



Senate

General Assembly

File No. 618

January Session, 2023

Substitute Senate Bill No. 382

Senate, April 17, 2023

The Committee on Government Administration and Elections reported through SEN. FLEXER of the 29th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

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

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 3-66a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2023*):

3 (a) The Treasurer shall maintain a readily searchable list of property
4 presumed abandoned and reported or transferred to the Treasurer
5 under this part and for which there is sufficient information for the
6 Treasurer to identify the apparent owner of such property.

7 (b) The searchable list required under subsection (a) of this section
8 shall contain: (1) The names and the last-known addresses, if any, of all
9 persons reported as the apparent owners of unclaimed property, (2)
10 information concerning the amount and description of such property,
11 including the type of property, and the name and address of the holder
12 thereof, (3) the estimated value of the unclaimed property, and [(3)] (4)

13 such other information as may be required by the Treasurer.

14 (c) The Treasurer shall notify by first-class mail each person, other
15 than [an individual] a municipality to which the Treasurer makes or will
16 make a payment pursuant to section 8 of this act, or a person to whom
17 the Treasurer makes or will make a payment pursuant to subsection (f)
18 of section 3-70a, as amended by this act, reported as the apparent owner
19 of unclaimed property that was reported or transferred to the Treasurer
20 during the preceding calendar year and for whom the holder of such
21 property has reported a last-known address to the Treasurer. Such
22 notice shall include information concerning the amount and description
23 of such property and the process by which such owner may verify
24 ownership to and claim such property.

25 Sec. 2. Section 3-70a of the general statutes is repealed and the
26 following is substituted in lieu thereof (*Effective July 1, 2023*):

27 (a) Any person claiming an interest in property surrendered to the
28 Treasurer under the provisions of this part may claim such property, or
29 the proceeds from the sale thereof, at any time thereafter.

30 (1) Any person claiming an interest in such property where such
31 property (A) has only one apparent owner whose identity can be
32 reasonably verified using data available to the Treasurer, and (B) has a
33 value of less than five thousand dollars, may file a claim for such
34 property by electronically submitting a form provided on the Internet
35 web site of the Treasurer to the Treasurer without being required to
36 provide supporting documentation. The Treasurer shall request any
37 person filing such a claim that does not satisfy the criteria of
38 subparagraphs (A) and (B) of this subdivision to file a certified claim
39 under subdivision (2) of this subsection.

40 (2) Any person claiming an interest in such property that (A) has
41 more than one apparent owner or the ownership cannot be reasonably
42 verified by the Treasurer, or (B) has a value of five thousand dollars or
43 more shall file a certified claim with the Treasurer, setting forth the facts
44 upon which such party claims to be entitled to recover such property.

45 The Treasurer shall prescribe the form that such a verified claim shall
46 take.

47 (b) The Treasurer shall consider each claim not later than ninety days
48 after it is filed. The Treasurer may hold hearings on any claim and may
49 refer any claim to the Office of the Claims Commissioner, which shall
50 hold hearings thereon and promptly return the Claims Commissioner's
51 recommendations for the payment or rejection thereof. The Treasurer
52 shall deliver the Treasurer's decision in writing on each claim heard,
53 with a finding of fact and a statement of the reasons for the Treasurer's
54 decision. Any person aggrieved by a decision of the Treasurer may
55 appeal therefrom in accordance with the provisions of section 4-183,
56 except venue for such appeal shall be in the judicial district of New
57 Britain.

58 (c) (1) (A) No agreement entered into prior to January 1, 2023, to
59 locate property shall be valid if: (i) Such agreement is entered into (I)
60 within two years after the date a report of unclaimed property is
61 required to be filed under section 3-65a, or (II) between the date such a
62 report is required to be filed under said section and the date it is filed
63 under said section, whichever period is longer; (ii) such agreement is
64 entered into within two years after the date of posting of the notice
65 required by section 3-66a, as amended by this act; or (iii) pursuant to
66 such agreement, any person undertakes to locate property included in a
67 report of unclaimed property that is required to be filed under section
68 3-65a for a fee or other compensation exceeding ten per cent of the value
69 of the recoverable property.

70 (B) No agreement entered into on or after January 1, 2023, to locate
71 property shall be valid if: (i) Such agreement is entered into (I) within
72 two years after the date a report of unclaimed property is required to be
73 filed under section 3-65a, or (II) between the date such a report is
74 required to be filed under said section and the date it is filed under said
75 section, whichever period is longer; or (ii) pursuant to such agreement,
76 any person undertakes to locate property included in a report of
77 unclaimed property that is required to be filed under section 3-65a for a

78 fee or other compensation exceeding ten per cent of the value of the
79 recoverable property.

