
OLR Bill Analysis

sSB 1434 (File 340, as amended by Senate "A")*

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

SUMMARY

By law, most property held or owned 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 funeral service contracts are presumed abandoned and explicitly subjects them to the state's unclaimed property laws (§§ 1 & 2),
2. broadens the definition of "last-known address" for the state's unclaimed property laws and makes related changes (§ 1),
3. modifies notice and reporting requirements for unclaimed property holders (§ 3),
4. modifies the treasurer's notice requirements to unclaimed property owners (§ 5),
5. establishes an alternative unclaimed property process for property solely owned by state agencies or certain constitutional offices (§ 4), and
6. authorizes the treasurer to establish a program for property owners to donate their unclaimed property to charity (§ 4).

It also makes technical and conforming changes.

*Senate Amendment "A" modifies the (1) conditions under which

property held pursuant to a funeral service contract is deemed payable or distributable and (2) information that property holders must request from funeral service establishments.

EFFECTIVE DATE: July 1, 2025

§§ 1 & 2 — FUNERAL SERVICE CONTRACTS

The bill establishes circumstances under which property held as part of a funeral service contract is presumed abandoned and creates related reporting requirements. Under state law and the bill, a funeral service contract is a contract requiring compensation in exchange for funeral, burial, or related services or items that are not immediately needed. Compensation may be paid as money, securities, or the assignment of a life insurance policy's death benefit. These contracts are sometimes called "prepaid" or "pre-need" funeral service contracts because the individual is paying for services to be provided in the future.

For funeral service contracts in effect on or after July 1, 2025, the bill requires that property held under the contract be deemed payable or distributable under the state's unclaimed property law on the earliest of the following:

1. when the property holder receives affirmative notice about the death of a beneficiary for which the holder maintains an escrow account,
2. the beneficiary's 110th birthday, or
3. 75 years after the funeral service contract's execution.

The property is considered abandoned unless the beneficiary or purchaser has indicated their interest in it within one year of when it is considered payable or distributable under the bill. By March 1 of each year, the property holder must obtain from the funeral service establishment a list of all properties held by the holder as part of a contract that was executed at least 75 years ago for which the establishment received an affirmative death notification about a beneficiary or the beneficiary reached 110 years old. Under the bill, for

the state's unclaimed property law, a property holder includes an escrow agent, insurance company, or any other person holding or maintaining contracted property. Further, the contract's purchaser must be considered the owner.

State law requires that funds received as part of a funeral services contract be deposited in an escrow account, and each party to the contract must receive an annual statement of the amount credited to the account. Under the bill, if these statements are returned as undeliverable, the property holder must make reasonable efforts to determine an owner's current and proper mailing address in order to comply with the unclaimed property law's notice requirements.

§§ 1, 3 & 5 — NOTICE OF UNCLAIMED PROPERTY

Last-Known Address (§ 1)

The bill broadens the definition of "last-known address" for the state's unclaimed property law. Under current law, this is a description of an apparent property owner's location sufficient for mail delivery. The bill instead defines it as any description, code, or other indication of an apparent owner's location that identifies the owner's state (even if it is otherwise insufficient for delivering first-class U.S. mail).

In doing so, the bill expands the property that escheats to the state. By law, abandoned intangible property is subject to the state's unclaimed property law if, among other conditions, the holder's records (1) show a last-known address of the apparent owner that is in Connecticut or (2) do not include the name of the person entitled to the property but the person's last-known address is in Connecticut. The law also generally requires that funds and property held by the federal government belonging to anyone whose last-known address was in Connecticut be subject to the state's unclaimed property law (CGS § 3-66b).

Owner Notification (§ 3)

By law, before property is presumed abandoned, the property's holder must, among other things, notify its owner that he or she must indicate interest in the property or it will be transferred to the treasurer

and subject to escheat to the state. Under current law, property holders must take reasonable steps to prevent the property from being presumed abandoned by, at least, sending this notice (1) by first-class mail to the owner's last-known address and (2) to the owner's last-known email if the owner consented to the electronic delivery of required notices.

