

2001 DRAFTING REQUEST**Bill**

Received: 01/12/2001

Received By: rmarchan

Wanted: As time permits

Identical to LRB:

For: Administration-Budget

By/Representing: Geisler

This file may be shown to any legislator: NO

Drafter: rmarchan

May Contact:

Alt. Drafters:

Subject: **Fin. Inst. - miscellaneous**

Extra Copies:

Pre Topic:

DOA:.....Geisler -

Topic:

Sale of unclaimed property

Instructions:

See Attached.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	rmarchan 01/12/2001	csicilia 01/12/2001		_____			State
/P1	rmarchan 02/06/2001	wjackson 02/06/2001	kfollet 01/14/2001	_____	lrb_docadmin 01/14/2001		State
/1	rmarchan 02/07/2001	jdyer 02/07/2001	pgreensl 02/06/2001	_____	lrb_docadmin 02/06/2001		State
/2			jfrantze 02/07/2001	_____	lrb_docadmin 02/07/2001		

FE Sent For:

<END>

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/1		<i>1/2 2/7 jld</i>	pgreensl 02/06/2001	_____	lrb_docadmin 02/06/2001		

FE Sent For:

Jb 2/7 *Self*
2/7
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/P1		1 wlj 2/6	kfollet 01/14/2001	2/6	lrb_docadmin 01/14/2001		

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pg 2/6

08/K

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/?	rmarchan	/P1 cjs 1/12 01	kjt/ 1/14	kjt/rs 1/14			

FE Sent For:

<END>

STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY



Fri Jan 12
Division of Executive Budget and Finance
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1736
Fax (608) 267-0372
TTY (608) 267-9629

Date: January 11, 2001
To: Steve Miller, LRB
From: Jeffrey A. Geisler, DOA
266-1805
JAG
Subject: State Treasurer Statutory Language Draft

Please draft language for the Governor's budget to provide the administrator of the unclaimed property program the discretion to liquidate securities after holding these securities for only one year (instead of the current law 3 years) when the cost of holding these securities exceeds their worth..

This change may require changes to ss. 177.22 (1), (4) and 177.24

Attached are three documents that may assist you.

1. The original 11/15/2000 request from the State Treasurer for this change.
2. An 11/20/2000 memo that amends the request.
3. A list of answers to questions I asked about the request.

Please call me (6-1805) if you have questions.

Thanks



Jack C. Voight
State Treasurer of Wisconsin

Mailing Address:
P.O. Box 7871
Madison, WI 53707-7871

Phone: 608/266-1714
Fax: 608/266-2647
E-Mail: treasury@ost.state.wi.us

15 November 2000

Mr. Richard G. Chandler
State Budget Director
Department of Administration

VIA Inter-D

Dear Rick:

The State Treasurer, our Unclaimed Property administrator, and I would like to include in our budget a request for a technical change in language in statutes, sec. 177.22 Wis. Stats. We would like all securities to be treated alike in terms of the administrator's discretion to liquidate such securities after (1) the state has received them, or (2) the state's agent has received them.

In order to accomplish this, we recommend that subparagraph (1) be amended to read in the first sentence: "Except as provided in subs. (2) ~~and~~ (3), and (4),...." We also recommend subparagraph (4) be amended by changing the first sentence to read "for at least ~~3~~ 1 ~~years~~ year before selling them...", deleting the second sentence entirely, and changing the third sentence to read "after the expiration of the ~~3-year~~ 1-year period...." As it currently reads, subparagraph (4) clearly states that the state becomes liable for the gain in the market value of a security sold by the administrator prior to the end of the currently required 3-year holding period for securities referred to in this subparagraph. To be consistent with the handling of securities referenced in subparagraph (3), we request that section 177.22 be amended to reflect that the Unclaimed Property administrator has discretion to liquidate securities of all description at her discretion after having held them for at least one year. We make this request primarily because the cost of holding many of these securities exceeds their worth.

If you have any questions regarding this request, please contact me or Mary Celentani, our Unclaimed Property administrator.

