

2015 DRAFTING REQUEST

Bill

Received: 7/22/2015 Received By: jkreye
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Pre Topic:

No specific pre topic given

Topic:

DOR debt collection of debt owed to a county

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 7/22/2015		_____			
/P1	jkreye 2/2/2016	wjackson 7/23/2015	_____	sbasford 7/23/2015		State S&L
/P2	jkreye 2/8/2016	csicilia 2/3/2016	_____	sbasford 2/3/2016		State S&L

per JK

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1		kfollett 2/8/2016	_____ _____	mbarman 2/8/2016	mbarman 2/8/2016	State S&L

FE Sent For:

→ At
Intro.

<END>



State of Wisconsin
2015 - 2016 LEGISLATURE

2784
LRB-2784/P2
JK:wlj&cjs

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

NOW

no changes

- 1 **AN ACT** *to renumber and amend* 59.40 (4); *to amend* 59.52 (28), 71.93 (8) (b)
2 1. and 74.07; and *to create* 20.835 (6), 59.17 (2) (b) 8., 59.40 (4) (b), 59.67 and
3 71.93 (8) (c) of the statutes; **relating to:** the Department of Revenue collecting
4 debt for a county and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill requires that a county having a population of 750,000 or more and containing a first class city enter into an agreement with the Department of Revenue (DOR) to have DOR collect the county's debt, including debt owed to the county circuit court. Other counties are allowed, but not required, to enter into agreements with DOR to collect debt. All such agreements must provide that DOR charge a collection fee to the county for collecting the debt. Under current law, counties may enter into debt collection agreements with DOR, and DOR may charge an administrative fee for collecting debts.

The bill provides that a debt collection agreement between DOR and a county having a population of 750,000 or more and containing a first class city may take effect by the county executive's written proclamation, without any action being taken by, or approval needed from, the county board. The county must certify for collection all debts that are more than 90 days past due, except the county may not certify for collection restitution owed to a person other than the county. If DOR determines that any certified debts are uncollectible, DOR will notify the county of the uncollectible debts and the county may contract with another debt collector to collect those debts.

The bill also authorizes the county executive to establish a division of revenue within the county's department of administration that is responsible for the efficient

collection of accounts receivable and the administration of debts collected by DOR. The division is required to establish payment plans for debtors who meet certain income limitations. In general, the division may offer payment plans, including installment plans, to a debtor whose annual household income is less than 150 percent of the federal poverty line for the size of the debtor's household.

Finally, if DOR determines that the county has not certified its debts to DOR to the fullest extent possible, DOR will notify the county of the revenue that it would have collected had the the county completely certified its debts. In addition, DOR will notify the county of the units of county government responsible for not certifying debts and the county must reduce its funding to such units in proportion to the amounts not collected.

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

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

1 **SECTION 1.** 20.835 (6) of the statutes is created to read:

2 20.835 (6) DEBT COLLECTION. (g) *County debt collection.* All moneys received
3 from debts collected under s. 71.93 (8), pursuant to agreements with counties having
4 a population of 750,000 or more and containing a 1st class city under ss. 59.40 (4) (b)
5 and 59.67 (2), to make all payments required under s. 71.93 (8) (c) in each fiscal year.

6 **SECTION 2.** 59.17 (2) (b) 8. of the statutes is created to read:

7 59.17 (2) (b) 8. Establish a division of revenue within the county department
8 of administration that is responsible for the efficient collection of accounts receivable
9 and the administration of debts collected under s. 71.93 (8). The division shall
10 establish payment plans for debtors who meet certain income limitations and shall
11 publish information about those plans. The minimum payment under any such plan
12 is the greater of \$50 a month or the amount required to pay the debt in full by paying
13 equal monthly installments for 36 months. If a monthly payment under an
14 installment plan, together with any monthly child support payments paid by the
15 debtor, would reduce the debtor's annual household income to an amount that is

1 below 100 percent of the poverty line established under 42 USC 9902 (2) for the size
2 of debtor's household, the division may extend the debtor's installment plan beyond
3 36 months with a minimum monthly payment of \$50. The division may offer
4 payment plans established under this subdivision to any of the following debtors:

5 a. A debtor whose annual household income is less than 150 percent of the
6 poverty line established under 42 USC 9902 (2) for the size of the debtor's household.

