



UNCLAIMED PROPERTY ALERT

Nebraska proposes a reduction of dormancy periods - NE LB 1108

On January 22, 2020 Nebraska introduced LB 1108 which proposes changes to several provisions relating to the Uniform Disposition of Unclaimed Property Act. Most of the updates are related to the reduction of dormancy periods from five to three years. A detailed description of the proposed changes in the bill impacting unclaimed property is outlined below:

Section 69-1301 Definitions

- A definition is added for a “record” which means information that is inscribed on a tangible medium or that is stored in an electronic medium and is retrievable in perceivable form. The phrase “records of the holder” includes records maintained by a third party that has contracted with the holder.”

Section 69-1302 Property held or owing by a banking or financial organization or by a business association presumed abandoned.

- The dormancy period for all property under this section would be reduced from five to three years.
- A paragraph is added to clarify that “communication by means of a secure, password-protected, electronic contact, communication, or transaction with the banking organization concerning the deposit would also rebut the presumption of abandonment”.
- Under the linkage provision, the bill clarifies the linked property must also have had contact which now includes the new paragraph “communication by means of a secure, password-protected, electronic contact, communication, or transaction with the banking organization concerning the deposit would also rebut the presumption of abandonment”.
- In addition to lowering the dormancy period for safe deposit boxes, if the Treasurer (or designee) determines that any delivered property has insubstantial commercial value, the Treasurer may destroy or otherwise dispose of the property at any time. Further, no action or proceeding may be maintained against the state, any officer, or against the banking/financial organization for or on account of any action taken by the Treasurer in accordance to this section.

Section 69-1305(a) Stock, shareholding or other intangible ownership interest in a business association

- The dormancy period would be reduced from five to three years. Owners must be inactive for three years and the holder must not know the location of the owner at the end of the three-year period.

Section 69-1305.01 Intangible ownership interest enrolled in a plan that provides for the automatic reinvestment of dividends

- The dormancy period would be reduced from five to three years. Owners must be inactive for three years and three years must

have elapsed since the location of the owner became unknown to the holder.

Section 69-1307 Fiduciary property

- The dormancy period would be reduced from five to three years after it becomes payable or distributable.

Section 69-1307.03 Individual retirement account, retirement plan for self-employed individuals, or similar account

- The dormancy period would be reduced from five to three years

Section 69-1308 Catchall provision

- The dormancy period would be reduced from five to three years.

Section 69-1310(a) Unclaimed property report

- The state proposes that the nature and identifying number, if any, or description of the property and the amount appearing from the records to be due for all property amounts. The exclusion for items reported in the \$25 aggregate has been stricken.
- A provision is proposed allowing a holder of property presumed abandoned due to be reported with a cumulative value of \$50 or less in a single reporting year shall not be required to report the property in that year but shall report the property in any year when the property value or total report value exceeds \$50.

Other provisions for owner claims and examination of records were also proposed. See full text of the bill for more details.

What does this mean to you?

If LB 1108 passes, holders will need to update systems and processes to accommodate the shorter dormancy periods. This includes working with service providers to ensure their systems are up to date as well. Additionally, it may impact a holder's process for early outreach and the timelines associated with the property types impacted by the bill.

Holders that report in the aggregate will need to eliminate aggregate reporting and provide all owner detail for all property reported to Nebraska.

Georgeson will continue to monitor this bill for passage.

The full text of the bill can be found [here](#).

This article is intended for informational purposes and is not to be considered legal advice. For additional questions concerning this alert, contact Dana Terry at dterry@georgeson.com or 201-539-1998.

Georgeson actively tracks legislative changes and periodically reaches out to states for updates. Review previous Unclaimed Property Alerts:

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