

STATEMENT OF PURPOSE

RS24302

Currently, there are no unclaimed accounts in the College Savings Program. As the Program matures, however, a limited number of accounts will be lost due to the death of the account owner, or because the owner has forgotten the account.

There are potential tax consequences arising from the liquidation and transfer of an unclaimed account to the Unclaimed Property Program. In addition, the account will no longer be maintained as an investment account by the Unclaimed Property Program, and the intended beneficiary may have fewer financial resources to fund their education if the unclaimed account is liquidated. To avoid these consequences, the College Savings Program Board has proposed, and the Unclaimed Property Program has consented to, this legislation allowing the College Savings Program to retain unclaimed accounts under an agreement similar to those the Unclaimed Property Program currently has with Idaho Counties.

The agreement will allow the College Savings Program Board to maintain the investment nature of the account, avoid potential tax consequences, and aggressively search for the owner of any unclaimed account. Under the agreement, the Board will notify the Unclaimed Property Program of any unclaimed accounts, and the account information will be included in the list of unclaimed property available through the Unclaimed Property Program. The listing of the account with the Unclaimed Property Program, and the Board's search for the owner, will provide the best opportunity of finding the owner.

FISCAL NOTE

Interest earned on unclaimed property is retained by the general fund. Retention of the earnings within the unclaimed college savings account may result in the loss of a de minimus amount of interest otherwise retained in the general fund.

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