

Revenue Estimating Conference for Unclaimed Property and Transfers to the State School Trust Fund

Executive Summary

The projection of receipts from unclaimed property and the subsequent distribution into the State School Trust Fund were revised July 29, 2014, by the Revenue Estimating Conference.

State receipts from abandoned property for Fiscal Year 2013-14 were \$383.1 million, which is \$75.6 million less than the estimate of \$458.7 million. Of the shortfall, \$28.8 million may be attributed to the implementation of Chapter 2013-172, L.O.F. (SB 492), which reduced the dormancy period for unclaimed property held by a fiduciary under a trust instrument. The impact of this legislation was calculated initially based on a broader classification of trust property than was included when the department implemented the shorter dormancy period. It is not yet known what caused the balance of shortfall (\$46.8 million); detailed data on types of property received will be available later in the fall. For the forecast, the Conference used the FY 2013-14 actual receipts as a baseline and applied an annual growth rate of 5 percent. For refunds to owners, the Conference increased the proportion of property returned to owners from 60 percent to 62 percent in recognition of higher claims rates in recent years.

The Conference adopted a new financial outlook statement that incorporated the actual Fiscal Year 2013-14 transfers to the State School Trust Fund, which were \$70.9 million below the estimate and decreased the balance forward into the 2014-15 fiscal year. For Fiscal Year 2014-15, the estimated transfer to the State School Trust Fund was decreased by \$44.2 million. The shortfall from Fiscal Year 2013-14 combined with the reduction to the 2014-15 forecast results in a projected ending deficit of \$107.9 million for the current fiscal year. Assuming the deficit is resolved by the end of the 2014-15 fiscal year, the funds available for Fiscal Year 2015-16 are estimated to be \$174.9 million.

Abbreviated Outlook Statement for FY 2014-15 and FY 2015-16 (\$ Millions)

FUNDS AVAILABLE 2014-15	
Balance Forward from 2013-14	7.9
Estimated Transfers from Unclaimed Property TF	138.1
Nonoperating Revenue	<u>2.5</u>
Total 2014-15 Funds Available	148.5
EFFECTIVE APPROPRIATIONS 2014-15	
Grants & Aids/FEFP and Class Size Reduction	<u>256.4</u>
AVAILABLE RESERVES/(PROJECTED DEFICIT)	(107.9)
FUNDS AVAILABLE 2015-16	
Balance Forward from 2014-15	0.0
Estimated Transfers from Unclaimed Property TF	172.1
Nonoperating Revenue	<u>2.8</u>
Total 2015-16 Funds Available	174.9

