COMMONWEALTH OF KENTUCKY
OFFICE OF THE STATE TREASURER
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September 8, 2026

RECEIVED
SEP 8 2026
ARRS

Senator Michael Nemes
Representative David Hale
Representative D.J. Johnson
c/o Legislative Research Commission
083, Capitol Annex
702 Capitol Avenue
Frankfort, KY 4060

Re: 20 KAR 1:050. Unclaimed property; examination of holder records.
20 KAR 1:060. Unclaimed property; safe deposit boxes or other safekeeping repositories.
20 KAR 1:080. Reports to be filed by holders of unclaimed property.

Dear State Government Interim Joint Committee Co-Chairs,

After consideration of the issues raised by interested parties following the conclusion of the public comment period, the Kentucky State Treasury proposes the attached agency amendment to this ordinary administrative regulation.

SUMMARY OF AMENDMENTS

20 KAR 1:050: The agency amendment clarifies the circumstances after which estimation may be used the department when determining holder liability relative to unclaimed property. The amendment limits the proposed circumstances to only those allowed by statute. The agency amendment also supplements the related authority to include KRS 393A.600.

20 KAR 1:060: The agency amendment supplements the related authority to include KRS 393A.360. Additionally, the agency amendment modifies the safe deposit box inventory procedures granting regulated entities the ability to request that the department conduct an inventory of the property delivered to the department. Absent such a request, the department would not be obligated to conduct an inventory unless cash or coin were reported in the contents of the Holder report.

20 KAR 1:080: The agency amendment modifies the time frame within which holders are obligated to send written notices to property owners consistent with Kentucky statutes. The agency amendment further amends the time period during which holders must retain its records for property reported in the aggregate to seven (7) years.

Sincerely,

Robert L. Gullette III
Deputy General Counsel

Agency Amendment
[State Government IJC - September 8, 2026]

DEPARTMENT OF TREASURY
Kentucky State Treasurer's Office
Unclaimed Property Division

20 KAR 1:050. Unclaimed property; examination of holder records.

RELATES TO: KRS 393A.030, 393A.520, 393A.560, 393A.570, ***393A.600***[~~393.010, 393.110, 393.160, 393.280~~]
STATUTORY AUTHORITY: KRS 393A.030[~~393.280~~]
CERTIFICATION STATEMENT: This is to certify that this administrative regulation complies with the requirements of 2025 RS HB 6, Section 8.
NECESSITY, FUNCTION, AND CONFORMITY: ***KRS 393A.030 authorizes the State Treasurer to promulgate administrative regulations necessary to implement KRS Chapter 393A.*** This administrative regulation relates to the examination of holder records by the department if any holder fails to make a full and complete report of property as required by KRS Chapter 393A[~~393~~].

Section 1. If any holder fails to make a full and complete report of property as required by KRS Chapter 393A[~~393~~], the department, after giving notice as provided in subsection (1) of this section, may examine the records and other accounts of the holder.

(1) The department shall notify the holder in writing ten (10) days prior to an examination. However, if the department determines that the existence of the records may be placed in jeopardy unless action is taken forthwith, the department may examine all records immediately without any prior notice.

(2) The examination may include:

(a) Records of current accounts, dormant accounts, and accounts that may have been closed and archived;

(b) Verification of contractual agreements between depositors and the final organization regarding the deduction of service charges, account increases or decreases, and the cessation of interest payments; and

(c) In addition to the examination of unclaimed accounts and contractual agreements, the examiner may review the holder's annual procedures for reviewing dormant accounts.

(3) The department shall have reason to believe that a holder has failed to comply with the reporting requirements of KRS Chapter 393A[~~393~~] and may examine the records of the holder if one (1) of the following conditions exist:

(a) A holder has not submitted a report to the department;

(b) A holder has submitted reports to the department in which the holder's report states it has no unclaimed property;

(c) A holder fails to report types of unclaimed property normally reported by like businesses or associations;

(d) When amounts on the holder's report or amounts remitted from the holder are not comparable to reports received from like holders; and

(e) When information is provided by other governmental agencies or reliable sources that a holder may be holding unclaimed property that has not been reported.