80 (2) An agreement to locate property shall be valid only if it is in
81 writing, signed by the owner, and discloses the nature and value of the
82 property, and the owner's share after the fee or compensation has been
83 subtracted is clearly stipulated. Nothing in this section shall be
84 construed to prevent an owner from asserting, at any time, that any
85 agreement to locate property is based upon excessive or unjust
86 consideration.

87 (d) The Treasurer shall pay each claim allowed without deduction for
88 costs of notices or sale or for service charges. The Treasurer shall notify
89 the Commissioner of Revenue Services of the payment of claims of five
90 hundred dollars or more to the domiciliary administrator or executor of
91 a deceased owner.

92 (e) In the case of any claim allowed under this section for property,
93 funds or money delivered to the Treasurer pursuant to subdivision (1)
94 or (2) of subsection (a) of section 3-57a, the Treasurer shall pay such
95 claim with interest as follows: For each calendar year or portion thereof
96 that the property, funds or money has been paid or delivered to the
97 Treasurer, the Treasurer shall pay interest at a rate that is not less than
98 the deposit index, as determined under section 36a-26, for such year.
99 Such interest shall accrue from the date of payment or delivery of the
100 property, funds or money to the Treasurer until the date of payment or
101 delivery of the property, funds or money to the claimant.

102 (f) ~~(1)~~ Notwithstanding the provisions of subsection (a) of this section,
103 where the amount of a property reported or transferred to the Treasurer
104 under this part is more than ten dollars but less than [two] five thousand
105 [five hundred] dollars, the Treasurer shall pay such amount to [an
106 individual] a person if the Treasurer has determined ~~[(1)] (A)~~ that such
107 [individual] person is the sole owner of such property, and ~~[(2)] (B)~~ to
108 the Treasurer's satisfaction, the current address of such [individual]
109 person.

110 (2) Notwithstanding the provisions of subsection (a) of this section,
111 where the amount of a property reported or transferred to the Treasurer
112 under this part is five thousand dollars or more, the Treasurer shall send
113 a notice by first-class mail to a person if the Treasurer has determined
114 (A) that such person is the sole owner of such property, and (B) to the
115 Treasurer's satisfaction, the current address of such person.

116 (3) The Treasurer shall determine ownership under this subsection
117 using a preponderance of the evidence standard.

118 Sec. 3. (NEW) (*Effective July 1, 2023*) As used in this section, "state
119 agency" means any department, board, council, commission, institution
120 or other executive branch agency of state government, including, but
121 not limited to, each constituent unit and each public institution of higher
122 education. The Treasurer shall be granted access to any data held or
123 controlled by a state agency only to the extent necessary to facilitate the
124 return of unclaimed property surrendered to the Treasurer under the
125 provisions of part III of chapter 32 of the general statutes to its owner,
126 including, but not limited to, taxpayer data and corporate registration
127 information under title 33 of the general statutes. The Treasurer may
128 enter into a memorandum of understanding with any state agency as
129 necessary to implement the provisions of this section.

130 Sec. 4. (NEW) (*Effective July 1, 2023*) (a) When any person makes a
131 claim for property surrendered to the Treasurer in a value of five
132 hundred dollars or more, the Treasurer shall check the name and other
133 identifying information of such person against a list of taxpayers who
134 are delinquent, supplied by the Commissioner of Revenue Services.

135 (b) The Commissioner of Revenue Services may disclose to the
136 Treasurer: (1) The name and such other information as may be necessary
137 to identify a person from whom taxes, including penalties and interest
138 related thereto, are due to the state and unpaid when: (A) A period in
139 excess of thirty days has elapsed following the date on which such taxes
140 were due, and (B) such taxes are not the subject of a timely filed
141 administrative appeal to said commissioner or of a timely filed appeal
142 pending before any court of competent jurisdiction, and (2) the amount

143 of such taxes, penalties and interest that are due from such person.

144 (c) In the event that the claimant is on the list described in subsection
145 (a) of this section, the Treasurer shall, subsequent to any deductions
146 made pursuant to subsection (d) of section 52-362d of the general
147 statutes, as amended by this act, if applicable, deduct and withhold from
148 the funds payable to such person under the provisions of part III of
149 chapter 32 of the general statutes, the amount of such taxes, penalties
150 and interest identified by said commissioner pursuant to subsection (b)
151 of this section.

152 (d) The Treasurer shall promptly notify the Commissioner of
153 Revenue Services of any amount deducted and withheld under the
154 provisions of this section and shall pay over such amount to the
155 Commissioner of Revenue Services in accordance with said
156 commissioner's instructions.

