



# Oklahoma Economic Report™

News and analysis of Oklahoma's economy

A publication of the Office of the State Treasurer • Treasurer Ken Miller, Ph.D.

## Getting serious with unclaimed property

State unclaimed property programs are among the oldest consumer protection programs in the United States. By requiring businesses to turn over money owed to citizens they couldn't find, the states created centralized locations and processes for those people to be reunited with their money.

The states have a legal responsibility to help those with lost money get it back. They also have an obligation to ensure businesses are complying with the law and are turning over abandoned funds.

Oklahoma's unclaimed property program began in 1967 as a division

of the Oklahoma Tax Commission. In 2000, it was moved to the state treasurer's office. Since then, more than \$250 million has been returned to Oklahomans.

In the past three fiscal years alone, following launch of a model incentive pay and marketing program, total returns have topped \$100 million. That means since 2013, unclaimed property is being returned at a rate almost triple that of the prior 13 years.

### Handling bad actors

Oklahoma law mandates businesses remit abandoned property to the

program along with the name and last known address of the owner.

The majority of businesses comply with the law, but for those that have fallen behind, the treasurer's

office offers the Compliance Assistance Program that gives businesses one

“States have an obligation to ensure businesses are turning over abandoned funds.”

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- **State unemployment continues rise in August, set at 5.1 percent**

#### Editor

Tim Allen, Deputy Treasurer for Communications and Program Administration

## Miller elected president of National Association of State Treasurers

The National Association of State Treasurers (NAST) elected Oklahoma State Treasurer Ken Miller as its 2017 president in September, during the association's annual conference in Seattle. Elected by acclamation, Miller is the first Oklahoman in NAST's 40-year history to serve as president of the association.

“It is an honor to be chosen by my colleagues to serve as president of this bipartisan national network,” Miller said. “For more than four decades, NAST has addressed some of the country's toughest fiscal challenges by

promoting policies and programs that have proven successful at the state level. I look forward to helping guide this association in its next phase of growth.”

NAST past president, Tennessee State Treasurer David Lillard praised the selection of Miller to lead the organization.

“Treasurer Miller is a proven leader in treasury operations and economics, who has revitalized the National Institute of Public Finance under the NAST Foundation. I am confident state treasury

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## Treasurer's Commentary

By Ken Miller, Ph.D.

### Organization matters, part 1

As a legislator, I benefited from participating in two organizations designed to better our states and nation, the National Conference of State Legislators and the American Legislative Exchange Council.

Through these groups I was able to meet my counterparts from across the nation, share experiences, learn best practices and form a cohesive voice to represent the states before the federal system.

Unaware that such an opportunity existed for state treasurers, soon after my general election the Virginia treasurer reached out to tell me about the National Association of State Treasurers (NAST) and to encourage my attendance at its upcoming meeting. I complied and not long after, the Tennessee treasurer urged more active involvement in organizational leadership.

After serving in various posts during the last six years, earlier this month I was honored to be chosen by my colleagues as president of this bipartisan national network.

For more than four decades, NAST has provided great support for treasurers and addressed some of the country's toughest fiscal challenges by promoting policies and programs

that have proven successful at the state level.

NAST has established itself as the premier advocacy and support organization that enables member to pursue and administer sound financial policies and programs benefiting the citizens of the nation.

It has done so because of the strong leaders that preceded me, a dedicated membership and an outstanding staff.

**“For more than four decades, NAST has provided great support for treasurers and addressed some of the country's toughest fiscal challenges.”**

I would like to thank Treasurer McIntire of Washington for his leadership over the past year. Under his presidency, NAST has pushed to improve America's aging infrastructure, help families save for the rising cost of higher education, return unclaimed property to its rightful owners and enhance financial literacy across the nation.



I also want to recognize the two most recent immediate past presidents, Treasurer Ganeriwala of Virginia and Treasurer Lillard of Tennessee, for their contributions in revitalizing and retooling NAST to better meet the public finance challenges that lie ahead.

More personally, I want to thank them for pulling in a newly-minted treasurer from Oklahoma – he and his state are better for their friendship, counsel and support.

I am excited to continue working with them, the membership-at-large, the executive committee, network affiliates and staff to help guide the associations next phase of growth because it is important to the lives of all Americans.

From California to New York, Minnesota to Texas, citizens will benefit because of the vital work of NAST. I am grateful for the opportunity to be a part of its mission.



## Getting serious

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year to get up to date with filing requirements. In so doing, businesses avoid penalties and fines.

In cases where there is reason to believe a business is not following the law, examiners can be sent in to look at its records. Oklahoma, in conjunction with other states, has participated in numerous examinations. Among other businesses, the examinations have included out-of-state life insurance companies suspected of holding onto policy proceeds payable to beneficiaries of the deceased.