7 b. A debtor whose annual household income will be less than 150 percent of the
8 poverty line established under 42 USC 9902 (2) for the size of the debtor's household
9 as a result of the debtor or a member of the debtor's household being hospitalized or
10 disabled during the 12 months prior to when the debtor incurred the debt.

11 c. A debtor whose annual household income will be less than 150 percent of the
12 poverty line established under 42 USC 9902 (2) for the size of the debtor's household
13 as a result of the debtor or an adult member of the debtor's household being
14 unemployed for at least 90 consecutive days during the 12 months prior to when the
15 debtor incurred the debt.

16 d. A debtor who is on active duty in the U.S. armed forces or national guard
17 during a war, military operation, or national emergency.

18 **SECTION 3.** 59.40 (4) of the statutes, as affected by 2015 Wisconsin Act 55, is
19 renumbered 59.40 (4) (a) and amended to read:

20 59.40 (4) (a) CLERK OF CIRCUIT COURT; DEBT COLLECTOR CONTRACT. If Except as
21 required under s. 59.67 (2), and except as provided in par. (b), if authorized by the
22 board under s. 59.52 (28), the clerk of circuit court may contract with a debt collector,
23 as defined in s. 427.103 (3), or enter into an agreement with the department of
24 revenue under s. 71.93 (8) for the collection of debt. Any contract entered into with
25 a debt collector shall provide that the debt collector shall be paid from the proceeds

1 recovered by the debt collector. Any contract entered into with the department shall
2 provide that the department shall charge a collection fee, as provided under s. 71.93
3 (8) (b) 1. The net proceeds received by the clerk of circuit court after the payment to
4 the debt collector shall be considered the amount of debt collected for purposes of
5 distribution to the state and county under sub. (2) (m).

6 **SECTION 4.** 59.40 (4) (b) of the statutes is created to read:

7 59.40 (4) (b) A county having a population of 750,000 or more and containing
8 a 1st class city shall enter into an agreement to collect debt with the department of
9 revenue under s. 59.67 (2) no later than June 30, 2016.

10 **SECTION 5.** 59.52 (28) of the statutes, as affected by 2015 Wisconsin Act 55, is
11 amended to read:

12 59.52 (28) COLLECTION OF COURT IMPOSED PENALTIES. The Except as required
13 under s. 59.67 (2), the board may adopt a resolution authorizing the clerk of circuit
14 court, under s. 59.40 (4), to contract with a debt collector, as defined in s. 427.103 (3),
15 or enter into an agreement with the department of revenue under s. 71.93 (8) for the
16 collection of debt.

17 **SECTION 6.** 59.67 of the statutes is created to read:

18 **59.67 Debt collection. (1) AGREEMENTS.** Except as provided in sub. (2), a
19 county may enter into an agreement with the department of revenue under s. 71.93
20 (8) (b) 2. to collect the county's debt.

21 **(2) COUNTY WITH A 1ST CLASS CITY. (a)** A county having a population of 750,000
22 or more and containing a 1st class city shall enter into an agreement with the
23 department of revenue under s. 71.93 (8) (b) 2. to collect all of the county's debt. The
24 agreement may take effect by written proclamation of the county executive of such

1 a county without any action being taken by, or approval needed from, the county
2 board. For purposes of this paragraph, the county shall do all of the following:

3 1. Execute an agreement under s. 71.93 (8) (b) 2. no later than June 30, 2016.

4 An agreement under this paragraph may allow the county to refer debts for collection
5 over time, subject to approval of the department of revenue, rather than refer all
6 debts for collection at the time the county and the department of revenue enter into
7 the agreement. The agreement shall specify that debts under s. 59.40 (4) or 59.52
8 (28) for restitution owed to a person other than the county will not be certified for the
9 purposes of this subdivision.