Regards,

Nicholas J. Voegeli, CPA
Deputy Treasurer

Geisler, Jeffrey

From: Voegeli, Nicholas
Sent: Monday, November 20, 2000 1:20 PM
To: Chandler, Rick
Cc: Celentani, Mary; Geisler, Jeffrey

Rick,

Mary Celentani, our Unclaimed Property administrator, identified another section of chapter 177 that we should have included in my original letter to you. Sec. 177.24 Wis. Stats also refers to a potential liability created if property presumed abandoned is sold prior to three years from date of delivery. Just as we recommended deletion of the second sentence in 177.22, we recommend deletion of the second sentence in 177.24.

Regards,

Nicholas J. Voegeli, CPA
Deputy Treasurer
State of Wisconsin
(608) 266-1714
nicholas.voegeli@ost.state.wi.us

MEMORANDUM

To: Jeffrey Geisler, Budget Analyst
Department of Administration

From: Mary Celentani, Administrator
Unclaimed Property Division
Office of the State Treasurer

Date: January 11, 2001

Re: Statutory Language Request

The Office of the State Treasurer included amendments to secs. 177.23 (3) and (4), Stats., in its budget request for FY 2002-03. The request essentially reduced the mandatory time period for the administrator to hold securities from 3 years to 1 year. The purpose of this request was threefold: (1) to allow the administrator the flexibility to sell stock issues that are either valueless or of nominal value (less than the \$60 annual issue maintenance fee) and manage the stock portfolio in a cost-efficient manner; 2) to limit the liability the administrator incurs if a security is sold and the issue subsequently increases in value; and (3) to more efficiently utilize staff and office resources to perform stock portfolio administration and reconciliation. This memo serves as the State Treasurer's response to the questions raised in your e-mail message of November 20, 2000.

1. Why does the state treat securities and securities presumed to be abandoned differently with respect to how long the Treasury must hold them (secs. 177.23(3) and 177.24(4), Stats.?)

The securities referenced in sec. 177.23(3), Stats., refer to assets from limited partnerships, commodities, futures contracts and options, and other short-term investments or those securities having specific maturity/termination dates. At the present time, these securities have a 5-year dormancy period and 1-year Treasury holding period. The stocks addressed in sec. 177.23(4), Stats., are underlying stock shares that generate dividends and were remitted to the State when dividend payments were not claimed over a 7-year dormancy period (see sec. 177.10, Stats.).

2. Why should we treat them the same?

Historically, this office elected to treat all stock securities in a similar manner, and only sold stock assets at the completion of the statutory 3-year holding period. The property tracking software in use at the Treasury does not distinguish among different types of stock assets. Therefore, for continuity in procedure, ease of portfolio reconciliation and administration, and a reduction in the cost of custodial fees, this office recommended establishing identical holder dormancy and Treasury holding periods for all securities properties.

3. Please give me actual or estimated numbers that demonstrate your claim that "the cost of holding many of these securities exceeds their worth."

As of October 31, 2000, our securities custodian was in possession of 700 stock issues, 184 of which are valued at \$60 or less or those in physical or nontransferable certificates. The annual maintenance charge for each electronic stock issue is \$60 per year; and the maintenance fee for stock in physical certificate form is \$96 per year. Of the 184 stock issues, the annual maintenance cost for 26 physical securities stored at the custodial bank is \$2,496, and the corresponding costs for 158 electronic files at the Deposit Trust Company is \$9,480, for a total cost of \$11,976. To immediately reduce custodial fees, Treasury has called back all physical certificates for safekeeping in the Treasury vault, and the sale of some issues with a value of less than \$60.

4. How many securities do you now hold that would be affected by this change?

Aside from the example given in #3 above, a tentative schedule for statutory and proposed stock sales is as follows:

<u>Report Year</u>	<u>Statutory Sale Year</u>	<u>Proposed Sale Year</u>	<u>Approx. Number of Issues</u>	<u>Approx Total Value</u>
1998	2002	2001	32	800.00
1999	2003	2001	35	1,100.00
2000	2004	2002	45	<u>3,000.00</u>
TOTALS			112	4,900.00

The Treasury expects to review each securities' market value in its portfolio and upon delivery from the holders annually and select those stock issues with minimal or no value to liquidate, and where the sale

would eliminate entire, low-value issues. Those stock issues not selected for sale after 1-year in the custody of the Treasury will be reviewed on an annual basis, but will be sold no later than the previous 3-year deadline.

