

Date of Hearing: June 16, 2026

ASSEMBLY COMMITTEE ON JUDICIARY
Ash Kalra, Chair
SB 1066 (Niello) – As Amended May 18, 2026

SENATE VOTE: 39-0

SUBJECT: UNCLAIMED PROPERTY

SYNOPSIS

California's Unclaimed Property Law (UPL) governs the process by which unclaimed personal property escheats to the state. The UPL creates a custodial escheat framework: title to the property does not pass to the state. Rather, the state assumes possession and holds the property in perpetuity as a trustee for the rightful owner. The UPL applies to a wide range of intangible personal property, including bank accounts, uncashed checks, wages, stocks, and insurance proceeds. Property is presumed abandoned if it remains unclaimed by its owner for a statutory dormancy period. Recently, concerns have been raised regarding the length of California's dormancy period, as well as the impact of the Controller's office selling escheated securities and property owners then losing value. This bill would extend the dormancy period, in most cases, from three years to seven years. The bill would also require that unclaimed property is maintained in its escheated form. This bill is supported by California's Credit Unions and has no registered opposition.

SUMMARY: Extends the period before which property is deemed abandoned and escheats to the state, from three years (in most cases) to seven years and 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. Specifically, **this bill:**

- 1) Extends the period of inactivity with respect to property before which the property escheats to the state, from three years to seven years, except:
 - a) The one-year period for unclaimed wages or salaries is extended to seven years.
 - b) The six-month period for property distributable following a dissolution or liquidation of a business association or of an insurer is extended to seven years.
 - c) The one-year period for amounts ordered to be refunded by a court or administrative agency is extended to seven years.
 - d) The two-year period for property distributable in the course of a demutualization or related reorganization of an insurance company is extended to seven years.
- 2) Extends, for periods currently set at two years and two-and-a-half years, those periods to six years and six-and-a-half years.
- 3) Eliminates the requirement that the Controller sells escheated property delivered to it under the UPL, instead requiring property to be maintained in its escheated form, except:

- a) The Controller may convert digital financial assets to fiat currency; and
- b) 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.

EXISTING LAW:

- 1) Establishes the Unclaimed Property Law (UPL), which directs when and how intangible property escheats to the state for the state to take custody of, but not own, unclaimed property. (Code of Civil Procedure Section 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 of Civil Procedure Section 1501.5.)
- 3) Provides that, in addition to the requirements set forth in 4) and 6), 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 of Civil Procedure Section 1510.)
- 4) Establishes, as exceptions to the default in 6), more specific rules for the escheat of specific types of property, including:
 - a) Sums payable on a money order, travelers check, or other similar written instrument (other than a third-party bank check); these property types are subject to the same requirements as 4) b). (Code of Civil Procedure Section 1511.)
 - b) Property held or owing by a business association, which generally escheats after three years of inactivity, as specified, except that wages or salaries that have remained

unclaimed escheat to the state after they have been unclaimed by the owner for one year. (Code of Civil Procedure Section 1513.)

- c) Contents of, or proceeds from the sale of, a safe deposit box or any other safekeeping repository held in the state by a business association; the property escheats to the state if the property is unclaimed by the owner for more than three years from the date that the lease expired or from the date of the termination of the agreement through which the box or repository was provided. (Code of Civil Procedure Section 1514.)
- d) Funds held or owing by a life insurance corporation under a policy or annuity contract that has matured or terminated escheat to the state if unclaimed or unpaid for more than three years after the funds became due and payable, as specified. (Code of Civil Procedure Section 1515.)
- e) Property distributable in the course of a demutualization or related reorganization of an insurance company is deemed abandoned on the date of demutualization or reorganization, two years after that date, or three years after that date, depending on the circumstances, as specified. (Code of Civil Procedure Section 1515.5.)
- f) Interests in a business association, including stocks and other securities, escheat after three years of inactivity, as specified; for stocks, the three-year clock starts when the owner fails to claim a dividend or other distribution, as specified, does not correspond in writing with the association or otherwise indicate an ownership interest, and requires that the association does not know the location of the owner at the end of the three-year period. (Code of Civil Procedure Section 1516.)
- g) Digital financial assets held by a business association if unclaimed by the owner for more than three years, running from specified events. (Code of Civil Procedure Section 1516.5.)
- h) Property distributable in the course of a voluntary or involuntary dissolution or liquidation of a business association escheats to the state when it is unclaimed by the owner six months after the final date of distribution or liquidation. (Code of Civil Procedure Section 1517.)
- i) Tangible personal property and intangible personal property held in a fiduciary capacity for the benefit of another person escheats to the state if, for more than three years after it becomes payable or distributable, the owner has not accepted payment of principal or income or taken other specified actions; however, the property shall not escheat if the fiduciary holds other property in a fiduciary capacity for the owner and specified conditions are met. (Code of Civil Procedure Section 1518.)
- j) Funds maintained in a preneed funeral trust or similar account or plan escheat to the state within three years after the funds became payable and distributable if the beneficiary or trustor has not communicated electronically or in writing concerning the property or otherwise indicated an interest, as specified. (Code of Civil Procedure Section 1518.5.)