10 2. Recertify debts under s. 71.935 that are greater than \$50 and more than 90
11 days past due to the department of revenue under s. 71.93 (8). The county shall
12 certify debts under this subdivision electronically, in the manner determined by the
13 department of revenue, no later than December 1, 2016.

14 3. Certify any debt owed to the county that is more than 90 days past due to
15 the department of revenue under s. 71.93 (8) (b) unless the debt is subject to active
16 negotiation between the county and the debtor.

17 (b) The department of revenue shall notify the county of all debts certified
18 under par. (a) that the department determines are uncollectible. The county may
19 enter into a contract with a debt collector, as defined in s. 427.103 (3), to collect debts
20 that the department determines are uncollectible.

21 **(3)** All amounts collected under s. 59.40 (4) or 59.52 (28) for a county having
22 a population of 750,000 or more and containing a 1st class city or for a circuit court
23 located in such a county shall be paid to the department of revenue and no other
24 person shall have any claim to the amounts.

1 **SECTION 7.** 71.93 (8) (b) 1. of the statutes, as affected by 2015 Wisconsin Act 55,
2 is amended to read:

3 71.93 (8) (b) 1. Except as provided in subd. 2., a state agency and the
4 department of revenue shall enter into a written agreement to have the department
5 collect any amount owed to the state agency that is more than 90 days past due,
6 unless negotiations between the agency and debtor are actively ongoing, the debt is
7 the subject of legal action or administrative proceedings, or the agency determines
8 that the debtor is adhering to an acceptable payment arrangement. For counties
9 participating in the debt collection program under s. 59.67 (2), the county executive
10 may approve acceptable payment arrangements. At least 30 days before the
11 department pursues the collection of any debt referred by a state agency, either the
12 department or the agency shall provide the debtor with a written notice that the debt
13 will be referred to the department for collection. The department may collect
14 amounts owed, pursuant to the written agreement, from the debtor in addition to
15 offsetting the amounts as provided under sub. (3). The department shall charge each
16 debtor whose debt is subject to collection under this paragraph a collection fee and
17 that amount shall be credited to the appropriation under s. 20.566 (1) (h).

18 **SECTION 8.** 71.93 (8) (c) of the statutes is created to read:

19 71.93 (8) (c) 1. The department shall credit to the appropriation account under
20 s. 20.835 (6) (g) the debts collected for a county having a population of 750,000 or
21 more and containing a 1st class city under an agreement under s. 59.40 (4) and 59.67
22 (2).

23 2. The department shall pay to a county described in subd. 1. in each fiscal year
24 an amount equal to the debts collected for the county and credited to the

1 appropriation account under s. 20.835 (6) (g) in that fiscal year, less any amount
2 specified in the agreement under subd. 3.

3 3. The department and a county described in subd. 1. shall enter into an
4 agreement to determine the amount of the debts collected for the county in a fiscal
5 year that will not be paid to the county in that fiscal year, but that may be reserved
6 in the appropriation account under s. 20.835 (6) (g) and used for future payment to
7 the county or lapsed to the general fund for the purpose of making payments from
8 the appropriation account under s. 20.855 (4) (cr).

9 4. A county described in subd. 1. shall enter into an agreement with a local
10 workforce development board established under 29 USC 2832 and pay the local
11 workforce development board, from the revenue received under subd. 2., \$1,000,000
12 each fiscal year for job training and workforce development programs.

13 5. If in any year a county described in subd. 1. does not certify its debts under
14 s. 59.67 (2) to the fullest extent possible, as determined by the secretary of revenue,
15 for collection under this subsection, the secretary shall report to the county the
16 estimated amount of revenue foregone and the unit of county government
17 responsible for not certifying the debt to the fullest extent possible. In the final
18 budget approved by the county, the county shall proportionately reduce funding to
19 each responsible unit of county government so that the total reduction equals the
20 revenue foregone.

