

R.S. 32:28-1 et seq.

LEGISLATIVE FACT SHEET

ON

N.J.R.S. 32:28-1 et seq (Unclaimed Prop Comp - Co)
(1966 Amendment)

LAWS OF 1966

CHAPTER 285

SENATE 416

~~ASSEMBLY~~

INTRODUCED May 23, 1966

BY Keifer, Inge

STATEMENT

YES

NO

AMENDED DURING PASSAGE

YES

NO

HEARING

VETO

Governor's statement - YES

DEPOSITORY COPY
Do Not Remove From Library

STATE OF NEW JERSEY

INTRODUCED MAY 23, 1966

By Senators KIEFER and INGE

Referred to Committee on Business Affairs

AN ACT providing for an interstate compact in regard to unclaimed property,
and matters incidental thereto, between the State of New Jersey and other
States.

1 BE IT ENACTED *by the Senate and General Assembly of the State of New*
2 *Jersey:*

1 1. The Unclaimed Property Compact is hereby enacted into law and
2 entered into with all other jurisdictions legally joining therein in the form
3 substantially as follows:

UNCLAIMED PROPERTY COMPACT

ARTICLE I. PURPOSES

1 It is the purpose of this compact and of the States party hereto:

2 (a) To eliminate the risks and inconvenience to which holders of un-
3 claimed property may be subject by reason of actual or possible claims
4 thereto or to the custody thereof by more than one State.

5 (b) To provide a uniform and equitable set of standards for the deter-
6 mination of entitlement to receive, hold and dispose of unclaimed property.

7 (c) To provide methods whereby the party States may co-operate with
8 each other in the discovery and taking possession of unclaimed property.

ARTICLE II. DEFINITIONS

1 As used in this compact, the term:

2 (a) "Unclaimed property" means any property which under the laws of
3 the appropriate State is subject to delivery to that State for its use or cus-
4 tody by reason of its having been unclaimed or abandoned for such period
5 as the laws of that State may provide.

6 (b) "Holder" means any obligor or any individual, business associa-
7 tion, government or subdivision thereof, public corporation, public authority,
8 estate, trust, 2 or more persons having a joint or common interest, or any
9 other legal or commercial entity having possession, custody or control of
10 unclaimed property.

11 (c) "State" means a State of the United States, the District of Colum-
12 bia, the Commonwealth of Puerto Rico, or a territory or possession of the
13 United States.

ARTICLE III. DETERMINATION OF ENTITLEMENT TO UNCLAIMED PROPERTY

1 (a) Only the State in which unclaimed real property or unclaimed tan-
2 gible personal property is located shall be entitled to receive, hold and dis-
3 pose of such property in accordance with its laws.

4 (b) In the case of unclaimed property the disposition of which is not
5 determined by the application of paragraph (a) of this article, and the
6 holder of which property is subject to the jurisdiction of only one State,
7 that State and no other shall be entitled to receive, hold and dispose of
8 such unclaimed property in accordance with its laws.

9 (c) In respect of all unclaimed property the disposition of which is
10 not determined by the applications of paragraphs (a) or (b) of this article,
11 entitlement shall be determined as follows:

12 (1) The State in which is located the last known address of the
13 person entitled to the property shall be entitled to receive, hold and dis-

14 pose of the same in accordance with its laws. The last known address
15 shall be presumed to be that shown by the records of the holder.

16 (2) If the identity of the person entitled is unknown; if no address
17 for the person sufficient to meet the requirements of subparagraph 1 of
18 this paragraph is known; or if the laws of the State of last known ad-
19 dress do not subject the property in question to taking, and if the
20 holder is a corporation or other entity, the State under whose laws the
21 holder is incorporated or organized shall be entitled to receive, hold and
22 dispose of the same in accordance with its laws. If the holder is incor-
23 porated or organized under the laws of more than one party State, such
24 party States shall be entitled to take equal shares of the property
25 covered by this paragraph. In such event, each shall bear a propor-
26 tionate share of the costs of the taking.

27 (3) If the disposition of any unclaimed property is not determined
28 by application of any preceding provision of this article, the State in
29 which is located the office of the holder making the largest total dis-
30 bursements within its immediately preceding fiscal year shall be entitled
31 to receive, hold and dispose of the property in accordance with its laws.

32 (4) Whenever unclaimed property has been taken by a party State
33 in accordance with this paragraph, within 1 year from the taking of
34 such property, or within 1 year from the earliest time at which another
35 party State would have been entitled to take the property in question
36 pursuant to its unclaimed property laws, whichever date is later, any
37 party State shall be entitled to establish the identity and last known
38 address of an entitled person previously thought to be unknown, or to
39 establish a later known address for an entitled person. Upon such
40 establishment, and on the basis thereof a party State shall upon demand
41 be entitled to receive the property from the State initially taking the
42 same and to hold and dispose of it in accordance with its laws. This
43 subparagraph shall not apply to a claim made by a State under a statute
44 enacted subsequent to the time when the initial State took the property.