5. What percentage is this number of the total held? Approximately 17%
6. What is the total worth of these securities? Approximately \$4,900.00.
7. What percentage is this of the total worth of all securities held?
Approximately .0006%
8. If in fact your claim is true that there are some securities that are worth more than the cost of holding them, what would you do with these securities and how would you make the decision/distinction?

Securities whose value is significantly more than the annual maintenance fee will be reviewed annually, retained in the Treasury portfolio for a maximum of 3 years, and ultimately would be sold by our custodian. Proceeds would be delivered to the Treasury and deposited in the School Fund as provided by statute. These funds would, of course, remain available for distribution to the legal owner forever.

9. If you treat high value securities the same as the low-value securities, then won't some claimants forego the earnings or increase in value?

It is not the Treasury's intention to unilaterally sell all stock held for one year. Rather, the purpose of this amendment is to identify low or valueless stock after one year, allow the Treasury to sell the stock, and cap the State's liability in the event that the stock value increases after the sale. A similar statutory provision exists for savings accounts, certificates of deposit, and other assets that earned interest upon delivery to the Treasury. Under sec.177.24(3), Stats., the Treasury's liability for interest accrued while in its custody is limited to a maximum of 6% for a period of 10 years. It is the Treasury's experience that approximately 40% of delivered stock is claimed by the owner within one to two years following the publication of the legal notice required under sec. 177.18, Stats., and that approximately 25 % are never claimed.

- 10 What rules now structure the decisions of the Treasury in regards to which securities are liquidated and which are not? Does the administrator ever determine that it is not in the best interest of the state to hold a security for more than one year? How is that decision made and by what criteria?

Historically, the administrator has always retained stock assets for at least three years. As mentioned above, some extremely low value issues have recently been either sold or delivered off the Treasury's custodial account

to save custodial fees, resolve stock reconciliation issues, and to allow for a more accurate representation of the Treasury portfolio prior to the beginning of 2001.

The Treasury's stock custodian recently recommended that the administrator review monthly asset value listings of new stock deliveries to determine if any issues should be immediately sold if the stock value is less than the annual stock maintenance fees. While no formal policy regarding this issue has been developed, I believe that immediate sale of valueless stock may be permissible under the "best interest of this state" language in secs. 177.22(3) and (4), Stats.

On behalf of Treasurer Voight, I want to thank you for your assistance in resolving some issues with our stock portfolio. Please contact me directly if you have any further questions.

cc: Treasurer Jack C. Voight
Deputy Treasurer Nicholas Voegeli
Executive Assistant Scott Feldt

Geisler memo.doc



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-2025/P1
RJM:.....

SOON

gjs
RMWR
NOTE

DOA:.....Geisler - Sale of unclaimed property

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

Do NOT GEN

1 AN ACT...; relating to: the sale of unclaimed property.

Analysis by the Legislative Reference Bureau
COMMERCE AND ECONOMIC DEVELOPMENT
COMMERCE

Currently, under this state's version of the Uniform Unclaimed Property Act (UUPA), all abandoned or unclaimed property must be delivered to the state treasurer. With certain limited exceptions, the treasurer must sell the property within 3 years after the date on which the treasurer receives the property. If the property is a security other than a stock (for example, a stock option or an interest in a limited partnership), the treasurer must hold the security for at least one year before selling it, unless it is in the best interest of the state to do otherwise. Except for amounts sufficient to cover possible claims and the treasurer's administrative expenses, the treasurer currently deposits the clear proceeds of the sale of delivered property in the school fund.

