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(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2003-04

(session year)

Assembly

(Assembly, Senate or Joint)

Committee on Government Operations and Spending Limitations...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

Assembly

Record of Committee Proceedings

Committee on Government Operations and Spending Limitations

Assembly Bill 498

Relating to: disclosing information obtained by the Department of Transportation to the Department of Revenue.

By Representatives Krusick, Albers, Gottlieb, Huber, Jeskewitz, Kreibich, Ladwig, F. Lasee, J. Lehman, M. Lehman, Loeffelholz, Lothian, Ott, Petrowski and Taylor; cosponsored by Senators Harsdorf, Breske, Roessler and Wirch.

September 08, 2003 Referred to Committee on Government Operations and Spending Limitations.

November 19, 2003 **PUBLIC HEARING HELD**

Present: (6) Representatives F. Lasee, Loeffelholz, Musser, Weber, Zepnick and Wasserman.

Absent: (0) None.

Appearances For

- Rep. Peggy Krusick, 7th Assembly District
- Audra Miller, City of Milwaukee
- Sherri Gates-Hendrix, Department of Revenue, Madison
- John Barreth, Milwaukee County Clerk of Circuit Court

Appearances Against

- None.

Appearances for Information Only

- None.

Registrations For

- Curt Witynski, League of Wisconsin Municipalities
- John Alby, Wisconsin Department of Transportation - DMV
- Ed Huck, Wisconsin Alliance of Cities
- Judy Coleman, Dane County Clerk of Courts
- Sarah Diedrick Kasdorf, Wisconsin Counties Association

Registrations Against

- None.

January 28, 2004

EXECUTIVE SESSION HELD

Present: (6) Representatives F. Lasee, Loeffelholz, Musser,
Weber, Zepnick and Wasserman.

Absent: (0) None.

Moved by Representative Weber, seconded by Representative
Zepnick that **Assembly Amendment 1** be recommended for
introduction and adoption.

Ayes: (6) Representatives F. Lasee, Loeffelholz,
Musser, Weber, Zepnick and Wasserman.

Noes: (0) None.

**INTRODUCTION AND ADOPTION OF ASSEMBLY
AMENDMENT 1 RECOMMENDED, Ayes 6, Noes 0**

Moved by Representative Musser, seconded by Representative
Zepnick that **Assembly Bill 498** be recommended for passage as
amended.

Ayes: (6) Representatives F. Lasee, Loeffelholz,
Musser, Weber, Zepnick and Wasserman.

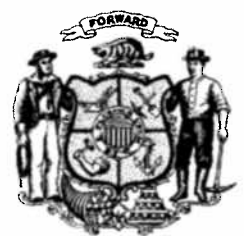
Noes: (0) None.

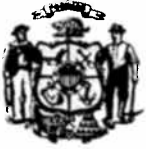
PASSAGE AS AMENDED RECOMMENDED, Ayes 6, Noes 0

Lance Burri
Committee Clerk



WISCONSIN STATE LEGISLATURE





State of Wisconsin • DEPARTMENT OF REVENUE

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Jim Doyle
Governor

Michael L. Morgan
Secretary of Revenue

Committee on Government Operations and Spending Limitations Hearing, November 19, 2003

AB 498 - Relating to disclosing information obtained by the Department of Transportation to the Department of Revenue (Rep. Krusick + 14, Sen. Harsdorf +3.)

Description of Current Law and Proposed Change

Under current law, the Department of Transportation (DOT) obtains social security numbers from driver's license and vehicle title applications. DOT may not disclose such social security numbers except to the Department of Workforce Development. In addition, DOT may only disclose a signature that it obtains from a driver's license application to the person to whom the signature relates.

Under the bill, DOT may disclose names, addresses, license numbers and social security numbers that it obtains from driver's license and vehicle title applications to the Department of Revenue (DOR) for the purpose of administering state taxes.

Fairness/Tax Equity

DOR will use the DOT information to enhance its Tax Refund Intercept Program (TRIP). DOR will be able to match the drivers license numbers local governments give us with DOT information on drivers license numbers and social security numbers. The result will be greater debt collections on behalf of local governments.