21 **SECTION 9.** 74.07 of the statutes is amended to read:

22 **74.07 Treasurers responsible for collection.** The taxation district
23 treasurer and the county treasurer shall collect the general property taxes, special
24 assessments, special taxes and special charges shown in the tax roll. Except as
25 required under s. 59.67 (2), if authorized by the county board, the county treasurer

1 may contract with a debt collector, as defined in s. 427.103 (3), or enter into an
2 agreement with the department of revenue under s. 71.93 (8) for the collection of
3 debt. Any contract entered into with a debt collector shall provide that the debt
4 collector shall be paid from the proceeds recovered by the debt collector.

5

(END)



State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-2784/P1

JK: A

[Handwritten signature]
Wlj

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in 7-22-15
due 7-23-15

4

Gen

1

AN ACT ...; relating to: the Department of Revenue [✓] collecting debt for a county.

first
Analysis by the Legislative Reference Bureau

This bill requires that a county having a population of 750,000[✓] or more and containing a 1st class city enter into an agreement with the Department of Revenue (DOR) to have DOR collect the county's debt, including debt owed to the county circuit court. [✓] Other counties are allowed, but not required, to enter into agreements with DOR to collect debt. All such agreements must provide that DOR charge a collection fee to the county for collecting the debt. Under current law, counties may enter into debt collection agreements with DOR[✓], and DOR may charge an administrative fee for collecting debts[✓].

The bill provides that a debt collection agreement between DOR and a county having a population of 750,000[✓] or more and containing a 1st class city may take effect by the county executive's written proclamation, without any action being taken by, or approval needed from, the county board. The county must certify for collection all debts that are more than 90[✓] days past due, except the county may not certify for collection restitution owed to a person other than the county. If DOR determines that any certified debts are uncollectible, DOR will notify the county of the uncollectible debts and the county may contract with another debt collector to collect those debts.

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

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

1
Insert
2-1
A&B

(END)

SENATE BILL 209

SECTION 24

1 drainage district, or federated public library system making the loan or as the
 2 treasurer of the municipality, cooperative educational service agency, drainage
 3 district, local exposition district, local professional baseball park district, or
 4 federated public library system directs. The certificate of indebtedness shall then be
 5 conclusive evidence of the validity of the indebtedness and that all the requirements
 6 of law concerning the application for the making and acceptance of the loan have
 7 been complied with.

SECTION 25. 24.718 of the statutes is created to read:

9 **24.718 Collections from local exposition districts. (1) APPLICABILITY.** This
 10 section applies to all outstanding trust fund loans to local exposition districts created
 11 under subch. II of ch. 229.

12 **(2) CERTIFIED STATEMENT.** If a local exposition district has a state trust fund
 13 loan, the board shall transmit to the local exposition district board a certified
 14 statement of the amount due on or before October 1 of each year until the loan is paid.
 15 The board shall furnish a copy of each certified statement to the department of
 16 administration.

17 **(3) PAYMENT TO BOARD.** The local exposition district board shall remit to the
 18 board on its own order the full amount due for state trust fund loans within 15 days
 19 after March 15. Any payment not made by March 30 is delinquent and is subject to
 20 a penalty of 1 percent per month or fraction thereof, to be paid to the board with the
 21 delinquent payment.

22 **SECTION 26.** 59.40 (4) of the statutes is renumbered 59.40 (4) (a) and amended
 23 to read:

24 59.40 (4) (a) If Except as required under s. 59.67 (2), and except as provided in
 25 par. (b), if authorized by the board under s. 59.52 (28), the clerk of circuit court may

Insert
2-1
A

is renumbered 59.40 (4) (a) and amended
as effected by 2015 Wisconsin act
55)



SENATE BILL 209

1 department of revenue under s. 71.93 (8) (b) 2. to collect all of the county's debt. The
2 agreement may take effect by written proclamation of the county executive of such
3 a county without any action being taken by, or approval needed from, the county
4 board. For purposes of this paragraph, the county shall do all of the following:

5 1. Execute an agreement under s. 71.93 (8) (b) 2. no later than October 5, 2015.

