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DIGEST

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SB 268 Reengrossed

2020 Regular Session

Johns

Present law provides procedures relative to the abandonment of safety deposit boxes and allows banks to sell the contents of an abandoned safety deposit box by public, private, or judicial sale in accordance with law and the terms of the safety deposit box contract.

Proposed law retains present law.

Proposed law allows banks to dispose of unsalable contents.

Proposed law provides that proceeds remaining after satisfaction of a bank's lien be subject to the Uniform Unclaimed Property Act of 1997.

Proposed law allows a bank to treat remaining proceeds as presumed abandoned and turn them over to the administrator of the State Unclaimed Property Program without having to wait for the passage of time delays set forth in R.S. 9:155.

Proposed law provides procedures for the disposing of or selling of abandoned contents.

Proposed law allows the following types of property to be classified as unsalable by an independent appraiser, an auctioneer, a pawn broker, or the bank and disposed of in the following manner:

- (1) Documents, writings, or photographs having little or no commercial value may be destroyed, excluding military medals and all associated documents.
- (2) Coins or currency with a face value of \$20.00 or less that are valued at no more than twice the face value shall be treated as proceeds of a sale and used to satisfy the bank's lien and any excess proceeds remitted to the Louisiana Unclaimed Property Program.
- (3) Coins or currency with a face value greater than \$20.00 that are valued at 125% or less of face value shall be treated as proceeds of a sale and used to satisfy the bank's lien and any excess proceeds remitted to the Louisiana Unclaimed Property Program.
- (4) Any other tangible item having an estimated sale value of \$25.00 or less may be destroyed by the bank or donated by the bank to a charitable organization, provided that the aggregate value of the item from a specific abandoned safety deposit box does not exceed \$250.00.

Proposed law requires the bank to obtain an independent valuation of the contents by an independent appraiser, auctioneer, pawn broker, coin or collectibles dealer, a jeweler, or by any other person who is regularly engaged in the business of appraising, buying, or selling like merchandise, or any other combination thereof prior to a public or private sale of contents not classified as unsalable.

Proposed law requires that any contents valued by an independent valuation that are more than one thousand dollars shall be sold for at least sixty-six percent of the independent valuation price at a public or private sale. If no offer is received which meets the minimum valuation requirements, proposed law allows the contents to be sold without a value restriction at a subsequent public or private sale.

Proposed law requires that any contents valued by an independent valuation that are less than one thousand dollars may be sold without a value restriction at a public or private sale.

Proposed law requires that firearms be disposed of in one of the following ways:

- (1) Sold through a federal firearms licensed dealer.
- (2) Sold through a public auction through an auctioneer who possesses a federal firearms license.
- (3) Turned over to law enforcement.

Proposed law requires any public or private sale of contents of an abandoned safety deposit box to be a commercially reasonable sale.

Proposed law provides that a party providing an independent valuation is eligible to purchase the contents valued at public or private sale.

Proposed law provides immunity to a bank and its directors, officers, employees, agents, and other representatives who act in accordance with the authority granted in proposed law from all civil and administrative liability.

Proposed law provides that the provisions of proposed law shall be applicable to savings and loan associations chartered under the Louisiana Savings and Loan Association Law in the same manner as they are applicable to state banks.

Proposed law provides that the provisions of R.S. 6:320 through 328 relative to safety deposit boxes and safekeeping shall be applicable to savings banks chartered under the provisions of the Louisiana Savings Bank Act of 1990 in the same manner as they are applicable to state banks.

Proposed law specifies that credit unions dispose of the contents of abandoned safety deposit boxes in the same manner prescribed in proposed law.

Effective August 1, 2020.

(Amends R.S. 6:327(B) and (C) and 659.2; adds R.S. 6:327.1, 771, and 1142)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Commerce, Consumer Protection, and International Affairs to the original bill

1. Adds provisions allowing a lessee of a safety deposit box to designate up to two persons who the bank must contact if the box becomes abandoned and requires the lessee to give the contact information of the designated persons.
2. Adds provisions requiring the bank to send notice to the designated persons that the bank is holding the contents of the abandoned safety box.
3. Adds an exception that military medals and associated documents cannot be destroyed.
4. Adds provisions relative to an independent valuation of safety deposit box contents and provides for the sale requirements of the contents.

Summary of Amendments Adopted by Senate

Senate Floor Amendments to engrossed bill

1. Make technical corrections.
2. Make provisions regarding disposition of abandoned safety deposit box content applicable to credit unions.
3. Clarify provisions relative to disposition of firearms.

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Commerce to the reengrossed bill:

1. Remove provisions of proposed law which required financial institutions to allow the lessee of a safety deposit box to provide information for authorized contacts and notify those contacts if the safety deposit box is deemed abandoned.
2. Clarify that a bank is not required to treat proceeds from the sale of abandoned items as presumed abandoned and, accordingly, turn the proceeds over to the administrator of the Uniform Unclaimed Property Act.
3. Add language to acknowledge that provisions in safety deposit box contracts remain enforceable in proposed law.
4. Reduce the required minimum bid, which must be met for an item to be sold, from 75% of the valuation price to 66% of the valuation price, for contents from a safety deposit box with an independent valuation of more than \$1,000.
5. Add provisions which allow the contents of a safety deposit box with an independent valuation of more than \$1,000, to be sold without a value restriction at a subsequent sale, if no offer meeting the minimum valuation requirement is received at the initial sale.
6. Specify that a party providing an independent valuation eligible to purchase the contents valued at a public or private sale.
7. Make technical changes.