157 Sec. 5. Section 52-362d of the general statutes is repealed and the
158 following is substituted in lieu thereof (*Effective July 1, 2023*):

159 (a) Whenever an order of the Superior Court or a family support
160 magistrate for support of a minor child or children is issued and such
161 payments have been ordered to be made to the state acting by and
162 through the IV-D agency and the person against whom such support
163 order was issued owes past-due support in the amount of five hundred
164 dollars or more, the state shall have a lien on any property, real or
165 personal, in which such person has an interest to enforce payment of
166 such past-due support. The lien for past-due child support shall be
167 secured by the IV-D agency pursuant to procedures contained in the
168 general statutes applicable to the type of property to be secured. After
169 securing the lien, the IV-D agency shall provide such person with notice
170 of the lien and an opportunity for a hearing before a hearing officer of
171 the Department of Social Services pursuant to section 17b-60 to contest
172 the lien. The IV-D agency shall file a release of such lien if a hearing
173 officer determines that the conditions for the existence of a lien are not
174 satisfied. Any such lien on real property may, at any time during which
175 the obligor owes the amount of past-due child support secured by such

176 lien, be foreclosed in an action brought in a court of competent
177 jurisdiction by the Commissioner of Social Services in a title IV-D case
178 or by the person to whom the child support is due. A lien for past-due
179 support arising in any other state shall be given full faith and credit by
180 this state provided such other state has complied with its procedural
181 rules relating to recording or serving of liens.

182 (b) On October 1, 1991, and monthly thereafter, the Department of
183 Social Services shall compile a list of all obligors who owe overdue
184 support in the amount of one thousand dollars or more accruing after
185 the entry of an initial court order establishing a child support obligation.
186 Any overdue support in an amount of one thousand dollars or more
187 shall be subject to the reporting provisions of this section. The state shall
188 report to any participating consumer reporting agency, as defined in 15
189 USC 1681a(f), information regarding the amount of such overdue
190 support owed by an obligor if the amount of such overdue support is
191 one thousand dollars or more, on a computer tape in a format acceptable
192 to the consumer reporting agency. Such information shall be reported
193 by the department only after notice has been sent by the department to
194 such obligor of the proposed action, and such obligor is given an
195 opportunity for a hearing before a hearing officer of the department to
196 contest the amount of the alleged arrearage. Any such notice sent to such
197 obligor shall contain a telephone number and address of the
198 Department of Social Services and shall contain the following language
199 in bold type: "If you are no longer in arrears or have received this notice
200 in error, please contact the department at the following address or
201 telephone number." On a monthly basis, the Department of Social
202 Services shall provide to each consumer reporting agency informed of
203 the original arrearage of an obligor updated information concerning any
204 such obligor and the status of payments, including a list of obligors who
205 no longer owe overdue support, in such acceptable computer format.
206 The department shall designate one or more persons in the department
207 to receive telephone or other requests from an obligor or a consumer
208 reporting agency regarding verification of information supplied to a
209 consumer reporting agency. The department shall respond to any such
210 request within five working days of its receipt. Upon satisfactory

211 verification that an obligor is no longer in arrears, the department shall
212 send a statement to such obligor, and such statement shall constitute
213 proof to a creditor that such obligor is no longer in arrears as of the date
214 of the statement. A participating consumer reporting agency which
215 receives such updated information from the department that an obligor
216 no longer owes any overdue support shall record such information
217 within thirty days of receipt of such notification unless the information
218 was in a format which was unusable by the agency or contained an error
219 which prevented the agency from matching the updated information to
220 previously supplied data. Any consumer reporting agency which
221 negligently or wilfully fails to use reasonable efforts to comply with any
222 requirement imposed under this subsection with respect to an obligor
223 shall be liable to such obligor in an amount equal to the sum of (1) any
224 actual damages sustained by the obligor as a result of such failure, and
225 (2) a reasonable attorney's fee as determined by the court.

226 (c) When any person redeems a winning lottery ticket worth five
227 thousand dollars or more at the central office of the Connecticut Lottery
228 Corporation, the Connecticut Lottery Corporation shall check the name
229 and other identifying information of such person against a list of
230 obligors supplied by the Commissioner of Social Services. If such person
231 is included on the list of obligors, the Connecticut Lottery Corporation
232 shall request confirmation from the Commissioner of Social Services
233 that such person is in fact an obligor, and upon notification by the
234 Commissioner of Social Services that money is due from any such
235 person as a result of a claim for support which has been assigned to the
236 state pursuant to section 17b-77, or is to be paid to the state acting by
237 and through the IV-D agency, the Connecticut Lottery Corporation shall
238 withhold from any lottery winnings payable to such person under the
239 provisions of chapter 226 or chapter 229a the amount of such claim for
240 support owed to an individual for any portion of support which has not
241 been assigned to the state and then the amount of such claim for support
242 owed to the state, provided the Connecticut Lottery Corporation shall
243 notify such person that (1) lottery winnings have been withheld as a
244 result of the amount due for such support, and (2) such person has the
245 right to a hearing before a hearing officer designated by the

246 Commissioner of Social Services if such person contests the amount of
247 the alleged claim for support. The Connecticut Lottery Corporation shall
248 pay any such person in accordance with any decisions of the hearing
249 officer or the court upon appeal of the hearing officer's decision.