6 An agreement under this paragraph may allow the county to refer debts for collection
7 over time, subject to approval of the department of revenue, rather than refer all
8 debts for collection at the time the county and the department of revenue enter into
9 the agreement. The agreement shall specify that debts under s. 59.40 (4) or 59.52
10 (28) for restitution owed to a person other than the county will not be certified for the
11 purposes of this subdivision.

12 2. Recertify debts under s. 71.935 that are greater than \$50 and more than 90
13 days past due to the department of revenue under s. 71.93 (8). The county shall
14 certify debts under this subdivision electronically, in the manner determined by the
15 department ^{of revenue} no later than December 1, 2015.

16 3. Certify any debt owed to the county that is more than 90 days past due to
17 the department of revenue under s. 71.93 (8) (b) unless the debt is subject to active
18 negotiation between the county and debtor.

19 (b) The department of revenue shall notify the county of all debts certified
20 under par. (a) that the department determines are uncollectible. The county may
21 enter into a contract with a debt collector, as defined in s. 427.103 (3), to collect debts
22 that the department determines are uncollectible.

23 (3) All amounts collected under s. 59.40 (4) or 59.52 (28) for a county having
24 a population of 750,000 or more and containing a 1st class city or for a circuit court

SENATE BILL 209

1 located in such a county shall be paid to the department of revenue and no other
2 person shall have any claim to the amounts.

3 **SECTION 30.** 66.0603 (1g) (a) of the statutes is amended to read:

4 66.0603 (1g) (a) In this section, "governing board" has the meaning given under
5 s. 34.01 (1) but does not include a local exposition district board created under subch.
6 II of ch. 229 or a local cultural arts district board created under subch. V of ch. 229.

7 **SECTION 31.** 66.0615 (1m) (f) 4. of the statutes is repealed.

8 **SECTION 32.** 66.1105 (2) (f) 1. (intro.) of the statutes is amended to read:

9 66.1105 (2) (f) 1. (intro.) "Project costs" mean any expenditures made or
10 estimated to be made or monetary obligations incurred or estimated to be incurred
11 by the city which are listed in a project plan as costs of public works or improvements
12 within a tax incremental district or, to the extent provided in this subd. 1. (intro.) or
13 subds. 1. k., 1. m., and 1. n., without the district, plus any incidental costs, diminished
14 by any income, special assessments, or other revenues, including user fees or
15 charges, other than tax increments, received or reasonably expected to be received
16 by the city in connection with the implementation of the plan. For any tax
17 incremental district for which a project plan is approved on or after July 31, 1981,
18 only a proportionate share of the costs permitted under this subdivision may be
19 included as project costs to the extent that they benefit the tax incremental district,
20 except that expenditures made or estimated to be made or monetary obligations
21 incurred or estimated to be incurred by a 1st class city, to fund parking facilities
22 ancillary to and within one mile from public entertainment facilities, including a
23 sports and entertainment arena, shall be considered to benefit any tax incremental
24 district located in whole or in part within a one-mile radius of such parking facilities.

end of insert
2-1 A

SENATE BILL 209

SECTION 41

1 **SECTION 41.** 71.93 (8) (c) of the statutes is created to read:

2 71.93 (8) (c) 1. The department shall credit to the appropriation account under
3 s. 20.835 (6) (g) the debts collected for a county having a population of 750,000 or
4 more and containing a 1st class city and that certifies debt under s. 59.40 (4), 59.52
5 (28), or 59.67 (2).

6 2. The amount the department pays to a county under subd. 1. in each fiscal
7 year shall equal the debts collected and credited to the appropriation account under
8 s. 20.835 (6) (g) in that fiscal year, less \$4,000,000 and any other amount specified
9 in the agreement under subd. 3.

10 3. The department and a county shall enter into an agreement to determine the
11 amount of debts collected in a fiscal year that are not paid to the county, but that may
12 be reserved in the appropriation account under s. 20.835 (6) (g) for future payment
13 to the county, and to lapse to the general fund for the purpose of making payments
14 from the appropriation account under s. 20.855 (4) (cr).

