

AMENDED IN SENATE MARCH 21, 2002
AMENDED IN SENATE MARCH 11, 2002
AMENDED IN SENATE JANUARY 14, 2002
AMENDED IN ASSEMBLY JUNE 4, 2001
AMENDED IN ASSEMBLY MARCH 29, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 227

Introduced by Assembly Member Dutra

February 13, 2001

An act to amend Section 1577.5 of the Code of Civil Procedure, relating to unclaimed property, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 227, as amended, Dutra. Unclaimed property: escheat.

Under existing law, property that is held by a business that is unclaimed for more than specified periods escheats to the state. Existing law requires persons holding unclaimed property to report and deliver it to the Controller within a prescribed time period, and imposes interest payments at the rate of 12% per annum and penalties for a failure to do so. Existing law also provides that any person who paid or delivered to the Controller on or before December 31, 2001, in accordance with specified requirements, is not subject to statutory interest payments for failure to pay or deliver unclaimed property. Existing law requires the

Controller to submit a report to the Legislature on the amnesty program, to be published no later than December 31, 2002.

This bill would extend the above deadline for paying or delivering unclaimed property to the Controller to December 31, 2002, subject to specified conditions. The bill would also extend the time for the Controller to submit a report to the Legislature to no later than July 31, 2003, and would make other technical, nonsubstantive changes.

The bill would declare that it is to take effect immediately as an urgency statute.

Vote: ²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1577.5 of the Code of Civil Procedure
2 is amended to read:

3 1577.5. (a) Section 1577 does not apply to, and interest may
4 not be imposed upon, any escheated property paid or delivered to
5 the Controller at any time on or before December 31, 2002.

6 (b) Subdivision (a) shall apply only if the following
7 requirements are met:

8 (1) ~~As of~~ *On or before* January 1, 2003, the holder of the
9 property ~~is~~ *was* not the subject of an investigation by the Attorney
10 General or a party to litigation with the Controller, relating to the
11 property. "Investigation by the Attorney General" means an
12 investigation being conducted under any law authorizing the
13 investigation, including, but not limited to, investigations
14 authorized by or conducted pursuant to Article 2 (commencing
15 with Section 11180) of Chapter 2 of Part 1 of Division 3 of Title
16 2 of the Government Code by the office of the Attorney General
17 relating to the escheat of property subject to subdivision (a).

18 (2) On or before January 3, 2000, the holder of the property was
19 not the subject of an audit by the Controller relating to the property.
20 "Audit by the Controller" means a formal field audit of the
21 property holder's books and records by audit personnel of the
22 Controller's office for the purpose of determining compliance
23 with this chapter.

24 (3) The property was required to be reported on or before
25 November 1, 1999.



1 (4) The property is surrendered directly to the state or its
2 authorized agent.

3 (5) Reports respecting the property are reported by electronic
4 media satisfactory to the Controller, provided that paper reports
5 shall be permitted with respect to holders reporting fewer than 50
6 accounts or other items.

7 (6) All property reported after the effective date of this act shall
8 be reported on a report separate from property currently
9 reportable, and may not be reported with property not eligible for
10 the amnesty program.

11 (7) The property is paid or delivered to the Controller at the
12 time the report is made.

13 (8) Securities are remitted in accordance with Section 1532.

14 (9) Records shall be maintained in a manner satisfactory to the
15 Controller, to permit verification and compliance audits.

16 (c) Nothing in subdivision (a) shall create an entitlement to a
17 refund of interest paid to the Controller prior to the effective date
18 of this section.

19 (d) The Controller shall conduct an outreach and publicity
20 program regarding the provisions of this section.

21 (e) The Controller shall submit a report to the Legislature on
22 the amnesty program. The report shall include a comprehensive
23 accounting of all unclaimed property surrendered under the
24 amnesty program, the date the property was surrendered, and the
25 identities of the holders of surrendered unclaimed property. The
26 report shall be published no later than July 31, 2003.

27 (f) Nothing in this section shall preclude liability pursuant to
28 Article 9 (commencing with Section 12650) of Chapter 6 of Title
29 2 of Division 3 of the Government Code regarding false claims.
30 Reporting or filing extensions shall not be granted for property
31 under this section.

32 SEC. 2. This act is an urgency statute necessary for the
33 immediate preservation of the public peace, health, or safety
34 within the meaning of Article IV of the Constitution and shall go
35 into immediate effect. The facts constituting the necessity are:

36 To ensure the financial solvency of the State of California in
37 view of the fiscal crisis, it is necessary that this act take effect
38 immediately.

1	_____
2	CORRECTIONS
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4	_____
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