ARTICLE IV. CO-OPERATION

1 The party States pledge to each other faithful co-operation in the ad-
2 ministration of their respective unclaimed property laws. To this end, a
3 party State shall, upon the request of any other party State, make avail-
4 able to any such State any information which it may have in its possession
5 by reason of its administration of its own unclaimed property laws, unless
6 disclosure thereof is expressly prohibited by the laws of the party State of
7 which the request is made. Unless the party States concerned otherwise
8 agree, the party State making a requests for information pursuant to this
9 article shall be entitled to receive it only by bearing such costs as may be
10 involved in furnishing the information requested.

ARTICLE V. STATE LAWS UNAFFECTED IN CERTAIN RESPECTS

1 Each party State may enact and continue in force any statute not in
2 conflict with this compact and may employ the escheat, custodial, or any
3 other principle in respect of unclaimed property.

ARTICLE VI. FINALITY

1 Except as provided in Article III (c) (4):

2 (1) No unclaimed property escheated or received into the custody of a
3 party State, prior to February 1, 1965, pursuant to its laws shall be subject
4 to the subsequent claim of any other party State, and the enactment of this
5 compact shall constitute a waiver by the enacting State of any such claim.

6 (2) No unclaimed property escheated or received into the custody of a
7 party State on or after February 1, 1965 shall be subject to the subsequent
8 claim of any other party State, and the enactment of this compact shall
9 constitute a waiver by the enacting State of any such claim: provided
10 that such taking was consistent with the provisions of this compact.

ARTICLE VII. EXTENT OF RIGHTS DETERMINED

1 The only rights determined by this compact shall be those of the party
2 States. With respect to any nonparty State, an assertion of jurisdiction to
3 receive, hold or dispose of any unclaimed property made by a party State

4 shall be determined in the same manner and on the same basis as in the
5 absence of this compact. In any situation involving multiple claims by States,
6 both party and nonparty, the standards contained in this compact shall be
7 used to determine entitlement only as among the party States. With respect
8 to the claims of any nonparty State any controversy shall be determined
9 in accordance with the law as it may be in the absence of this compact. The
10 enactment of this compact shall not constitute a waiver of any claim by a
11 party State as against a nonparty State.

ARTICLE VIII. ENTRY INTO FORCE AND WITHDRAWAL

1 This compact shall enter into force and become binding as to any State
2 when it has enacted the same into law. Any party State may withdraw from
3 the compact by enacting a statute repealing the same, but no such with-
4 drawal shall take effect until 2 years after the executive head of the with-
5 drawing State has given notice in writing of the withdrawal to the executive
6 head of each other party State. Any unclaimed property which a State shall
7 have received, or which it shall have become entitled to receive by operation
8 of this compact during the period when such State was party hereto shall not
9 be affected by such withdrawal.

ARTICLE IX. CONSTRUCTION AND SEVERABILITY

1 This compact shall be liberally construed so as to effectuate the pur-
2 poses thereof. The provisions of this compact shall be severable and if any
3 phrase, clause, sentence or provision of this compact is declared to be con-
4 trary to the Constitution of any party State or of the United States or the
5 applicability thereof to any government, agency, person or circumstance is
6 held invalid, the validity of the remainder of this compact and the applica-
7 bility thereof to any government, agency, person or circumstance shall not
8 be affected thereby. If this compact shall be held contrary to the Constitu-
9 tion of any State party thereto, the compact shall remain in full force and
10 effect as to the remaining States and in full force and effect as to the State
11 affected as to all severable matters.

1 2. This act shall take effect upon the enactment into law of legislation
2 of like substance and effect by the States of New York, Pennsylvania and
3 Illinois but if the States of New York, Pennsylvania and Illinois have already
4 enacted such legislation, this act shall take effect immediately.

STATEMENT

The purpose of this bill is to provide for the adoption by the State of New Jersey of the Unclaimed Property Compact which has been recommended to the States for adoption by the Council of State Governments. The compact was prepared by the Committee on Escheats of the National Association of Attorneys General and the National Council of State Governments.

The object of this compact is to codify the standards by which the ratifying States will exercise their power to take unclaimed, intangible, personal property for the benefit of their citizens. It is further intended to provide a cutoff date for any claims by one State against another for unclaimed intangibles which may have been taken by the latter State prior to February 1, 1965, the date the United States Supreme Court decided *State of Texas v. State of New Jersey, et al.*, 379 U. S. 674.

It is believed that the ratification of this compact by the States which are active in the field of personal property escheats will lead to co-operative action by these States and minimize, if not eliminate, disputes between the States, sometimes resulting in expensive litigation over which State has the superior right to take unclaimed intangibles.

SENATE BILL NO. 416

FOR RELEASE: September 30, 1966

FROM: Office of the Governor

Governor Richard J. Hughes yesterday approved Senate Bill No. 416 permitting New Jersey to enter into compacts with other states concerning title to unclaimed property.

The bill provides for the adoption by the State of New Jersey of the Unclaimed Property Compact which has been recommended to the States for adoption by the Council of State Governments. The compact was prepared by the Committee on Escheats of the National Association of Attorneys General and the National Council of State Governments. The Compact codifies the standards by which the ratifying States will exercise their power to take unclaimed, intangible, personal property for the benefit of their citizens. It provides a cutoff date for any claims by one State against another for unclaimed intangibles which may have been taken by the latter State prior to February 1, 1965, the date the United States Supreme Court decided State of Texas v. State of New Jersey.