

Revenue Estimating Conference

Unclaimed Property and Transfers to the State School Trust Fund

Executive Summary

Estimates of receipts and refunds to owners from unclaimed property and the subsequent distribution into the State School Trust Fund were discussed on July 19, 2022, by the Revenue Estimating Conference.

The Conference reviewed the final data for Fiscal Year 2021-22. For the year, the State of Florida received \$637.7 million in receipts which was \$91.2 million above the December 2021 estimate. In contrast, refunds were only \$13.0 million above the prior estimate, leading to a total of \$383.3 million for the year. At the end of Fiscal Year 2021-22, \$263.3 million had been transferred to the State School Trust Fund. This total was \$71.2 million above the December 2021 estimate.

Like programs in other states, receipts came in significantly higher than anticipated for the second consecutive year. While some of the causes are unclear, the strength of the U.S. equities market over the last two years is at least a dominant driver. Dormant financial accounts are divested from the financial system when received by the Department of Financial Services' Division of Unclaimed Property. When the divestment coincides with a strong equity market, the cash value is pushed atypically high. The Department of Financial Services' Division of Unclaimed Property divested the latest dormant financial accounts just prior to the recent fall in the U.S. equities market.

The new forecast projects Fiscal Year 2022-23 receipts of \$607.9 million and refunds of \$388.8 million. The projected transfer to the State School Trust Fund was increased to \$226.2 million, \$51.4 million higher than the previous forecast. Even though the Conference anticipates that receipts will stay strong in Fiscal Year 2022-23, the recent drop in the equities market causes a year-over-year decline from Fiscal Year 2021-22 and a flattening in Fiscal Year 2023-24. Annual Refunds are estimated by historical claim rate data provided to the Conference. Claim rate data has proven to be an accurate predictor of refunds.

The following table shows the differences from the previous forecast for the current and upcoming fiscal years.

	Dec 2021	July 2022	Difference
2022-23 Receipts	\$556.5	\$607.9	\$51.6
2022-23 Refunds	\$372.9	\$388.8	\$15.9
2022-23 Transfer to State School Trust Fund	\$174.8	\$226.2	\$51.4
2023-24 Receipts	\$566.4	\$607.9	\$41.5
2023-24 Refunds	\$372.7	\$384.0	\$11.4
2023-24 Transfer to State School Trust Fund	\$185.5	\$216.6	\$30.1

Dollars shown in millions.