three

Persons claiming an interest in any abandoned or unclaimed property delivered to the treasurer may file a claim with the treasurer to obtain the property. If a claim is allowed, the treasurer generally must deliver the property to the claimant or pay the claimant the amount the treasurer actually received or the net proceeds of the sale of the property, plus certain amounts for dividends or interest accruing to the property. However, if the claim is for any property other than a stock and if the treasurer sold the property within 3 years after the date on which the treasurer received the property, the treasurer must pay the claimant the value of the

three

property at the time the claim was filed or the net proceeds of the sale, whichever is greater. This alternate method of valuation also applies if the claim is for a stock that the treasurer sold within ^{three} 3 years after the date of receipt, as long as the claim is filed within that 3-year period. ⁵

This bill establishes a single procedure that applies to the sale of all securities delivered to the treasurer under the UUPA. Under this bill, the treasurer must hold all securities for at least one year before selling them, unless it is in the best interest of the state to do otherwise. In addition, this bill deletes the alternate method of valuation that applies to property, including stock, sold within ^{three} 3 years after the date on which the treasurer received the property. Thus, ^{under} (this bill generally limits the treasurer's liability for any claim) to delivery of the applicable abandoned or unclaimed property or payment of the amount the treasurer actually received or the net proceeds of the sale of the property, plus certain amounts for dividends or interest accruing to the property. ^{is generally limited}

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill. ✓

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

1 SECTION 1. 177.22 (1) of the statutes is amended to read:

2 177.22 (1) Except as provided in subs. (2) and ~~(3)~~ (4), the administrator, within
 3 3 years after the receipt of abandoned property, shall sell it to the highest bidder at
 4 public sale in the city, village or town in this state which, in the judgment of the
 5 administrator, affords the most favorable market for the property. The
 6 administrator may decline the highest bid and reoffer the property for sale if, in his
 7 or her judgment, the bid is insufficient. If the administrator determines that the
 8 probable cost of sale exceeds the value of the property, it need not be offered for sale.
 9 Any sale held under this section shall be preceded by the publication of one notice,
 10 at least 3 weeks in advance of sale, in a newspaper of general circulation in the county
 11 in which the property is to be sold.

History: 1983 a. 408; 1993 a. 246.

12 SECTION 2. 177.22 (3) of the statutes is repealed. ✓

13 SECTION 3. 177.22 (4) of the statutes is amended to read:

1 177.22 (4) Unless the administrator determines that it is in the best interest
2 of this state to do otherwise, he or she shall hold all securities ~~presumed abandoned~~
3 ~~under s. 177.10, and delivered to the administrator, for at least 3 years~~ one year
4 before selling them. ~~If the administrator sells any securities delivered under s.~~
5 ~~177.10 before the expiration of the 3-year period, any person making a claim under~~
6 ~~this chapter before the end of the 3-year period is entitled either to the proceeds of~~
7 ~~the sale of the securities or to the market value of the securities at the time the claim~~
8 ~~is made, whichever amount is greater, less any deduction for fees under s. 177.23 (2).~~
9 ~~A person making a claim under this chapter after the expiration of the 3-year period~~
10 ~~is entitled to receive either the securities delivered to the administrator by the~~
11 ~~holder, if the administrator still has them, or to the proceeds from their sale, less any~~
12 ~~amounts deducted under s. 177.23 (2). No person has any claim under this chapter~~
13 ~~against this state, the holder, any transfer agent, registrar or other person acting for~~
14 ~~or on behalf of a holder for any appreciation in the value of the property occurring~~
15 ~~after delivery by the holder to the administrator.~~

History: 1983 a. 408; 1993 a. 246.

16 **SECTION 4.** 177.24 (3) of the statutes is amended to read:

17 177.24 (3) If a claim is allowed, the administrator shall deliver the property to
18 the claimant or pay the claimant the amount the administrator actually received or
19 the net proceeds of the sale of the property, together with any additional amount
20 required under s. 177.21. ~~If the claim is for property presumed abandoned under s.~~
21 ~~177.10 which was sold by the administrator within 3 years after the date of delivery,~~
22 ~~the amount payable for that claim is the value of the property at the time the claim~~
23 ~~was made or the net proceeds of sale, whichever is greater. If the property claimed~~
24 ~~was interest bearing to the owner on the date of surrender by the holder, the~~

1 administrator shall pay interest at a rate of 6% per year or any lesser rate the
2 property earned while in the possession of the holder. Interest begins to accrue when
3 the property is delivered to the administrator and ceases on the earlier of the
4 expiration of 10 years after delivery or the date on which payment is made to the
5 owner. No interest on interest-bearing property is payable for any period before
6 December 31, 1984.

