



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2005 Wisconsin Act 400
[2005 Senate Bill 424]

**Abandoned and Unclaimed
Property**

2005 Wisconsin Act 400 changes various sections of the Uniform Unclaimed Property Act [ch. 177, Stats.] relating to abandoned and unclaimed property.

Background

Under both prior and current law, the general rule is that, unless otherwise provided by statute, if property is unclaimed by the owner for more than for five years, it is presumed abandoned and is reported and delivered by the holder to the State Treasurer.

2005 Wisconsin Act 400

Under *prior law*, property that a holder delivered to the State Treasurer before the five-year period described above had expired was presumed not to be abandoned, and the State Treasurer was required to hold the property until the five-year period expired. *The Act* repeals this provision, so that the State Treasurer may deposit, advertise, and distribute the property before the five-year period has expired.

In general, *prior law* presumed that any stock or other intangible ownership interest in a business association was abandoned if a dividend, distribution, or other sum payable as a result of the interest had remained unclaimed by the owner for **five years** and the owner had not taken specified forms of communication. *The Act* uses a **three-year period** instead for this section, which it repeals and recreates. Under the Act, stock or other equity interest in a business association is presumed unclaimed three years after the earliest of either the date of the most recent dividend, stock split, or other distribution unclaimed by the apparent owner; or of the date a statement of account or other notification or communication was returned as undeliverable. Also, with specified exceptions, unmatured or unredeemed debt is presumed unclaimed three years after the date of the earliest interest payment unclaimed by the owner, and matured or redeemed debt is presumed unclaimed three years after the date of maturity or redemption.

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.state.wi.us/>.

The running of any three-year period under this section ceases if the person does any of the following:

- Communicates in writing with the association or its agent regarding the interest or a dividend, distribution, or other sum payable as a result of the interest.
- Otherwise communicates with the association regarding the interest or a dividend, distribution, or other sum payable as a result of the interest, as evidenced by a memorandum or other record on file with the association or its agent.
- Presents an instrument issued to pay interest or a dividend or other cash distribution. If any future dividend, distribution, or other sum payable to the owner as a result of the interest is subsequently not claimed by the owner, a new period in which the property is presumed unclaimed commences and relates back only to the time a subsequent dividend, distribution, or other sum became due and payable.

Prior law generally (with specified exceptions) required the State Treasurer, within three years after the receipt of abandoned property, to sell the property to the highest bidder at public sale in the city, village, or town in this state which, in the judgment of the State Treasurer, afforded the most favorable market for the property. *The Act* replaces “at public sale in the city, village or town in this state which” with “in a manner that.” As a result, the State Treasurer is no longer required to sell at public sale, but rather must sell the property to the highest bidder in a manner that, in the judgment of the State Treasurer, affords the most favorable market for the property.

Under both prior and current law, before depositing funds received from the sale of abandoned property into the school fund, the State Treasurer must record the name and last-known address of each person entitled to the abandoned property. Under *prior law*, this information was not publicly available for inspection or copying until 24 months after payment or delivery of the property was due to the State Treasurer. *The Act* changes this 24-month period to a 12-month period, so that the information is not public until 12 months after payment or delivery of the property is due to the State Treasurer.

Under *prior law*, the holder of unclaimed property must submit to the State Treasurer, before November 1 of each year, a report covering the property held for the previous calendar year. *The Act* changes “calendar” to “fiscal” in this requirement, so that the report must cover the property held for the previous fiscal year. A nonstatutory provision of the Act requires the report due before November 1, 2006, to cover the period from January 1, 2005 to June 30, 2006.

Effective Date: The Act takes effect on May 25, 2006. The Act first applies to property delivered to or in the possession of, and information relating to property delivered to or in the possession of, the State Treasurer on May 25, 2006.

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