250 (d) At least annually, for any person who owns property transferred
251 to the Treasurer under part III of chapter 32 having a value of five
252 hundred dollars or more, the Treasurer shall check the name and other
253 identifying information of such person against a list of obligors supplied
254 by the Commissioner of Social Services. If such person is included on
255 the list of obligors, the Treasurer shall request confirmation from the
256 Commissioner of Social Services that such person is in fact an obligor,
257 and upon notification by the Commissioner of Social Services that
258 money is due from any such person as a result of a claim for support
259 that has been assigned to the state pursuant to section 17b-77, or is to be
260 paid to the state acting by and through the IV-D agency, the Treasurer
261 shall withhold from any funds payable to such person under the
262 provisions of part III of chapter 32 the amount of such claim for support
263 owed to an individual for any portion of support that has not been
264 assigned to the state, and then the amount of such claim for support
265 owed to the state, provided the Treasurer shall notify such person that
266 (1) funds have been withheld as a result of the amount due for such
267 support, and (2) such person has the right to a hearing before a hearing
268 officer designated by the Commissioner of Social Services if such person
269 contests the amount of the alleged claim for support. The Treasurer shall
270 pay any such person in accordance with any decisions of the hearing
271 officer or the court upon appeal of the hearing officer's decision.

272 [(d)] (e) Whenever an order of the Superior Court or a family support
273 magistrate of this state, or an order of another state that has been
274 registered in this state, for support of a minor child or children is issued
275 and such payments have been ordered through the IV-D agency, and
276 the obligor against whom such support order was issued owes overdue
277 support under such order in the amount of five hundred dollars or
278 more, the IV-D agency, as defined in subdivision (12) of subsection (b)
279 of section 46b-231, or Support Enforcement Services of the Superior

280 Court may notify (1) any state or local agency or officer with authority
281 (A) to hold assets or property for such obligor including, but not limited
282 to, any property unclaimed or presumed abandoned under part III of
283 chapter 32, or (B) to distribute benefits to such obligor including, but not
284 limited to, unemployment compensation and workers' compensation,
285 (2) any person having or expecting to have custody or control of or
286 authority to distribute any amounts due such obligor under any
287 judgment or settlement, (3) any financial institution holding assets of
288 such obligor, and (4) any public or private entity administering a public
289 or private retirement fund in which such obligor has an interest that
290 such obligor owes overdue support in a IV-D support case. Upon receipt
291 of such notice, such agency, officer, person, institution or entity shall
292 withhold delivery or distribution of any such property, benefits,
293 amounts, assets or funds until receipt of further notice from the IV-D
294 agency.

295 ~~[(e)]~~ (f) In IV-D cases in which a notice is sent pursuant to subsection
296 ~~[(d)]~~ (e) of this section, the IV-D agency shall notify the obligor that such
297 property, benefits, amounts, assets or funds have been withheld as a
298 result of overdue support in a IV-D support case in accordance with an
299 order of the Superior Court or family support magistrate of this state, or
300 an order of another state that has been registered in this state. The IV-D
301 agency shall further notify the agency, officer, person, institution or
302 entity to whom notice was sent pursuant to subsection ~~[(d)]~~ (e) of this
303 section as follows: (1) Upon expiration of the time for requesting a
304 hearing specified in section 17b-60, to make payment to the state from
305 any such property, benefits, amounts, assets or funds withheld in
306 accordance with subsection ~~[(d)]~~ (e) of this section provided, in the case
307 of retirement funds, such payment shall only be made in accordance
308 with a withholding order issued under section 52-362 when the obligor
309 is entitled to receive retirement benefits from such fund; (2) upon
310 payment of such overdue support by such obligor, to release or
311 distribute, as appropriate, such property, benefits, amounts, assets or
312 funds to such obligor; or (3) upon issuance of a decision by the hearing
313 officer or the court upon appeal of such officer's decision, to take such
314 other action as may be ordered by such officer or such court, and such

315 agency, officer, person, institution or entity shall forthwith comply with
316 such notice received from the IV-D agency.

317 ~~[(f)]~~ (g) Support collected pursuant to this section shall be distributed
318 as required by Title IV-D of the Social Security Act.