**Unclaimed Property Receipts, Refunds to Owners, and Transfers to the State School TF
July 29, 2014**

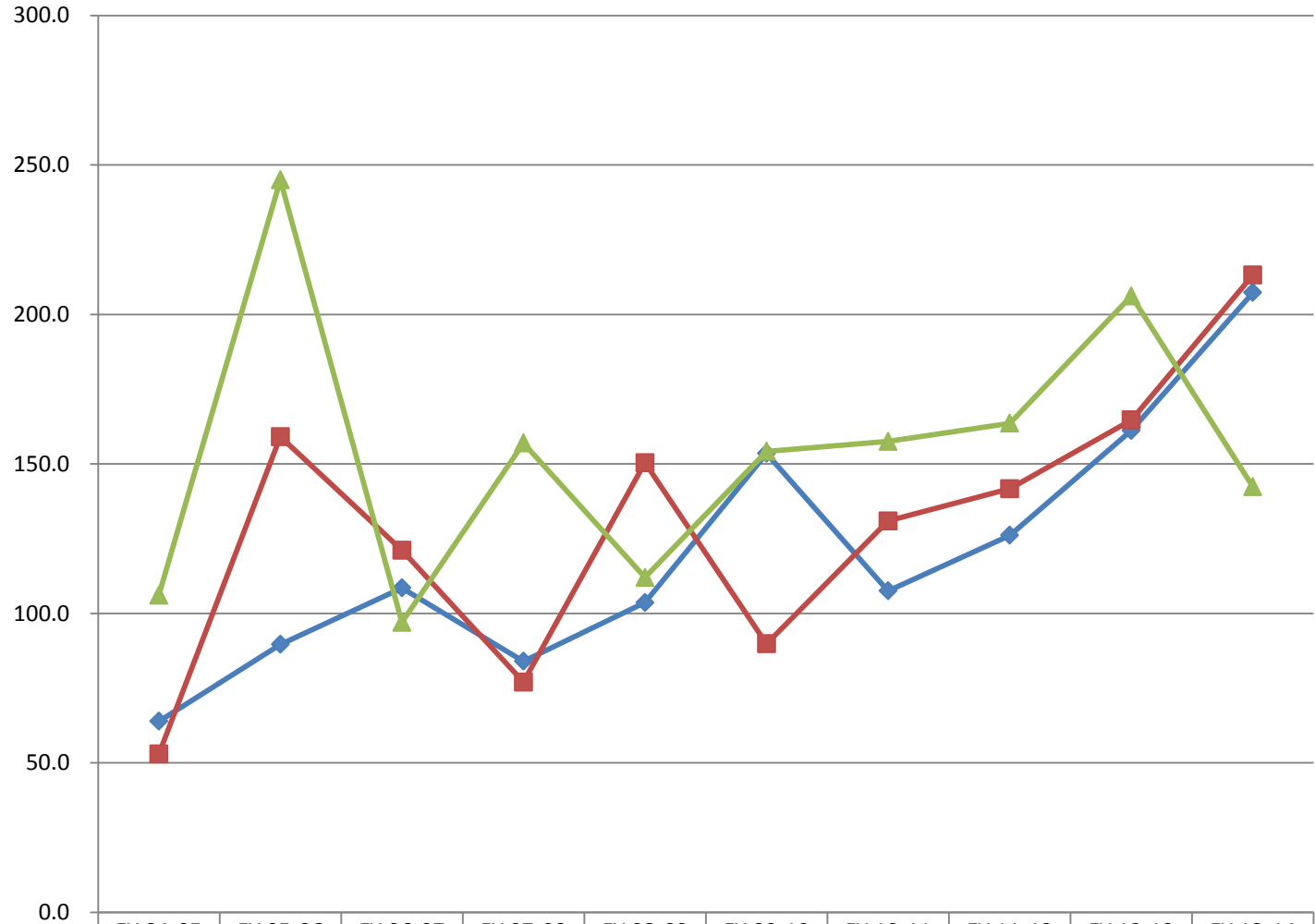
	<u>Receipts</u>			<u>Refunds</u>			<u>Transfer to State School TF</u>		
1992-93	52.2			17.3			30.6		
1993-94	58.2			19.6			35.8		
1994-95	58.7			16.5			36.2		
1995-96	81.6			25.2			48.2		
1996-97	137.0			27.0			104.7		
1997-98	141.3			47.8			91.4		
1998-99	115.4			46.9			64.8		
1999-00	128.2			67.7			54.1		
2000-01	153.5			62.1			84.9		
2001-02	157.9			74.1			81.1		
2002-03	161.3			76.6			86.1		
2003-04	254.4			99.3			153.8		
2004-05	208.1			95.7			106.1		
2005-06	354.7			103.8			245.0		
2006-07	271.9			168.8			97.0		
2007-08	312.3			151.2			157.0		
2008-09	298.0			174.9			112.0		
2009-10	358.1			191.2			154.2		
2010-11	346.3			190.2			157.5		
2011-12	376.5			210.6			163.6		
2012-13	469.9			253.1			206.2		
2013-14	383.1			243.0			142.3		
	OLD	NEW	change	OLD	NEW	change	OLD	NEW	change
2014-15	451.4	402.3	-49.1	265.1	252.7	-12.4	182.3	138.1	-44.2
2015-16	474.0	422.4	-51.6	271.9	244.5	-27.4	198.1	172.1	-26.0
2016-17	497.7	443.5	-54.2	276.4	256.7	-19.7	217.3	181.0	-36.3
2017-18	522.6	465.7	-56.9	290.2	269.4	-20.8	228.4	190.5	-37.9
2018-19	548.7	489.0	-59.7	304.6	282.9	-21.7	240.1	200.3	-39.8
2019-20	#N/A	513.5	#N/A	#N/A	308.6	#N/A	#N/A	199.1	#N/A