- k) All tangible and intangible property held by any government or governmental subdivision or agency that remains unclaimed by the owner for more than three years escheats to the state. (Code of Civil Procedure Section 1519.)
 - l) Sums held by a business association that have been ordered to be refunded by a court or an administrative agency which remain unclaimed for more than one year after becoming payable in accordance with the final determination or order providing for the refund escheat to the state. (Code of Civil Procedure Section 1519.5.)
 - m) Employee benefit plan distributions and any income or increment thereon escheats to the state if the owner has not, within three years after it becomes payable or distributable, accepted the distribution, corresponded in writing concerning the distribution, or otherwise indicated an interest in the property, as specified; except that this property shall not escheat to the state if the plan contains a specific provision permitting funds to be distributed to a beneficiary if funds are forfeit, and the trust or plan has not terminated prior to the date on which the distribution would become forfeitable. (Code of Civil Procedure Section 1521.)
- 5) Requires every banking or financial institution to make reasonable efforts to notify any owner by mail or electronic service, if the owner has consented, that the owner's deposit, account, shares, or other interest in the banking or financial organization will escheat to the state.
- a) The holder must give notice either:
 - i) Not less than two years nor more than two and one-half years after the date of last activity by, or communication with, the owner with respect to the account, deposit, shares, or other interest, as shown on the record of the banking or financial organization; or
 - ii) Not less than 6 nor more than 12 months before the time the account, deposit, shares, or other interest becomes reportable to the Controller in accordance with this chapter. (Code of Civil Procedure Section 1513.5 (a).)
- 6) 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.
- a) Except where a statute establishes a different notice requirement for specific types of property, notice must be given as provided when the property is valued at \$50 or more. The holder shall make reasonable efforts to notify the owner by mail or, if the owner has consented to electronic delivery, electronically; the notice shall be mailed not fewer than 6 and not more than 12 months before the time when the property becomes reportable to the Controller as unclaimed.
 - b) The notice must be accompanied by a form which the owner can return to the holder to indicate that they are active; if the owner signs and returns the form, the escheat period recommences.

- c) A holder can provide a telephone number or electronic means for the owner to contact them in lieu of the form. (Code of Civil Procedure Section 1520.)
- 7) Requires a holder of funds or other personal property to report to the Controller, on a form prescribed by the Controller, specified information relating to the property and the holder. (Code of Civil Procedure Section 1530.)
- 8) Requires the Controller to notify apparent owners of escheated property as follows:
- a) Within one year after payment or delivery of escheated property, the Controller must cause a notice to be published in a manner that the Controller determines to be reasonable, as specified.
 - b) Within 165 days of the filing of the report in 7), the Controller must mail a specified notice to each person listed in the report who appears to be entitled to property worth \$50 or more and whose address is either listed in the report or verifiable through the FTB, as specified. (Code of Civil Procedure Section 1531.)
- 9) Requires the state, upon the payment or delivery of escheated property to the Controller, to assume custody and responsibility for the safekeeping of the property. (Code of Civil Procedure Section 1560.)
- 10) 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 of Civil Procedure Section 1562.)
- 11) Provides that all escheated property delivered to the Controller under the UPL shall be sold to the highest bidder, as specified, no sooner than 18 months after the final date for filing the report in 7), 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 8) 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 of Civil Procedure Section 1563.)