### In the national spotlight

The life insurance issue was examined in detail earlier this year by CBS News' *60 Minutes* program. Originally aired in April, the story by correspondent Lesley Stahl was rebroadcast and updated in August. ([Transcript.](#)) Nielsen ratings show the April broadcast had 10.45 million viewers, while the August rebroadcast was seen by 6.3 million people.

The *60 Minutes* piece focused on life insurance companies' use – or lack of use – of the Social Security

Administration's Death Master File, or DMF, to identify deceased policyholders. Florida Insurance Commissioner Kevin McCarty told Stahl about cases where companies were aware policyholders had died, but failed to take action to pay beneficiaries.

The story included an Oklahoma woman, Sherry Sanders, who received \$22,000 from a life insurance policy purchased by her husband. The funds were turned over to the state's unclaimed property program following a multi-state examination of insurance companies.

In the past few years, the majority of the nation's life insurance companies have voluntarily agreed to use the DMF to help identify policies that need to be paid. But one insurance conglomerate is fighting it tooth and nail – Kemper Insurance of Chicago, including its Oklahoma affiliate, Reserve National Insurance Company.

State Treasurer Ken Miller told *60 Minutes* that Kemper is fighting the hardest, seeking legislation in numerous states, including Oklahoma, to legalize its refusal to check the DMF. In court filings, Kemper claims proactively

finding and paying beneficiaries would result in "a substantial financial loss."

"If your model is built on the fact that you're not going to pay a dead person's loved ones for a policy they've completely paid in full, to me that's just a bad policy," Miller told Stahl during an interview at the State Capitol.

### Florida takes the lead

Earlier this year, Florida Chief Financial Officer Jeff Atwater pushed for and got enacted a law requiring life insurance companies use the DMF, including checking existing policies, to identify deceased policyholders.

In contrast, the Kemper-sponsored legislation in states like Oklahoma would give life insurance companies a free pass on all existing policies, requiring use of the DMF only on newly-written policies.

The new Florida law – which passed through both houses of the Republican-controlled Legislature without a single no vote – requires companies check the DMF for policies going back to 1992 and every year going forward. If

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## President

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professionals throughout the nation will benefit under his excellent leadership. He is a great man whom I consider a good friend," Lillard said.

Miller will begin his new responsibilities

with the nation's state treasurers in January.

Miller has been a member of NAST's executive committee since 2014 having served as senior vice president, secretary-treasurer, southern region vice president and as chairman of NAST's 501(c)(3) educational foundation.

Miller, an economist, was first elected Oklahoma State Treasurer in 2010 and was reelected without opposition in 2014.

He previously served six years in the Oklahoma House of Representatives, including three years as chairman of the Appropriations and Budget Committee.

Opinions and positions cited in the *Oklahoma Economic Report™* are not necessarily those of Oklahoma State Treasurer Ken Miller or his staff, with the exception of the *Treasurer's Commentary*, which of course, is the viewpoint of the treasurer.



## Getting serious

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beneficiaries can't be found, the money will be reported to the Florida unclaimed property program.

The law was to take effect upon the signature of Florida Governor Rick Scott, but four Kemper-owned insurance companies filed suit seeking to have it declared as unfair and claiming it placed on them an undue financial burden. Among the four Kemper plaintiffs is Oklahoma's Reserve National Insurance Company. The state of Florida has agreed to not enforce the new law until the litigation is settled.

Efforts by Kemper to get its legislation passed in Oklahoma have failed.

### Uniform law update

A national effort is underway to update

a general guide for unclaimed property law in all of the states. The Uniform Law Commission is putting together a revised Uniform Unclaimed Property Act.

Oklahoma has 12 commissioners on the 398-member commission, including Tulsa University law professor and former State Treasurer Robert Butkin, who spearheaded transfer of unclaimed property to the state treasury in 2000. Oklahoma City University President and former Attorney General Robert Henry also serves on the commission.

Despite lobbying efforts by elements of the insurance industry, the current draft includes provisions that would allow the continued use of outside examiners to search for unclaimed life insurance policies through use of the DMF.

Once finalized, language from the uniform act, modified for state-specific issues, could be presented to the Legislature for enactment.

This will be the fifth version of unclaimed property uniform laws since 1954.

### Enhanced outreach

While efforts continue to ensure abandoned property due the state is properly reported and remitted, Oklahoma is pushing forward with aggressive efforts to get as much money as possible returned to its owners.

For decades, the program has published the names and last known addresses of property owners in state newspapers.

Earlier this year, a strong television and internet marketing effort was added. To help capture the public's attention and drive people to the program's online unclaimed property search site, a humorous bird character, Sirius Lee Scissortail Treasure Catcher, was created to serve as the program's "spokesbird."

