

Fiscal Estimate - 2015 Session

Original Updated Corrected Supplemental

LRB Number **15-4315/1** Introduction Number **SB-603**

Description
Escheat of abandoned U.S. savings bonds

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
 - Increase Existing Appropriations
 - Decrease Existing Appropriations
 - Create New Appropriations
 - Increase Existing Revenues
 - Decrease Existing Revenues
 - Increase Costs - May be possible to absorb within agency's budget
 - Yes
 - No
 - Decrease Costs

Local:

- No Local Government Costs
- Indeterminate
- 1. Increase Costs 3. Increase Revenue
- Permissive Mandatory Permissive Mandatory
- 2. Decrease Costs 4. Decrease Revenue
- Permissive Mandatory Permissive Mandatory
- 5. Types of Local Government Units Affected
 - Towns Village Cities
 - Counties Others
 - School Districts WTCS Districts

Fund Sources Affected

Affected Ch. 20 Appropriations

GPR FED PRO PRS SEG SEGS

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DOR 2/5/2016

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Description Escheat of abandoned U.S. savings bonds					

Assumptions Used in Arriving at Fiscal Estimate

Current law does not allow the Department of Revenue (DOR) to escheat abandoned U.S. savings bonds and deposit the proceeds into the school fund as permitted for other intangible property. The bonds can arrive as unclaimed property with other safe deposit box contents. Under current law, DOR must hold the bonds until an owner or heir makes claim for the property. Based on current law, DOR does not advertise unclaimed U.S. savings bonds based on apparent bond owner for situations where the bond owner differs from the safe deposit box renter.

The bill establishes a process to escheat abandoned U.S. savings bonds if unredeemed by the owner for more than five years after the date of final maturity. Under the bill, the State of Wisconsin may take ownership of U.S. savings bonds if all of the following conditions are met: (1) one year has elapsed since the bond was presumed abandoned, (2) one year has elapsed since the Department published a public notice, (3) the U.S. savings bond is subject to the custody of the state as unclaimed property, and (4) a circuit court determines the savings bond is abandoned. DOR would redeem and deposit the U.S. savings bond proceeds into the school fund within three years of the circuit court order. The bond owner may file a claim before or after the court action to receive the bond or redemption proceeds. The bill would allow the Department of Revenue to notify and advertise the bond owner names in cases where the bond name differ from the safe deposit box renter.

The fiscal effect on the school fund is indeterminate. The department holds an estimated \$500,000 of U.S. savings bonds as unclaimed property. Any impact to the school fund would depend on the timing and volume of bonds that may be recovered before and after the proceeds are deposited into the fund.

The department estimates a one-time cost of \$26,700 to make changes to WINPAS, the software system used for unclaimed property and tax processing operations. These costs can be absorbed with existing resources.

Long-Range Fiscal Implications