(4) When a holder's records do not exist ***despite the obligation to retain same created by KRS 393A.250 [~~or are insufficient for examination~~]***, the department may apply sampling and estimation procedures to determine a holder's liability. These procedures ***shall[~~will~~]*** be applied

in accordance with standards of the American Institute of Certified Public Accountants (AICPA) and the United States General Accounting Office (USGAO).

(5)[~~(4)~~] At the completion of an examination a statement of examination findings and proposed adjustments shall be delivered to the holder. The statement shall be delivered by the department by hand, electronic mail, or by certified mail. The statement shall contain sufficient information to make the holder aware of his ***or her*** reporting obligations and legal options.

(6)[~~(5)~~] The holder shall have thirty (30) days in which to review the examination findings and proposed adjustments to the findings. No later than thirty (30) days of the date of the statement, the holder shall cause to be generated an amended annual report. If the holder disagrees on the facts, he ***or she*** shall file an official written protest within the thirty (30) day period or the amount as set out by the statement will become absolute and final and be immediately due and payable. The protest shall be filed with the department and shall ***establish[~~set out~~]*** a clear and concise assignment of any error alleged to have been committed by the department in its examination or its statement. The holder may request an administrative hearing in its protest.

FISCAL IMPACT STATEMENT

(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation:
KRS 61.876; KRS 393A.030

(2) State whether this administrative regulation is expressly authorized by an act of the General Assembly, and if so, identify the act:
Yes, KRS 393A.030 specifically authorizes the promulgation of administrative regulations.

(3)(a) Identify the promulgating agency and any other affected state units, parts, or divisions:
Kentucky State Treasury

(b) Estimate the following for each affected state unit, part, or division identified in (3)(a):

1. Expenditures:
For the first year: No additional cost will be incurred in association with the requested amendment to the existing administrative regulations.
For subsequent years: No additional cost will be incurred in association with the requested amendment to the existing administrative regulations.
2. Revenues:
For the first year: No additional revenues will be received in association with the requested amendment to the existing administrative regulations.
For subsequent years: No additional revenues will be received in association with the requested amendment to the existing administrative regulations.
3. Cost Savings:
For the first year: No cost savings will be gained in association with the requested amendment to the existing administrative regulations.
For subsequent years: No cost savings will be gained in association with the requested amendment to the existing administrative regulations.

(4)(a) Identify affected local entities (for example: cities, counties, fire departments, school districts):
None.

(b) Estimate the following for each affected local entity identified in (4)(a):

1. Expenditures:
For the first year: N/A
For subsequent years: N/A
2. Revenues:
For the first year: N/A
For subsequent years: N/A
3. Cost Savings:
For the first year: N/A
For subsequent years: N/A

(5)(a) Identify any affected regulated entities not listed in (3)(a) or (4)(a):
None.

(b) Estimate the following for each regulated entity identified in (5)(a):

1. Expenditures:
For the first year: N/A
For subsequent years: N/A
2. Revenues:
For the first year: N/A
For subsequent years: N/A
3. Cost Savings:
For the first year: N/A
For subsequent years: N/A

(6) Provide a narrative to explain the following for each entity identified in (3)(a), (4)(a), and (5)(a)

(a) Fiscal impact of this administrative regulation:

No impact.

(b) Methodology and resources used to reach this conclusion:

The agency conducted an examination of existing administrative regulations and the requested modifications of same. Following that examination, those most affected by the administrative regulations determined that the modifications requested would not significantly change the existing practices of the agency or the costs associated with complying with the administrative regulations as amended.

(7) Explain, as it relates to the entities identified in (3)(a), (4)(a), and (5)(a):

(a) Whether this administrative regulation will have a "major economic impact", as defined by KRS 13A.010(14):

The administrative regulation will NOT have a "major economic impact", as defined by KRS 13A.010.

(b) The methodology and resources used to reach this conclusion:

The agency conducted an examination of existing administrative regulations and the requested modifications of same. Following that examination, those most affected by the administrative regulations determined that the modifications requested would not significantly change the existing practices of the agency or the costs associated with complying with the administrative regulations as amended.