

STATEMENT OF SCOPE

Department of Revenue

Rule No.: Chapter Tax 10

Relating to: Unclaimed Property

Rule Type: Emergency and Permanent

This scope statement was approved by the Governor on April 14, 2022.

1. Detailed description of the objective of the proposed rule:

The objective of the rule is to establish a period of time to convert virtual currency to U.S. currency prior to reporting and delivering it to the department as unclaimed property.

Current law requires certain abandoned virtual currency to be converted to U.S. currency and delivered to the department (sec. 177.0307, Wis. Stats.). Current law also provides relief from liability to holders that deliver or pay the property to the department in good faith but does not specify when or how soon a holder must convert the property prior to delivery so that the holder can be relieved from liability relating to the property (sec. 177.0604, Wis. Stats.).

2. Description of existing policies relevant to the rule, new policies proposed to be included in the rule, and an analysis of policy alternatives:

Currently, the department has published guidance that provides a holder is considered to have delivered property in good faith and is relieved of liability if the holder converts the virtual currency to U.S. currency within 30 days prior to reporting and delivering it to the department.

The department is considering maintaining the 30-day standard in the rule but would consider a longer or shorter period of time for good reason.

3. Detailed explanation of statutory authority for the rule (including the statutory citation and language):

Section 177.016, Stats., provides specific statutory rule-making authority for unclaimed property as follows:

Rules. The administrator may adopt any rules necessary to administer this chapter."

Section 227.11 (2), Stats., provides general statutory rule-making authority as follows:

(a) "Each agency may promulgate rules interpreting the provisions of any statute enforced or administered by the agency, if the agency considers it necessary to effectuate the purpose of the statute..."

(b) "Each agency authorized to exercise discretion in deciding individual cases may formalize the general policies evolving from its decisions by promulgating the policies as rules ..."

4. Estimate of amount of time that state employees will spend developing the rule and of other resources necessary to develop the rule :

The department estimates it will take approximately 40 hours to develop the rule.

5. List with description of all entities that may be affected by the proposed rule :

- Investors or brokers of virtual currency.
- Persons that hold virtual currency on behalf of others.

6. Summary and preliminary comparison with any existing or proposed federal regulation that is intended to address the activities to be regulated by the proposed rule :

The department is not aware of any existing or proposed federal regulation that is intended to address the activities to be regulated by the rule.

7. Anticipated economic impact of implementing the rule (note if the rule is likely to have a significant economic impact on small businesses):

An economic impact on small business may occur if the business holds virtual currency belonging to others, is unable to locate the owner, and is required to report the currency as unclaimed property to the department.

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