



PA 25-81—sSB 1434

Government Administration and Elections Committee

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

SUMMARY: This act adds and makes various changes to the laws governing when property held or owned in Connecticut is presumed to be abandoned and subject to the state's custody as unclaimed property. Principally, the act:

1. broadens what is an acceptable "last-known address" under the state's unclaimed property laws to include certain descriptions other than those for mail delivery (§ 1);
2. explicitly subjects property under funeral service contracts to the state's unclaimed property laws and establishes circumstances for deeming that property as payable or distributable and presuming its abandonment (§§ 1 & 2);
3. makes several changes affecting required notices to property owners by (a) holders of their property before it is presumed to be abandoned and (b) the treasurer for property reported or transferred to him (§§ 3 & 5);
4. requires unclaimed property holders to retain specific records on their unclaimed property reports to the treasurer (§ 3);
5. establishes an alternative process for handling abandoned property that is reported as being solely owned by certain constitutional offices or executive branch departments (§ 4); and
6. authorizes the treasurer to establish a program for property owners to donate their unclaimed property to charity (§ 4).

The act also makes technical and conforming changes.

EFFECTIVE DATE: July 1, 2025

§§ 1 & 2 — FUNERAL SERVICE CONTRACTS

The act expands upon existing laws governing funeral service contracts by explicitly subjecting property held under them to the state's unclaimed property laws. Under existing law, a "funeral service contract" is a contract requiring the payment of money, the delivery of securities, or the assignment of a life insurance policy's death benefit in exchange for funeral, burial, or related services or items that are not immediately needed. For the purposes of the act's requirements and the state's unclaimed property laws, the act (1) incorporates that definition of funeral service contract and (2) regards the escrow agent, insurance company, or any other person holding or maintaining property held under a funeral service contract as that property's holder and the purchaser of that property as the property's owner.

For funeral service contracts in effect on or after July 1, 2025, the act requires that property held under the contract be deemed payable or distributable under the

OLR PUBLIC ACT SUMMARY

state's unclaimed property laws on the earliest of the following triggers:

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

Relatedly, the act requires property holders under a funeral service contract to obtain a list of all their properties held as part of a funeral service contract that was executed at least 75 years ago for which the (1) funeral service establishment has received an affirmative death notification about the beneficiary or (2) beneficiary has reached 110 years old. PA 25-168, § 260, replaces this act's requirement and instead requires property holders to obtain a list of all their properties held under a funeral service contract (1) that was executed at least 75 years ago, (2) for which the funeral service establishment has received an affirmative death notification about the beneficiary, or (3) for which the beneficiary has reached 110 years old. Under this act, unchanged by PA 25-168, § 260, property holders must obtain these lists annually, by March 1, from funeral service establishments. (By law, these establishments must keep a copy of all funeral service contracts they enter into or that are assigned to them (CGS § 42-200(d)).)

The act further requires property held under a funeral service contract to be presumed abandoned unless the contract's beneficiary or purchaser has indicated their interest in the property within one year of when it is considered payable or distributable under the act. Relatedly, the act requires holders of these properties, in order to comply with one of the unclaimed property laws' notice requirements about presumed abandoned property (see § 3 below), to make reasonable efforts to determine the property owner's current and proper mailing address if the contract's associated annual statement is returned as undeliverable during the prior year. (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 get an annual statement of the amount credited to the account.)

§§ 1, 3 & 5 — PROPERTY OWNER LAST-KNOWN ADDRESSES AND UNCLAIMED PROPERTY NOTICES

Last-Known Address (§ 1)

The act broadens the definition of "last-known address" for the state's unclaimed property laws. Under prior law, this was a description of an apparent property owner's location sufficient for mail delivery. The act 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). By law, this definition applies unless the context requires otherwise.

In doing so, the act expands the property that escheats (reverts) to the state. By law, abandoned intangible property is subject to the state's unclaimed property laws if, among other conditions, the holder's records (1) show a last-known address of

OLR PUBLIC ACT SUMMARY

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 (CGS § 3-66b). 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 laws (CGS § 3-62b).

Notice by Property Holder (§ 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 prior law, property holders had to 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 act 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 send the email notice, if consented to, regardless of the property's value.

The act 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. (In practice, property is presumed abandoned on December 31 of the calendar year in which the presumption is triggered.) Under prior law, holders had to send these notices at least 180 days before the property was presumed abandoned if the property were certain wages, salary, or other compensation for personal services, or deposits, refunds, or other sums owed by a utility. For all other property, prior law required holders to send notices within a year before it was presumed abandoned.

Notice by Treasurer (§ 5)

Existing law generally requires the treasurer to send a notice, as he deems appropriate, to each person reported as the apparent owner of unclaimed property that was reported or transferred to him during the preceding calendar year and for whom the property's holder has reported certain contact information about. By law, certain individuals with property under \$2,500 to whom the treasurer makes or will make a payment are excluded from this notice requirement. The act further excludes people whose unclaimed property has a reported value under \$50. The act also changes what contact information from the property holder triggers this notice requirement, which under prior law was a last-known address, valid email address, or telephone number. The act instead conditions the requirement on the holder reporting a last-known address in Connecticut sufficient for first-class mail delivery or valid email address.

By law, the treasurer's notice must describe the process for verifying ownership and claiming the property. The act replaces a requirement that the notice also

include information concerning the property's amount and description and instead requires that it inform the person that they may have unclaimed property to claim.

§ 3 — PROPERTY HOLDER RECORDS OF REPORTING UNCLAIMED PROPERTY TO THE TREASURER

Under existing law, when property holders pay or deliver abandoned property to the treasurer, they generally must also file associated reports with specified information. The act requires property holders to keep records (1) of the information that must be included in these reports and (2) on the date, place, and circumstances giving rise to the property right. Property holders must also keep any documentation on items the holder considered reporting to the treasurer as unclaimed, but ultimately determined was not required to be reported, in order to verify the holder's compliance with its reporting obligations.

Under the act, property holders must generally keep 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. However, the act authorizes the treasurer to set a shorter retention period.

§ 4 — HANDLING OF ABANDONED PROPERTY SOLELY OWNED BY CERTAIN STATE ENTITIES

The act establishes an alternative process for handling abandoned property whose sole owner is reported as 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 act 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);

OLR PUBLIC ACT SUMMARY

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 & 12-743a).