Unclaimed Property Trust Fund 43-71-2-007001

July 29, 2014

	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	ESTIMATE	ACTUAL	Above/ Below	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	
										FY 13-14	FY 13-14	Estimate							
Funds Available																			
Beginning Balance	3.9	3.9	4.2	4.7	3.5	10.0	17.3	9.8	6.1	14.1	14.1	0.0	4.3	10.0	10.0	10.0	10.0	10.0	
Abandoned property receipts	208.1	232.2	218.9	312.3	298.0	329.1	346.3	376.5	409.4	429.9	383.1	-46.8	402.3	422.4	443.5	465.7	489.0	513.5	
Nonrecurring receipts		122.5	53.0			29.0			60.5										
Measures affecting revenue - SB 492										28.8		-28.8							
Transfers in	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other nonoperating receipts	0.6	0.3	0.2	0.4	0.3	0.7	0.4	0.5	4.1	0.0	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	
Total Funds Available	212.6	358.9	276.3	317.4	301.8	368.8	364.0	386.8	480.1	472.8	397.6	-75.2	406.6	432.4	453.5	475.7	499.0	523.5	
DBF Uses of Funds																			
Operating Expenses	6.9	4.2	4.2	5.7	4.4	6.0	6.4	4.0	4.0	4.0	4.4	0.4	4.0	4.0	4.0	4.0	4.0	4.0	
Refunds to owners - regular	95.7	103.8	99.6	121.5	162.6	191.2	175.9	208.0	215.1	240.6	243.0	2.4	252.7	243.5	255.7	268.4	281.9	296.0	
Payment correction									38.0										
Refunds to owners - demutualization			22.2	10.4															
Refunds to owners - reduced dormancy			47.0	19.3	12.3								0.0	0.0					
Measures affecting revenue - SB 492														1.0	1.0	1.0	1.0	1.0	
Measures affecting revenue - SB 464							14.3	2.6										11.6	
Refunds to owners - FDIC						0.1	0.1	2.5	2.7	0.0	3.6	3.6	1.8	1.8	1.8	1.8	1.8	1.8	
Miscellaneous disbursements	0.0	1.8	1.6	0.0	0.5	0.1	9.8	6.1	14.1	15.0	4.3	-10.7	10.0	10.0	10.0	10.0	10.0	10.0	
Retained Balance	3.9	4.2	4.7	3.5	10.0	17.3	9.8	6.1	14.1	15.0	4.3	-10.7	10.0	10.0	10.0	10.0	10.0	10.0	
Total DBF Uses	106.5	113.9	179.3	160.4	189.8	214.6	206.5	223.2	273.9	259.6	255.3	-4.3	268.5	260.3	272.5	285.2	298.7	324.4	
Available for transfer to																			
State School TF (new estimate)	106.1	245.0	97.0	157.0	112.0	154.2	157.5	163.6	206.2	213.2	142.3	-70.9	138.1	172.1	181.0	190.5	200.3	199.1	
State School TF (old estimate - July 2013)											213.2		182.3	198.1	217.3	228.4	240.1	#N/A	
Change in estimate											-70.9		-44.2	-26.0	-36.3	-37.9	-39.8	#N/A	
Ratio of refunds to regular receipts	54%	54%	45%	54%	61%	63%	56%	62%	60%	60%	62%		62%	62%	62%	62%	62%	62%	
Growth rate of regular receipts	17%	12%	-6%	43%	-5%	10%	5%	9%	9%	5%	-6%		5%	5%	5%	5%	5%	5%	
Change in transfer amount	-31.0%	130.9%	-60.4%	61.9%	-28.7%	37.7%	2.1%	3.9%	26.0%	3.4%	-31.0%		-3.0%	24.6%	5.2%	5.2%	5.1%	-0.6%	

