

**2003 DRAFTING REQUEST**

**Senate Amendment (SA-SSA1-SB44)**

Received: 06/18/2003

Received By: jkreye

Wanted: Today

Identical to LRB:

For: Mary Panzer (608) 266-7513

By/Representing: Sen. Panzer

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax - property

Extra Copies:

Submit via email: YES

Requester's email: Sen.Panzer@legis.state.wi.us

Carbon copy (CC:) to: joseph.kreye@legis.state.wi.us

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Sales of tax certificate revenues

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**Instructions:**

See Attached

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 06/18/2003	jdyer 06/18/2003					
/1			chaugen 06/18/2003		sbasford 06/18/2003	sbasford 06/18/2003	

FE Sent For:

<END>

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1/?	jkreye	1/6/18 jkd	cn 6-18	ch 6-18 ps			

FE Sent For:

<END>

PANZER

OK

JK

## Sale of Tax Liens: Technical Amendment

1. **Tax certificate revenues.** We need clarify what is being sold. This amendment is not about the sale or assignment of the tax certificate per se, which in the statutes refers to **all** parcels that are tax delinquent, but rather the revenues associated with tax delinquent property. This is important and is slightly different than the old law which existed before it was repealed (the old law seems to be the model for the current draft).

Therefore, in the first sentence please use roughly this language, "The county may sell, assign or transfer all or a portion of the tax certificate revenues relating to any parcel of real property included in a tax certificate."

Then a definition of "tax certificate revenues" should be added [or the following concept added to paragraph s. 74.57(3m)]: "Tax certificate revenues" means with respect to each parcel of real property included in a tax certificate the amount of unpaid real estate taxes, special assessments, special charges or special taxes stated on the tax certificate and the interest and penalties on that amount."

2. **Explicitly allow county to negotiate agreement.** It is very important that we outline the right of the county to negotiate an agreement with a private purchaser, with certain issues highlighted. The following paragraph, or something similar, should be included:

A county may enter into ~~a purchase and sale~~<sup>an</sup> agreement for the sale of tax certificate revenues, and ~~such~~<sup>the</sup> agreement may contain provisions, conditions and warranties ~~that~~<sup>that</sup> the county ~~deems~~<sup>considers</sup> necessary or desirable. The agreement may require the county to ~~take such actions to~~ enforce and collect upon the tax certificate as are within the powers of the county and are, in the judgment of the county, necessary or desirable. The agreement may permit the subsequent assignment or transfer of tax certificate revenues by the purchaser or subsequent purchasers."

3. **Recognize the City of Milwaukee's current status.** Under current law (s. 74.87), the City of Milwaukee is permitted to behave like a county as it relates to collecting tax lien revenue (if it has an agreement with the Milwaukee County). It seems logical that they would also be included in this provision. Therefore, we need to add a sentence such as:

"County" includes a county or a city authorized to act under s. 74.87.

4. **The repeal of s. 74.57(3) may repeal language that it should not.** The draft repeals s. 74.57(3) completely. This is the paragraph that prohibits the sale of tax certificates. It is not clear to me whether we want to repeal the language in that section which I've highlighted below. I think the highlighted part is a separate issue and should not be repealed (I may be wrong):

s. 74.57(3) "Certificate Not Transferable. The county may not sell, assign, or otherwise transfer a tax certificate. *However, if a city authorized to act under s. 74.87 pays delinquent taxes under an agreement entered into under s. 74.83, the county treasurer shall issue or reissue tax certificates to the city on all property for which the delinquent taxes have been paid.*"

2003

Date (time) needed

now 017

LRB b 0617, 1

BUDGET AMENDMENT

PANZER

JK: JLD:

[Not for compile]

See form AMENDMENTS — COMPONENTS & ITEMS.

SENATE AMENDMENT  
TO SENATE SUBSTITUTE AMENDMENT 1  
TO 2003 SENATE BILL 44

At the locations indicated, amend the substitute amendment as follows:

#. Page 687, line 10: delete lines 10 to 19 and substitute:  
INSERT A

#. Page . . . . ., line . . . . .

#. Page . . . . ., line . . . . .

#. Page . . . . ., line . . . . .

#. Page . . . . ., line . . . . .

#. Page . . . . ., line . . . . .

encl ✓

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

1 AN ACT *to renumber and amend* 409.102 (1) (p); *to amend* 74.57 (3); and *to*  
2 *create* 74.635 and 409.102 (1) (p) 2. of the statutes; **relating to:** the sale of a  
3 county's right to receive tax certificate revenues.

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*Analysis by the Legislative Reference Bureau*

This is a preliminary draft. An analysis will be provided in a later version.

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

4 <sup>1632 ma</sup> SECTION 1. 74.57 (3) of the statutes is amended to read:

5 74.57 (3) CERTIFICATE NOT TRANSFERABLE. The Except as provided under s.  
6 74.635. the county may not sell, assign, or otherwise transfer a tax certificate.

7 However, if a city authorized to act under s. 74.87 pays delinquent taxes under an  
8 agreement entered into under s. 74.83, the county treasurer shall issue or reissue tax  
9 certificates to the city on all property for which the delinquent taxes have been paid.

10 SECTION 2. 74.635 <sup>1632 mb</sup> of the statutes is created to read:

(INSERT  
A



1           **74.635 Sale of tax certificate revenues. (1) DEFINITIONS.** In this section:

2           (a) "County" includes a city that is authorized to act under s. 74.87.

3           (b) "Tax certificate" means a tax certificate issued under s. 74.57.

4           (c) "Tax certificate revenues" means, with respect to each parcel of real property  
5 included in a tax certificate, payments of real property taxes, special charges, special  
6 taxes, and special assessments indicated on a tax certificate, including interest and  
7 penalties on such amounts.

