

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

AB 1447 (Gipson)
Version: April 9, 2025
Hearing Date: July 1, 2025
Fiscal: Yes
Urgency: No
AWM

SUBJECT

Unclaimed property: notice

DIGEST

This bill amends the Unclaimed Property Law (UPL) to clarify when the State Controller must provide notice to an apparent owner by mail that the apparent owner appears to be entitled to property in excess of \$50 that escheated to the Controller under the UPL.

EXECUTIVE SUMMARY

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 provides procedures by which the holder of unclaimed property – including specified categories of intangible property – must transfer unclaimed property to the state, for the Controller to provide notice of the unclaimed property to its apparent owner, and for a rightful owner to apply to receive their property (or the monetary value thereof) after it has been transferred to the state. Current law, however, requires the Controller to send a notice to an address even if it is not a valid address, and does not explicitly authorize the Controller to search for an apparent owner’s correct address beyond checking with the Franchise Tax Board (FTB).

This bill is intended to make the unclaimed property notification process more efficient and more accurate in two ways. First, the bill authorizes the Controller to send an unclaimed property notice to an apparent owner at a valid deliverable address that the Controller has identified for the apparent owner. Second, the bill permits the Controller not to send a notice to an address that it determines is not a valid deliverable address, thereby relieving the Controller of the obligation to send mail that it knows will be returned.

This bill is sponsored by State Controller Malia M. Cohen. The Committee has not received timely opposition to this bill.

PROPOSED CHANGES TO THE LAW

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 Civ. Proc., pt. 3, tit. 10, ch. 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 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) “Apparent owner” means the person who appears from the records of the holder to be entitled to property held by the holder. (Code Civ. Proc., § 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, and utility. (Code Civ. Proc., § 1501(c).)
 - e) “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 is indebted to another on an obligation subject to the UPL. (Code Civ. Proc., § 1501(e).)
 - f) “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(g).)
- g) "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 Civ. Proc., § 1501(h).)
- 4) Provides that all tangible and intangible personal property, except as 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 phone, 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 Civ. Proc., § 1520.)
- 5) 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 Civ. Proc., § 1530.)
- 6) Requires the holder, no sooner than 7 months and no later than 7 months and 15 days after filing the report in 5), to pay or deliver to the Controller all escheated property specified in the report.
- a) Any payment of unclaimed cash in an amount of at least \$2,000 shall be made by electronic funds transfer.
- b) If a person establishes their right to receive the property specified in the report before it is delivered to the Controller, the holder shall instead file a report with the Controller containing information regarding the returned property. (Code Civ. Proc., § 1532.)
- 7) Requires the Controller to notify apparent owners of escheated property as follows:
- a) Within one year after payment or delivery of escheated property pursuant to 6), 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 5), 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 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.
- a) "Owner" means the person who had a legal right to the property before its escheat, their heirs or personal representative, their guardian or conservator, or a public administrator acting pursuant to the Probate Code; and also includes specified dissolved organizations.
 - b) The Controller shall consider each claim within 180 days after it is filed to determine if the claimant is the owner.
 - c) If the Controller denies the claim, notice must be given in writing.
 - d) If the Controller fails to make a decision on the claim within 180 days of filing, or denies the claim in whole or in part, the claimant may file an action for review in the superior court. (Code Civ. Proc., §§ 1540, 1541.)

This bill:

- 1) Requires the Controller, when an apparent owner's address listed in the holder's report to the Controller is not a valid deliverable address, but the Controller identifies a corrected valid deliverable address, to mail the notice to the corrected valid deliverable address.
- 2) Makes nonsubstantive technical and conforming changes.

COMMENTS

1. Author's comment

According to the author:

The CA State Controller currently holds billions in unclaimed property, at no expiration, with a responsibility and desire to connect this property to those who are entitled to it. However, the CA State Controller has noted that much of this funding remains unclaimed simply because of inaccurate or dated mailing addresses. This bill seeks to remedy this issue in order to provide the CA State Controller a means to more effectively connect with those entitled to this property, most benefiting that recipient. This bill ensures that when the notices are sent out from the CA State Controller's office, those notices are sent to the

most updated address listed on the report or obtained by the Franchise Tax Board only when it is a valid deliverable address.