7 History: 1983 a. 408.

SECTION 9353. Initial applicability; treasurer.

8 (1) UNCLAIMED PROPERTY CLAIMS. The treatment of sections 177.22 (4) (as it
9 relates to the amount that a person may claim for property subject to that subsection)
10 and 177.24 (3) of the statutes first applies to claims filed under section 177.24 of the
11 statutes on the effective date of this subsection.

12 (END)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2025/P1dn

RJM:.....

gs

Jeff Geisler:

1. Please review the treatment of s. 177.22 (4), stats. I have stricken the third sentence because it duplicates the first sentence of s. 177.24 (3), stats., which would apply to the same situation. Please let me know if you disagree or if you desire any changes.
2. Please review the initial applicability provisions which applies this bill to claims filed after the bill takes effect. Under this provision, any filed claims that are pending on the day the bill takes effect must be valued as currently provided in ss. 177.22 (4) and 177.24 (2).

Robert J. Marchant
Legislative Attorney
Phone: (608) 261-4454
E-mail: robert.marchant@legis.state.wi.us

3

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2025/P1dn
RJM:cjs:kjf

January 14, 2001

Jeff Geisler:

1. Please review the treatment of s. 177.22 (4), stats. I have stricken the third sentence because it duplicates the first sentence of s. 177.24 (3), stats., which would apply to the same situation. Please let me know if you disagree or if you desire any changes.
2. Please review the initial applicability provision, which applies this bill to claims filed after the bill takes effect. Under this provision, any filed claims that are pending on the day the bill takes effect must be valued as currently provided in ss. 177.22 (4) and 177.24 (3).

Robert J. Marchant
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Phone: (608) 261-4454
E-mail: robert.marchant@legis.state.wi.us

1
RMMK

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COMMERCE

Currently, under this state's version of the Uniform Unclaimed Property Act (UUPA), all abandoned or unclaimed property must be delivered to the state treasurer. With certain limited exceptions, the treasurer must sell the property within three years after the date on which the treasurer receives the property. If the property is a security other than a stock (for example, a stock option or an interest in a limited partnership), the treasurer must hold the security for at least one year before selling it, unless it is in the best interest of the state to do otherwise. Except for amounts sufficient to cover possible claims and the treasurer's administrative expenses, the treasurer currently deposits the clear proceeds of the sale of delivered property in the school fund.

Persons claiming an interest in any abandoned or unclaimed property delivered to the treasurer may file a claim with the treasurer to obtain the property. If a claim is allowed, the treasurer generally must deliver the property to the claimant or pay the claimant the amount the treasurer actually received or the net proceeds of the sale of the property, plus certain amounts for dividends or interest accruing to the property. However, if the claim is for any property other than a stock and if the treasurer sold the property within three years after the date on which the treasurer received the property, the treasurer must pay the claimant the value of the

property at the time the claim was filed or the net proceeds of the sale, whichever is greater. This alternate method of valuation also applies if the claim is for a stock that the treasurer sold within three years after the date of receipt, as long as the claim is filed within that three-year period.

This bill establishes a single procedure that applies to the sale of all securities delivered to the treasurer under UUPA. Under this bill, the treasurer must hold all securities for at least one year before selling them, unless it is in the best interest of the state to do otherwise. In addition, this bill deletes the alternate method of valuation that applies to property, including stocks, sold within three years after the date on which the treasurer received the property. Thus, under this bill, the treasurer's liability for any claim is generally limited to delivery of the applicable abandoned or unclaimed property or payment of the amount the treasurer actually received or the net proceeds of the sale of the property, plus certain amounts for dividends or interest accruing to the property.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

1 **SECTION 1.** 177.22 (1) of the statutes is amended to read:

2 177.22 (1) Except as provided in subs. (2) and ~~(3)~~ (4), the administrator, within
3 3 years after the receipt of abandoned property, shall sell it to the highest bidder at
4 public sale in the city, village or town in this state which, in the judgment of the
5 administrator, affords the most favorable market for the property. The
6 administrator may decline the highest bid and reoffer the property for sale if, in his
7 or her judgment, the bid is insufficient. If the administrator determines that the
8 probable cost of sale exceeds the value of the property, it need not be offered for sale.
9 Any sale held under this section shall be preceded by the publication of one notice,
10 at least 3 weeks in advance of sale, in a newspaper of general circulation in the county
11 in which the property is to be sold.

