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## NUMBERED LETTER 2009-1

### REQUIREMENTS OF UNITS OF LOCAL GOVERNMENT FOR REPORTING UNCLAIMED PROPERTY (Replaces Numbered Letter 99-2)

**Issued By:** Local Audit and Finance Division, Bureau of Local Government Services

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**2009-1.** This Numbered Letter announces new contact information and modifies the extension requirements to mirror current Department of Treasury policies and procedures.

Under Public Act 29 of 1995, the Uniformed Unclaimed Property Act, the Michigan State Treasurer is the administrator and acts as custodian of the property on behalf of the owner. The Act protects unclaimed property and returns it to its rightful owners or their heirs. The State Treasurer takes custody of the property so the owner may claim it, even if the original holder is no longer in business. The Act also centralizes the search for lost property in one place, the Unclaimed Property Division of the Michigan Department of Treasury.

Michigan Compiled Law (MCL) 567.234 states: "Property held for the owner by a court, state, or other government, governmental subdivision or agency, public corporation, or public authority that remains unclaimed by the owner for more than 1 year after becoming payable or distributable is presumed abandoned."

The law requires the person holding unclaimed property presumed abandoned and subject to the State's custody, to send written notification ("due diligence letter") to the owner at their last known address informing them that the property is subject to be turned over to the State of Michigan. The notice must be sent not less than 60 days before filing the report to the State of Michigan. This requirement only applies if all the following conditions are met as required by MCL 567.238:

- 1) If the property has a value of \$50.00 or more;
- 2) The address for the owner does not appear to be inaccurate; and
- 3) The statute of limitation does not bar the claim of the owner.

MCL 567.238 requires the report along with the unclaimed property to be filed with the State Treasurer on or before November 1 of each year for the twelve month period ending on the immediately preceding June 30. A 60 day extension is available after the deadline upon request. However, failure to pay or deliver unclaimed property within the time prescribed by MCL 567.255 of the Act, subjects the person or unit to penalties and interest. Penalties and interest is payable at the current monthly rate of 1 percent above the adjusted prime rate per annum per month, (on the property or value of the property) from the date of the property should have been paid or delivered.

Who should report?

The Uniform Unclaimed Property Act is silent as to what official has the responsibility to complete the report and escheat unclaimed property to the State of Michigan. MCL 567.238 states, “the person holding property presumed abandoned and subject to the State’s custody as unclaimed property under this Act shall report to the administrator (State Treasurer) concerning the property as provided in this section.” However, in other statutory provisions, the local governmental unit treasurer has the statutory responsibility as the custodian of all funds in the local unit of government.

For example, outstanding checks, drafts or similar instruments not cashed for 90 days or older that are payable in the General Fund should be transferred to the Trust and Agency Fund. The Uniform Chart of Accounts requires that the amount of the outstanding checks that are abandoned and to be escheated to the State be maintained in account number 268 “Escheatable Money” within the Trust and Agency Fund. A detailed list would be maintained of the transferred outstanding checks and then reconciled on a monthly basis as part of the bank reconciliation process.

In a county, the county treasurer would have the responsibility to complete the report under MCL 567.238 as the person holding the property presumed abandoned and subject to the State’s custody as unclaimed property under this Act. In the case of the county, a letter should be sent to the various departments directing them to send all unclaimed outstanding checks over 90 days old to the county treasurer for deposit into the Trust and Agency Fund as “Escheatable Money.”

For questions or additional information, please contact the Unclaimed Property Division at 517-636-5320 or write:

Michigan Department of Treasury  
Unclaimed Property Division  
P.O. Box 30756  
Lansing, Michigan 48909