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THIRD READING

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Bill No: SB 1066  
Author: Niello (R)  
Amended: 5/14/26  
Vote: 21

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SENATE JUDICIARY COMMITTEE: 13-0, 4/21/26

AYES: Umberg, Niello, Allen, Ashby, Caballero, Durazo, Laird, Reyes, Stern,  
Valladares, Wahab, Weber Pierson, Wiener

SENATE APPROPRIATIONS COMMITTEE: 7-0, 5/14/26

AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

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**SUBJECT:** Unclaimed property

**SOURCE:** Author

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**DIGEST:** This bill 1) extends the period before which property is deemed abandoned and escheats to the state under the Unclaimed Property Law (UPL), from three years (in most cases) to seven years; 2) extends the period before which the holder of potentially abandoned property must contact the owner about the potentially abandoned property, from two to two-and-a-half years (in most cases) to six and six-and-a-half years; and 3) requires the Controller to hold escheated property in its original form rather than selling it and holding the proceeds.

**ANALYSIS:**

Existing law:

- 1) Establishes the UPL, which establishes when and how intangible property escheats to the state for the state to take custody of, but not own, unclaimed property. (Code of Civil (Civ.) Proc., pt. 3, tit. 10, chapter 7, §§ 1500 et seq.)
- 2) Provides that property received by the state pursuant to the UPL shall not permanently escheat to the state, and that it is the intent of the Legislature that property owners be reunited with their property. (Code Civ. Proc., § 1501.5.)

- 3) Defines the following relevant terms:
- a) “Unclaimed property,” unless specifically qualified, means all property (1) which is unclaimed, abandoned, escheated, permanently escheated, or distributed to the state, or (2) which, under any provision of law, will become unclaimed, abandoned, escheated, permanently escheated, or distributed to the state, or (3) to the possession of which the state or will become entitled, if not claimed by the person or persons entitled thereto within the time allowed by law, whether or not there has been a judicial determination that such property is unclaimed, abandoned, escheated, permanently escheated, or distributed to the state. (Code Civ. Proc., § 1300(b).)
  - b) “Escheat,” unless specifically qualified, means the vesting in the state of title to property the whereabouts of whose owner is unknown or which a known owner has refused to accept, whether by judicial determination or by operation of law, subject to the right of claimants to appear and claim the escheated property or any portion thereof. (Code Civ. Proc., § 1300(c).)
  - c) “Holder” means any person in possession of property subject to the UPL belonging to another, or who is a trustee in case of a trust, or who is indebted to another on an obligation subject to the UPL. (Code Civ. Proc., § 1501(g).)
  - d) “Owner” means a depositor in case of a deposit, a beneficiary in case of a trust, or creditor, claimant, or payee in case of any other choses in action, or any person having a legal or equitable interest in property subject to the UPL, or their legal representative. (Code Civ. Proc., § 1501(i).)
- 4) Establishes a default rule that all tangible and intangible personal property, except for property types otherwise specified, that is held or owing in the ordinary course of the holder’s business and has remained unclaimed by the owner for more than three years after it became payable or distributable escheats to the state. (Code Civ. Proc., § 1520.)
- 5) Establishes, as exceptions to the default in 4), more specific rules for the escheat of specific types of property, including the contents of a safe deposit box, funds owing on a life insurance policy, and digital financial assets, as defined. (Code Civ. Proc., §§ 1511, 1513-1519.5, 1521.)

- 6) Provides that, in addition to the requirements set forth in 4)-5), intangible property must satisfy one of the following conditions before it escheats to the state:
  - a) The last known address, as shown on the records of the holder, of the apparent owner is in this state.
  - b) No address of the apparent owner is in this state; the holder is domiciled in this state and has not previously paid the property to the state of the last known address of the apparent owner; or the holder is a government or governmental subdivision or agency of this state and has not previously paid the property to the state of the last known address of the apparent owner.
  - c) The last known address, as shown by the records of the holder, of the apparent owner is in a state that does not provide by law for the escheat of such property and the holder is either domiciled in this state or is a government or governmental subdivision or agency of this state.
  - d) The last known address, as shown in the records of the holder, of the apparent owner is in a foreign nation and the holder is either domiciled in this state or a government or governmental subdivision or agency of this state. (Code Civ. Proc., § 1510.)
- 7) Requires the Controller to notify apparent owners of escheated property held by the Controller, as specified. (Code Civ. Proc., § 1531.)
- 8) Provides that any person, excluding another state, who claims to have been the owner of property paid or delivered to the Controller under the UPL may file a claim to the property or to the net proceeds from its sale. There is no time limit in which an owner may make a claim, and the Controller must make a determination as to whether the claimant is the owner within 180 days of the filing of the claim. (Code Civ. Proc., §§ 1540, 1541.)
- 9) Provides that, when property other than money is delivered to the Controller under the UPL, any dividends, interest, or other increments accruing on the property prior to liquidation or conversion of the property into money shall be credited to the owner's account by the Controller; except for these amounts, the owner is not entitled to receive income or other increments on the property held by the Controller, and all interest and other income derived from the investment of moneys deposited by the Controller into the Unclaimed Property Fund shall, on the order of the State Controller, be transferred to the General Fund. (Code Civ. Proc., § 1562.)

