
OLR Bill Analysis

sSB 382

AN ACT MODIFYING THE PROCESS FOR CLAIMING AND RETURNING UNCLAIMED PROPERTY HELD BY THE TREASURER.

SUMMARY

By law, most property held or owed in this state remaining unclaimed by the owner is presumed abandoned after a specified amount of time passes and escheats to the state as abandoned (or unclaimed) property. This bill makes various changes to these laws. Specifically, the bill:

1. requires the treasurer to post the type and estimated value of unclaimed property on the searchable unclaimed property list (i.e., CTBigList) (§ 1);
2. sets a preponderance of the evidence standard for determining ownership of unclaimed property (§ 2);
3. establishes an automatic return process for unclaimed property owed to municipalities valued at \$100 or more (§ 8);
4. modifies requirements for automatically returning unclaimed property to certain owners (§ 2);
5. adds requirements for returning property valued at less than \$5,000 to apparent owners (§ 2);
6. gives the treasurer access to state agency data, including tax returns and return information, to return unclaimed property (§§ 3 & 6);
7. in certain instances, for unclaimed property valued over \$500, requires the treasurer to check with the Department of Revenue Services (DRS) and Department of Social Services (DSS) to

determine if a property owner has tax liability or child support obligations and, in some cases, use unclaimed property to pay any obligations (§§ 4-5 & 7);

8. requires executors and administrators of a deceased person's estate to check the unclaimed property list and verify no property belongs to the estate before making a final account to probate court and certify they made the search under the penalty of false statement (§ 9);
9. requires anyone filing an initial unemployment claim to search the unclaimed property list, verify they have no unclaimed property listed, and certify to the Department of Labor commissioner (a) that he or she has done so and (b) the search results, before filing (§ 10); and
10. authorizes nonprofit organizations to file an unclaimed property claim on property (a) belonging to a smaller unit of the organization or (b) collected on the organization's behalf (§ 11).

The bill also makes conforming changes.

EFFECTIVE DATE: July 1, 2023

AUTOMATIC RETURN TO MUNICIPALITIES (§§ 1 & 8)

The bill requires the treasurer to automatically pay abandoned property claims valued at \$100 or more if the property's apparent owner is a municipality (including a municipal department, agency, or division). The treasurer must electronically transfer these amounts to the municipality within one year of the property's report or transfer to the treasurer. The treasurer must notify the municipality's chief financial officer of the property's transfer electronically or by first-class mail. For unclaimed property reported or transferred to the treasurer before July 1, 2023, he must make the transfer and notification by January 1, 2024.

Under the bill, a municipality is a town; city; borough; consolidated town and city; consolidated town and borough; metropolitan district;

regional school district; fire, sewer, and other districts authorized to make appropriations or levy taxes (i.e., special taxing districts); and other municipal corporation or authority authorized to issue bonds, notes, or other obligations under state law provisions.

Current law generally requires the treasurer to notify by first-class mail each person (1) reported as the apparent owner of abandoned property during the preceding calendar year and (2) for whom the holder reported a last-known address. The notice must include the property's amount and description and how the owner may verify ownership and claim it. The bill excludes from this notification requirement any municipality paid, or that will be paid, an automatic payment as described above.

AUTOMATIC RETURN TO INDIVIDUALS (§ 2)

Under current law, the treasurer must automatically pay abandoned property claims valued at less than \$2,500 to individuals if he (1) has determined the individual is the property's sole owner and (2) is satisfied he has this person's current address. The bill increases the maximum value of claims subject to this automatic payment requirement to \$5,000 and excludes any property claims valued at \$10 or less.

The bill also requires the treasurer to send notice via first-class mail to an owner of unclaimed property valued at \$5,000 or more, but otherwise meets the conditions for automatic return.

CLAIMS FOR CERTAIN PROPERTY VALUED AT LESS THAN \$5,000 (§ 2)

Under current law, anyone claiming an interest in abandoned property must file a certified claim with the treasurer establishing that they are entitled to recover it. The bill makes an exception to this requirement for property (1) valued at less than \$5,000 and (2) with only one apparent owner whose identity the treasurer can reasonably identify using data available to him. Under the bill, the treasurer (1) must provide an electronic form on his website for filing these claims, (2) may not require claimants to provide any supporting

documentation, and (3) must require anyone filing a claim that does not meet these requirements to file a certified claim.