319 ~~[(g)]~~ (h) The Commissioner of Social Services shall adopt regulations,
320 in accordance with chapter 54, setting forth procedures providing for
321 adequate notice of (1) the right to a hearing before a hearing officer, and
322 (2) procedures for a fair hearing for any person alleged by the
323 commissioner to owe past-due or overdue child support to the state, or
324 to an individual when the payments have been ordered payable to the
325 state acting by and through the IV-D agency, if the commissioner has
326 filed a lien on the property of such person or claimed an offset against
327 money payable by the state to enforce a claim for payment of such past-
328 due or overdue support, or intends to seize any benefits, amounts, assets
329 or funds withheld in accordance with subsection ~~[(d)]~~ (e) of this section
330 or report such overdue support to a consumer credit agency.

331 Sec. 6. Subsection (b) of section 12-15 of the general statutes is
332 repealed and the following is substituted in lieu thereof (*Effective July 1,*
333 *2023*):

334 (b) The commissioner may disclose (1) returns or return information
335 to (A) an authorized representative of another state agency or office,
336 upon written request by the head of such agency or office, when
337 required in the course of duty or when there is reasonable cause to
338 believe that any state law is being violated, or (B) an authorized
339 representative of an agency or office of the United States, upon written
340 request by the head of such agency or office, when required in the course
341 of duty or when there is reasonable cause to believe that any federal law
342 is being violated, provided no such agency or office shall disclose such
343 returns or return information, other than in a judicial or administrative
344 proceeding to which such agency or office is a party pertaining to the
345 enforcement of state or federal law, as the case may be, in a form which
346 can be associated with, or otherwise identify, directly or indirectly, a
347 particular taxpayer except that the names and addresses of jurors or

348 potential jurors and the fact that the names were derived from the list of
349 taxpayers pursuant to chapter 884 may be disclosed by the Judicial
350 Branch; (2) returns or return information to the Auditors of Public
351 Accounts, when required in the course of duty under chapter 23; (3)
352 returns or return information to tax officers of another state or of a
353 Canadian province or of a political subdivision of such other state or
354 province or of the District of Columbia or to any officer of the United
355 States Treasury Department or the United States Department of Health
356 and Human Services, authorized for such purpose in accordance with
357 an agreement between this state and such other state, province, political
358 subdivision, the District of Columbia or department, respectively, when
359 required in the administration of taxes imposed under the laws of such
360 other state, province, political subdivision, the District of Columbia or
361 the United States, respectively, and when a reciprocal arrangement
362 exists; (4) returns or return information in any action, case or proceeding
363 in any court of competent jurisdiction, when the commissioner or any
364 other state department or agency is a party, and when such information
365 is directly involved in such action, case or proceeding; (5) returns or
366 return information to a taxpayer or its authorized representative, upon
367 written request for a return filed by or return information on such
368 taxpayer; (6) returns or return information to a successor, receiver,
369 trustee, executor, administrator, assignee, guardian or guarantor of a
370 taxpayer, when such person establishes, to the satisfaction of the
371 commissioner, that such person has a material interest which will be
372 affected by information contained in such returns or return information;
373 (7) information to the assessor or an authorized representative of the
374 chief executive officer of a Connecticut municipality, when the
375 information disclosed is limited to (A) a list of real or personal property
376 that is or may be subject to property taxes in such municipality, or (B) a
377 list containing the name of each person who is issued any license, permit
378 or certificate which is required, under the provisions of this title, to be
379 conspicuously displayed and whose address is in such municipality; (8)
380 real estate conveyance tax return information or controlling interest
381 transfer tax return information to the town clerk or an authorized
382 representative of the chief executive officer of a Connecticut

383 municipality to which the information relates; (9) estate tax returns and
384 estate tax return information to the Probate Court Administrator or to
385 the court of probate for the district within which a decedent resided at
386 the date of the decedent's death, or within which the commissioner
387 contends that a decedent resided at the date of the decedent's death or,
388 if a decedent died a nonresident of this state, in the court of probate for
389 the district within which real estate or tangible personal property of the
390 decedent is situated, or within which the commissioner contends that
391 real estate or tangible personal property of the decedent is situated; (10)
392 returns or return information to the (A) Secretary of the Office of Policy
393 and Management for purposes of subsection (b) of section 12-7a, and (B)
394 Office of Fiscal Analysis for purposes of, and subject to the provisions
395 of, subdivision (2) of subsection (f) of section 12-7b; (11) return
396 information to the Jury Administrator, when the information disclosed
397 is limited to the names, addresses, federal Social Security numbers and
398 dates of birth, if available, of residents of this state, as defined in
399 subdivision (1) of subsection (a) of section 12-701; (12) returns or return
400 information to any person to the extent necessary in connection with the
401 processing, storage, transmission or reproduction of such returns or
402 return information, and the programming, maintenance, repair, testing
403 or procurement of equipment, or the providing of other services, for
404 purposes of tax administration; (13) without written request and unless
405 the commissioner determines that disclosure would identify a
406 confidential informant or seriously impair a civil or criminal tax
407 investigation, returns and return information which may constitute
408 evidence of a violation of any civil or criminal law of this state or the
409 United States to the extent necessary to apprise the head of such agency
410 or office charged with the responsibility of enforcing such law, in which
411 event the head of such agency or office may disclose such return
412 information to officers and employees of such agency or office to the
413 extent necessary to enforce such law; (14) names and addresses of
414 operators, as defined in section 12-407, to tourism districts, as defined in
415 section 10-397; (15) names of each licensed dealer, as defined in section
416 12-285, and the location of the premises covered by the dealer's license;
417 (16) to a tobacco product manufacturer that places funds into escrow

