

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

SB 1066 (Niello)
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Fiscal: Yes
Urgency: No
AWM

SUBJECT

Unclaimed property

DIGEST

This bill extends the period before which property is deemed abandoned and escheats to the state, from three years (in most cases) to seven years; 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; and makes other changes to the Unclaimed Property Law (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 also sets forth how a holder of unclaimed property must transfer unclaimed property to the state, how the Controller must provide notice of the unclaimed property to its apparent owner, and how a rightful owner may apply to receive their property (or the monetary value thereof) after it has been transferred to the state.

This bill makes several changes to the UPL. First, current law provides that most forms of property escheat to the state after going unclaimed for three years by the owner; this bill extends the period before which all forms of property escheat to seven years. Second, current law requires the Controller to sell most forms of escheated property and hold the proceeds for the rightful owner; this bill requires the Controller instead to hold most property in the form in which it was transmitted to the Controller, so that a rightful owner can get their original property back. The bill also requires the Controller to pay simple interest on the amount of any claim by a rightful owner during the period

the Controller is processing a claim from a rightful owner, as specified, and changes other timeframes in the UCL to reflect the new seven-year escheat window.

This bill is sponsored by the author and is supported by California's Credit Unions. The Committee has not received timely opposition to this bill. Should the bill pass this Committee, it will then be referred to the Senate Appropriations Committee.

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 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, or utility. (Code Civ. Proc., § 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 Civ. Proc., § 1501(d); Fin. Code, § 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 Civ. Proc., § 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 Civ. Proc., § 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 Civ. Proc., § 1501(j).)
- 4) 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 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) Establishes, as exceptions to the default in 4), 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 5)(b). (Code Civ. Proc., § 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 Civ. Proc., § 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 Civ. Proc., § 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 Civ. Proc., § 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 Civ. Proc., § 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 Civ. Proc., § 1516.16.)
- g) Digital financial assets held by a business association if unclaimed by the owner for more than three years, running from specified events. (Code Civ. Proc., § 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 Civ. Proc., § 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 Civ. Proc., § 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 Civ. Proc., § 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 Civ. Proc., § 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 Civ. Proc., § 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 be 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 Civ. Proc., § 1521.)
- 6) Provides that, in addition to the requirements set forth in 4)-5), 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 Civ. Proc., § 1510.)
- 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 Civ. Proc., § 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 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 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 Civ. Proc., § 1531.)
- 9) 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.)
- 10) Provides that interest is not payable on a claim from an owner for property being held by the Controller under 9). (Code Civ. Proc., § 1540(c).)
- 11) 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 Civ. Proc., § 1562.)
- 12) Provides that all escheated property delivered to the Controller under the UPL shall be sold by 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 7) 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 Civ. Proc., § 1563.)

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 existing periods for property distributable following a dissolution or liquidation of a business association are unchanged.
 - c) The one-year period for amounts ordered to be refunded by a court or administrative agency 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) Requires the Controller to pay interest to a rightful owner on the value of the claimed property from the period from the date the owner filed a claim through the date the property is returned; the interest shall be calculated as simple, not compound, interest, as follows:
 - a) The interest paid on successful claims shall be at the rate of 5 percent per year or the bond equivalent rate of 13-week United States Treasury bills, whichever is lower.
 - b) The bond equivalent rate of 13-week United States bills shall be: (1) for transactions between January 1 and June 30, the bond equivalent rate of 13-week United States Treasury bills established at the first auction held in the preceding July; (2) for transactions between July 1 and December 31, the bond equivalent rate for United States Treasury bills established at the first auction held during the month of January.
- 4) Eliminates the requirement that the Controller sell escheated property delivered to it under the UPL, instead requiring property to be maintained in its escheated form, except that (1) the Controller may convert digital financial assets to fiat currency, and (2) 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.

COMMENTS

1. Author's comment

According to the author:

The stated purpose of the Unclaimed Property Program is to safeguard lost or forgotten property to the rightful owners, yet the combination of decreased escheatment periods over time and liquidation of assets has led to the 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 three 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. Third, it would incentivize the quick processing and return of property once an application is submitted by allowing interest to be applied commencing on the date of the submitted application.

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 "The UPL is not a permanent or 'true' escheat statute" because it does not transfer legal ownership of the property to the state.² Instead, the state assumes custody of the property in perpetuity unless and until the owner claims the property, at which point the Controller must return the property to the owner.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 ownership interest

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

² *Azure Limited v. I-Flow Corp.* (2009) 46 Cal.4th 1323, 1328 (some internal quotation marks removed); Civ. Code, § 1501.5.

³ *Id.*, § 1540.

⁴ *Id.*, § 1501(i).

⁵ *Id.*, § 1501(g).

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 (generally in the form of interest or other investment income) until the rightful owner comes along.⁷

The UPL establishes procedures to be followed when property goes unclaimed and custody reverts to the state.⁸ Most property escheats to the state after three years of inactivity; the nature of the inactivity varies based on the type of property in question.⁹ When the requisite inactivity period runs, the holder must file an annual report on unclaimed property and turn the property over to the Controller.¹⁰ Assuming the Controller does not decline to take custody of the property,¹¹ the holder then must transfer the property to the Controller within a specified time.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 apparent owner where the apparent owner's address is listed in the report or can be obtained from the FTB.¹³

Once the Controller takes control of property, the Controller generally must sell the property for its fair market value and hold onto the proceeds.¹⁴ The UPL gives the Controller broad discretion to determine whether a price represents property's fair market value, except that for stocks traded on a major exchange or otherwise over the counter, the Controller must sell the stocks at the prevailing prices in the relevant market.¹⁵ The Controller then holds the proceeds (or other property) in perpetuity, unless and until the rightful owner makes a claim for its return.¹⁶ The Controller retains the interest or other income on property or moneys that accrue after the state takes custody of the property.¹⁷ A claimant who recovers property from the Controller is not entitled to interest on their property for the period it was held by the Controller.¹⁸

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.*, §§ 1510-1519.5.

