Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 1066 (Niello) – As Amended May 18, 2026

Policy Committee: Judiciary Vote: 12 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill extends the dormancy period after which most unclaimed property is presumed abandoned and escheats to the state, from three years to seven years, and requires the State Controller to maintain escheated property in its escheated form rather than selling the property.

Specifically, this bill:

1) Extends the inactivity period before most property escheats to the state from three years to seven years, and conforms the shorter periods for specified property — unclaimed wages, dissolution or liquidation distributions, court- or agency-ordered refunds, and demutualization distributions — to the same seven-year period.

2) Extends the related holder notice periods, currently set at two years and two-and-a-half years, to six years and six-and-a-half years.

3) Eliminates the requirement that the Controller sell escheated property and instead requires the property to be maintained in its escheated form, except that the Controller may convert digital financial assets to fiat currency, and military awards and related items may continue to be held in trust at the California State Military Museum and Resource Center.

FISCAL EFFECT:

1) One-time General Fund (GF) revenue reduction of $5.1 billion to $6.8 billion during the four-year transition window from June 2027 through June 2031, per the State Controller's Office (SCO). This total comprises $4.8 billion to $6.2 billion in reduced transfers of unclaimed property receipts to the GF and $370 million to $600 million in commensurately reduced interest earnings on funds absent from the GF. Extending the dormancy period from three years to seven years delays the escheatment of most property by four years. The reduced receipts are largely a timing deferral, though a portion of property that currently escheats would be reclaimed during the longer window and never reach the state, producing a permanent reduction in addition to the deferral. The forgone interest earnings, by contrast, are a permanent loss: even for property that ultimately escheats, the interest the state would have earned during the four-year deferral is never recovered. A smaller ongoing interest reduction would also persist beyond the transition window, as the GF would permanently hold approximately four years' less unclaimed property corpus than under existing law; SCO's estimate does not quantify this steady-state effect. SCO identifies remittance volumes,

digital-asset conversion rates, securities market fluctuations, and Pooled Money Investment Account interest rates as sources of uncertainty.

2) Ongoing GF revenue reductions from the requirement that the Controller maintain escheated property in its escheated form, per SCO. Ceasing the sale of securities reduces transfers to the GF by $200 million to $300 million annually through 2028, growing to a conservative $300 million to $500 million annually thereafter as digital assets accumulate in the portfolio. Reduced interest earnings add approximately $10 million annually beginning in 2027, growing to upwards of $60 million annually by 2033 and ongoing. The bill authorizes the Controller to convert digital financial assets to fiat currency; to the extent the Controller exercises that authority, the digital-asset component of this estimate would decline.

3) Costs to SCO (GF), likely minor, for one-time system reprogramming and revision of holder notices to reflect the extended periods, and for ongoing custody and management of securities and other property held in escheated form. SCO reports no significant implementation concerns.

COMMENTS:

1) **Purpose**. According to the author, the stated purpose of the Unclaimed Property Program is to safeguard lost property for its rightful owners, but a combination of shortened escheatment periods and the liquidation of assets has worked against property holders. The author states that over the past three years the program returned approximately $1.3 billion to owners while transferring approximately $3.3 billion to the General Fund, and that the bill gives owners more time before property is deemed abandoned and requires the Controller to retain escheated property in its original form to preserve value and ease recovery.

2) **Background**. Unclaimed property is money or other financial assets that a business owes to a person but cannot deliver because the business has lost contact with the owner — commonly forgotten bank accounts, uncashed paychecks, insurance proceeds, utility deposits, and stock or brokerage holdings are all common types of unclaimed property. When an account sits inactive for a set period and the business cannot reach the owner, the property is presumed abandoned and must be turned over to the state, a process known as escheatment. In California, escheatment is custodial rather than permanent: the state does not become the owner of the property but instead holds the property in safekeeping until the rightful owner or an heir comes forward to claim the property, which the owner or heir may do at any time, without deadline.

   California's Unclaimed Property Law, codified at Code of Civil Procedure Section 1500 and following, establishes this custodial framework. A holder, typically a financial institution or business in possession of the property, must report and remit property to the Controller once the property is presumed abandoned after a statutory dormancy period, generally three years. Once the Controller takes custody, existing law directs that securities and most other property be liquidated, with the proceeds deposited in the Unclaimed Property Fund and the investment income transferred to the General Fund. The owner may later claim the net proceeds rather than the original asset. This bill responds to concerns that the dormancy period is too short and that liquidation deprives owners of subsequent gains. Whether a longer dormancy period results in more owners recovering property before escheatment is unclear, however. The SCO cites a Legislative Analyst's Office report that most of the property that the state reunites with owners is less than four years old, suggesting that the earlier an owner is contacted, the more likely they will be reunited with their property. During the dormancy period, owner notification depends on holders, whose notices are sent to the owner's last known address and frequently fail to reach owners precisely because the accounts are inactive and the addresses are stale. The Controller's own outreach tools, including the searchable unclaimed property database and direct owner notification, operate only after property escheats to the state. For owners who first learn of their property through the Controller, extending the dormancy period may simply delay the point at which the owner discovers and recovers the property, rather than increase pre-escheatment recoveries. The committee analysis notes reporting that the state holds roughly $15 billion in unclaimed property and recounts an instance in which escheated stock the state sold in 2017 would be worth substantially more today had the state retained the shares.

The bill extends the dormancy period to seven years and requires escheated property to be held in its escheated form, so that an owner who reclaims securities receives the shares rather than the liquidation value. The change cuts both ways for owners, who would retain any appreciation but also bear any decline in value. The policy committee analysis notes parallel federal attention to state unclaimed property practices, including proposed federal legislation and an inquiry by the ranking member of the U.S. Senate Banking Committee.

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