418 pursuant to the provisions of subsection (a) of section 4-28i, return
419 information of a distributor licensed under the provisions of chapter 214
420 or chapter 214a, provided the information disclosed is limited to
421 information relating to such manufacturer's sales to consumers within
422 this state, whether directly or through a distributor, dealer or similar
423 intermediary or intermediaries, of cigarettes, as defined in section 4-28h,
424 and further provided there is reasonable cause to believe that such
425 manufacturer is not in compliance with section 4-28i; (17) returns, which
426 shall not include a copy of the return filed with the commissioner, or
427 return information for purposes of section 12-217z; (18) returns or return
428 information to the State Elections Enforcement Commission, upon
429 written request by said commission, when necessary to investigate
430 suspected violations of state election laws; (19) returns or return
431 information for purposes of, and subject to the conditions of, subsection
432 (e) of section 5-240; [and] (20) to the extent allowable under federal law,
433 return information to another state agency or to support a data request
434 submitted through CP20 WIN, established in section 10a-57g, in
435 accordance with the policies and procedures of CP20 WIN for the
436 purposes of evaluation or research, provided the recipient of such data
437 enters into a data sharing agreement pursuant to section 4-67aa if such
438 recipient is not a state agency; and (21) returns and return information
439 to the Treasurer, for purposes of facilitating the return of unclaimed
440 property under section 3 of this act.

441 Sec. 7. Subsections (c) and (d) of section 17b-137 of the general statutes
442 are repealed and the following is substituted in lieu thereof (*Effective July*
443 *1, 2023*):

444 (c) (1) The IV-D agency and financial institutions, as defined in
445 section 469A(d)(1) of the Social Security Act, doing business in this state
446 shall enter into agreements to develop and operate a data match system,
447 using automated data exchanges to the maximum extent feasible, in
448 which each such financial institution is required to provide for each
449 calendar quarter the name, record address, Social Security number or
450 other taxpayer identification number and other identifying information
451 for each noncustodial parent who maintains an account at such

452 institution and who owes past-due support, as identified by the IV-D
453 agency by name and Social Security number or other taxpayer
454 identification number. Upon completion of such matches, the
455 commissioner shall reimburse such financial institutions for the
456 reasonable documented costs of conducting the matches. For the
457 purposes of this section, "account" means a demand deposit account,
458 checking or negotiable withdrawal order account, savings account, time
459 deposit account or money-market mutual fund account.

460 (2) A financial institution shall not be liable to any person for (A)
461 disclosing information to the IV-D agency pursuant to this subsection,
462 (B) encumbering or surrendering any assets held by such institution in
463 response to a notice issued under subsections [(d)] (e) and [(e)] (f) of
464 section 52-362d, as amended by this act, or (C) any other action taken in
465 good faith to comply with the requirements of subdivision (1) of this
466 subsection.

467 (d) (1) For the purposes of this subsection, "high-volume automated
468 administrative enforcement" means the identification of assets, through
469 automated data matches with financial institutions and other entities, as
470 provided in this section and required by federal law, and the seizure of
471 such assets in accordance with subsections [(d)] (e) and [(e)] (f) of section
472 52-362d, as amended by this act.

473 (2) The IV-D agency shall: (A) Use high-volume automated
474 administrative enforcement, as defined in subdivision (1) of this
475 subsection, to the same extent as in intrastate cases; and (B) promptly
476 report the results of such enforcement procedure to the requesting state.

477 (3) Support Enforcement Services or the IV-D agency may, by
478 electronic or other means, transmit to another state a request for
479 assistance in enforcing support orders administratively, in a manner
480 similar to this subsection, which request shall: (A) Include information
481 that shall enable the state to which the request is transmitted to compare
482 the information about the cases to the information data bases of such
483 state; and (B) constitute a certification by this state (i) of the amount of
484 support under an order the payment of which is in arrears, and (ii) that

485 this state has complied with all procedural due process requirements
486 applicable to each case.

487 (4) If the IV-D agency provides assistance under this subsection to
488 another state concerning a case, such case shall not be considered
489 transferred to the caseload of the IV-D agency.

