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Before the Joint Standing Committee on State and Local Government

Testimony In Opposition to LD 1969 "An Act to Amend the Maine Revised Unclaimed Property Act"

Senator Baldacci, Rep. Salisbury, and members of the Joint Standing Committee on State and Local Government, my name is Jake Lachance, and I am a Government Relations Specialist for the Maine State Chamber of Commerce, which advocates for a network of over 5,000 large and small businesses across the State of Maine. I am here to give testimony in opposition to LD 1969 "An Act to Amend the Maine Revised Unclaimed Property Act".

LD 1969 would shift Maine's long-standing escheatment triggers from the more customer-protective Returned Mail (RPO) standard to the more aggressive Inactivity standard. This proposed change impacts key property types such as retirement accounts, securities, custodial accounts for minors, and newly added virtual currencies.

Key Issues for the Business Community:

1. Premature Escheatment Undermines Long-Term Financial Strategies

Many of the accounts affected by this legislation—particularly Roth IRAs, 529 plans, and custodial accounts—are designed to be held and grow over extended periods. By eliminating the requirement for communication (e.g., returned mail) before property is presumed abandoned, this bill disregards how customers actively engage with long-term financial planning. In practice, customers may go years without transacting, especially if they've set up automatic contributions or reinvestments.

This move will:

- Disrupt customer relationships without any affirmative indication that the customer is "lost."
- Force businesses to redirect resources toward unnecessary escheatment processes rather than value-added customer service.

2. Liquidation of Virtual Currency is Risky and Value-Destructive

The bill introduces a new requirement for holders of virtual currency to liquidate those assets and remit the proceeds to the state once they are presumed abandoned. This is highly problematic for several reasons:

- Virtual currencies are often volatile and illiquid.
- Forced liquidation within a narrow window may significantly erode value and eliminate any further earning potential for the owner.
- Businesses will face legal ambiguity and potential liability over fair liquidation processes and market timing.

Furthermore, customers bear the risk of permanently losing access to digital assets that may have otherwise been retained as part of a longer-term financial strategy.

3. Erosion of Customer Trust and Fiduciary Responsibility

Under the proposed changes, property can be escheated based solely on a lack of customer activity, regardless of whether that customer is receiving regular paper statements or otherwise fully aware of and satisfied with their account. For businesses with fiduciary responsibilities—such as investment firms—this introduces a troubling conflict. The requirement to escheat based on inactivity contradicts best practices and regulatory expectations for long-term asset stewardship.

In effect, this bill increases the risk of escheating property when the owner is not truly unreachable, eroding both trust in the financial system and the long-term integrity of customer accounts.

4. Increased Administrative Burden and Compliance Risk

Businesses, especially those managing thousands of consumer accounts, will face considerable burdens:

- Monitoring multiple dormancy triggers across property types without a clear communication threshold will create compliance confusion.
- Forced reporting and liquidation rules add operational complexity and financial risk.
- The bill also increases liability by holding businesses accountable for unremitted property held in trust, without providing safe harbors or procedural clarity in all scenarios.

These changes may disincentivize firms from operating in Maine or offering certain financial products to Maine residents, thereby limiting consumer choice and stifling economic growth.

We agree that it is important for Maine to have an efficient and fair unclaimed property framework. However, LD 1969 goes too far in ways that compromise customer financial security, impose significant operational challenges on businesses, and ignore the realities of modern investing.

Thank you for the opportunity to provide this testimony. We stand ready to work with lawmakers and stakeholders to craft an approach that safeguards both consumer assets and business interests.