Coupled with an incentive pay program for unclaimed property staff that provides bonus pay for exceeding goals, the efforts are driving more and more people to claim what they're due.

### Introducing Sirius Lee Scissortail Treasure Catcher

Sirius Lee is the "spokesbird" for Oklahoma Unclaimed Property on the program's television public service announcements, website, Facebook page, and Twitter feed.



### Learn more

Search for unclaimed property, start a claim and monitor its progress: [OKTreasure.com](http://OKTreasure.com)

Follow the program on Facebook, [www.facebook.com/OKTreasure](http://www.facebook.com/OKTreasure), and on Twitter: [@MrScissortail](https://twitter.com/MrScissortail)



## August Gross Receipts & General Revenue compared

August Gross Receipts to the Treasury totalled \$832.2 million, while the General Revenue Fund (GRF), as reported by the Office of Management and Enterprise Services, received \$414.5 million, or 49.8%, of the total.

The GRF received between 29.7% and 52.8% of monthly gross receipts during the past 12 months.

From August gross receipts, the GRF received:

- Individual income tax: 60.8%
- Corporate income tax: 23%
- Sales tax: 43.4%
- Gross production-Gas: 60.5%
- Gross production-Oil: 7.5%
- Motor vehicle tax: 25.9%
- Other sources: 67.6%

August GRF allocations are above the estimate by \$98.3 million, or 31.1%. Year-to-date GRF revenue tops the estimate by \$81 million or 11.5%.

August insurance premium taxes totalled \$12.8 million, an increase of \$9.1 million, or 241.4%, from the prior year.

Tribal gaming fees generated \$12 million during the month, up by \$474,659, or 4.1%, from last August.

## State Gross Receipts to the Treasury continue fall as state unemployment tops national rate

(Original release date: September 6, 2016.) Gross Receipts to the Treasury continued their downward trajectory for an 18th consecutive month in August as unemployment figures released late in the month show Oklahoma's jobless numbers exceed the national rate for the first time in almost 26 years.

collections during the past 12 months were off by more than 7 percent compared to the prior period, according to the reports.

**“ We keep scouring through the data to find signs of an impending turnaround, but it’s just not there.”**

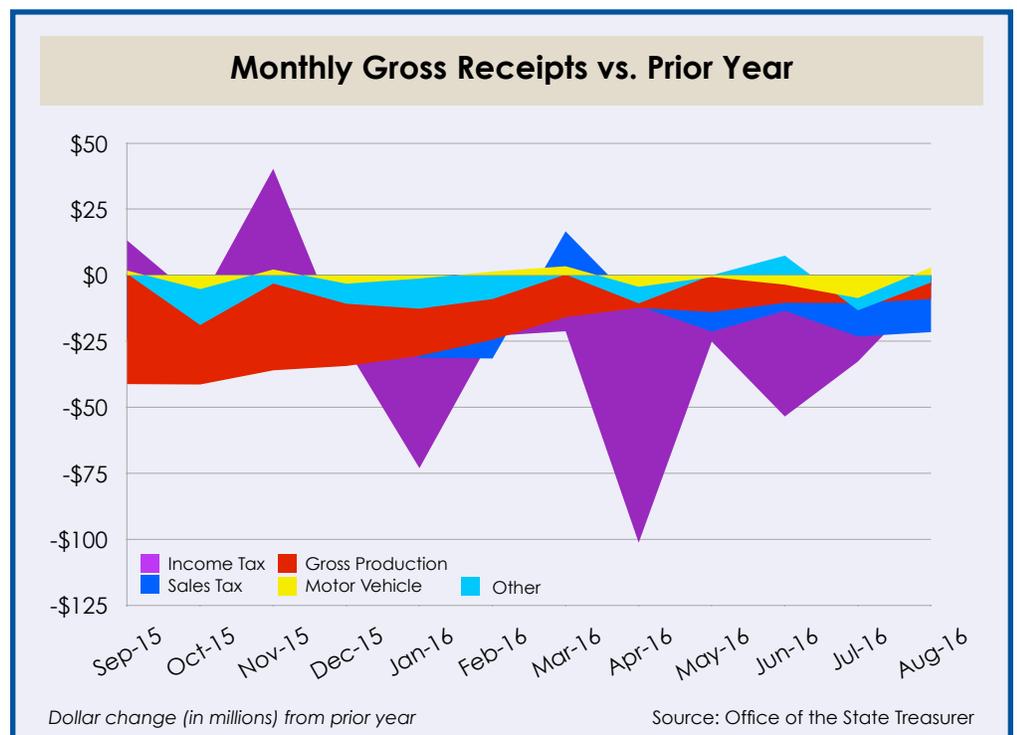
The revenue news comes as the Oklahoma Employment Security Commission reports the state’s unemployment rate at 5 percent, one-tenth of one percentage point higher than the national rate of 4.9 percent in July. The last

time Oklahoma’s jobless rate topped that of the nation was in October 1990.