15 **SECTION 42.** 71.93 (8) (c) of the statutes, as created by 2015 Wisconsin Act
16 (this act), is repealed and recreated to read:

17 71.93 (8) (c) The department shall credit to the appropriation account under
18 s. 20.835 (6) (g) the debts collected for a county having a population of 750,000 or
19 more and containing a 1st class city and that certifies debt under s. 59.40 (4), 59.52
20 (28), or 59.67 (2).

21 **SECTION 43.** 74.07 of the statutes is amended to read:

22 **74.07 Treasurers responsible for collection.** The taxation district
23 treasurer and the county treasurer shall collect the general property taxes, special
24 assessments, special taxes and special charges shown in the tax roll. Except as
25 required under s. 59.67 (2), if authorized by the county board, the county treasurer

Amend
2-1B

SENATE BILL 209

1 may contract with a debt collector, as defined in s. 427.103 (3), or enter into an
2 agreement with the department of revenue under s. 71.93 (8) for the collection of
3 debt. Any contract entered into with a debt collector shall provide that the debt
4 collector shall be paid from the proceeds recovered by the debt collector.

*end of insert
2-1B*

5 **SECTION 44.** 77.22 (1) of the statutes is amended to read:

6 77.22 (1) There is imposed on the grantor of real estate a real estate transfer
7 fee at the rate of 30 cents for each \$100 of value or fraction thereof on every
8 conveyance not exempted or excluded under this subchapter. In regard to land
9 contracts the value is the total principal amount that the buyer agrees to pay the
10 seller for the real estate. This fee shall be collected by the register at the time the
11 instrument of conveyance is submitted for recording. Except as provided in s. 77.255,
12 at the time of submission the grantee or his or her duly authorized agent or other
13 person acquiring an ownership interest under the instrument, or the ~~clerk of court~~
14 judgment creditor in the case of a foreclosure under s. 846.16 (1), shall execute a
15 return, signed by both grantor and grantee, on the form prescribed under sub. (2).
16 The register shall enter the fee paid on the face of the deed or other instrument of
17 conveyance before recording, and, except as provided in s. 77.255, submission of a
18 completed real estate transfer return and collection by the register of the fee shall
19 be prerequisites to acceptance of the conveyance for recording. The register shall
20 have no duty to determine either the correct value of the real estate transferred or
21 the validity of any exemption or exclusion claimed. If the transfer is not subject to
22 a fee as provided in this subchapter, the reason for exemption shall be stated on the
23 face of the conveyance to be recorded by reference to the proper subsection under s.
24 77.25.

25 **SECTION 45.** 77.54 (62) of the statutes is created to read:

Kreye, Joseph

From: Ottman, Tad
Sent: Thursday, January 28, 2016 3:43 PM
To: Kreye, Joseph
Subject: county debt collection draft
Attachments: DRAFT Debt Statute 1-25-16.docx

Joe,

This is language from the county that is a redraft of the LRB 2784/P1 draft you had prepared for us. Can you redraft the language for us with this new language?

Thanks,

Tad

Tad Ottman
Legislative Aide
Senator Scott Fitzgerald
608.266.5660

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

AN ACT to renumber and amend 59.40 (4); to amend 59.52 (28) and 74.07; and to create 59.40 (4) (b) and 59.67 of the statutes; relating to: the Department of Revenue collecting debt for a county.

Summary

This bill requires that a county having a population of 750,000 or more and containing a first class city enter into an agreement with the Department of Revenue (DOR) to have DOR collect the county's debt, including debt owed to the county circuit court. Other counties are allowed, but not required, to enter into agreements with DOR to collect debt.

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

SECTION 1. 20.835 (6) of the statutes is created to read:

20.835 (6) DEBT COLLECTION. (g) *County debt collection.* All moneys received from debts collected under s. 71.93 (8), pursuant to agreements with counties having a population of 750,000 or more and containing a 1st class city under ss. 59.40 (4) (b) and 59.67 (2), to make all payments required under s. 71.93 (8) (c) in each fiscal year.

