.0	15.0	15.0	15.0
3 Abandoned property receipts	637.7	607.9	607.9	618.8	632.8	647.0	661.6
4 Atypical receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5 Transfers in	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6 Other nonoperating receipts	0.2	0.2	0.2	0.2	0.2	0.2	0.2
7 Total Funds Available	682.0	637.1	623.1	634.0	648.0	662.2	676.8
8 <u>Uses of Funds</u>							
9 Operating Expenses	4.9	4.9	4.9	4.9	4.9	4.9	4.9
10 Refunds to owners - regular*	375.6	388.8	384.0	384.5	392.1	399.4	407.7
11 Refunds to owners - FDIC	7.7	0.7	1.1	0.1	0.3	0.1	0.0
12 Miscellaneous disbursements	1.5	1.5	1.5	1.5	1.5	1.5	1.5
13 Retained Balance	29.0	15.0	15.0	15.0	15.0	15.0	15.0
14 Total Uses	418.7	410.9	406.5	405.9	413.7	420.8	429.0
15 Available for transfer to							
16 State School TF (NEW estimate)	263.3	226.2	216.6	228.1	234.2	241.4	247.7
17 State School TF (OLD estimate)	192.1	174.8	186.5	192.3	201.8	205.9	-
18 Change in estimate	71.2	51.4	30.1	35.8	32.4	35.5	-
20 Growth rate of regular receipts	-4.3%	-4.7%	0.0%	1.8%	2.2%	2.2%	2.2%
21 Growth rate of regular refunds	12.1%	3.5%	-1.2%	0.1%	2.0%	1.9%	2.1%
22 Change in transfer amount	-19.9%	-14.1%	-4.2%	5.3%	2.7%	3.1%	2.6%
23 Assumed Receipts Growth Rate NEW	-4.31%	-4.68%	0.00%	1.80%	2.25%	2.25%	2.25%
24 Assumed Receipts Growth Rate OLD	-18.00%	1.80%	1.80%	1.75%	1.75%	1.75%	
25 Assumed Refunds % NEW	64.6%	58.8%	61.7%	63.2%	63.9%	63.8%	63.7%
26 Assumed Refunds % OLD	62.5%	60.5%	67.6%	67.3%	66.2%	66.1%	