12 **SECTION 2.** 177.22 (3) of the statutes is repealed.

13 **SECTION 3.** 177.22 (4) of the statutes is amended to read:

1 177.22 (4) Unless the administrator determines that it is in the best interest
 2 of this state to do otherwise, he or she shall hold all securities ~~presumed abandoned~~
 3 ~~under s. 177.10, and delivered to the administrator, for at least 3 years~~ one year
 4 before selling them. ~~If the administrator sells any securities delivered under s.~~
 5 ~~177.10 before the expiration of the 3 year period, any person making a claim under~~
 6 ~~this chapter before the end of the 3 year period is entitled either to the proceeds of~~
 7 ~~the sale of the securities or to the market value of the securities at the time the claim~~
 8 ~~is made, whichever amount is greater, less any deduction for fees under s. 177.23 (2).~~
 9 ~~A person making a claim under this chapter after the expiration of the 3 year period~~
 10 ~~is entitled to receive either the securities delivered to the administrator by the~~
 11 ~~holder, if the administrator still has them, or to the proceeds from their sale, less any~~
 12 ~~amounts deducted under s. 177.23 (2). No person has any claim under this chapter~~
 13 ~~against this state, the holder, any transfer agent, registrar or other person acting for~~
 14 ~~or on behalf of a holder for any appreciation in the value of the property occurring~~
 15 ~~after delivery by the holder to the administrator.~~

*renumbered 177.24(3)(a)
and*

SECTION 4. 177.24 (3) of the statutes is amended to read:

LPS:
Please
fix
comp.

16 (177.24 (3)) ~~If a claim is allowed, the administrator shall deliver the property to~~
 17 ~~the claimant or pay the claimant the amount the administrator actually received or~~
 18 ~~the net proceeds of the sale of the property, together with any additional amount~~
 19 ~~required under s. 177.21. If the claim is for property presumed abandoned under s.~~
 20 ~~177.10 which was sold by the administrator within 3 years after the date of delivery,~~
 21 ~~the amount payable for that claim is the value of the property at the time the claim~~
 22 ~~was made or the net proceeds of sale, whichever is greater. If the property claimed~~
 23 ~~was interest bearing to the owner on the date of surrender by the holder, the~~
 24 ~~administrator shall pay interest at a rate of 6% per year or any lesser rate the~~
 25 ~~administrator shall pay interest at a rate of 6% per year or any lesser rate the~~

Except as provided in par. (b), if

the renumbering and amendment of section

1 property earned while in the possession of the holder. Interest begins to accrue when
2 the property is delivered to the administrator and ceases on the earlier of the
3 expiration of 10 years after delivery or the date on which payment is made to the
4 owner. No interest on interest-bearing property is payable for any period before
5 December 31, 1984.

6 **SECTION 9353. Initial applicability; treasurer.**

SECURITIES

of the statutes

7 (1) UNCLAIMED PROPERTY CLAIMS. The treatment of sections 177.22 (4) (as it
8 relates to the amount that a person may claim for property subject to that subsection)
9 and 177.24 (3) of the statutes first applies to claims filed under section 177.24 of the
10 statutes on the effective date of this subsection.

11 (END)

(as it relates to the amount payable for a claim for property presumed abandoned under section 177.10 of the statutes)

*INSERT
4-10*

*INSERT
4-5*

5

6

7

8

9

10

11

**2001-2002 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-2025/linsR

RJM:.....

