



Tony Evers
Governor

Peter W. Barca
Secretary of Revenue

DOR Testimony on AB 325
Assembly State Affairs Committee
June 8, 2021

Chairman Swearingen, Ranking Member Sinicki, and members of the Assembly Committee on State Affairs: I am honored that you have brought AB 325 forward today as this bill represents an important and necessary modernization of our unclaimed property law.

Wisconsin's unclaimed property law dates to 1983 when Wisconsin passed a version of the Uniform Unclaimed Property Act of 1981, which became 1983 Wis. Act 408. The UCP law has largely gone unchanged since 1981, except for an update in 1995, and Representative August's bill in 2014, 2013 WI Act 308, which enabled more proactive outreach and more streamlined methods to return property to its rightful owners. 2013 WI Act 308 enabled \$2.2M to be automatically returned to owners.

Business practices and technology have changed significantly since 1981, and our unclaimed property law needs to be modernized in order to authorize the Department to utilize best practices now made available by technology.

Our goal with AB 325 is to implement modern tools and technology, update our business processes to more effectively identify unclaimed property and more efficiently reunite owners with their property.

Last session, AB 752, which is substantially similar to AB 325 unanimously passed the Assembly. The only substantive change in AB 325 is an addition to the language to ensure we pay simple interest payment of claims \$100 or more, regardless of whether it was interest-bearing when delivered to DOR.

Our staff has worked with many stakeholder groups to ensure there are no remaining issues.

Among the many changes in AB 325 that remain unchanged from last session's AB 752, are:

- Creates a voluntary disclosure program for holders.
- Prescribes confidentiality provisions for information obtained from holders and claimants.
- Eliminates interest and revises penalties for holders that do not report or deliver property.
- Authorizes DOR to use any tax records to identify owners of unclaimed property and process claims.

- Explains what is required of a holder to contact owner (due diligence) before turning property over to DOR.
- Clarifies examination authority of holder records and provides audit appeal rights.
- Requires holders to report tax ID numbers, if known, so that owners can be better identified for return of property.
- Clarifies/Expands the current "business to business" exemption.
- Clarifies existing law with respect to a claimant's requirement to substantiate or prove their claim.
- Provides for setoffs for other state and municipal debts prior to paying claims.
- Provides authority for DOR to collect amounts paid to a wrongful owner.
- Decreases the abandonment period for money orders from 7 years to 5 years.
- Decreases the abandonment period for certain insurance policies from 5 years to 3 years.
- Clarifies that virtual currency is property subject to unclaimed property laws, but only if the holder can convert to U.S. currency prior to delivery to DOR.
- Clarifies the information a holder must provide in a notice to an apparent owner prior to reporting and delivery of the property to this state.
- Reduces the maximum fee a locator service may charge from 20% to 10% of the actual value of the property recovered.

AB 325 is a common-sense modernization that will help the Department of Revenue reunite more property to citizens of Wisconsin and their heirs. We appreciate the interest of the bill's authors, Representative August and Senator Petrowski, as well as the cosponsors of this legislation.

Thank you again for hearing this testimony. I would be happy to offer myself and the staff I have brought with me to answer any questions you may have at this time.

AB 325 Revised Uniform Unclaimed Property Act Summary

AB 325 is a modernization of Wisconsin's unclaimed property laws, which are largely unchanged from the 1981 model legislation that was adopted in 1983. Business practices and technology has changed since then. The proposed law would provide improved service to Wisconsin businesses and residents.

The bill would provide the following changes, among others, from current law:

- Create a voluntary disclosure program for holders.
- Prescribe confidentiality provisions for information obtained from holders and claimants.
- Pay simple interest on claims of \$100 or more, even if the property was not interest-bearing prior to delivery to DOR.
- Clarify examination authority of holder records and provide audit appeal rights.
- Require holders to report tax ID numbers, if known, so that owners can be better identified for return of property.
- Eliminate interest and revise penalties for holders that do not report or deliver property.
- Clarify/expand the current "business to business" exemption.
- Clarify existing law with respect to a claimant's requirement to substantiate or prove their claim.
- Authorize DOR to use any tax records to identify owners of unclaimed property and process claims.
- Provide for setoffs for other state and municipal debts prior to paying claims.
- Provide authority for DOR to collect amounts paid to a wrongful owner.
- Decrease the abandonment period for money orders from 7 years to 5 years.
- Decrease the abandonment period for certain insurance policies from 5 years to 3 years.
- Clarifies that virtual currency is property subject to unclaimed property laws, but only if the holder is able to convert to U.S. currency prior to delivery to DOR.
- Clarify the information a holder must provide in a notice to an apparent owner prior to reporting and delivery of the property to this state.
- Reduces the maximum fee a locator service may charge from 20% to 10% of the actual value of the property recovered.
- Clarifies that property held by Wisconsin state agencies is exempt.



Testimony of the Wisconsin Bankers Association

John Cronin, Assistant Director – Government Relations, WBA

Assembly Committee on State Affairs

June 8, 2021

Chairman Swearingen and members of the Assembly Committee on State Affairs,

Thank you for the opportunity to testify today. My name is John Cronin and I am the Assistant Director of Government Relations at the Wisconsin Bankers Association (WBA).

Founded in 1892, WBA is the state's largest financial industry trade association, representing more than 200 commercial banks and savings institutions, their branches, and over 21,000 employees. The Association represents banks of all sizes in Wisconsin, and nearly 98 percent of banks in the state are WBA members.

Today I am happy to testify in favor of Assembly Bill 325, legislation that would adopt portions of the Revised Uniform Unclaimed Property Act (RUUPA) here in Wisconsin. The bill also makes further improvements to the state's unclaimed property laws. AB 325 provides individuals with lost or unclaimed property with an avenue to be reconnected with those assets, which oftentimes are left in the hands of banks, other financial institutions, or corporations.

Since the Uniform Unclaimed Property Act was last updated in 1995, AB 325 considers several new types of property that were less prevalent, or perhaps did not exist 25 years ago. This includes gift cards, virtual currency, and game-related content, and how those items should be treated.

As you are aware, this bipartisan legislation passed as amended on a unanimous vote in the State Assembly last session. WBA is grateful to bill authors Rep. Tyler August and Sen. Jerry Petrowski for making numerous improvements to then-2019 AB 752 that addressed concerns WBA had with the bill as introduced last session. Our organization was happy to see all of those changes incorporated into AB 325 – the bill that is before you today.

WBA is seeking a technical amendment to correct what we perceive to be a drafting error affecting automatically renewing certificates of deposit.

Thank you for allowing me to testify today, and WBA encourages your support of 2021 Assembly Bill 325.