

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2021-2022 Regular Session

AB 1208 (Ting)
Version: February 19, 2021
Hearing Date: May 31, 2022
Fiscal: Yes
Urgency: No
AM

SUBJECT

Unclaimed property: secure payment of claims

DIGEST

This bill authorizes the Controller to implement additional measures designed to streamline secure payment of claims to claimants under the Unclaimed Property Law (UPL) by authorizing the Controller to minimize the number of documents a claimant is required to submit for property under \$5,000, allow electronic submission of documentation through the State Controller's website on claims deemed appropriate by the Controller, and authorize the direct deposit of an approved claim by electronic fund transfer.

EXECUTIVE SUMMARY

The UPL establishes procedures for the state to hold, but not own, unclaimed property and provides a claims procedure to claim property held by the state. For property valued at \$1,000 or less and belonging to a single owner, a claimant can submit a claim through the Controller's website on a single form and receive the property in a few weeks. However, for all other properties a claimant must submit several documents by mail which can take several months to process. This bill seeks to authorize the Controller to implement additional measures in order to streamline the claims process under the UPL. This bill is substantially identical to AB 2198 (Ting, 2020), which was held in the Senate Appropriations Committee. The bill is author sponsored. There is no known support or opposition.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Establishes the UPL, provides that it is the intent of the Legislature that property owners be reunited with their property, and prohibits property received by the state

under the UPL from permanently escheating to the state. (Code Civ. Proc. §§ 1500 et. seq.; § 1501.5(a) & (c).)

- 2) Provides that any person or entity holding unclaimed personal property subject to escheat must provide a report to the Controller identifying the property, the possible owners, and the possible owners' last known address. (Code Civ. Proc., § 1530.)
- 3) Requires banking and financial organizations, insurance companies, and other businesses that hold a customer's property to transmit that property to the Controller if the owner fails to engage in any account activity for a specified period of time, generally three years, and if the owner fails to take certain actions and respond to specified notices. (Code Civ. Proc. §§ 1510-1515.)
- 4) Provides a claims procedure for claiming property held by the state. (Code Civ. Proc. §§ 1540-1542)

This bill authorizes the Controller to minimize the number of documents a claimant is required to submit for property valued under \$5,000, allow electronic submission of documentation through the Controller's website on claims deemed appropriate by the Controller, and authorize the direct deposit of an approved claim by electronic fund transfer in order to streamline the secure payment of claims under the UPL.

COMMENTS

1. Stated need for the bill

The author writes:

AB 1208 is necessary to streamline the Unclaimed Property process so that Californians can more easily access their property. While the eClaims process has simplified many claims, not all claims can go through eClaims and the documentation requirements are overly burdensome with all claims requiring at least six different types of documentation. This bill would streamline the process by allowing the Controller to require less documentation for claims under \$5,000, allow for electronic submission of documentation to the Controller's Office for any claim, and authorizes direct deposit for claim payments.

2. Streamlining the claims process for recovering unclaimed property

As of February 2021, the State Controller's Office (SCO) reported it holds "more than \$10.2 billion in lost or forgotten property such as bank accounts, stocks, bonds,

uncashed checks, insurance benefits, wages, and safe deposit box contents.¹ In 2014, the SCO instituted an eClaims program where properties valued \$1,000 or less and belonging to a single owner can be claimed through the SCO's website by filling out an online form, which can be considered in minutes.² For property over \$1,000, claimants must submit at least six different documents through the mail, which can take months to process.³ A 2015 Legislative Analyst Office (LAO) report found that the amount of single owners reunited with their property almost tripled after instituting the eClaims process in 2014 when compared to the same time period in 2013.⁴ The LAO also found that "[r]equiring such extensive documentation at the outset of the process likely results in some potential claimants abandoning their paper claim because they find the process too time consuming" and that many times all the documentation required to be submitted was unnecessary.⁵

This bill seeks to streamline the current claims process under the UPL in order to get more property currently being held by the State back into the hands of the owners. The bill seeks to accomplish this goal by doing three things: (1) authorize the Controller to minimize the number of documents a claimant is required to submit for property valued under \$5,000; (2) allow electronic submission of documentation through the Controller's website on claims deemed appropriate by the Controller; and (3) authorize the direct deposit of an approved claim by electronic fund transfer. This bill is substantially identical to AB 2198 (Ting, 2020), which was held in the Senate Appropriations Committee. That bill passed this Committee on a vote of 9 to 0.

SUPPORT

None known

OPPOSITION

None known

¹Controller Yee Celebrates National Unclaimed Property Day, Cal. State Controller's Off., PR21:3 (Feb. 1, 2021), available at https://www.sco.ca.gov/eo_pressrel_21369.html (as of May 4, 2022).

² *Unclaimed Property: Rethinking the State's Lost & Found Program*, Leg. Ana. Off. (Feb. 10, 2015) at 13, available at <https://lao.ca.gov/reports/2015/finance/Unclaimed-Property/unclaimed-property-021015.aspx> (as of May. 4, 2022).

³ *Ibid.*

⁴ *Id.* at 25.

⁵ *Id.* at 21.

RELATED LEGISLATION

Pending Legislation: AB 2280 (Reyes, 2022) would additionally impose a limit of \$10,000 on interest payable if a holder files a report, after the initial report and before payment or delivery is made for property that may not be subject to escheat under the UPL, that is not in substantial compliance with statutory requirements, authorizes the Controller to waive interest as provided, and establishes, upon appropriation, the California Voluntary Compliance Program for the purpose of resolving unclaimed property that is due and owing to the state under the UPL, as specified. This bill is currently pending referral in the Senate Rules Committee.

Prior Legislation:

SB 308 (Min, Ch. 103, Stats. 2021) required any payment to the Controller of at least \$2,000 in unclaimed cash to be made by electronic funds transfer.

AB 2198 (Ting, 2020) was identical to the provisions of this bill. The bill was held in the Senate Appropriations Committee.

AB 1637 (Smith, Ch. 320, Stats. 2019) permitted property reported to, and received by, the Controller in the name of a state or local agency, as defined, to be transferred by the Controller directly to that agency without the filing of a claim.

AB 2773 (Acosta, 2018) would have required the Controller to create a program for the voluntary disclosure of unclaimed property consistent with specified requirements. The bill was never heard in the Assembly Judiciary Committee.

PRIOR VOTES:

Assembly Floor (Ayes 76, Noes 0)

Assembly Appropriations Committee (Ayes 16, Noes 0)

Assembly Judiciary Committee (Ayes 11, Noes 0)
