

Date of Hearing: August 20, 2025

# ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 822 (Becker) – As Amended July 16, 2025

Policy Committee:	Judiciary	Vote:	12 - 0
	Banking and Finance		9 - 0

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

## SUMMARY:

This bill includes digital financial assets (DFAs) under the Unclaimed Property Law (UPL) and prescribes the process for returning a DFA to its owner.

Specifically, this bill:

- 1) Declares the intent of the Legislature to clarify that DFAs are intangible property subject to the UPL.
- 2) Prescribes requirements for a DFA holder to notify the apparent owner prior to the assets escheating to the state, and specifies how escheated DFAs, including private keys, must be transferred from the holder to the State Controller's Office (SCO).
- 3) Authorizes the SCO to select one or more custodians, licensed by the Department of Financial Protection and Innovation (DFPI), for the management and safekeeping of DFAs that have escheated to the state. The SCO must consider certain criteria in making the selection.
- 4) Authorizes the SCO to convert DFAs to fiat currency at prevailing prices by the method the SCO determines to be advisable.
- 5) Entitles a person who makes a valid claim for a DFA to receive the DFA or converted net proceeds received by the SCO from the DFA sale.

## FISCAL EFFECT:

- 1) Ongoing costs in the low millions of dollars to the SCO to administer the return of DFAs through the UPL (Unclaimed Property Fund). The SCO anticipates needing \$717,000 in fiscal year (FY) 2026-27 for five positions, \$1.1 million in FY 2027-28 for eight positions, \$1.5 million in FY 2028-29 for 11 positions, and \$1.8 million in FY 2029-30 and annually thereafter for 13 positions to accommodate increased workload, including DFA management, reconciliation, analysis, and payment processes. The SCO notes that the current volume of unclaimed DFAs is unknown, so costs may be higher to the extent this bill results in a substantial increase in the amount of escheated property received and a corresponding increase in owner claims. The SCO may also need additional resources for information technology updates after the scope of the project is determined.

- 2) Negligible costs to DFPI, as DFPI will already be licensing entities under the Digital Financial Assets Law (DFAL) that would likely be selected as a custodian.

## COMMENTS:

- 1) **Purpose.** According to the author:

[The UPL] already covers a wide range of assets, like bank accounts, stocks, insurance policies, and trusts. That coverage is understood to include virtual currencies as well. SB 822 updates California's [UPL] to make that inclusion explicit. While much of the bill aligns with how other types of property are already handled, it helps clear up any confusion and ensures virtual currencies are treated consistently.

This bill is sponsored by State Controller Malia M. Cohen.

- 2) **Background. UPL.** Under the UPL, the SCO is responsible for safeguarding lost and forgotten property turned over to the state (such as bank accounts, uncashed checks, insurance benefits, wages, stocks, bonds, and safe deposit box contents) until claimed by the rightful owner. A possible owner may search an online database of properties and, if the person believes they own the listed property, submit a claim for review. The SCO reviews filed claims and supporting documentation of ownership to determine if someone is the actual property owner.

**DFAs.** A DFA, also referred to as “cryptocurrency” or “crypto,” is a digital representation of value that is not issued or backed by a government or central bank. Unlike the dollar, a DFA is not considered legal tender, but private parties may agree to use a DFA to facilitate an economic exchange. AB 39 (Grayson), Chapter 792, Statutes of 2023, established the DFAL, a licensing program for DFA companies serving California customers. Under the DFAL, companies must apply for licensure by July 1, 2026, and adhere to new regulations governing operating procedures, customer service standards, and financial stability.

This bill provides that DFAs are subject to escheat under the UPL when held by a business association. However, as noted in the Assembly Judiciary Committee's analysis of this bill, “the bill's real-world application depends on two key factors: (1) whether there is a ‘holder’ as defined by the UPL, and (2) whether that holder has access to the asset such that it can comply with escheat obligations.” The analysis further explains:

In traditional escheat scenarios – e.g., bank accounts or stocks – the holder has custodial control and can remit property to the [SCO] as required. This custodial relationship has a ready parallel in the digital asset space: centralized cryptocurrency exchanges and custodial wallet providers (e.g., Coinbase, Binance.US, Kraken) retain control of user assets and private keys. These entities can typically report, notify, and transfer unclaimed [DFAs] to the [SCO] in kind, consistent with the procedures outlined in SB 822...

Additional complexity arises with semi-custodial platforms and decentralized finance (DeFi) protocols, where access to user assets

may be partial, distributed, or governed by smart contracts. In some cases, a platform may retain technical access but lack contractual authority to act; in others, no identifiable legal “holder” exists. SB 822 does not attempt to resolve these technical and legal ambiguities but leaves regulatory flexibility to the [SCO], who is empowered to issue rules specifying how such assets should be reported, valued, and transferred, if at all.

- 3) **Related Legislation.** AB 1052 (Valencia) is similar to this bill, but establishes a slightly different process by which intangible property held in a DFA account escheats to the state in three years. AB 1052 is pending in the Senate Appropriations Committee.

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