
OLR Bill Analysis

sSB 393

AN ACT IMPLEMENTING THE TREASURER'S RECOMMENDATIONS CONCERNING UNCLAIMED PROPERTY.

SUMMARY

By law, most property held or owed in this state that remains 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. Principally, the bill:

1. establishes circumstances under which virtual currency is presumed abandoned and explicitly subjects it to the state's unclaimed property law (§§ 1 & 2),
2. requires business associations and banking or financial organizations holding abandoned virtual currency to liquidate it before delivering its net proceeds to the treasurer as escheated property (§ 3),
3. expands the notice requirements for unclaimed property owners (§ 3),
4. gives the treasurer discretion to contact apparent property owners in the way he deems most appropriate (§ 4),
5. requires estate executors and administrators to search the unclaimed property list before giving the Probate Court the estate's final account (§ 5),
6. requires additional disclosures under agreements or solicitations to locate property (§ 6), and
7. requires the treasurer and the Department of Revenue Services

(DRS) to enter into an agreement establishing a procedure for data sharing to identify property owners and facilitate the electronic return of unclaimed property (§§ 7 & 8).

EFFECTIVE DATE: July 1, 2024, except the tax data sharing provisions are effective upon passage.

§§ 1-3 — REQUIREMENTS FOR SPECIFIED TYPES OF ABANDONED PROPERTY

Abandoned Virtual Currency Held by Banks and Financial Institutions

The bill explicitly adds virtual currency as a type of property subject to the state's unclaimed property law. By law, and under the bill, virtual currency is any type of digital unit that is used as a medium of exchange or a form of digitally stored value or that is incorporated into payment system technology. It generally does not include digital units used for an online game or customer rewards programs (CGS § 36a-596(21)).

Under the bill, virtual currency held by a business association or banking or financial organization that facilitates the purchase, storage, or transfer of virtual currency through a secure system is presumed abandoned (1) if the owner has not accessed the secure system within three years or (2) on the date the association or organization is dissolved (voluntarily or involuntarily) or liquidated.

Sales of Virtual Currency and Property From a Safe Deposit Box

The bill extends certain requirements to holders of abandoned virtual currency that apply under existing law to holders of abandoned personal property from a safe deposit box. Specifically, it:

1. requires holders (i.e., business associations and banking or financial organizations) to sell the abandoned virtual currency and transfer the sale proceeds (minus any charges that may be lawfully withheld), along with any relevant records the treasurer deems appropriate, to the treasurer;
2. exempts the holders from responsibility for claims related to virtual currency sales or transfers to the treasurer;

3. allows the holder to dispose of the virtual currency in any way it considers appropriate and exempts the holder from responsibility for any claims related to the virtual currency's disposition or the virtual currency itself if the treasurer, by regulation or guideline, exempts the virtual currency from requirements that it be sold and the proceeds remitted to him; and
4. specifies that the charges that may lawfully be withheld from abandoned virtual currency sale proceeds include costs for storage, appraisal, advertising, and sales commissions.

Existing law requires holders to pay or deliver abandoned property and report on the property to the state treasurer within 90 days after the end of the calendar year in which the property is presumed abandoned. For both safe deposit box property and virtual currency, the bill requires the property holder to sell the property and deliver the proceeds within 30 days after reporting the property to the treasurer (but, presumably, still within the 90-day window established by existing law).

Tangible Personal Property

Existing law allows the holder of abandoned personal property from a safe deposit box to contract with a third party to store and sell the property and pay the proceeds to the treasurer, as long as the third party is bonded or insured in performing these activities. The bill modifies this authority to cover holders of any tangible personal property, and in doing so extends the liability protections described above for sales and transfers of safe deposit property and virtual currency.

§§ 3 & 4 — NOTIFICATIONS

Notice to the Owner

By law, before property is presumed abandoned, the holder of the property must notify the property owner that the owner must indicate his or her interest in the property or it will be transferred to the treasurer and subject to escheat to the state. The bill requires holders to notify the owner by email and telephone, in addition to first-class mail as required by existing law. The holder must use the owner's last-known email

address and telephone number, including his or her cellphone number, for these notifications.

Additionally, for any abandoned security, virtual currency, or tangible property from a safe deposit box, the notice provided must indicate that the (1) property may be liquidated before or after its reporting to the state treasurer and (2) owner's claim is limited to the liquidation's proceeds.

For wages, salaries, or compensation or utility deposits, refunds, or other sums, the bill requires that holders send the mail, email, and telephone notices at least 180 days before the property is presumed abandoned, rather than within 180 days before as current law requires for the mailed notice. As under existing law, for other property, holders must send these notices within a year before the property is presumed abandoned.

Report to the Treasurer

Existing law generally requires property holders, within 90 days after the end of the calendar year in which property is presumed abandoned, to deliver it to the treasurer and prepare an unclaimed property report that includes, among other things, the name and physical address of the property's apparent owner. The bill additionally requires holders to report the owner's last-known email address and telephone number, if any.

Notice by Treasurer

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 bill requires him to provide this notice (1) in a manner he deems appropriate, rather than only by first-class mail, and (2) to anyone for whom the holder reported a last-known email address or telephone number.

§ 5 — SEARCH BY EXECUTORS AND ADMINISTRATORS

The bill requires estate executors and administrators to search for

unclaimed property (presumably, property owed to a decedent's estate) before giving the Probate Court a final account. The executor or administrator must certify to the court, under penalty of false statement, that they did this search and provide the search results.

By law, making a false statement is a class A misdemeanor punishable by up to 364 days in prison, up to a \$2,000 fine, or both (CGS § 53a-157b).

§ 6 — AGREEMENTS OR SOLICITATIONS TO LOCATE PROPERTY

The bill establishes disclosure requirements for agreements to locate unclaimed property. Under existing practice, people, businesses, and other entities assist property owners, for payment, in finding unclaimed property and reclaiming it on the owner's behalf.

Under current law, these agreements are only valid if they are (1) in writing, (2) signed by the owner, (3) disclose the nature and value of the property, and (4) clearly stipulate the owner's share after subtracting the fee or compensation. For agreements to provide these services entered into after January 1, 2025, these disclosures must also conspicuously and clearly disclose that the owner may file a claim directly with the treasurer at no cost and the method for doing so.

The bill also requires that any solicitation to locate or obtain an interest in unclaimed property clearly and conspicuously disclose in writing that the owner may search for and file a claim directly with the treasurer at no cost and provide the method for filing a claim.

Under the bill, any claim for property filed with the treasurer under an agreement or solicitation to locate property must include an unredacted version of the agreement or solicitation to allow the treasurer to determine if these requirements have been met. The treasurer may withhold payment of a claim to anyone except an owner if the agreement or solicitation (1) is not provided or (2) fails to meet these requirements.

§§ 7 & 8 — TAX DATA SHARING

The bill requires the treasurer and DRS commissioner to enter into a data-sharing agreement to allow for the disclosure of tax return

information (see BACKGROUND) and other relevant information in the commissioner's possession to the treasurer to facilitate the (1) identification of unclaimed property owners and (2) payment of claims via direct deposit or other electronic means. The bill specifies that this agreement may not unnecessarily delay or impede the treasurer's ability to comply with the law's requirements for an unclaimed property payment. The bill also makes a conforming change to allow the DRS commissioner to disclose return information for these purposes.

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

Yea 19 Nay 0 (03/26/2024)