12) Defines the following 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 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 of Civil Procedure Section 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 of Civil Procedure Section 1300 (c).)
- c) “Apparent owner” means the person who appears from the records of the holder to be entitled to property held by the holder. (Code of Civil Procedure Section 1501 (a).)
- d) “Business organization” means any private corporation, joint stock company, business trust, partnership, or any association for business purposes of two or more individuals, whether or not for profit, including, but not by way of limitation, a banking organization, financial organization, life insurance corporation, or utility. (Code of Civil Procedure Section 1501 (c).)
- e) “Digital financial asset” means a digital representation of value that is used as a medium of exchange, unit of account, or store of value, and that is not legal tender, whether or not denominated in legal tender, and does not include specified grants within an affinity rewards program or game platform or securities registered with the United States Securities and Exchange Commission. (Code of Civil Procedure Section 1501 (d); Financial Code Section 3102 (g).)
- f) “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 of Civil Procedure Section 1501 (g).)
- g) “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 of Civil Procedure Section 1501 (i).)

- h) “Person” means any individual, business association, government or governmental subdivision or agency, two or more persons having a joint or common interest, or any other legal or commercial entity, whether that person is acting in their own right or in a representative fiduciary capacity. (Code of Civil Procedure Section 1501 (j).)

FISCAL EFFECT: As currently in print this bill is keyed fiscal.

COMMENTS: Recent reporting found that California holds about \$15 billion in unclaimed property. (Julie Watts, *California is holding \$15 billion in unclaimed property. Other states automatically return the money*, CBS News California (Mar. 11, 2026) available at: <https://www.cbsnews.com/news/california-unclaimed-property-state-owes-charities-money/>.) This includes money that belongs to food banks, children’s hospitals, and the Make-A-Wish Foundation. (*Ibid.*) Even when a property owner reclaims property, it may not be in the same form (or value) as when the property was escheated. One reported property owner owned 1,029 shares of Amazon stock, that escheated to the state due to inactivity. (Steven Yoder, *How the California Government Escheated Its Way to \$13 Billion of People’s Money*, Comstock’s (Aug. 18, 2025) available at: <https://www.comstocksmag.com/longreads/how-california-government-escheated-its-way-13-billion-peoples-money>.) When the property owner attempted to reclaim the Amazon stock, he found out the state had sold the stock in 2017 for a value of \$1.6 million. If the state had not sold the stock, it would be worth \$4.2 million today. (*Ibid.*)

Stories like this have prompted federal examination and action on states’ unclaimed property laws. (Julie Watts et al, *Federal lawmakers target states’ use of unclaimed property after CBS California investigation*, CBS News California (Apr. 16, 2026) available at: <https://www.cbsnews.com/news/california-unclaimed-funds-federal-state-crackdown/>.) Representatives Sam Liccardo and Mike Lawler introduced the SAFER Act which would prohibit states from escheating securities, digital assets, and specified retirement accounts unless a financial institution has confirmed the asset owner is dead. Senator Elizabeth Warren—ranking member of the Committee on Banking, Housing, and Urban Affairs—has requested data regarding unclaimed property trends from the National Association of Unclaimed Property Administrators (NAUPA). (*Ibid.*) In her letter to NAUPA, Sen. Warren writes:

Shortening dormancy periods and starting the clock at the first sign of inactivity in many ways undermines the most common and often prudent strategy for investing, which is to “buy and hold.” Many workers investing for retirement are not constantly checking their accounts, as expected with an investment management professional. The “inactivity” standard threatens investments meant to provide a cushion for retirees as it increases the risk of these investments being escheated by states. The problem is further exacerbated if states then liquidate unclaimed securities. Thus, even if investors were to be reunited with their funds, they would then lose any capital gains associated with their shares. (Sen. Elizabeth Warren, Letter to NAUPA, Sen. Com. on Banking, Housing & Urban Affairs, (Apr. 15, 2026) 119th Cong., p. 2.)

According to the author:

The stated purpose of the Unclaimed Property Program is to safeguard lost or forgotten property to the rightful owners, yet a combination of decreased escheatment periods over time and liquidation of assets has led to abuse of property holders. The results speak for themselves; whether intentional or not over the past three years the program has only

returned an approximate \$1.3 billion to their rightful owner compared \$3.3 billion dollars transferred to California's General Fund. For comparison purposes, the value of properties escheated to the state over the same three fiscal years were approximately \$1.3 Billion, \$1.4 Billion, and \$2 Billion.