SECTION 2. 59.17(2) (b) 8. of the statutes is created to read:

59.17 (2) (b) 8. Establish a Division of Revenue within the Department of Administration responsible for the efficient collection of accounts receivable, administration of debts collected under S. 71.93 (8). The Division of Revenue shall publish procedures that offer payment plans to debtors that meet asset and income limitations. The minimum payment shall be \$50 per month or equal monthly installments over 36 months, whichever is more. If the monthly payment as calculated

above, together with any child support payments, would reduce the debtor's annual household income to below 100% of the federal poverty line for the debtor's household size, then the payment plan may extend beyond 36 months, provided that the minimum payment remain at \$50 per month. Payment plans shall only be offered to debtors that meet any one the following criteria:

(a) Debtors whose annual household income is less than 150% of the federal poverty line for the debtor's household size.

(b) Debtors whose annual household income is expected to be less than 150% of the federal poverty line in future years because of a hospitalization or disability of the debtor or a member of the debtor's household in the previous 12 months prior to the time the debt is incurred.

(c) Debtors whose household income is expected to be less than 150% of the federal poverty line in future years because of unemployment of at least 90 consecutive days of the debtor or a member of the debtor's household over the age of 18 in the previous 12 months prior to the time the debt is incurred.

(d) Debtors who are on active duty military service during a war, military operation, or national emergency.

SECTION 3. 59.40 (4) of the statutes, as affected by 2015 Wisconsin Act 55, is renumbered 59.40 (4) (a) and amended to read:

59.40 (4) (a) CLERK OF CIRCUIT COURT; DEBT COLLECTOR CONTRACT. ~~If~~ Except as required under s. 59.67 (2), and except as provided in par. (b), if authorized by the board under s. 59.52 (28), the clerk of circuit court may contract with a debt collector, as

defined in s. 427.103 (3), or enter into an agreement with the department of revenue under s. 71.93 (8) for the collection of debt. Any contract entered into with a debt collector shall provide that the debt collector shall be paid from the proceeds recovered by the debt collector. Any contract entered into with the department shall provide that the department shall charge a collection fee, as provided under s. 71.93 (8) (b) 1. The net proceeds received by the clerk of circuit court after the payment to the debt collector shall be considered the amount of debt collected for purposes of distribution to the state and county under sub. (2) (m).

SECTION 4. 59.40 (4) (b) of the statutes is created to read:

59.40 (4) (b) A county having a population of 750,000 or more and containing a 1st class city shall enter into an agreement to collect debt with the department of revenue under s. 59.67 (2) no later than October 5, 2015.

SECTION 5. 59.52 (28) of the statutes, as affected by 2015 Wisconsin Act 55, is amended to read:

59.52 (28) COLLECTION OF COURT IMPOSED PENALTIES. ~~The~~ Except as required under s. 59.67 (2), the board may adopt a resolution authorizing the clerk of circuit court, under s. 59.40 (4), to contract with a debt collector, as defined in s. 427.103 (3), or enter into an agreement with the department of revenue under s. 71.93 (8) for the collection of debt.

SECTION 6. 59.67 of the statutes is created to read:

59.67 Debt collection. (1) AGREEMENTS. Except as provided in sub. (2), a county may enter into an agreement with the department of revenue under s. 71.93 (8) (b) 2. to collect the county's debt.

(2) COUNTY WITH A 1ST CLASS CITY. (a) A county having a population of 750,000

or more and containing a 1st class city shall enter into an agreement with the department of revenue under s. 71.93 (8) (b) 2. to collect all of the county's debt. The agreement may take effect by written proclamation of the county executive of such a county without any action being taken by, or approval needed from, the county board. For purposes of this paragraph, the county shall do all of the following:

1. Execute an agreement under s. 71.93 (8) (b) 2. no later than June 30, 2016. An agreement under this paragraph may allow the county to refer debts for collection over time, subject to approval of the department of revenue, rather than refer all debts for collection at the time the county and the department of revenue enter into the agreement. The agreement shall specify that debts under s. 59.40 (4) or 59.52 (28) for restitution owed to a person other than the county will not be certified for the purposes of this subdivision.

