

Changes to Michigan's Unclaimed Property Law

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Recent changes to Michigan law, which are currently in effect, will impact financial institutions and others who hold unclaimed personal property. The changes reduce the dormancy period, which is the period of time after which unclaimed personal property will be considered abandoned to the state of Michigan. The Legislature has also made changes in the dates for reporting and remitting unclaimed property to the state.

Examples of types of property that commonly are not claimed by the owner before the dormancy period expires include checks, drafts and similar instruments, demand, savings or matured time deposits, money orders and gift cards, credit memos and certain gift certificates.

Reduced Dormancy Periods: Under Michigan law personal property held by someone other than the owner is considered abandoned to the state if the owner fails to claim it for a specified number of years. The new dormancy period for almost all types of property (other than certain traveler's checks) is three years. Previously, the dormancy periods for different types of property varied considerably.

Beginning of Dormancy Period: As was the case before the law was changed, the dormancy period begins at different times for different types of personal property. Anyone holding unclaimed property should carefully determine when the dormancy period for that particular type of property begins to run.

Changes in Reporting Dates: The dates by which the holder of unclaimed property must report to the Michigan Department of Treasury and remit the property also have changed. Previously, a holder was required, by November 1 of each year, to file a report for the 12-month period ending on the preceding June 30. This rule remains in effect for the 2010-11 fiscal year, but a holder must file an additional report during this time period. Under the revised law, during the 2010-11 fiscal year, a holder must file this additional report on or before July 1, 2011, for the nine-month period ending on March 31, 2011. After December 31, 2011, a holder must file a report, on or before July 1 of each year, for the 12-month period ending on the preceding March 31.

Military Exemptions: The modified dormancy periods do not apply if the property owner is actively serving in the military outside of the U.S.

Reclaiming Property: There is no change in a property owner's right to reclaim property after the dormancy period has expired. A person whose property is considered to have been abandoned to the state may still file a claim with the Department of Treasury and seek to recover the property.

Penalties: A person who fails to file a required report of unclaimed property or who fails to pay or deliver the property to the Treasury Department as required by Michigan law may be subject to civil and criminal penalties.

If you have questions about the new laws, please contact David Ludington (616.752.2749 or dludington@wnj.com) or any member of the Financial Services Group or the Commercial Law Group at Warner Norcross & Judd.