



1997 ASSEMBLY BILL 379

May 22, 1997 - Introduced by LAW REVISION COMMITTEE. Referred to Committee on Rules.

1 **AN ACT relating to:** reinstating a bank trust fund provision created by 1995
2 Wisconsin Act 273 that was unintentionally repealed by 1995 Wisconsin Act
3 336 (Revisor's Correction Bill).

Analysis by the Legislative Reference Bureau

This revisor's correction bill is explained in the NOTES provided by the revisor of statutes bureau in the body of the bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

4 **SECTION 1.** 221.0316 (3) of the statutes, as affected by 1995 Wisconsin Act 336,
5 is renumbered 221.0316 (3) (b) and amended to read:
6 221.0316 (3) (b) A bank that exercises trust powers shall keep its trust accounts
7 in books separate from its other books of account. All funds and property held by the
8 bank in a trust capacity shall, at all times, be kept separate from the other funds and
9 property of the bank, except that uninvested trust funds may be deposited in an
10 account in the bank or in any other bank, including an affiliated bank, that is a

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1 member of the Federal Deposit Insurance Corporation. All deposits of uninvested
2 trust funds shall be deposited as trust funds to its credit as trustee. In the event of
3 insolvency or liquidation of a bank in which the accounts are maintained, all bank
4 accounts comprising trust funds so deposited have preference and priority in all
5 assets of the bank over the bank's general creditors, without the necessity of tracing
6 or identifying the trust funds.

NOTE: 1995 Wis. Act 273 renumbered s. 221.04 (6a) to s. 221.04 (6a) (b) and amended it to add the language underscored above. 1995 Wis. Act 336 repealed and recreated ch. 221 in its entirety without taking into account the treatment of ch. 221 by Act 273. The provision previously appearing as s. 221.04 (6a), entitled "TRUST FUNDS; HOW KEPT", is modified and appears at s. 221.0316 (3) as a result of Act 336. This provision and the next provision of this bill reinstate the Act 273 treatments of ch. 221.

7 **SECTION 2.** 221.0316 (3) (a) of the statutes is created to read:

8 221.0316 (3) (a) In this subsection, "affiliated bank" means, with respect to a
9 bank exercising trust powers, any bank that directly or indirectly controls, or is
10 directly or indirectly controlled by, or is under common control with, the bank
11 exercising trust powers.

NOTE: 1995 Wis. Act 273 created this provision as s. 221.04 (6a) (a). 1995 Wis. Act 336 repealed and recreated ch. 221 in its entirety without taking into account the treatment of ch. 221 by Act 273. This provision and the previous provision of this bill reinstate the Act 273 treatments of ch. 221.

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(END)