The bill limits the requirement that property holders send this notice by first-class mail to when the cumulative value of all of the owner's property is \$50 or more and the owner's last-known address is sufficient for first-class mail delivery. Property holders must still provide the email notice, if consented to, regardless of the property's value.

The bill also changes the timeframe for sending these notices by requiring property holders to send them between July 1 and September 30 of the year the property will be presumed abandoned. (Property is presumed abandoned on December 31 of the calendar year in which the presumption is triggered.) Under current law, for wages, salaries, or compensation or utility deposits, refunds, or other sums, holders must send these notices at least 180 days before the property is presumed abandoned. For all other unclaimed property, current law requires holders to send them within a year before the property is presumed abandoned.

Notice by Treasurer (§ 5)

Current law generally requires the treasurer to notify, in a manner he deems appropriate, each person reported as the apparent owner of abandoned property during the preceding calendar year for whom the holder reported a last-known address, valid email address, or telephone number. The bill instead requires the treasurer to send this notice to an owner if the owner's unclaimed property has a reported value of \$50 or more. Additionally, the treasurer is only required to mail this notice by first-class mail if the last-known address is sufficient for first-class mail delivery.

Current law requires the notice to include information concerning the property's amount and description. Instead, the bill requires the notice

to inform the person that they may have property to claim. As under existing law, the notice must still describe the process for verifying ownership and claiming the property.

§ 3 — REPORTING OF UNCLAIMED PROPERTY TO THE TREASURER

Current law generally requires abandoned property holders to deliver the property to the treasurer within 90 days after the end of the calendar year in which the property is presumed abandoned and to prepare and submit an unclaimed property report that includes specified information about the property's apparent owner, including their name and address. The bill instead requires property holders to submit these reports by March 31 following the end of the calendar year in which the property is presumed abandoned.

The bill also requires property holders to retain records (1) of information required to be included in these reports and (2) concerning the date, place, and circumstances giving rise to the property right. Property holders must also retain any documentation concerning property the holder considered reporting to the treasurer as unclaimed, but ultimately determined was not required to be reported, in order to verify compliance with the reporting requirements.

Property holders must retain these records for at least 10 years after (1) filing a report with the treasurer or (2) the last date a timely report was due to be filed. The treasurer may allow for a shorter retention period.

§ 4 — UNCLAIMED PROPERTY OF STATE AGENCIES

The bill establishes an alternative process for handling unclaimed property whose sole owner is the secretary of the state, state comptroller, attorney general, state treasurer, or an executive branch department as defined in state law.

For applicable property, the treasurer must submit a report to the Office of Policy and Management (OPM) identifying the property's value and reported owner. Unless OPM directs otherwise, the property must escheat to the state three months after the report's submission. The

treasurer must then reclassify the property as state property instead of as unclaimed.

§ 4 — DONATION OF UNCLAIMED PROPERTY

The bill authorizes the treasurer to establish a program permitting a property owner to donate all of his or her unclaimed property to specified charitable causes. If the owner chooses to donate his or her claim, the choice is irrevocable, and the donation is considered full payment of the claim.

The treasurer must (1) prescribe the form of the donation election and (2) select one or more of the following state accounts to receive the donation:

1. organ transplant account (CGS § 17b-288);
2. AIDS research education account (CGS § 19a-32a);
3. endangered species, natural area preserves and watchable wildlife account (CGS § 22a-27l);
4. breast cancer research and education account (CGS § 19a-32b);
5. safety net services account (CGS § 17b-112f);
6. Connecticut Baby Bond Trust (CGS § 3-36b);
7. mental health community investment account (CGS § 17a-451g);
or
8. Military Relief Fund (CGS § 27-100a).

State law authorizes a similar program for tax refunds (CGS §§ 12-743 and 12-743a).

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/12/2025)