

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

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

RELATES TO: KRS 393A.030, 393A.520, 393A.560, 393A.570~~[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: 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 or are insufficient for examination, the department may apply sampling and estimation procedures to determine a holder's liability. These procedures 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 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 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 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.

MARK H. METCALF, Kentucky State Treasurer

APPROVED BY AGENCY: May 15, 2026

FILED WITH LRC: May 15, 2026 at 11:00 a.m.

PUBLIC HEARING AND COMMENT PERIOD: A public hearing on this administrative regulation shall be held on July 24, 2026, at 2:00 p.m., at 1050 US Highway 127 South, Suite 100, Frankfort, Kentucky 40601. Individuals interested in being heard at this hearing shall notify this agency in writing by five workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing was received by that date, the hearing may be cancelled. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through June 30, 2026. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

CONTACT PERSON: Russell Webber, Deputy State Treasurer, Kentucky State Treasury, 1050 US Hwy 127 South, Suite 100, Frankfort, Kentucky 40601, (502) 564-4722, Russell.Webber@ky.gov.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Contact Person: Russell Webber, Phone: (502) 564-8824, Email: Russell.Webber@ky.gov

Subject Headings: Appeals and Hearings, Archives and Records, Consumer Affairs, Corporations, Finance and Administration, Financial Responsibility, Penalties, Organizations, Business, Securities, Treasurer, State, Uniform Laws and Standards.

(1) Provide a brief summary of:

(a) What this administrative regulation does:

This administrative regulation relates to the examination of holder records by the Kentucky State Treasury if any holder fails to make a full and complete report of property as required.

(b) The necessity of this administrative regulation:

This administrative regulation is needed to establish clarity and insight into the process of examining the records of Holders.

(c) How this administrative regulation conforms to the content of the authorizing statutes:

This regulation is restricted to that which is allowed by the provisions of KRS 393A.030.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes:

This regulation provides the necessary guidance and framework for the agency to conduct its lawful activities and obligations.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation:

This amendment will update the regulation to be consistent with the current law and practices of the Kentucky State Treasury.

(b) The necessity of the amendment to this administrative regulation:

It is essential that the regulation be updated to conform to the current state of the law and the practices of the Kentucky State Treasury.

(c) How the amendment conforms to the content of the authorizing statutes:

The amendment accurately reflects the current state of the law and the practices of the Kentucky State Treasury.

(d) How the amendment will assist in the effective administration of the statutes:

Without the amendment, the regulation would be inaccurate and potentially misleading to the citizens of the Commonwealth of Kentucky, leading to confusion and error.

(3) Does this administrative regulation or amendment implement legislation from the previous five years? No.

(4) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:

All Holders of unclaimed property and the Kentucky State Treasury.

(5) Provide an analysis of how the entities identified in question (4) will be impacted by either the implementation of this administrative regulation, if new, or by the

change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (4) will have to take to comply with this administrative regulation or amendment:

Holders of unclaimed property will be required to produce records for the Kentucky State Treasury to examine.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (4):

This amendment of this existing administrative regulation will not increase the costs associated with the Kentucky State Treasury or the Holders of unclaimed property in any way.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (4):

None.

(6) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially:

No change.

(b) On a continuing basis:

No change.

(7) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation or this amendment:

The legislatively approved budget of the Kentucky State Treasury.

(8) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment:

No additional fees or funding will be required to implement this administrative regulation.

(9) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees:

None.

(10) TIERING: Is tiering applied?

No. All entities are treated the same no matter their situation.

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.