INSERT 4-5

****NOTE: This is reconciled s. 177.24 (3) (a). This SECTION has been affected by drafts with the following LRB numbers: LRB-0530 and LRB-2025. This treatment incorporates the renumbering and amendment of s. 177.24 (3) from LRB-0530 into LRB-2025.

INSERT 4-10

****NOTE: This is reconciled SECTION 9353 (1). This SECTION has been affected by drafts with the following LRB numbers: LRB-0530 and LRB-2025. This treatment reflects the correct aspect of s. 177.24 (3) to which the provision should refer as a result of the treatment incorporated from LRB-0530.

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2025/1dn

RJM/.....

WJ

Jeff Geisler:

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- B. Changed the initial applicability provision to reflect the correct aspect of s. 177.24 (3) to which the provision should refer as a result of the treatment incorporated from LRB-0530.

Please let me know if any of these changes ^{s. are} is inconsistent with your intent or if you have any questions.

Robert J. Marchant
Legislative Attorney
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E-mail: robert.marchant@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2025/1dn
RJM:wlj:pg

February 6, 2001

Jeff Geisler:

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State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-2025/1

RJM:cjs:pg

2

RMNR
DWOTZ

DOA:.....Geisler - Sale of unclaimed property

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

Do not gen
1 AN ACT ...; relating to: the sale of unclaimed property.

Analysis by the Legislative Reference Bureau
COMMERCE AND ECONOMIC DEVELOPMENT

COMMERCE

Currently, under this state's version of the Uniform Unclaimed Property Act (UUPA), all abandoned or unclaimed property must be delivered to the state treasurer. With certain limited exceptions, the treasurer must sell the property within three years after the date on which the treasurer receives the property. If the property is a security other than a stock (for example, a stock option or an interest in a limited partnership), the treasurer must hold the security for at least one year before selling it, unless it is in the best interest of the state to do otherwise. Except for amounts sufficient to cover possible claims and the treasurer's administrative expenses, the treasurer currently deposits the clear proceeds of the sale of delivered property in the school fund.

Persons claiming an interest in any abandoned or unclaimed property delivered to the treasurer may file a claim with the treasurer to obtain the property. If a claim is allowed, the treasurer generally must deliver the property to the claimant or pay the claimant the amount the treasurer actually received or the net proceeds of the sale of the property, plus certain amounts for dividends or interest accruing to the property. However, if the claim is for any property other than a stock and if the treasurer sold the property within three years after the date on which the treasurer received the property, the treasurer must pay the claimant the value of the

property at the time the claim was filed or the net proceeds of the sale, whichever is greater. This alternate method of valuation also applies if the claim is for a stock that the treasurer sold within three years after the date of receipt, as long as the claim is filed within that three-year period.

This bill establishes a single procedure that applies to the sale of all securities delivered to the treasurer under UUPA. Under this bill, the treasurer must hold all securities for at least one year before selling them, unless it is in the best interest of the state to do otherwise. In addition, this bill deletes the alternate method of valuation that applies to property, including stocks, sold within three years after the date on which the treasurer received the property. Thus, under this bill, the treasurer's liability for any claim is generally limited to delivery of the applicable abandoned or unclaimed property or payment of the amount the treasurer actually received or the net proceeds of the sale of the property, plus certain amounts for dividends or interest accruing to the property.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

1 **SECTION 1.** 177.22 (1) of the statutes is amended to read:

2 177.22 (1) Except as provided in subs. (2) and ~~(3)~~ (4), the administrator, within
3 3 years after the receipt of abandoned property, shall sell it to the highest bidder at
4 public sale in the city, village or town in this state which, in the judgment of the
5 administrator, affords the most favorable market for the property. The
6 administrator may decline the highest bid and reoffer the property for sale if, in his
7 or her judgment, the bid is insufficient. If the administrator determines that the
8 probable cost of sale exceeds the value of the property, it need not be offered for sale.
9 Any sale held under this section shall be preceded by the publication of one notice,
10 at least 3 weeks in advance of sale, in a newspaper of general circulation in the county
11 in which the property is to be sold.

12 **SECTION 2.** 177.22 (3) of the statutes is repealed.

