

## Administrative:

### California: New Law Creates Unclaimed Property Voluntary Compliance Program with Potential Interest Waiver

A.B. 2280, signed by gov. 9/13/22. Upon appropriation by the California Legislature, recently enacted legislation establishes the “California Voluntary Compliance Program” (VCP) for qualifying unclaimed property holders to resolve unclaimed property that is due and owing to the State of California under its Unclaimed Property Law (UPL). Under the VCP, the State Controller’s Office will waive otherwise assessable interest against an eligible holder enrolled in the program if the holder meets certain criteria. The legislation grants the State Controller discretion to enroll eligible holders who apply in the VCP and specifies reasons a holder would be ineligible to participate, including if the holder is the subject of a civil or criminal prosecution involving UPL compliance at the time it requests to enroll. Under the new law, the State Controller must waive applicable interest otherwise payable by a holder under the UPL for failing to report, pay, or deliver unclaimed property if the holder participates in and adequately completes all applicable statutory and regulatory requirements, including among others:

**URL:** [https://leginfo.legislature.ca.gov/faces/billHistoryClient.xhtml?bill\\_id=202120220AB2280](https://leginfo.legislature.ca.gov/faces/billHistoryClient.xhtml?bill_id=202120220AB2280)

- Participation in an education program,
- Review of the past ten years’ worth of books and records for unclaimed property by the State Controller’s Office, and
- Filing of a timely report with the State Controller’s Office regarding any unclaimed property discovered during the review, and timely delivering all unclaimed property to the State Controller after reporting it.

The State Controller may reinstate the waived interest under the VCP if the holder fails to deliver all the reported property as required. The legislation also expands an existing \$10,000 limit on interest payable when a holder timely pays or delivers unclaimed property but files a report that is not in substantial compliance with certain statutory reporting requirements to include some situations where a holder files a report, after the initial report and before payment or delivery is made for property that may not be subject to escheat, that is not in substantial compliance with the statutory reporting requirements.

Furthermore, the new law provides that the State Controller’s Office is not required to disclose specified records and information provided to it under the UPL, and that certain records obtained as a result of an examination of records under the UPL are *not* subject to disclosure under the California Public Records Act, except for records of property that should have been reported to the State Controller as unclaimed property. Lastly, the new law incorporates some fee reforms to the UPL related to third parties that file UPL claims on behalf of owners who are attempting to locate and recover their unclaimed property through such third parties. Please contact us with any questions.

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