



Wisconsin's Unclaimed Property Program

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Presenters:

Mike Wagner, Assistant Deputy Secretary
and

Erin Egan, Tax Operations Bureau Director

The top of the slide features a decorative blue banner with a white wavy border. In the background of the banner is the Wisconsin State Seal, which includes the text "WISCONSIN" and "1848" around a central emblem depicting a Native American and a sailor.

Brief Background

- 2013 Wisconsin Act 20 (the biennial budget) moved the Unclaimed Property Program from the Office of the State Treasurer to DOR.
- 2013 Wisconsin Act 308 integrated the Unclaimed Property Program with DOR's superior ability to match taxpayers with unclaimed property and streamlined the program.

2013 Act 308 Continued

- Act 308:
 - Allowed DOR to automatically issue payments to matched taxpayers with unclaimed property valued at \$2,000 or less.
 - Required DOR to send notices to matched taxpayers if the amount of unclaimed property is greater than \$2,000.
 - Subjected unclaimed property to the TRIP and SDC programs to offset for delinquent debts owed to state and local governments.

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Sources of Unclaimed Property

- Savings accounts
- Checking accounts
- Uncashed dividends
- Stocks and mutual funds
- Customer deposits or overpayments
- Certificates of deposit
- Credit balances
- Refunds
- Matured life insurance policies
- Uncashed death benefit checks
- Unclaimed safe-deposit boxes



It ends up at DOR when...

1) No activity on the account for 1-15 years (depending on property type).

AND

2) The property is reportable to DOR if the holder of the asset cannot locate the owner of the property after a good faith effort.

- A holder is any business, individual, government agency, or other entity in possession of property belonging to another party. Common types of holders are financial institutions, insurance companies, and employers.

Then What?

- If no owner is known: the property escheats to the State of Wisconsin. DOR sells or redeems assets based on statutory schedules; all proceeds go to the Common School Fund, managed by the Board of Commissioners of Public Lands (BCPL).
- If the owner is known, DOR goes through our process of matching the name with our taxpayer database. If there is a match, DOR either sends the proceeds to the taxpayer immediately (property valued \leq \$2,000) or sends the taxpayer a notice (property valued $>$ \$2,000).

And if the owner is known but not matched to any tax records....

- DOR posts online notice to the owner immediately if the property is worth more than \$5. DOR publishes in the newspaper of record in the county where the property was located if property is worth over \$50.
- DOR sells tangible property like jewelry left in a safe deposit box via state auction 3 years after the property is turned over. If a claimant steps forward later, the claimant receives the cash from the sale. DOR cashes in stock (1 year), insurance policies (2 years), and US Savings Bonds (1 year), subject to certain exceptions.



Eligible Period to Claim the Property

- The statutes do not provide a limit to the owners of unclaimed property, or their estate's heirs, to claim their property. DOR must hold a cash reserve to ensure that the unclaimed property fund is liquid and can make payments to owners, whenever those claims arrive.



Payments to the Common School Fund

- Prior to 2018: DOR kept 10% of all property in the system OR the average of the last three years of payments, whichever was greater. The effect was that DOR maintained a balance of \$54 million annually.
- Starting in April 2018: DOR and BCPL agreed to a phased-in approach to lower the amount retained by DOR to \$30 million by FY 2021 with amounts in excess paid to the Common School Fund annually. Annual projected payments to the Common School Fund range from \$26-\$30 million in the next few years.
- DOR provides an estimate of the annual payment to the BCPL in April each year and makes the payment no later than September 1.



Some Final Information

- Wisconsin has become a leader nationally in administering unclaimed property. In fact, Wisconsin was the first state to automate unclaimed property owner matching with tax records. It's become the "Wisconsin Model," which Rhode Island, Utah, and Illinois have now adopted as well.
- Wisconsin is the only state that allows for direct deposit of unclaimed property proceeds.



Total Claims Paid to Property Owners

- FY2014: \$18.2 million
- FY2015: \$31.5 million
- FY2016: \$25.5 million
- FY2017: \$24.4 million
- FY2018: \$27.1 million



More Information

- Our first years of matching were much higher since we had years of unclaimed property to match with tax records. In recent years, incoming new unclaimed property makes up the vast majority of matches.
- In FY 2018: DOR received 28,699 holder reports worth \$41 million and had 206,366 owners listed online. DOR issued \$5.4 million in payments to owners.



Common School Fund Payments

- FY 2014: \$36.6 million
- FY 2015: \$2.7 million
- FY 2016: \$9.2 million
- FY 2017: \$34.1 million
- FY 2018: \$14.0 million
- FY 2019: \$37.8 million
- FY 2020 (estimated): \$30.4 million

Thank you!



<http://www.revenue.wi.gov/ucp/index.html>