490 (5) The IV-D agency shall maintain records of: (A) The number of
491 requests for assistance received under this subsection; (B) the number of
492 cases for which such agency collected support in response to such
493 requests; and (C) the amount of such collected support.

494 Sec. 8. (NEW) (*Effective July 1, 2023*) Notwithstanding any other
495 provision of part III of chapter 32 of the general statutes, where the
496 amount of a property reported or transferred on or after July 1, 2023, to
497 the Treasurer under said part has a value of one hundred dollars or
498 more and the apparent owner is a municipality, including a department,
499 agency or division of a municipality, the Treasurer shall, not later than
500 one year after such report or transfer, (1) electronically transfer such
501 amount to the municipality, and (2) notify the chief financial officer of
502 such municipality, either electronically or by first-class mail, that such
503 money or other property is being transferred to the municipality under
504 this section. In the case of any such property that was reported or
505 transferred to the Treasurer prior to July 1, 2023, the Treasurer shall
506 make such transfer and notification as required under this section not
507 later than January 1, 2024. As used in this section, "municipality" means
508 any town, city, borough, consolidated town and city, consolidated town
509 and borough, any metropolitan district, any regional school district, any
510 district as defined in section 7-324 of the general statutes, and any other
511 municipal corporation or authority authorized to issue bonds, notes or
512 other obligations under the provisions of the general statutes or any
513 special act.

514 Sec. 9. Section 45a-179 of the general statutes is repealed and the
515 following is substituted in lieu thereof (*Effective July 1, 2023*):

516 (a) When a conservator, guardian or trustee of a testamentary trust

517 exhibits his or her final account to the Probate Court for allowance, the
518 court shall appoint a time and place for a hearing on the account and
519 shall cause notice of the hearing to be given as it directs. Such fiduciary
520 shall sign the account under penalty of false statement.

521 (b) Prior to exhibiting a final account to the Probate Court, the
522 executor or administrator shall (1) conduct a search of the list of
523 unclaimed property maintained by the State Treasurer, pursuant to
524 section 3-66a, as amended by this act, to verify that there is no unclaimed
525 property of the estate, and (2) certify to the Probate Court that such a
526 search has been conducted and the results of such search, under penalty
527 of false statement. The court shall, before approving a final account of
528 an executor or administrator, hold a hearing thereon for which notice
529 may be given as the court shall direct, unless all parties interested in the
530 estate sign and file in court a written waiver of such notice.

531 Sec. 10. Section 31-227 of the general statutes is amended by adding
532 subsection (k) as follows (*Effective July 1, 2023*):

533 (NEW) (k) Prior to filing an initial claim for unemployment
534 compensation, the individual shall conduct a search of the list of
535 unclaimed property maintained by the State Treasurer pursuant to
536 section 3-66a, as amended by this act, to verify that there is no unclaimed
537 property of such individual, and certify to the administrator that such a
538 search has been conducted and the results of such search.

539 Sec. 11. (NEW) (*Effective July 1, 2023*) (a) Notwithstanding any other
540 provision of part III of chapter 32 of the general statutes, upon the
541 payment or delivery of money or other property to the Treasurer under
542 sections 3-62b to 3-62g, inclusive, of the general statutes for deposit in
543 the Special Abandoned Property Fund, where the apparent owner is a
544 branch, chapter or constituent organization of a nonprofit organization,
545 the nonprofit organization may claim and be granted ownership of such
546 money or property, provided (1) the money or other property has not
547 been claimed by such branch, chapter or constituent organization, and
548 (2) the nonprofit organization serves all or a portion of the same
549 community as the branch, chapter or constituent organization.

550 (b) Notwithstanding any other provision of part III of chapter 32 of
 551 the general statutes, upon the payment or delivery of an amount of
 552 money or other property to the Treasurer under sections 3-62b to 3-62g,
 553 inclusive, of the general statutes for deposit in the Special Abandoned
 554 Property Fund, where the Treasurer can verify that the money or other
 555 property was collected on behalf of a nonprofit organization, the
 556 nonprofit organization may claim and be granted ownership of such
 557 money or property.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2023	3-66a
Sec. 2	July 1, 2023	3-70a
Sec. 3	July 1, 2023	New section
Sec. 4	July 1, 2023	New section
Sec. 5	July 1, 2023	52-362d
Sec. 6	July 1, 2023	12-15(b)
Sec. 7	July 1, 2023	17b-137(c) and (d)
Sec. 8	July 1, 2023	New section
Sec. 9	July 1, 2023	45a-179
Sec. 10	July 1, 2023	31-227(k)
Sec. 11	July 1, 2023	New section

Statement of Legislative Commissioners:

In Section 3, the definition of "claimant" was deleted since the term was not used, and a reference to "owner" was added for clarity.