13 **SECTION 3.** 177.22 (4) of the statutes is amended to read:

1 177.22 (4) Unless the administrator determines that it is in the best interest
2 of this state to do otherwise, he or she shall hold all securities ~~presumed abandoned~~
3 ~~under s. 177.10, and delivered to the administrator, for at least 3 years~~ one year
4 before selling them. ~~If the administrator sells any securities delivered under s.~~
5 ~~177.10 before the expiration of the 3-year period, any person making a claim under~~
6 ~~this chapter before the end of the 3-year period is entitled either to the proceeds of~~
7 ~~the sale of the securities or to the market value of the securities at the time the claim~~
8 ~~is made, whichever amount is greater, less any deduction for fees under s. 177.23 (2).~~
9 ~~A person making a claim under this chapter after the expiration of the 3-year period~~
10 ~~is entitled to receive either the securities delivered to the administrator by the~~
11 ~~holder, if the administrator still has them, or to the proceeds from their sale, less any~~
12 ~~amounts deducted under s. 177.23 (2). No person has any claim under this chapter~~
13 ~~against this state, the holder, any transfer agent, registrar or other person acting for~~
14 ~~or on behalf of a holder for any appreciation in the value of the property occurring~~
15 ~~after delivery by the holder to the administrator.~~

16 SECTION 4. 177.24 (3) of the statutes is renumbered 177.24 (3) (a) and amended
17 to read:

18 177.24 (3) (a) ~~If~~ Except as provided in par. (b). ~~if a claim is allowed, the~~
19 administrator shall deliver the property to the claimant or pay the claimant the
20 amount the administrator actually received or the net proceeds of the sale of the
21 property, together with any additional amount required under s. 177.21. ~~If the claim~~
22 ~~is for property presumed abandoned under s. 177.10 which was sold by the~~
23 ~~administrator within 3 years after the date of delivery, the amount payable for that~~
24 ~~claim is the value of the property at the time the claim was made or the net proceeds~~
25 ~~of sale, whichever is greater. If the property claimed was interest bearing to the~~

scored
parenthesis

1 owner on the date of surrender by the holder, the administrator shall pay interest at
2 a rate of 6% per year or any lesser rate the property earned while in the possession
3 of the holder. Interest begins to accrue when the property is delivered to the
4 administrator and ceases on the earlier of the expiration of 10 years after delivery
5 or the date on which payment is made to the owner. No interest on interest-bearing
6 property is payable for any period before December 31, 1984.

****NOTE: This is reconciled s. 177.24 (3) (a). This SECTION has been affected by
drafts with the following LRB numbers: LRB-0530 and LRB-2025. This treatment
incorporates the renumbering and amendment of s. 177.24 (3) from LRB-0530 into
LRB-2025.

7 **SECTION 9353. Initial applicability; treasurer.**

8 (1) UNCLAIMED PROPERTY CLAIMS; SECURITIES. The treatment of section 177.22 (4)
9 of the statutes (as it relates to the amount that a person may claim for property
10 subject to that subsection) and the renumbering and amendment of section 177.24
11 (3) of the statutes (as it relates to the amount payable for a claim for property
12 presumed abandoned under section 177.10 of the statutes) first applies to claims
13 filed under section 177.24 of the statutes on the effective date of this subsection.

****NOTE: This is reconciled SECTION 9353 (1). This SECTION has been affected by
drafts with the following LRB numbers: LRB-0530 and LRB-2025. This treatment
reflects the correct aspect of s. 177.24 (3) to which the provision should refer as a result
of the treatment incorporated from LRB-0530.

14

(END)

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-2025/1dr 2du

RJM:wlj:pg
+jld

February 6, 2001

NOTE ✓
IN SECT

Jeff Geisler:

This draft has been reconciled with LRB-0530. In making this reconciliation, I made the following changes to this draft:

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NOTE INSERT

This draft corrects an error
in proposed s. 177.24 (3)(a).

The remainder of this drafter's note is
taken from the previous version of
this draft.

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2025/2dn
RJM:wlj&jld:jf

February 7, 2001

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State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-2025/2

RJM:cjs:jf

DOA:.....Geisler – Sale of unclaimed property

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

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