- 10) Provides that all escheated property delivered to the Controller under the UPL shall be sold by the highest bidder, as specified, except:
- a) Securities listed on an established stock exchange shall be sold at the prevailing prices on that exchange and other securities may be sold over the counter, as specified; the securities shall be sold no sooner than 18 months, but no later than 20 months, after the actual date that the report in 7) was filed. If the owner makes a claim while the Controller still possesses the securities, the owner shall receive the securities back; otherwise, the owner is entitled to the net proceeds received by the Controller for the sale.
  - b) Digital financial assets held by the Controller may be converted to fiat currency at prevailing prices by any method that the Controller deems advisable; the Controller shall convert such digital financial assets no sooner than 18 months, but no later than 20 months, after the actual date that the report in 7) was filed. If the owner makes a claim while the Controller still possesses the digital financial assets, the owner shall receive the digital financial assets back; otherwise, the owner is entitled to the net proceeds received by the Controller for the sale.
  - c) Escheated property consisting of military awards, decorations, equipment, and other items related to the military history of California and Californians is exempt from the sale requirement and may be held in trust at the California State Military Museum and Resource Center, as specified. (Code Civ. Proc., § 1563.)

This bill:

- 1) Extends the period of inactivity with respect to property before which the property escheats to the state, to seven years for all property types.
- 2) Extends the two-year and two-and-a-half-year UPL notification periods to six years and six-and-a-half years, respectively.
- 3) Eliminates the requirement that the Controller sell escheated property delivered to it under the UPL, instead requiring property to be maintained in its escheated form, except that (1) the Controller may convert digital financial assets to fiat currency, and (2) military awards, decorations, equipment and other items relating to California military history may still be held in trust at the California State Military Museum and Resource Center.

## Comments

The UPL provides for the “escheat” of unclaimed personal property to the state, which is the reversion of property to the state due to the failure of the owner of the property to inherit or claim the property. When property escheats to the state, the state assumes custody of the property in perpetuity, unless and until the owner claims the property. The UPL also sets forth how a holder of unclaimed property must transfer unclaimed property to the state, how the Controller must provide notice of the unclaimed property to its apparent owner, and how a rightful owner may apply to receive their property (or the monetary value thereof) after it has been transferred to the state.

This bill makes several changes to the UPL. First, current law provides that most forms of property escheat to the state after going unclaimed for three years by the owner; this bill extends the period before which all forms of property escheat to seven years. Second, and relatedly, this bill changes the pre-escheat timeframes in which the holder of potentially abandoned property must attempt to contact an owner to six and six-and-a-half years. Third, current law requires the Controller to sell most forms of escheated property and hold the proceeds for the rightful owner; this bill requires the Controller instead to hold most property in the form in which it was transmitted to the Controller, so that a rightful owner can get their original property back. Amendments taken in the Senate Appropriations Committee removed the portion of the bill that would have required the Controller to pay interest on the value of the property while a claim from the owner is pending, thereby removing the bill’s most significant fiscal effect.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee, the fiscal impact is as follows:

The payment of simple interest to claims from the date the rightful owner filed a claim through the date the property is returned is roughly estimated at \$5 million to \$10 million annually in lost interest to the Unclaimed Property Fund.

Mandating that all property delivered to State Controller’s Office (SCO) be held in the same form in which it was delivered is estimated to have minor costs in the near term for additional storage.

The SCO’s security brokerage services are borne by the owners of the property that are sold. Commission fees are deducted from the proceeds of security sales, and the owners are paid the net proceeds when their claims are processed.

Requiring the restructuring of how brokerage fees are paid is estimated to a minor one time cost to the Unclaimed Property Fund.

**SUPPORT:** (Verified 5/14/21)

California's Credit Unions

**OPPOSITION:** (Verified 5/14/21)

None received

**ARGUMENTS IN SUPPORT:** According to California's Credit Unions:

On behalf of our 200-member credit unions and their over 13 million members, California's Credit Unions (CCU) are pleased to support Senate Bill 1066. We thank Senator Niello for introducing SB 1066, which is a good consumer protection measure that seeks to improve upon California's unclaimed property. Most importantly, SB 1066 would increase the time for escheatment of all forms of property to seven years from the last contact with the owner. Existing law has a three-year escheatment period before a financial institution must deliver property to the State Controller's Office if there has been no activity on the account or contact with the owner. The current three-year window has a higher chance of capturing property prematurely.

Credit unions, as not-for-profit member-owned financial cooperatives, are trusted financial institutions in their communities who continuously strive to best serve their membership. SB 1066 would allow financial institutions to retain funds for longer periods of time, directly benefiting consumers by ensuring their funds are secure and maintained by their trusted financial institution. By extending the period from three to seven years, SB 1066 gives owners more time and reduces the risk that property is turned over to the state too soon.

Prepared by: Allison Whitt Meredith / JUD. / (916) 651-4113  
5/18/26 15:19:36

\*\*\*\* END \*\*\*\*