GAE Joint Favorable Subst.

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
Labor Dept.	FF - Potential Revenue Loss	See Below	See Below
Resources of the General Fund	GF - Revenue Loss	See Below	See Below

Note: GF=General Fund; FF=Federal Funds

Municipal Impact:

Municipalities	Effect	FY 24 \$	FY 25 \$
Various Municipalities	See Below	See Below	See Below

Explanation

The bill makes several changes to the State Treasurer's unclaimed property program, including: (1) requires the Treasurer post the type and estimated value of unclaimed property on the searchable list, (2) establishes a "preponderance of the evidence" standard for determining property ownership, (3) gives the Treasurer access to all state data to the extent necessary for determining property ownership, (4) changes eligibility and amount thresholds for certain claim types. These changes are expected to contribute to increased administrative costs, with some of the changes also expected to increase the amount of claims paid, as discussed below. The bill is also expected to result in a loss of revenue to the Department of Labor and result in a potential revenue increase to various municipalities.

Impact to the Unclaimed Property Program

Changes to the unclaimed property program can have a fiscal impact through both changes to the administrative costs of the program and the amount of claims paid, both of which will impact the amount of net revenue made available to the General Fund annually.

Administrative Expenses

Overall administrative expense increases to the program are anticipated to include one-time costs of between \$4.4 million and \$6.5 million in FY 24, primarily for costs associated with securing required access to sensitive, federally-regulated data, such as tax payer data and child support information. The remainder of the one-time expenses relate to information technology expenses for both software and hardware, as well as updates to the existing web portal.

Ongoing administrative costs are anticipated to increase between \$3 million and \$4.2 million beginning in FY 24. Over 80% of the ongoing costs are associated with salary and fringe for 25 new positions, including 6 paralegals, 9 claims examiners, 2 claims supervisors, 3 special funds administrators, 3 staff attorneys, and 2 information technology staff, who would collectively handle the increased claim volume, along with proactively seeking out property owners as required in the bill. The non-personnel ongoing costs would support additional property-owner identification requirements, including data access, fraud detection and prevention, legal training, and address verification.

Increased Claims Paid

Several of the changes in the bill are likely to result in higher amounts of claims paid in the future, including the required automatic payment to verified property owners, payments to individuals without supporting documentation, and increased notification of potential property owners outside the automatic repayments, including individuals, municipalities, and certain nonprofit organizations.

Current law requires automatic return of properties valued from \$0

to \$2,500 when owners can be identified.¹ The impact of the expansion of automatic returns to include properties worth between \$2,500 and \$5,000 will be partially offset by raising the minimum property value for automatic payments to those worth more than \$10.

Overall, changes to eligibility are expected to result in a net revenue loss to the General Fund of unknown magnitude. Increased claims are anticipated to impact both claims from the existing list (\$1.3 billion as of the end of FY 22) and to future annual escheats (an average of \$134 million annually from FY 13-FY 22). Additional claims from the existing list are likely to have a larger near-term impact, but there will also be an ongoing impact based on future escheats and increased claims. See Background below for additional context.

Impact to the Unemployment Benefits Program

The bill requires anyone filing an initial unemployment claim to search the unclaimed property list, verify they have no unclaimed property listed, and certify that to the Department of Labor. This provision is out of conformity with federal unemployment compensation law and therefore may result in the loss of up to \$50 million of federal funds annually.

Municipal Impact

The bill requires the treasurer to automatically pay certain abandoned property claims if the property's owner is a municipality. To the extent this results in municipalities being paid for unclaimed property sooner, municipalities would see revenue gains more quickly.

Background

Under current law, new unclaimed property is treated as a revenue to the state, with a portion of the revenue directed to the Citizen's Election Fund (\$12.6 million in FY 22) and the remaining revenues deposited in the General Fund. Claims paid to property owners and the

¹ C.G.S. 3-70a, as amended by P.A. 22-118

administrative expenses of the program reduce net revenue available to the General Fund from the program. Over the last 10 years, gross revenues have averaged approximately \$134 million annually, while claims have averaged approximately \$58 million annually, with most of the difference representing revenues accrued to the Citizen's Election Fund and the General Fund.²

The total value of unclaimed property within the program is in flux, with new claims deducted and new escheats added regularly. As of the close of FY 22, an estimated \$1.3 billion of unclaimed property for over 9.6 million owners was part of the program. Current estimates leave the total value of properties in the system worth \$10 or less to be no more than \$55 million, while properties valued between \$2,500 and \$5,000 have a combined value between \$135 million and \$275 million.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number and amount of unclaimed property deposits and claims and inflation.

² Source: <https://portal.ct.gov/-/media/OTT/Newsroom/Reports/2022-Annual-Report-Final.pdf>

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)