

40#1

SJR 505

Sen Taffy Howard

Taffy

UCP

Total Dollar Value of
Claimable Properties:

\$1,190,694,738.56

*Funds have been spent

*All funds claimable in perpetuity.

Over \$1 billion is less than
10 years old

Value of Properties
received before 2014:

\$23,036,227.84

SD Claimable Properties:
957,394

SD Dollar Value of
Claimable Properties:
\$98,269,873.09

Total dollars recieved last
three years:
\$598,692,985.47

BFM Budget Book:

"These unclaimed funds
are a perpetual liability of
the State of South Dakota
and if the owner of such
funds is identified, they
must be paid to the
rightful owner."

Unclaimed Property

UNCLAIMED PROPERTY is comprised of abandoned financial assets that are without activity for a certain period of time, such as checking and savings accounts, unpaid wages, securities, life insurance payouts, uncashed checks, proceeds of safe deposit boxes

Trust Fund

Bill and Resolution – bipartisan, worked with BFM and Governor's office
SB 155 | SJR 505

- Allows SD to begin setting aside one-time money into an interest-bearing account after July 1, 2025.
- Anything above \$62 million is considered one-time
- Bill will have a drawdown of \$4 million every year.
- Drawdown starts at \$62 million, reduced by \$4 million each year until reaching \$25 million.
- SJR 505
- If passed by both chambers and approved by the voters SJR 505 would allow the SDIO to have a long-term investment strategy which will allow for higher interest earnings with Unclaimed Property Dollars.

Turning a perpetual liability into a long-term asset

\$1.2 billion liability | No funds set aside if bank charters leave | no interest earnings

- **Perpetual Liability:** Currently all funds not claimed are spent in the general fund. Creating a perpetual liability as funds can be claimed forever.
- Because these funds are spent South Dakota does not earn interest on these dollars.
- **Asset:** By creating a trust fund South Dakota will begin setting money aside to protect ourselves from claim payouts and generate interest earnings back to the general fund.

Big Banks

Most Unclaimed Property in SD originates from 3 large holders (Financial Institutions)

Holder | 3 large financial institutions currently have their National Charter in SD.

Second Priority Rule | If a last known address cannot be determined, or if the owner's last known address is in a state that does not provide for escheat of the property, the state where the holder is domiciled can take possession of the property.

Additional Information

- A holder can leave SD with 30 days' notice
- A Trust benefits SD in the long term
- A trust is stable, predictable, and reliable
- The principal that goes into a trust would be there forever or until a claim is paid out
- A Trust protects taxpayers, education, public safety, and others from risk
- If a bank leaves and incoming funds are diminished the funds in the trust remain in SD