¹⁰ *Id.*, § 1530.

¹¹ *Id.*, § 1533.

¹² *Id.*, § 1532.

¹³ *Id.*, § 1531.

¹⁴ *Id.*, § 1563.

¹⁵ *Id.*, § 1563(b).

¹⁶ *Id.*, §§ 1540, 1563.

¹⁷ *Id.*, § 1562.

¹⁸ *Id.*, § 1540.

CBS News recently conducted an investigation into California's unclaimed property system and found that California holds more than \$15 billion in unclaimed property.¹⁹ In response, members of Congress have introduced legislation to limit when a state can take control of specified asset types, and Senator Elizabeth Warren has expressed concern that states' definition of "inactivity" for purposes of determining when property is unclaimed may be overly broad.²⁰

3. This bill makes a number of changes to the UPL, including extending the time period to escheat for most types of property to seven years

This bill makes several changes to the UPL which the author believes will prevent the "abuse of propertyholders." There are three main components to the bill.

First, this bill extends the timeframe before which property escheats to the state to seven years. Currently, most property escheats after going unclaimed for three years, with a handful of property types escheating after going unclaimed for one or two years. According to the National Association of Unclaimed Property Administrators, most states have a three-year dormancy period for unclaimed property.²¹

Second, this bill requires the Controller to hold escheated property in the form in which it was transmitted, so that a rightful owner can apply for, and receive, their original property back. Currently, the Controller is required to sell most forms of property and hold the cash value for the owner; in some cases, the Controller has the discretion to hold onto original property. The author is particularly concerned about escheated securities: if the Controller takes custody of stocks, the Controller is required to sell them at market rates and hold the cash value. If a rightful owner applies for the return of stocks, they are entitled only to the cash value that the Controller obtained from the sale; if the value of the stocks had continued to rise after the Controller's sale, the rightful owner would miss out on that added value. This is a double-edged sword, however: if the Controller sells stocks and the value of that stock subsequently tanks, the rightful owner would be able to claim a higher value than their property was currently worth. This change also raises questions about the Controller's capacity to hold physical forms of escheated property indefinitely, but that is a question for the Senate Appropriations Committee.

Finally, this bill requires the Controller to pay simple interest on the value of escheated property from the time a rightful owner applies for return through the date the property is returned. The interest rate is capped at the lower of five percent or the bond

¹⁹ Watts, Corral, & Ramos, *Federal lawmakers target states' use of unclaimed property after CBS California investigation* (Apr. 16, 2026) CBS News, <https://www.cbsnews.com/news/california-unclaimed-funds-federal-state-crackdown/>. All links in this analysis are current as of April 16, 2026.

²⁰ *Ibid.*

²¹ National Association of Unclaimed Property Administrators, *Property Type – All* (2026) <https://unclaimed.org/property-type-all/>. Some states have a five-year dormancy window; only Guam has a seven-year window. (*Ibid.*)

equivalent rate of 13-week United States Treasury bills. The bill does not provide how interest will be calculated on the value of physical property or property for which the value fluctuates over the course of the application period. This provision is intended to incentivize the Controller to process applications from rightful owners more quickly. The UPL gives the Controller 180 days to process claims;²² the author did not provide data on the Controller's actual processing times.

4. Arguments in support

According to California's Credit Unions:

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.

SUPPORT

California's Credit Unions

OPPOSITION

None received

RELATED LEGISLATION

Pending legislation:

SB 1405 (Smallwood-Cuevas, 2026) provides that, to the extent a court determines that the UPL's provisions relating to the escheat of employee plan distributions are

²² Code Civ. Proc., § 1540.

inoperative, preempted, or otherwise limited, in whole or in part, by the federal Employee Retirement Income Security Act of 1974, or any other federal law, those provisions will remain operative in the manner and to the extent allowed pursuant to any federal statute or regulations adopted by the United States Department of Labor; and permits the Controller to enter into a multistate collaborative agreement or other contract for the purpose of ensuring that any property delivered to this state that may be subject to the provisions regarding employee benefit plan distributions complies with federal law. SB 1405 is pending before this Committee and is set to be heard on the same date as this bill.

AB 2335 (Valencia, 2026) requires the Controller, when digital assets are transferred to the Controller under the UPL, to hold the assets as high-quality digital assets, as specified. AB 2335 is pending before the Assembly Banking and Finance Committee.

AB 1447 (Gipson, 2025) amends the Unclaimed Property Law (UPL) to clarify when the State Controller must provide notice by mail to an apparent owner that the apparent owner appears to be entitled to property in excess of \$50 that escheated to the Controller under the UPL. AB 1447 is pending on the Senate Floor.

AB 1052 (Valencia, 2025) amends the UPL to provide when and how digital financial assets, as defined, escheat to the state, using a procedure different than that established in SB 822 (Becker, Ch. 660, Stats. 2025). AB 1052 is pending before the Senate Appropriations Committee.

Prior legislation:

SB 822 (Becker, Ch. 660, Stats. 2025) amended the UPL to provide when and how digital financial assets, as defined, escheat to the state.

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.