DOR information will also help DOR correctly assess and collect taxes due in situations in which the department may need additional information to properly identify a taxpayer.

DOR also can use certified driver's license applications to help prove residency for income tax purposes because one of the statements on the application pertains to the county of residence. The social security number correctly identifies the individual and the signature is an admission of Wisconsin residency.

Administrative Impact/Fiscal Effect

The bill is not expected to have a significant impact on state tax revenues or DOR administrative costs.

Current law does not permit DOT to disclose to DOR pertinent information (i.e. social security numbers) that DOR needs to properly identify individuals certified to the department by local governments under the Tax Refund Intercept Program. Thus, DOR has to rely on names to identify taxpayers. Because many persons have the same or similar names, errors in identification can arise. DOR will also be able to use social security numbers provided by DOT to properly process and audit motor vehicle taxes and collect delinquent taxes.

DOR Position

Support

Prepared by: Jacek Cianciara, 266-8133

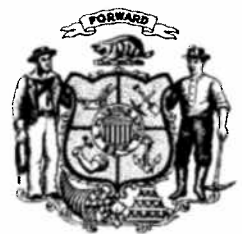
November 12, 2003

JC:skr

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WISCONSIN STATE LEGISLATURE





Kristine M. Hinrichs
Chief Court Administrator
951 N. James Lovell Street
Milwaukee, Wisconsin 53233
414-286-3836
khinri@milwaukee.gov

MEMORANDUM

DATE: November 25, 2003

TO: Audra Millen
Legislative Fiscal Manager, Sr.

FROM: Kristine Hinrichs
Chief Court Administrator

SUBJECT: Assembly Bill 498

Thank you for the opportunity to comment on Assembly bill 498 relating to disclosure of social security number information obtained by WDOT to the Department of Revenue. The Court supports passage of this bill as it would enhance our ability to collect outstanding debts through the State of Wisconsin Tax Refund Intercept Program (TRIP) by making social security number information available to the Department of Revenue for this purpose.

The Municipal Court currently makes extensive use of the TRIP program to collect unpaid fines and forfeitures due to the City. We currently have approximately \$14 million registered with DOR and have recovered almost \$2 million in payments under this program in 2003 – approximately \$1 million in revenue to the City net of state surcharges and collection commissions. The Court currently relies on our collection agency to process filings for this program. This is due to the difficulty in securing the required social security numbers for defendants. The collection agency makes extensive use of a variety of commercial data sources to secure this information but still have been able to get social security numbers for only 59% of the defendants with debts outstanding to the City.

Currently, outstanding judgments to the Court total approximately \$40 million. The release of this information by WDOT to DOR would significantly increase the number of these debts that could be registered with DOR – and eventually collected by the City. It would also reduce the collection agency's cost for this activity (and reduce the

City's cost with the ability to negotiate reduced commissions) by making the use of commercial data sources unnecessary.

The availability of this information as outlined in the proposal would also make it more practical for the Court to use of this program directly – bypassing the collection agency and their 24% commission.

There is also significant potential benefit to the State of Wisconsin and Milwaukee County from enhanced collection of these fines and forfeitures - approximately 30% of all collections is paid to the State and County for a variety of special fees and surcharges. To the extent that we can increase our own collections, they will benefit.

Please let me know if you require any additional information concerning the impact of this proposal on the Municipal Court.



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Original URL: <http://www.jsonline.com/news/state/aug03/162869.asp>

Catching on to tax refund program

More local governments have state intercept cash, collect on old debts

By SCOTT WILLIAMS
swilliams@journalsentinel.com

Last Updated: Aug. 16, 2003

Snatching state income tax refunds to pay old parking tickets and court fines has enriched Wisconsin communities by more than \$12 million, taking some of the pressure off local taxpayers.

The state Tax Refund Intercept Program is enjoying new popularity among communities that are desperate for cash but cannot get parking ticket scofflaws and other offenders to pay up.

Under the program, the state will withhold an offender's income tax refund and - for a 2% share of the proceeds - redirect the money to local governments that are trying to collect on old debts.

Since summer 2002, the number of participating government agencies has nearly tripled statewide, and the amount of money redirected has jumped from less than \$5 million to more than \$12 million.

