State of Rhode Island
Office of the General Treasurer

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2026 May Revenue Estimating Conference

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Testimony Notes

UNCLAIMED PROPERTY PROGRAM

Office of the General Treasurer James A. Diossa

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REVENUES

Special Audits – Treasury's Unclaimed Property Division (the "Division") contracts with outside firms who conduct audits of companies potentially holding unclaimed property. Special audits in recent years were predominantly examinations of large life insurance companies. The program auditor's activity also includes examination of financial institutions, large corporations, brokerage firms and remittance of accumulated shares and securities. These revenues have historically been reported as Traditional Revenues. For consistency purposes, the Special Audit Revenues reported here are from only large life insurance companies.

- **FY 2026:** The special audit estimate for FY 2026 of $2.4 million is based on current collections and forecasts provided by the program's auditors.

- **FY 2027:** The estimate for FY 2027 is $2.4 million based on historical averages and through consultation with audit firms about the likely timing of completion of audits in progress.

Traditional Revenues – Traditional revenues are those not otherwise classified, and include holder receipts from companies, reciprocals from other states, and from typical audit activity. Holder reports are due by November 1 each year and the program typically receives the bulk of its revenues on or immediately after the deadline.

- **FY 2026:** The program estimates $52.4 million in traditional revenues for FY 2026. This amount is significantly higher than forecasted in November 2025 as increased national awareness, audits, and program outreach initiatives have driven financial institutions and other national organizations to catch up on compliance.

- **FY 2027:** The program projects $33.2 million in traditional revenue, a return to previous years historical averages.

Securities - The Division assumes custody of both tangible and intangible assets, including securities. *See* R.I. Gen. Laws § 33-21.2-1 (10), (17). Under state law, Treasury retains broad discretion to either hold securities in brokerage accounts or to liquidate securities held for at least one year at the prevailing market price. *See* R.I. Gen. Laws § 33-21.2-22 (b)-(c). Where Treasury exercises this discretionary power and sells securities, the Division assumes custody of the cash proceeds. Historically, Treasury has exercised this discretion sparingly. Consistent with R.I. Gen. Laws § 33-21.2-23, Treasury must remit "all funds" recovered by the Division "including the proceeds from the sale of abandoned property" to the general fund.

Last year, Treasury initiated a multi-year securities reconciliation project intended to balance unclaimed securities portfolios and to reduce the number of brokerage accounts holding unclaimed property that are under Treasury management. As part of Treasury's effort to consolidate brokerage accounts, Treasury will be liquidating securities without a recorded owner in the state unclaimed property system, or that have been held in state custody for at least four years.

Treasury expects the reconciliation process to proceed in phases and to conclude by calendar year 2027, materially increasing program revenues during this period. Once the project is completed, the expected revenue will decline and is expected to return to historical averages.

- **FY 2026:** The program estimates $18.7 million in stock sales including current year claims as well as the liquidation of equities without a recorded owner in the state unclaimed property system.

- **FY 2027:** The program is anticipating $35.7 million in revenue for stock sales in FY 2027 as equites that have been in state custody for at least four years are liquidated.

Auction Revenues – State law also empowers Treasury to sell tangible assets at public auction. R.I. Gen. Laws § 33-21.2-22 (a). Shortly after the November 2025 Revenue Estimating Conference, Treasury hosted a public auction for certain tangible assets that had been held in state custody. Consistent with state law, this auction was publicly noticed at least three weeks before the auction and was open to the public. *Id.* The auction items largely included the contents of safe deposit boxes – such as jewelry, bullion, or other valuable materials – that had been held in a vault located at Treasury's Operations Center at 50 Service Avenue in Warwick.

Increased revenue attributable to this auction in non-recurring. The cost of hosting any auction cannot exceed the expected proceeds. R.I. Gen. Laws § 33-21.2-22 (a). As such, auctions are held infrequently, after there has been a substantial enough accumulation of tangible assets to justify the cost associated with a public sale.

- **FY 2026:** The program received $1.1 million in gross revenues from the sale of tangible items.

- **FY 2027:** We do not anticipate a tangible goods auction in FY 2027.

Departmental Escheat – Under R.I. Gen. Laws § 33-21.1-3.1, the State must transfer written-off checks to the Unclaimed Property fund as if the State were any other holder of unclaimed property. This process was established in conjunction with the Controller's Office and the Department of Taxation beginning in FY 2016.

- **FY 2026:** Treasury has estimated the escheatment for appropriately aged taxation checks, general disbursement checks, and payroll taxes to be $4.1 million.

- **FY 2027:** An estimate of the escheatment for FY 2027 is $4.8 million based on historical averages.

TOTAL CURRENT REVENUES

- **FY 2026:** The program estimates $78.8 million of revenues in FY 2026.

- **FY 2027: T**he program estimates $76.0 million of revenue for FY 2027.

EXPENDITURES

Personnel

- **FY 2026:** Personnel expenses related to Salary and Wages are estimated to be $2.1 million, based on direct-line staff, allocated support personnel, and statewide employee benefits.

- **FY 2027:** Personnel expenses for FY 2027 are expected to be $2.2 million, corresponding to our FY 2027 budget request.

Auditors – Audit firms are compensated based on the value of property remitted to the program and as such, these expenses are directly correlated to the program's income.

- **FY 2026:** Audit fees in FY 2026 are estimated at $1.2 million.

- **FY 2027:** Audit fees in FY 2027 are estimated at $1.0 million.

Administrative Expense

- **FY 2026:** Administrative expenses are consolidated into a single line item including information technology, mailing, advertising, data validation services, and outreach activities. The combined total expenditure including fees associated with the auction is expected to be $0.5 million.

- **FY 2027:** The FY 2027 Administrative expense is estimated to be $0.3 million.

Claims

- **FY 2026:** The estimate for claims expense in FY 2026 is $24.0 million based on current and expected claims.

- **FY 2027:** The estimate of $34.0 million in claim expense for FY 2027 includes claimants to aged equities and assumes continued success of the program in reuniting unclaimed property with owners and further implementation of automated efforts to return property through data matching.

TRANSFER TO THE GENERAL FUND and YEAR END LIABILITY

- **FY 2026:** The projected surplus is calculated based on the revenues, expenditures, and claim liability expected in the fiscal year. The transfer to the general fund surplus for FY 2026 is estimated to be $44.6 million.

- **FY 2027:** The transfer to the general fund surplus for FY 2027 is estimated to be $37.6 million. The estimate is calculated based on expected revenues, expenditures, and claim liabilities

- The liability holdback calculation is done at year-end and will be the greater of 25%, or the five-year average of the ratio of current-year claims paid out from previous year's revenues and any audit adjustments made to the liability accounts. For FY 2026 the estimated liability holdback is 32.2% and for FY 2027 the estimated liability is 34.5% (see Worksheet A). The liability is adjusted through an expense/credit to the program reflecting the change from the previous year's liability.