SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 2031 (Petrie-Norris) - Unclaimed property

Version: June 11, 2026
Urgency: No
Hearing Date: August 3, 2026
Policy Vote: JUD. 13 - 0
Mandate: No
Consultant: Bob Franzoia

Bill Summary: AB 2031 would change the statutory standard for determining when securities are considered abandoned for the purposes of inclusion in the Unclaimed Property Program (UPP) with the State Controller's Office (SCO).

Fiscal Impact: A reduction in transfers between $490 million and $735 million from FY 2028-29 to FY 2031-32 and $!20 million to $180 million annually thereafter. (General Fund)

A loss of interest earnings between $34 million and $69 million from FY 2028-29 through 2031-32 and $13 million to $26 million annually thereafter. (General Fund)

In addition to the annual reduction in transfers to the General Fund, the bill will have an estimated fiscal impact to the General Fund of between $34 million and $69 million in total between 2028/29 and 2031/32 due to lost interest. Annual impact to the General Fund from lost interest beginning 2031/32 is estimated to be between $13 million and $26 million ongoing.

Background: The purpose of the UPP is to reunite lost and abandoned property with its rightful owners. The UPP Division receives abandoned property from businesses (holders) and secures the property indefinitely for the owner until it is claimed. State law establishes when property is considered abandoned.

SCO holds securities for 18 months, at which point they are required to be sold and the proceeds transferred into the General Fund.

Under current law, securities are presumed abandoned when both of the following conditions are met:

1) The owner does not indicate interest in the property for a 3-year period and

2) The holder of the investment does not know the location of the owner.

As interpreted by both the courts and the SCO, the criteria in bullet point #2 requires more than the absence of returned mail. That the mail has not been returned as undeliverable, by itself, is insufficient to establish that the holder knows the owner's location.

This bill would substantially narrow the abandonment standard by providing that securities are considered abandoned only if mail sent to the owner is returned as undeliverable.

Proposed Law: AB 2031 would provide, under the Unclaimed Property Law, that a security or interest that does not escheat to the state if either (1) the business association issues to the owner a dividend or other distribution that is, at least once every three years negotiated, redeemed, or automatically deposited in an owners account or (2) the business association does not issue dividends or other distributions, or issues dividends that are automatically reinvested in the owner's account and the holder's communication to the owner is not returned as undeliverable.