"It certainly is exploding," said Fred Bahr, who manages the tax intercept program for the state Department of Revenue.

Bahr said interest in the program likely has grown because the weak economy and state budget crunch have created a public anti-tax attitude that makes other sources of revenue more appealing to local government.

"A lot of it has to do with the current budget situation," he said. "That's put a scare into a lot of people."

In Ozaukee County, for example, the county clerk of courts signed up for the tax intercept program earlier this year, registering more than \$450,000 in overdue court fines and other civil forfeitures, some due for more than 10 years.

Eager to see results soon, Clerk of Courts Jeffrey Schmidt said whatever revenue is generated will help the county control spending in its budget next year.

"We have to do everything possible to collect," he said. "Until I try every avenue I know, I'm not writing anything off."

Once a new government client has registered, the state agency checks its inventory of overdue fines and forfeitures at tax time. Whenever a deadbeat is expecting a state tax refund, the municipality gets paid first. The taxpayer gets a letter explaining where the refund went.

It is not unlike programs that for years have snatched overdue child-support payments for the state.

Tax Refund Intercept Program

At A Glance

Under the Tax Refund Intercept Program, the state withholds an offender's income tax refund and - for a 2% share of the proceeds - redirects the money to local governments that are trying to collect on old debts.

OVERDUE TAX REFUNDS

| Local Government | Amount | Year |
|------------------|------------------|-------------|
| Waukesha County | \$450,000 | 2003 |
| Kenosha County | \$100,000 | 2003 |
| ... | ... | ... |
| Total | \$550,000 | 2003 |

Read More

[Listing: Diverted Tax Refunds](#)

Search can be challenging

Trying to make sure that someone applying for a state income tax refund is the same person with an unpaid parking ticket or court fine from years earlier can get a bit tricky.

In April, the Journal Sentinel told the story of a man, Melvin Ray Johnson Sr., who had \$355 confiscated from his tax refund for past-due parking tickets that actually had been issued to his son, Melvin Ray Johnson Jr.

The state says it returns money promptly whenever such mix-ups occur.

For the most part, however, the intercept program has become a blessing to government agencies that are scrambling to fill their coffers and avoid raising taxes or cutting services during the economic downturn.

"We've been positively taken care of on this," Brown Deer Police Chief Steven Rinzel said. "There's money coming in on a regular basis."

Since joining the program in 1996, Brown Deer has received \$295,855, minus the state's 2% and whatever other costs are involved. Some municipalities hire consultants to manage their tax intercept program accounts.

Amount due about \$90 million

The program currently has nearly \$90 million in unpaid collectibles statewide.

Waukesha County is among the leading beneficiaries, with \$1.9 million collected in the past four years.

Sean Sander, Waukesha County's business services and collections manager, said the windfall has set new records for county collections and is helping keep down property taxes.

"We love the program," he said.

Created about eight years ago, the tax intercept program has been slow to catch on. Currently, 146 government agencies are participating - nearly three times the number that signed up a year ago, but still a small fraction of the 1,900 counties, cities and other local units of government statewide.

Milwaukee Municipal Court joined in April 2002 and quickly became the program's biggest success story, with \$2.2 million in collections so far.

Just as important as the money, said Chief Court Administrator Kristine Hinrichs, is knowing that justice has been served and that offenders - one way or another - have paid their penalties.

"This program is great because it's relatively painless for us, and the defendants take notice," Hinrichs said. "They know that, ultimately, they can't get away."

From the Aug. 17, 2003 editions of the Milwaukee Journal Sentinel

Original URL: <http://www.jsonline.com/news/state/mar03/130114.asp>

Tangled up in taxation

Man doesn't drive, but chunk of refund withheld for parking tickets

By STEVEN WALTERS
swalters@journalsentinel.com

Last Updated: March 31, 2003

Madison - Melvin Ray Johnson Sr. was startled when he opened his income tax refund check and found that state government had confiscated \$355 of his \$800 refund.

Then, he read the fine print: City of Milwaukee officials told the state Revenue Department that Johnson had overdue city parking tickets and related costs that totaled \$355, so that amount was subtracted from his refund check and sent to the city.

Then, he got mad.

"It's my son's tickets," said Johnson, 58. "I owe no tickets."

