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A Washington National Tax Services (WNTS) Publication

June 27, 2011

Financial institution holders highlighted in recent Nevada AUP dormancy period reductions

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Recently enacted legislation, signed by Nevada Governor Brian Sandoval on June 16, 2011, requires financial organization holders of certain instruments to reduce abandoned property dormancy periods if the holder reported more than $10 million in property presumed abandoned on the most recently filed report of abandoned property. [Nevada S.B.136, enacted 6/16/11]

Property presumed abandoned after 2 years

In general, Nevada requires certain financial instruments to be presumed abandoned for three years before the holder of such property may report it as abandoned. However, Nevada has reduced this dormancy period to two years for holders that have reported more than $10 million in property presumed abandoned on their most recent report of abandoned property made pursuant to Nevada law. For purposes of Nevada law, "financial organization" means a savings and loan association, building and loan association, savings bank, industrial bank, bank, banking organization or credit union. *NRS Sec. 120A.070*.

Property with a potentially reduced dormancy period includes:

- Any stock or other equity interest in a business association or financial organization, including a security entitlement;

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- Any debt of a business association or financial organization, other than a bearer bond or an original issue discount bond;
- A demand, savings or time deposit, including a deposit that is automatically renewable;
- Any money or credits owed to a customer, except as otherwise provided, as a result of a retail business transaction; and
- All other property, 2 years after the owner's right to demand the property or after the obligation to pay or distribute the property arises.

PwC observes

"While legislative activity decreasing dormancy periods for escheatable property is becoming more common in recent years, what is remarkable about this amendment is that it ties the reduction in the dormancy period to not only a specific industry, but also to the amount of escheatable property reported on a holder's previously filed report," notes Kelly D'Emilia, Director, New York Metro Abandoned and Unclaimed Property Practice. "It will be interesting to see if other states take this approach when amending dormancy periods in the future."

Other state financial institution AUP developments

In May 2011, the Illinois General Assembly passed H.B. 1560, which amends the Uniform Disposition of Unclaimed Property Act. In general, the legislation provides that unclaimed wages, payroll, and salary in any form, held or owing by a bank or financial institution is presumed abandoned after one year. Current law requires the property be held five years before presumed abandonment. The bill was sent to the Governor on June 10, 2011. As of this writing, he has not signed the bill, but has 60 days from delivery to do so.

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