2. Background on the UPL

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.¹ When property escheats to the state, the state assumes custody of the property in perpetuity, unless and until the owner claims the property.² “The UPL is not a permanent or ‘true’ escheat statute” because it does not transfer legal ownership of the property to the state.³

There are three significant players under the UPL: the owner, the holder, and the state. The “owner” is the person to whom the property actually belongs.⁴ The “holder” is the person who has possession of the property, such as a bank holding funds or a brokerage account holding securities.⁵ Holders of unclaimed property have no interest in the unclaimed property; they are simply trustees of the property while the property is in their possession.⁶ The third party is the state, which assumes custody of unclaimed property from the holder. The state’s custody has two purposes: by assuming custody of unclaimed property, the state can protect the owner’s interests; and, less altruistically, custody of unclaimed property allows the state to benefit from the use of the unclaimed property until the rightful owner comes along.⁷

The UPL establishes procedures to be followed when property goes unclaimed, generally for a period of three years, and custody reverts to the state.⁸ The holder must file an annual report on unclaimed property and turn the property over to the Controller at the time the report is filed.⁹ Assuming the Controller does not decline to take custody of the property,¹⁰ the holder then must transfer the property to the Controller within a specified time.¹¹ The Controller then holds the property or sells it and holds the proceeds in perpetuity, unless and until the rightful owner makes a claim for its return.¹² The Controller must attempt to notify the apparent owner that it is holding property on the apparent owner’s behalf, including by mailing a notice to the

¹ Code Civ. Proc., pt. 3, tit. 10, ch. 7, §§ 1500 et seq.

² *Id.*, § 1540.

³ *Azure Limited v. I-Flow Corp.* (2009) 46 Cal.4th 1323, 1328 (some internal quotation marks removed); Civ. Code, § 1501.5.

⁴ *Id.*, § 1501(g).

⁵ *Id.*, § 1501(e).

⁶ *Bank of America v. Cory* (1985) 164 Cal.App.3d 66, 74

⁷ *Azure Limited, supra*, at p. 1328.

⁸ Code Civ. Proc., § 1520.

⁹ *Id.*, § 1530.

¹⁰ *Id.*, § 1533.

¹¹ *Id.*, § 1532.

¹² *Id.*, §§ 1540, 1563.

apparent owner where the apparent owner's address is listed in the report or can be obtained from the FTB.¹³ The Controller retains the interest or other income on property or moneys that accrue after the state takes custody of the property.¹⁴

3. This bill modifies the Controller's obligations to send an unclaimed property notice to an apparent owner under the UPL

As noted above, the UPL provides two methods for the Controller to determine a valid deliverable address for an apparent owner: using the address listed in the report provided by the holder of the property, or obtaining an address from the FTB. According to the Controller's Office, these limited options frequently fail to produce a valid deliverable address for apparent owners, meaning the Controller is sending out thousands of pieces of mail per year that are returned as undeliverable. This is both a waste of funds and an ineffective way for the Controller to notify apparent owners that the state might be holding their property.

This bill is intended to improve the UPL notification system by (1) expressly permitting the Controller to use other methods to determine an apparent owner's valid deliverable address, and (2) permitting the Controller not to send a UPL notice if it determines that the only available address for the apparent owner is not a valid deliverable address.

SUPPORT

State Controller Malia M. Cohen (sponsor)

OPPOSITION

None received

RELATED LEGISLATION

Pending legislation:

SB 849 (Weber Pierson, 2025) provides that property distributable in the course of a court-ordered or court-approved settlement is deemed abandoned in specified circumstances, and provides for the escheat to the state of that property. SB 849 is pending before this Committee.

SB 822 (Becker, 2025) amends the UPL to provide when and how digital financial assets, as defined, escheat to the state. SB 822 is pending before the Assembly Judiciary Committee.

¹³ *Id.*, § 1531.

¹⁴ *Id.*, § 1562.

AB 1052 (Valencia, 2025) among other things, provides that intangible property held in a digital asset account escheats to the state three years after written or electronic communication to the owner is returned undelivered, and requires the holder of the key for the digital asset account that has escheated to the state to transfer the digital asset to a custodian designated by the Controller. AB 1052 is pending before this Committee and is set to be heard on the same date as this bill.

Prior legislation:

AB 2280 (Reyes, Ch. 282, Stats. 2022) authorized the Controller to establish the California Voluntary Compliance Program, for the voluntary compliance of holders for the purpose of resolving unclaimed property that is due and owing to the state under the UPL.

SB 301 (Min, Ch. 103, Stats. 2021) lowered the amount under the UPL at which point a transfer of unclaimed cash must be paid to the Controller via electronic transfer, from \$20,000 to \$2,000.

PRIOR VOTES:

Assembly Floor (Ayes 69, Noes 0)
Assembly Appropriations Committee (Ayes 14, Noes 0)
Assembly Judiciary Committee (Ayes 12, Noes 0)
