



## 2015 ASSEMBLY BILL 721

January 15, 2016 - Introduced by Representatives KATSMAN, MACCO, BALLWEG, BRANDTJEN, E. BROOKS, CZAJA, HORLACHER, KREMER, KRUG, MURPHY, QUINN and A. OTT, cosponsored by Senators MARKLEIN and MILLER. Referred to Committee on State Affairs and Government Operations.

1     **AN ACT to amend** 177.12 (1), 177.13, 177.16, 177.17 (5) (intro.), (a) and (b), 177.22  
2           (1) and 177.23 (1); and **to create** 177.01 (14m), 177.135, 177.17 (2) (cm),  
3           177.225, 177.23 (2) (am) and 177.255 of the statutes; **relating to:** escheat of  
4           abandoned U.S. savings bonds.

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### *Analysis by the Legislative Reference Bureau*

This bill provides that a U.S. savings bond that remains unredeemed for five years after final maturity is presumed abandoned and subject to the custody of this state under this state's version of the Uniform Unclaimed Property Act. The bill also provides that, if all of the following conditions apply, the Secretary of Revenue may commence an action for a determination that the bond is abandoned and for an order transferring ownership of the abandoned bond to this state:

1. The bond has been presumed abandoned for at least one year.
2. The bond is subject to the custody of this state as unclaimed property.
3. At least one year has elapsed since the secretary published notice of the name of the person appearing to be the owner of the bond.

The secretary must redeem the bond within three years after entry of the order transferring ownership of the bond. The proceeds from the redemption are deposited in the school fund.

At any time before the order is entered, the rightful owner may file a claim with the secretary for the bond's return. After the order is entered, the previous owner may file a claim with the secretary for return of the bond or payment of the amount

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for which the bond was redeemed, less administrative costs incurred by the secretary.

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

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

1           **SECTION 1.** 177.01 (14m) of the statutes is created to read:

2           177.01 (**14m**) “U.S. savings bond” means a savings bond issued by the U.S.  
3 department of the treasury, whether in paper, electronic, or paperless form, and  
4 includes all proceeds of the savings bond.

5           **SECTION 2.** 177.12 (1) of the statutes is amended to read:

6           177.12 (1) ~~Intangible~~ Except as provided in s. 177.135, intangible property and  
7 any income or increment derived from it held in a fiduciary capacity for the benefit  
8 of another person is presumed abandoned unless the owner, within 5 years after it  
9 has become payable or distributable, has increased or decreased the principal,  
10 accepted payment of principal or income, communicated concerning the property or  
11 otherwise indicated an interest as evidenced by a memorandum or other record on  
12 file prepared by the fiduciary.

13           **SECTION 3.** 177.13 of the statutes is amended to read:

14           **177.13 Property held by courts and public agencies.** Except as provided  
15 in ss. 40.08 (8), 177.135, 800.095 (8), 852.01 (3), 863.37 (2), and 863.39, intangible  
16 property held for the owner by a court, state, or other government, governmental  
17 subdivision, or agency, public corporation, or public authority that remains  
18 unclaimed by the owner for more than one year after it became payable or  
19 distributable is presumed abandoned.

20           **SECTION 4.** 177.135 of the statutes is created to read:

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1           **177.135 U.S. savings bonds.** Notwithstanding s. 177.02 (1), a U.S. savings  
2 bond that remains unredeemed by the owner for more than 5 years after the date of  
3 final maturity is presumed abandoned. In this section, “final maturity” means the  
4 date a U.S. savings bond stops earning interest upon reaching its final extended  
5 maturity date.

6           **SECTION 5.** 177.16 of the statutes is amended to read:

7           **177.16 Contents of safe deposit box or other safekeeping repository.**

8           All Except as provided in s. 177.135, all tangible and intangible property held in a  
9 safe deposit box or any other safekeeping repository in this state in the ordinary  
10 course of the holder’s business and proceeds resulting from the sale of the property  
11 permitted by other law, which remain unclaimed by the owner for more than 5 years  
12 after the lease or rental period on the box or other repository has expired, are  
13 presumed abandoned.

14           **SECTION 6.** 177.17 (2) (cm) of the statutes is created to read:

15           177.17 (2) (cm) In the case of a U.S. savings bond, the name and last-known  
16 address of each owner of the U.S. savings bond and the issue date, face amount, and  
17 serial number of the U.S. savings bond.