Miller, an economist, said he’s on the

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Reports released by State Treasurer Ken Miller show gross receipts – which provide a broad view of state economic activity – were down by 4 percent in August compared to the same month of last year. Total





## Revenue

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lookout for indications the contraction is ending.

“We keep scouring through the data to find signs of an impending turnaround, but it’s just not there,” Miller said. “Some aspects of the August report aren’t as negative as in prior months –

a few revenue streams have ticked up slightly – but we can’t yet point to a positive trend.”

Unlike the past few months, August gross receipts show two revenue sources with slight improvements. Monthly collections from individual income and motor vehicle taxes were each around

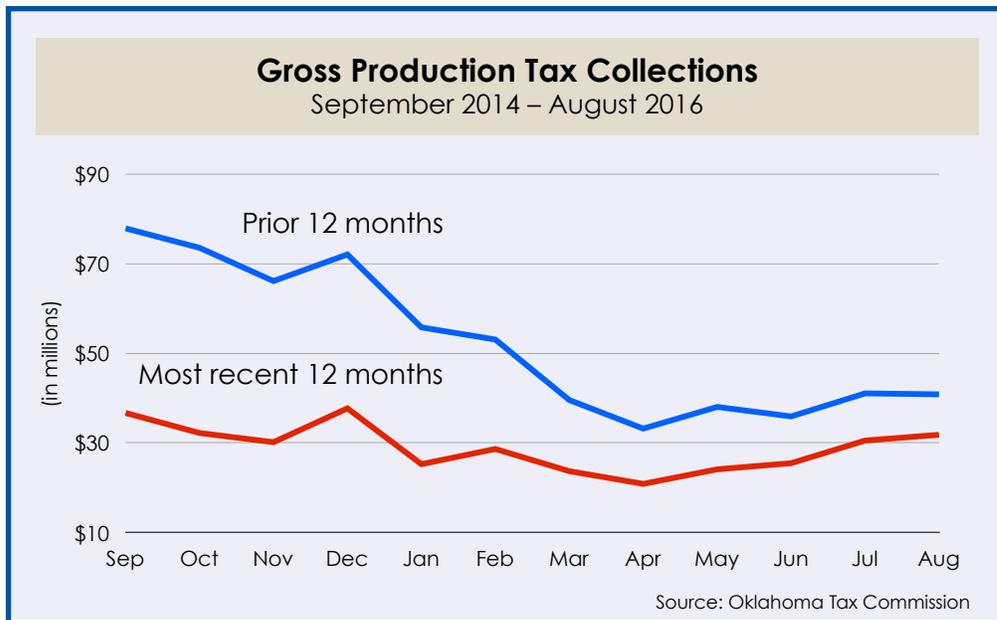
5 percent higher than in August 2015. However, measured over the past 12 months, every major revenue stream remains lower than the prior one-year period.

Collections from gross production taxes on oil and natural gas increased from the prior month for the fourth consecutive time, reflecting a slight rebound in wellhead prices. However, compared to the prior year, receipts remain suppressed.

### About Gross Receipts to the Treasury

Since March 2011, the Treasurer’s Office has issued the monthly Gross Receipts to the Treasury report, which provides a timely and broad view of the state’s macro economy.

It is provided in conjunction with the General Revenue Fund allocation report from the Office of Management and Enterprise Services, which provides important budgetary information to state agencies.



## State unemployment continues rise in August, set at 5.1 percent

Oklahoma’s seasonally-adjusted unemployment rate rose for a seventh consecutive month in August and was set at 5.1 percent, up by one-tenth of a percentage point from July, according to the Oklahoma Employment Security Commission (OESC).

August is the second month in a row that the Oklahoma jobless rate has been higher than the national rate, which was set at 4.9 percent in August. The number of jobless Oklahomans increased by 13,404 over the year.

Oklahoma Unemployment Report				
August 2016				
OKLAHOMA	Unemp. rate*	Labor force*	Employment*	Unemployment*
Aug '16	5.1%	1,821,239	1,729,039	92,200
July '16	5.0%	1,834,543	1,743,047	91,496
June '16	4.8%	1,850,770	1,761,046	89,724
May '16	4.7%	1,864,194	1,776,399	87,795
April '16	4.5%	1,871,604	1,786,474	85,130
Mar '16	4.4%	1,870,152	1,788,383	81,769
Aug '15	4.3%	1,844,305	1,765,509	78,796

\* Data adjusted for seasonal factors

Source: OESC



## Economic Indicators