SB 1066 seeks to improve California's unclaimed property for Californians in two distinct ways. First, it would give owners more time before property is deemed abandoned, reducing the risk that property is turned over to the state too soon. Second, it would require the State Controller to retain escheated property in the same form in which it was received, helping preserve the assets' value and making recovery easier for the owner.

The Unclaimed Property Law (UPL). California's Unclaimed Property Law (UPL), first enacted in 1959 and now codified primarily at *Code of Civil Procedure* Sections 1500-1582, governs the process by which unclaimed personal property escheats to the state. The policy rationale behind the law is twofold: to reunite owners with their property and, pending such reunion, to allow the state to utilize the property for the public benefit. The UPL is not a traditional escheat statute in the classical sense, where title to abandoned property permanently vests in the sovereign. Instead, it creates a custodial escheat framework: title to the property does not pass to the state. Rather, the state assumes possession and holds the property in perpetuity as a trustee for the rightful owner. (*Harris v. Westly* (2004) 116 Cal.App.4th 214, 219 (internal quotations omitted); *Bank of America v. Cory* (1985) 164 Cal.App.3d 66, 75.) This custodial model was designed to preserve individual property rights while permitting the state to benefit from the use of dormant funds. (*Azure Limited v. I-Flow Corp.* (2009) 46 Cal.4th 1323, 1328 (internal quotations omitted).)

The UPL involves three distinct actors: the owner, or the person/entity with the rightful claim to the property, the holder, who is typically the business or financial institution who is in possession of the property that becomes abandoned, and the state controller who assumes custody of the unclaimed property from the holder and then administers claims, and manages the unclaimed property fund. The holder acts as a fiduciary and must report and remit property to the state when it is presumed abandoned. (Sections 1530-32.) Once in the controller's custody, the property is either retained (in the case of tangible property) or liquidated and deposited in the Unclaimed Property Fund.

The UPL applies to a wide range of intangible personal property, including bank accounts, uncashed checks, wages, stocks, and insurance proceeds. Property is presumed abandoned if it remains unclaimed by its owner for a statutory dormancy period—usually three years, but shorter for wages (usually one year) and longer for traveler's checks (15 years). (Section 1513.) Once the controller takes custody of the property it may earn income or interest from the property, which is deposited into the General Fund, while the principal remains subject to claim by the owner indefinitely. (Sections 1540, 1570.) An owner can reclaim the property indefinitely, as there is no statute of limitations.

This bill addresses the two main problems with unclaimed property laws that Sen. Warren identifies above. The first way is that it extends the required time for inactivity, for most types of property, from three years to seven years before the property escheats to the state. The bill also extends the period for when the holder of potentially abandoned property must contact the owner from two or two-and-a-half years, to six and six-and-a-half years, respectively. The author writes:

Many individual bank account holders who may be utilizing the account as purely a savings account may not intend to have any action of deposit or withdrawals on such an account. In many cases, individuals open these savings accounts and choose to not act on the account for many years. These constituents are intentionally and purposefully keeping their bank accounts dormant. In addition, individuals who travel often for business or personal reasons, or individuals who are hospitalized for extended periods of time may not be making periodic withdrawals or deposits into these savings accounts. The lack of activity within three years may not be due to the bank account holder not having an interest in the funds.

This bill's second key change to the UPL is that escheated intangible property, including securities, must be maintained in its escheated form. Therefore, any securities—like the Amazon stock discussed above—would not be sold and the owner, if they claimed the property, would receive the stock in its original form, not the amount the stock was sold for. Although this could mean property owners do not lose out on stock gains, it could also mean that stock could lose value as well. The author writes:

Existing law requires the [State Controller's Office] to liquidate securities after escheatment. Furthermore, the valuation that the property owner is entitled to is pegged at the price of said liquidation. This causes instances where the state's policies forces the escheatment and liquidation/value of the security (*not the property owner*).

ARGUMENTS IN SUPPORT: This bill is supported by California's Credit Unions (CCU). They write in support:

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.

REGISTERED SUPPORT / OPPOSITION:

Support

California's Credit Unions

Opposition

None on file

Analysis Prepared by: Griff Ryan-Roberts / JUD. / (916) 319-2334