18           **SECTION 7.** 177.17 (5) (intro.), (a) and (b) of the statutes are amended to read:

19           177.17 (5) (intro.) Not more than 120 days before filing the report required by  
20 this section, the holder in possession of property presumed abandoned and subject  
21 to custody as unclaimed property under this chapter shall send written notice to the  
22 apparent owner and, in the case of a U.S. savings bond, to each owner of the U.S.  
23 savings bond at his or her last-known address informing him or her that the holder  
24 is in possession of property subject to this chapter if all of the following exist factors  
25 apply:

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1 (a) The holder has in its records an address for the apparent owner which, or  
2 owner of the U.S. savings bond, that the holder's records do not disclose to be  
3 inaccurate.

4 (b) The claim of the apparent owner, or owner of the U.S. savings bond, is not  
5 barred by the statute of limitations.

6 **SECTION 8.** 177.22 (1) of the statutes is amended to read:

7 177.22 (1) Except as provided in subs. (2) and (4) and s. 177.225, the  
8 administrator, within 3 years after the receipt of abandoned property, shall sell it to  
9 the highest bidder in a manner that, in the judgment of the administrator, affords  
10 the most favorable market for the property. The administrator may decline the  
11 highest bid and reoffer the property for sale if, in his or her judgment, the bid is  
12 insufficient. If the administrator determines that the probable cost of sale exceeds  
13 the value of the property, it need not be offered for sale. Any public sale under this  
14 section held in a city, village, or town in this state shall be preceded by the publication  
15 of one notice, at least 3 weeks in advance of sale, in a newspaper of general circulation  
16 in the county in which the property is to be sold.

17 **SECTION 9.** 177.225 of the statutes is created to read:

18 **177.225 Escheat of U.S. savings bonds.** (1) If all of the following conditions  
19 apply, the administrator may bring an action for a judgment that a U.S. savings  
20 bond, including a U.S. savings bond in the possession of the administrator or a U.S.  
21 savings bond that has been lost, stolen, or destroyed, is abandoned and for an order  
22 transferring ownership of the abandoned U.S. savings bond to this state:

23 (a) The U.S. savings bond has been presumed abandoned under s. 177.135 for  
24 at least one year.

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1 (b) The U.S. savings bond is subject to the custody of this state as unclaimed  
2 property under s. 177.03.

3 (c) At least one year has elapsed since the administrator published the notice  
4 required under s. 177.18.

5 **(2)** An action under sub. (1) may be commenced in the circuit court for Dane  
6 County or in any county that would be a proper place of trial under s. 801.50. Subject  
7 to sub. (3), service may be made under s. 801.11 (1) (c) by publication of a notice  
8 published as a class 3 notice under ch. 985. In determining which newspaper is likely  
9 to give notice as required under s. 985.02 (1), the administrator shall consider the  
10 conditions under s. 177.03 that made the U.S. savings bond subject to the custody of  
11 this state as unclaimed property. The administrator may postpone commencing an  
12 action under this subsection until sufficient U.S. savings bonds meet the conditions  
13 under sub. (1) to justify the expense of the action.

14 **(3)** If service is made under sub. (2) by publication of a notice, the administrator  
15 shall, before publication of the notice, file with the court an affidavit setting forth the  
16 administrator's efforts to locate the owners of each U.S. savings bond subject to the  
17 action, and, upon filing of the affidavit, there shall be a presumption that the owners  
18 cannot with reasonable diligence be served under s. 801.11 (1) (a) or (b). The affidavit  
19 shall include all of the following information with respect to the U.S. savings bond:

20 (a) A description of the efforts made by the administrator to ascertain the name  
21 and last-known address of each person appearing to be an owner of the U.S. savings  
22 bond.

23 (b) The name and last-known address of each person identified by the  
24 administrator as appearing to be an owner of the U.S. savings bond.

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1 (c) The interest of each unknown person identified by the administrator as  
2 appearing to be an owner of the U.S. savings bond.

3 (d) A description of the efforts made by the administrator to notify each owner  
4 of the U.S. savings bond that the owner may be entitled to claim abandoned property.

5 (e) A statement that, based on prior efforts of the administrator to locate or  
6 contact the persons appearing to be owners of the U.S. saving bond, the  
7 administrator believes that the administrator cannot, with reasonable diligence,  
8 serve the owners with notice of the action by personal or substituted service.