Johnson's tax refund was tapped under a little-noticed state program that allows local government to turn to the Revenue Department to collect unpaid parking tickets, citations, fines and forfeitures. The "tax intercept" program started in the mid-1980s, when the state began catching up with taxpayers who hadn't paid child support.

Johnson is not alone, however. Last year, a total of \$2.4 million was withheld from tax refund checks because of overdue municipal parking tickets and related forfeitures, said Jason Helgerson, executive assistant at the Department of Revenue.

The number of local governments using the state Revenue Department as parking-ticket enforcer has grown slowly since 1995, when the program started. It's the first year that the City of Milwaukee has tapped into tax refund checks.

In addition to losing \$355, Johnson said: "I don't need all this mess."

"I can't get myself too upset," he added, citing heart and polio-related health problems that force him to use an electric wheelchair and rely on friends or relatives to drive his SUV, which has plates that identify him as disabled.

Johnson said Melvin Ray Johnson Jr. drives a two-door car and had worked out an arrangement with court officials for installment payments on his unpaid tickets so he could keep his driver's license. He does not live with his father.

His son, in a separate interview, said he didn't know anything about it until his father told him. He promised to meet with city officials to try to correct any problem.

"I'll straighten it out, so he can get his money back," the 34-year-old son said. "I've never been in a situation like this."

Taxation Frustration



Photo/Dale Guldán

Melvin Ray Johnson Sr. of Milwaukee had \$355 of his state tax refund taken by the state to cover unpaid parking fines that he says are his son's.



Photo/Dale Guldán

The City of Milwaukee is participating in a program in which the state Department of Revenue can deduct outstanding fines or tickets from tax refund checks and send the money to the city.

By The Numbers

2.4 million

↓2.4 MILLION

Amount withheld from state tax refund checks in 2002 because of overdue municipal parking tickets and related forfeitures.

The elder Johnson said he has tried to explain the problem - "Hey, this is not me!" - to Milwaukee-area officials, but his name and Social Security number apparently were forwarded to state officials who run the "tax intercept" program.

Helgerson said an error could occur this way:

Municipal officials can get what they say they are owed only if they have Social Security numbers for the scofflaws. To get those Social Security numbers, local governments may hire consultants or use other methods to look them up.

City of Milwaukee officials could accidentally have given state officials the Social Security number of Melvin Ray Johnson Sr., instead of the identification number of his son.

"Sometimes, that process leads to a mismatch," Helgerson said.

But, if there is a mistake, it can be fixed, Helgerson said.

If City of Milwaukee officials become convinced they made an error, they can send Johnson Sr. a check for his \$355, Helgerson added. He also offered the Milwaukee man the name of the state official who runs the tax intercept program to try to check the error.

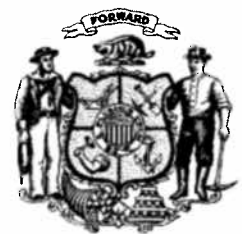
When mix-ups like this have occurred in the past, Helgerson said, "We've been able to resolve each of them."

Johnson had another term for the mix-up, however. "That's like taxation without representation," he said.

A version of this story appeared in the Milwaukee Journal Sentinel on April 1, 2003.



WISCONSIN STATE LEGISLATURE





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Jim Doyle
Governor

Michael L. Morgan
Secretary of Revenue

Committee on Government Operations and Spending Limitations Executive Session,
January 28, 2004

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(Rep. Krusick + 14, Sen. Harsdorf +3.)

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Amendment LRBa1824/1

The proposed amendment, LRBa1824/1, would make several changes to the bill that indicate more precisely what DOT information DOR would have access to and for what purposes DOR may use that information.

- Clarifies that DOR may use signatures obtained from DOT only for purposes of investigating allegations of tax fraud.
- Clarifies that when accessing drivers license applications, DOR only would have access to names, addresses, drivers license numbers and social security numbers. Other information on applications would not be shared with DOR.
- Clarifies that DOR will use the information obtained from DOT for purposes of administering offsets (TRIP) for municipalities, counties and state agencies. The current language focuses on state taxes, but TRIP deals with local level debts.

DOR Position

Support both the bill and amendment LRB a1824/1.