



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #740

Increased Resources for the Office (State Treasurer)

[LFB 2023-25 Budget Summary: Page 609, #2]

CURRENT LAW

Based on Article X, section 7 of the Wisconsin Constitution, the State of Treasurer is one of three members of the Board of Commissioners of Public Lands. (The other two members are the Attorney General and the Secretary of State.) Statutes specify that the State Treasurer is authorized to receive and spend monies through five statutorily-created appropriations. Annual base funding for the Office of the State Treasurer (OST) in the 2023-25 biennium is \$130,300 PR for administrative expenses related to promoting the unclaimed property program (\$75,600 for permanent position salaries, \$33,700 for fringe benefits, and \$21,000 for supplies and services). The unclaimed property appropriation [s. 20.585(1)(k)] is the only appropriation under OST to which funding is provided. The appropriation also includes the Office's only authorized position. Revenue for the appropriation is transferred from the Department of Revenue's unclaimed property program.

DISCUSSION POINTS

1. A number of duties associated with the OST do not have revenue streams and may be considered general duties of the Office or ex-officio positions. Examples include acting as treasurer of the State of Wisconsin Investment Board and the Public Employee Trust Fund. While these entities have authorization to expend money and hire staff, current statute does not authorize the State Treasurer to utilize these resources for the OST. While statutes allow for PR expenditures for administrative expenses and general program operations, revenue to support these activities would need to be transferred from other state agencies. In the case of the administrative expenses appropriation, the Department of Revenue is required to transfer additional revenues to OST from unclaimed property proceeds. The OST is required to use funding from the appropriations for the statutorily specified purpose (for administrative expenses for promotion of the unclaimed property

program).

2. Under the 2015-17 budget, 2015 Act 55, the Deputy State Treasurer position, along with \$206,900 PR and 1.0 position annually associated with the position, was deleted. Further, \$133,900 PR and 2.0 PR positions annually were removed as non-continuing elements from the agency's base budget. As a result, the Office of the State Treasurer has operated with 1.0 position (the State Treasurer) since 2015.

3. Under 2023 Assembly Bill 43/Senate Bill 70, \$52,200 PR in 2023-24, \$69,600 PR in 2024-25, and 1.0 PR position would be provided annually to support an office manager position in the OST. The source of the PR would be unclaimed property. According to the Administration, the additional position would serve as an office manager.

4. The Department of Revenue is responsible for administering the state's unclaimed property program. Under Chapter 177 of the statutes, property is generally considered to be abandoned or unclaimed if the owner does not have active contact with the holder of the property in one to five years, depending on the type of property, and if the holder of the property has been unable to contact the owner of the property. If a property owner cannot be located by DOR, the value of the property is applied to the owner's account for future claims by the owner or the owner's heirs, and the proceeds of the property are primarily deposited to the Common School Fund. The income of the Common School Fund is distributed as school library aids in proportion to the number of people between the age of four and 20 within each school district. The Board of Commissioners of Public Lands oversees the use of revenues deposited to the Common School Fund.

5. In 2021-22, the DOR unclaimed property program appropriation had an opening balance of \$60,374,500, revenue of \$49,963,100, and a closing balance of \$78,048,700. Transfers were made to: (a) the OST, \$120,500; (b) the unclaimed property program administration appropriation, \$1,793,500; and (c) the Common School Fund, \$30,375,000. If additional funding of \$52,200 PR in 2023-24 and \$69,600 PR in 2024-25 is provided to OST, the amount transferred to OST would increase, which would result in an equivalent decrease to the amount transferred to the Common School Fund. The table below indicates the amounts transferred from the unclaimed property program to the Common School Fund starting in 2018-19.

**Amounts Transferred from Unclaimed Property
Program to Common School Fund**

2018-19	\$37,842,100
2019-20	33,743,500
2020-21	34,174,300
2021-22	30,375,000

6. Given that an office manager position could assist the OST in fulfilling its duties related to promoting the unclaimed property program, the Committee could provide \$52,200 PR in 2023-24, \$69,600 PR in 2024-25, and 1.0 PR position to the OST's administrative expenses appropriation. [Alternative 1] Alternatively, because the OST has functioned with 1.0 position since 2015 and its

duties have not been expanded, the Committee could choose to take no action. [Alternative 2] The OST would continue to promote the unclaimed property program with one position.

ALTERNATIVES

1. Provide \$52,200 PR in 2023-24, \$69,600 PR in 2024-25, and 1.0 PR position to the OST's administrative expenses appropriation to support an office manager position in the OST.

ALT 1	Change to Base	
	Funding	Positions
PR	\$121,800	1.00

2. Take no action.

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