Unclaimed Property Transfers to State School Trust Fund Estimated Transfers Compared to Actual Transfers



◆ Post-Session Estimated Transfers	63.9	89.6	108.5	84.0	103.6	153.5	107.5	126.1	161.2	207.3
■ Final Estimated Transfers	52.9	159.1	121.1	77.0	150.4	89.8	130.9	141.7	164.7	213.2
▲ Actual Transfers	106.1	245.0	97.0	157.0	112.0	154.2	157.5	163.6	206.2	142.3

DFS Legal Division Opinion on SB 492 (2013)

SUMMARY OF THE REVISIONS

Effective October 1, 2013, Sections 2-4, Chapter 2013-172, Laws of Florida, revised the following statutes relating to unclaimed property reporting:

Section 2. Present subsections (22) and (23) of section 717.101, Florida Statutes, are redesignated as subsections (23) and (24), respectively, and a new subsection (22) is added to that section, to read:

717.101 Definitions.—As used in this chapter, unless the context otherwise requires:

(22) “Trust instrument” means a trust instrument as defined in s. 736.0103.

Section 3. Subsection (1) of section 717.112, Florida Statutes, is amended to read:

717.112 Property held by agents and fiduciaries.—

(1) Except as provided in ss. 717.1125 and 733.816, all intangible property and any income or increment thereon held in a fiduciary capacity for the benefit of another person is presumed unclaimed unless the owner has within **5 years** after it has become payable or distributable increased or decreased the principal, accepted payment of principal or income, communicated concerning the property, or otherwise indicated an interest as evidenced by a memorandum or other record on file with the fiduciary.

Section 4. Section 717.1125, Florida Statutes, is created to read:

717.1125 Property held by fiduciaries under trust instruments.—All intangible property and any income or increment thereon held in a fiduciary capacity for the benefit of another person under a trust instrument is presumed unclaimed unless the owner has, within **2 years** after it has become payable or distributable, increased or decreased the principal, accepted payment of principal or income, communicated concerning the property, or otherwise indicated an interest as evidenced by a memorandum or other record on file with the fiduciary.

Section 736.0102, Florida Statutes, appears to provide clarification regarding the type of “trust instruments” that may be impacted by the legislation. Section 736.0103, Florida Statutes, states with emphasis added:

- (1) Except as otherwise provided in this section, this code applies to express trusts, charitable or noncharitable, and trusts created pursuant to a law, judgment, or decree that requires the trust to be administered in the manner of an express trust.
- (2) This code does not apply to constructive or resulting trusts; conservatorships; custodial arrangements pursuant to the Florida Uniform Transfers to Minors Act; business trusts providing for certificates to be issued to beneficiaries; common trust funds; trusts created by the form of the account or by the deposit agreement at a financial institution; voting trusts; security arrangements; liquidation trusts; trusts for the primary purpose of paying debts, dividends, interest, salaries, wages, profits, pensions, or employee benefits of any kind; and any arrangement under which a person is nominee or escrowee for another.
- (3) This code does not apply to any land trust under s. 689.071, except to the extent provided in s. 689.071(7), s. 721.08(2)(c)4., or s. 721.53(1)(e). A trust governed at its creation by this chapter, former chapter 737, or any prior trust statute superseded or replaced by any provision of former chapter 737, is not a land trust regardless of any amendment or modification of the trust, any change in the assets held in the trust, or any continuing trust resulting from the distribution or retention in further trust of assets from the trust.