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WISCONSIN STATE SENATOR

Testimony in Support of SB 756: Changes to the Unclaimed Property Law

Thank you, Mr. Chairman and members of the committee, for hearing testimony today on Senate Bill 756 and Assembly Bill 752, companion bills which make updates and technical modifications to Wisconsin's Unclaimed Property Law. I appreciate your time and consideration of these bills.

I am sponsoring this legislation, along with Representative Tyler August (R-Lake Geneva), after working with the Department of Revenue (DOR) and others on ways to modernize this extremely important program within our state. The department has done a very nice job handling this program over the years, returning more than \$24.6 million in unclaimed property since 2015 alone.

As I am sure you will agree, this bill is very technical in nature. Legislative Council has put together a very nice memo explaining the changes the bill makes – as well as changes that the amendments make to the bill – that I have printed out for committee members and encourage everyone to read. I will highlight just a couple of these changes and I am sure when DOR testifies, they can delve into the more complete and technical aspects of the bill, as well as help explain why these changes are necessary.

First, a little historical perspective: Wisconsin's Unclaimed Property Law was first established in 1981 and, aside from some small updates, the law has remained relatively unchanged. However, think of all of the terminology, technology, business practices, and property law changes that have occurred in the past 39 years.

For example, the bill helps to update the definitions of gift cards, digital content, and virtual currency, items of commerce that have either recently come to use or evolved over time. It also creates recordkeeping guidelines and confidentiality provisions for unclaimed property holders, while streamlining the process and cutting costs by calling for claimants to file electronically rather than via the US Mail. The bill also allows the department to utilize information they currently have in order to better serve the is customers, such as being able to use tax records to better identify owners of unclaimed property and to process their claims.

When the bill was first introduced, we heard from a number of stakeholder groups that they had concerns with some of the provisions in the legislation. However, I am pleased to say that after working with these interested parties, we have put forward amendment language that gets most of these groups to be either neutral or even supportive of the bill. You will note that there are three amendments to the assembly version of the bill – the language of all three of those amendments has been rolled into one simple senate amendment, making both house's version of the bill identical.

Again, thank you for your time and consideration. I would be happy to answer any questions.

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DOR Testimony on SB 756

Senate Agriculture, Revenue, and Financial Institutions Committee
March 11, 2020

Chairman Marklein, Ranking Member Smith, and members of the Senate Committee on Agriculture, Revenue, and Financial Institutions: I am honored that you have brought SB 756 forward today as this bill represents an important and necessary modernization of our unclaimed property law.

Wisconsin's unclaimed property law has remained mostly unchanged since 1983 when Wisconsin passed a version of the Uniform Unclaimed Property Act of 1981 in 1983 Wis. Act 408. Business practices and technology have changed significantly since 1981, and our unclaimed property law needs to be updated in order to allow the Department to utilize best practices now made available by technology. Our goal is to use technology and modern business processes to identify unclaimed property and reunite owners with their property.

The National Conference of Commissioners on Uniform State Laws, which oversees Uniform Unclaimed Property Laws created a Revised Uniform Unclaimed Property Act of 2016. AB 752 conforms Wisconsin law to many provisions of RUUPA, which provides clarity to businesses and protections to individuals.

AB 752 modernizes Wisconsin Chapter 177 in the following ways:

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

- 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.

As you can clearly see, SB 756 is a common-sense piece of legislation 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, Senator Petrowski and Representative August, as well as the cosponsors of this legislation. We are also glad to have worked with several stakeholders to get this bill in the form that it is before you now. We're grateful to the Wisconsin Manufacturers and Commerce, the Wisconsin Bankers Association, Thrivent Financial, the Wisconsin Council of Life Insurers, and the Wisconsin Credit Union League for their collaboration in making this bill a reality.

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.