



900 SW JACKSON ST., STE 201  
TOPEKA KS 66612-1235

**Steven Johnson**  
KANSAS STATE TREASURER

PHONE: 785-296-3171  
FAX: 785-296-7950

**PROPONENT TESTIMONY ON HOUSE BILL 2577**

**Providing discretionary authority to the state treasurer to transfer moneys certified as equivalent to the aggregate net amount received for unclaimed property to the KPERS board and to liquidate such moneys for further investment by the pooled money investment board or for necessary payments to owners of unclaimed property.**

**Presented to the Senate Committee on Financial Institutions & Insurance  
By Kansas State Treasurer Steven Johnson**

**March 6, 2024**

Chair Longbine and Members of the Committee:

Thank you for your consideration of House Bill 2577. This bill would provide a mechanism for the state treasurer to both invest and withdraw unclaimed property funds through the KPERS system.

For many years, K.S.A. 75-2263 has given the state treasurer authority to transfer funds in the unclaimed property fund to KPERS. The purpose of investing that money is to generate a greater return for the general fund than if that money remained in our cash account. For most of the last decade, that statutory authority has been suspended in the Legislature's annual budget bill in an effort to boost our cash balance in the years when our budgets were tight.

With the state's cash balance now healthy, along with the well-funded budget stabilization fund, last year's budget bill repealed the language suspending the authority to invest the unclaimed property fund.

In looking into implementing that change in law from last year, we identified some provisions in the statute that needed to be cleaned up to ensure that the state treasurer not only had the authority to send money to KPERS to be invested, but also the ability to decide how much money can safely be invested and to withdraw all or a portion of that money from KPERS whenever it is needed to meet the state's obligations or to pay out property claims to the rightful owners or heirs. The language in the bill before you today is intended to accomplish those purposes.

For context, as of December 31, 2023, the Unclaimed Property Division is holding \$579,102,976.70 in unclaimed property for Kansans. In 2023, the Unclaimed Property Division received 6,475 reports of unclaimed property, totaling more than \$50,437,797.04. The Division processed 46,760 claims, returning \$17,344,938.86 to claimants – resulting in an average claim of \$370.94.

So, while our office works hard to promote the unclaimed property program, and return as much money as possible to the rightful owners or heirs – the balance in the unclaimed property fund continues to grow by millions of dollars per year. Providing the option to invest a portion of the fund and generate interest for the state general fund is a good policy, and we look forward to implementing it with the appropriate procedures in place as outlined in House Bill 2577.

Thank you again for your consideration of this bill.

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