DATA SHARING (§§ 3 & 6)

The bill grants the treasurer access to any data held or controlled by a state agency to the extent the data is needed to help return unclaimed property to its owner, including taxpayer data and corporate registration information. Under the bill, a state agency is any department, board, council, commission, institution, or other executive branch agency of state government, including each constituent unit and each public higher education institution. As necessary, the treasurer may enter into a memorandum of understanding with any state agency to facilitate this data sharing.

Additionally, the bill allows the revenue services commissioner to disclose tax returns and return information (see BACKGROUND) to the treasurer for these purposes.

WITHHOLDING UNCLAIMED PROPERTY

Child Support Obligations (§§ 5 & 7)

The bill requires the treasurer, at least annually, to check a DSS-supplied list of delinquent child support obligors against the names and other identifying information of all owners of property valued at \$500 or more on the unclaimed property list). Under existing law, DSS must disclose to the treasurer information necessary to identify child support obligors who owe overdue child support (CGS § 17b-90(b)(11)). If an owner is on this list, the treasurer must ask DSS to confirm that the person is an obligor.

If confirmed, the treasurer must withhold from any funds payable to the person from the unclaimed property program an amount to cover the funds owed (1) to a person by the obligor, and if any excess (2) by the state on the obligor's behalf. The treasurer must notify the obligor of the withheld funds and the obligor's right to a hearing with a DSS-designated hearing officer to contest the support claim. The treasurer must abide by the hearing officer's decision or, upon appeal, the court's decision.

Tax Obligations (§ 4)

Under the bill, when a person claims unclaimed property valued at \$500 or more, the treasurer must check if the person is on a DRS-supplied list of delinquent taxpayers. If the person is on this list, after deductions for any child support obligations (see above), the treasurer must deduct and withhold from the unclaimed property claim the amount of any owed taxes, penalties, and interest. The treasurer must then notify the DRS commissioner of the amount withheld and pay DRS as directed by the commissioner.

The bill also authorizes the DRS commissioner to disclose certain information to the treasurer to facilitate this process. Specifically, the commissioner may disclose the (1) name and other information needed to identify a person owing any taxes, penalties, or interest, if the (a) person has been delinquent for more than 30 days and (b) taxes are not the subject of a timely administrative appeal and (2) amount of taxes, penalties, and interest owed.

SEARCH BY EXECUTORS AND ADMINISTRATORS (§ 9)

Under the bill, an executor or administrator of a deceased person's estate must search for unclaimed property owed to the person's estate. Before making a final account to the court of the estate's distribution of assets and payment of any obligations, the executor or administrator must certify to the court, under penalty of false statement, (1) they made the search and (2) the search results. By law, false statement is a class A misdemeanor punishable by up to one year imprisonment, up to a \$2,000 fine, or both (CGS § 53a-157b).

NONPROFIT ORGANIZATIONS (§ 11)

Under the bill, if an apparent owner of unclaimed property is a smaller unit (i.e., branch, chapter, or constituent organization) of a nonprofit organization, the organization may claim ownership provided the (1) smaller unit has not claimed the property and (2) organization serves all or a portion of the same community as the smaller unit. The nonprofit organization may also claim the property if the treasurer can verify the money or property was collected on the organization's behalf.

BACKGROUND

Tax Returns and Return Information

By law, a “return” is any of the following filed with the DRS commissioner by, on behalf of, or with respect to, anyone: (1) a tax or information return; (2) an estimated tax declaration; (3) a refund claim; or (4) any license, permit, registration, or other application. The term also covers amendments or supplements, including supporting schedules, attachments, or lists that supplement or are part of a filed return.

“Return information” includes:

1. a taxpayer’s identity;
2. the nature, source, or amount of the taxpayer’s income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax collected or withheld, tax under- or over-reporting, or tax payments; and
3. any other data received, recorded, prepared, or collected by or furnished to the DRS commissioner about (a) a return or (b) any determination of liability for a tax, penalty, interest, fine, forfeiture, or other imposition or offense (CGS § 12-15(h)(1) & (2)).

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/27/2023)