8           **(2) SALE.** A county may sell to any person all or a portion of the county's right  
9 to receive tax certificate revenues. The county shall distribute the proceeds from a  
10 sale under this subsection as provided under s. 75.05.

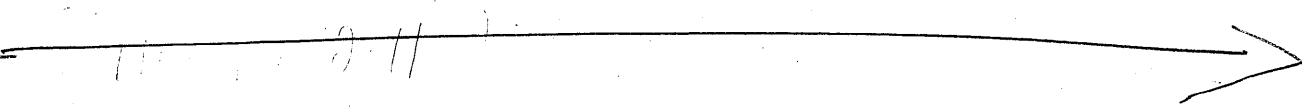
11           **(3) ADMINISTRATION.** ~~(a) A county may not sell all or any portion of its right to  
12 receive tax certificate revenues for less than the full value of the revenues, unless the  
13 county first publishes a class 3 notice under ch. 985, describing the sale and each  
14 parcel of real property included in the tax certificate for which the right is being sold.~~

\*\*\*\*NOTE: It's not clear from the instructions why the county must first publish a notice before selling the revenue stream at less than full value. If the notice is intended to allow another person to purchase the right to receive revenues at full value, then the paragraph above should specify that.

15           (b) A county that sells all or any portion of its right to receive tax certificate  
16 revenues may not commingle any such revenues collected by the county with other  
17 county funds. A violation of this requirement does not affect the priority of a security  
18 interest in the tax certificate revenues.

\*\*\*\*NOTE: The second sentence is a significantly simplified version of the submitted language.

19           (c) The county treasurer shall maintain a record of all tax certificate revenues  
20 received by the county that relate to a sale under sub. (2) and, notwithstanding ss.



1 ~~74.47 (3) and 75.05, shall pay such revenues to the purchaser of the right to receive~~  
2 the revenues or to the purchaser's designee.

\*\*\*\*NOTE: The instructions indicate that the county should pay the revenues to the purchaser "promptly" upon receipt. However, the term "promptly" is open to interpretation and gives the county considerable latitude to pay when it is convenient to the county. You may want to consider specifying a time certain for the county to pay revenues collected by the county. Please advise.

3 (d) A person who purchases all or any portion of a county's right to receive tax  
4 certificate revenues under sub. (2) may sell, assign, or otherwise transfer such right,  
5 in whole or in part, to another person.

\*\*\*\*NOTE: We did not include proposed sub. (5) which specifies that a sale under this section is an absolute sale. The provision seems unnecessary. Under sub. (2), a county is permitted to sell its right to receive tax certificate revenues. Presumably, it will do so under a written agreement which will specify the terms of the sale.

6 **SECTION 3.** 409.102 (1) (p) of the statutes is renumbered 409.102 (1) (p) (intro.)  
7 and amended to read:

8 409.102 (1) (p) (intro.) "Payment intangible" means a any of the following:

9 1. A general intangible under which the account debtor's principal obligation  
10 is a monetary obligation.

11 **SECTION 4.** 409.102 (1) (p) 2. of the statutes is created to read:

12 409.102 (1) (p) 2. A county's right to receive tax certificate revenues, as defined  
13 under s. 74.635 (1) (c), regardless of whether all or any portion of that right is sold  
14 under s. 74.635 (2).

\*\*\*\*NOTE: These treatments of ch. 409 are meant to accomplish the intent behind sub. (6) of the submitted language. Please review.

END

15 <sup>150</sup> ~~14~~ county  
may enter into an agreement for the sale of tax certificate revenues. the agreement may include any provisions that the county considers necessary and may permit any person who purchases all or any portion of a county's right to receive tax certificate revenue to sell, <sup>assign</sup> or otherwise transfer such right, in whole or in part, to another person. ✓





State of Wisconsin  
2003 - 2004 LEGISLATURE

LRBb0617/1  
JK:jld:ch

SENATE AMENDMENT ,  
TO SENATE SUBSTITUTE AMENDMENT 1,  
TO 2003 SENATE BILL 44

1 At the locations indicated, amend the substitute amendment as follows:

2 1. Page 687, line 10: delete lines 10 to 19 and substitute:

3 "SECTION 1632ma. 74.57 (3) of the statutes is amended to read:

4 74.57 (3) CERTIFICATE NOT TRANSFERABLE. The Except as provided under s.

5 74.635, the county may not sell, assign, or otherwise transfer a tax certificate.

6 However, if a city authorized to act under s. 74.87 pays delinquent taxes under an

7 agreement entered into under s. 74.83, the county treasurer shall issue or reissue tax

8 certificates to the city on all property for which the delinquent taxes have been paid.

9 SECTION 1632mb. 74.635 of the statutes is created to read:

10 74.635 Sale of tax certificate revenues. (1) DEFINITIONS. In this section:

11 (a) "County" includes a city that is authorized to act under s. 74.87.

12 (b) "Tax certificate" means a tax certificate issued under s. 74.57.

1 (c) “Tax certificate revenues” means, with respect to each parcel of real property  
2 included in a tax certificate, payments of real property taxes, special charges, special  
3 taxes, and special assessments indicated on a tax certificate, including interest and  
4 penalties on such amounts.

5 (2) SALE. A county may sell to any person all or a portion of the county’s right  
6 to receive tax certificate revenues. The county shall distribute the proceeds from a  
7 sale under this subsection as provided under s. 75.05.

8 (3) ADMINISTRATION. A county may enter into an agreement for the sale of the  
9 county’s right to receive tax certificate revenues. The agreement may include any  
10 provisions that the county considers necessary and may permit any person who  
11 purchases all or any portion of a county’s right to receive tax certificate revenue to  
12 sell, assign, or otherwise transfer such right, in whole or in part, to another person.”.

13

(END)