9 (4) In an action under sub. (1), if the court finds that the administrator has  
10 substantially complied with the provisions of this chapter and that no other person  
11 has proven ownership of the U.S. savings bond, the court shall enter judgment that  
12 this state has all legal title and interest, including all rights, powers, and privileges  
13 of survivorship of any owner, co-owner, or beneficiary, of the U.S. savings bond and  
14 that this state owns the U.S. savings bond free of all claims of the owner or previous  
15 holder and of all persons claiming through or under them.

16 (5) Within 3 years after the entry of a judgment under sub. (4), the  
17 administrator shall file an application with the U.S. department of the treasury to  
18 redeem the U.S. savings bond.

19 **SECTION 10.** 177.23 (1) of the statutes is amended to read:

20 177.23 (1) Except as provided in sub. (2), the administrator shall deposit in the  
21 school fund all funds received under this chapter, including the clear proceeds from  
22 the sale of abandoned property under s. 177.22 and amounts received from the  
23 redemption of U.S. savings bonds under s. 177.225 (5). Before making the deposit,  
24 the administrator shall record the name and last-known address of each person  
25 appearing from the holders' reports to be entitled to the property ~~and~~; the name and

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1 last-known address of each insured person or annuitant and beneficiary and; with  
2 respect to each policy or contract listed in the report of an insurance company, its  
3 number, the name of the company, and the amount due; and, with respect to each U.S.  
4 savings bond, the name and last-known address of each owner of the U.S. savings  
5 bond and the issue date, face amount, and serial number of the U.S. savings bond.

6 The information recorded by the administrator under this subsection is not available  
7 for inspection or copying under s. 19.35 (1) until 12 months after payment or delivery  
8 of the property is due under s. 177.17 (4) (a).

9 **SECTION 11.** 177.23 (2) (am) of the statutes is created to read:

10 177.23 (2) (am) Any costs in connection with an action under s. 177.225 (1) and  
11 the redemption of a U.S. savings bond under s. 177.225 (5).

12 **SECTION 12.** 177.255 of the statutes is created to read:

13 **177.255 Claim to recover abandoned U.S. savings bond. (1)**

14 Notwithstanding s. 177.225, any person who claimed an interest in a U.S. savings  
15 bond immediately before this state became the owner of the U.S. savings bond  
16 pursuant to a judgment entered under s. 177.225 (4) may file a claim under s. 177.24,  
17 and another state may file a claim under s. 177.25. Notwithstanding s. 177.24 (3)  
18 or 177.25 (2), if the claim is allowed, the administrator shall deliver the U.S. savings  
19 bond to the claimant or pay the claimant the amount the administrator received from  
20 redeeming the U.S. savings bond under s. 177.225 (5), minus any amounts that were  
21 deposited in the general fund to pay administrative expenses under s. 177.23 (2) that  
22 are attributable to the U.S. savings bond.

23 (2) A claimant who takes delivery under sub. (1) of a U.S. savings bond that  
24 is owned by this state takes the U.S. savings bond free of all claims of this state. The

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1 administrator shall execute all documents necessary to complete the transfer of  
2 ownership.

3 **SECTION 13. Nonstatutory provisions.**

4 (1) An unredeemed U.S. savings bond in the possession of the administrator  
5 on the effective date of this subsection is presumed abandoned under section 177.135  
6 of the statutes, as created by this act, as follows:

7 (a) If the U.S. savings bond reached final maturity, as defined in section  
8 177.135 of the statutes, as created by this act, more than 5 years before the effective  
9 date of this paragraph, the U.S. savings bond is presumed abandoned on the date  
10 that is 5 years and one day after the date of final maturity.

11 (b) If the U.S. savings bond reached final maturity, as defined in section  
12 177.135 of the statutes, as created by this act, not more than 5 years before the  
13 effective date of this paragraph, the U.S. savings bond will be presumed abandoned  
14 on the date that is 5 years and one day after the date of final maturity even if the U.S.  
15 savings bond would have been presumed abandoned on an earlier date under chapter  
16 177, 2013 stats.

17 (c) If the U.S. savings bond has not reached final maturity, as defined in section  
18 177.135 of the statutes, as created by this act, on the effective date of this paragraph,  
19 the U.S. savings bond will be presumed abandoned on the date that is 5 years and  
20 one day after the date of final maturity even if the U.S. savings bond would have been  
21 presumed abandoned on an earlier date under chapter 177, 2013 stats.

22 (2) For the purposes of determining when an action may be commenced under  
23 section 177.225 (1) of the statutes, as created by this act, a notice published by the  
24 administrator under section 177.18 of the statutes must include the name and



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1 last-known address of each person appearing to be an owner of the U.S. savings  
2 bond.

3 (END)