2. Recertify debts under s. 71.935 that are greater than \$50 and more than 90 days past due to the department of revenue under s. 71.93 (8). The county shall certify debts under this subdivision electronically, in the manner determined by the department of revenue, no later than December 1, 2016.

3. Certify any debt owed to the county that is more than 90 days past due to the department of revenue under s. 71.93 (8) (b) unless the debt is subject to active negotiation between the county and the debtor.

(b) The department of revenue shall notify the county of all debts certified under par. (a) that the department determines are uncollectible. The county may enter into a contract with a debt collector, as defined in s. 427.103 (3), to collect debts that the department determines are uncollectible.

(3) All amounts collected under s. 59.40 (4) or 59.52 (28) for a county having a population of 750,000 or more and containing a 1st class city or for a circuit court located in such a county shall be paid to the department of revenue and no other person shall have any claim to the amounts.

SECTION 7. 71.93 (8) (B) 1. Of the statutes, as affected by 2015 Wisconsin Act 55 is amended to read:

71.93 (8) (b) 1. Except as provided in subd. 2., a state agency and the department of revenue shall enter into a written agreement to have the department collect any amount owed to the state agency that is more than 90 past due, unless negotiations between the agency and debtor are actively ongoing, the debt is subject to legal action or administrative proceedings or the agency determines the debtor is adhering to an acceptable payment arrangement. For counties participating in the debt collection program under 59.67 (2), the county executive shall have authority to approve acceptable payment arrangements. At least 30 days before the department pursues the collection of any debt referred by a state agency, either the department or the agency shall provide the debtor with a written notice that the debt will be referred to the department for collection. The department may collect amounts owed, pursuant to the written agreement, from the debtor in addition to offsetting amounts as provided under sub. (3). The department shall charge each debtor whose debt is subject to collection under this paragraph and par. (c) a collection fee and that amount shall be credited to the appropriation under s. 20.566 (1) (h).

SECTION 8. 71.93 (8) (c) of the statutes is created to read:

71.93 (8) (c) 1. The department shall credit to the appropriation account under s.

20.835 (6) (g) the debts collected for a population of 750,000 or more and containing a 1st class city and that certifies debt under s. 59.40 (4), 59.62 (28) or 59.67 (2).

2. The amount the department pays to a county under subd.1. in each fiscal year shall equal the debts collected and credited to the appropriation account under s.835 (6) (g) in that fiscal year, less any other amount specified in the agreement under subd. 3.

3. The department and a county shall enter into an agreement to determine the amount of debts collected in a fiscal year that that are not paid to the county, but may be reserved in the appropriation account under s. 20.835 (6) (g) for future payment to the county, and to lapse to the general fund for the purpose of making payments from the appropriation account under s. 20.8555 (4) (cr).

4. The county shall enter into an agreement with a local workforce investment board established under 29 U.S.Code SS 2832 and pay the local workforce investment board \$1 million each fiscal year from revenue received under subd.1for job training and workforce development programs.

SECTION 9. 74.07 of the statutes is amended to read:

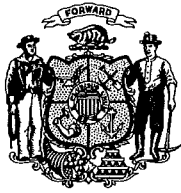
74.07 Treasurers responsible for collection. The taxation district treasurer and the county treasurer shall collect the general property taxes, special assessments, special taxes and special charges shown in the tax roll. Except as required under s. 59.67 (2), if authorized by the county board, the county treasurer may contract with a debt collector, as defined in s. 427.103 (3), or enter into an agreement with the department of revenue under s. 71.93 (8) for the collection of debt. Any contract entered into with a debt collector shall provide that the debt collector shall be paid from the proceeds recovered by the debt collector.

SECTION 10. 79.035 (7) is created to read:

79.035 (7) (a) If in any year a county having a population of 750,000 or more and containing a 1st class city does not certify its debts under s. 59.67 (2) to the fullest extent possible, as determined by the secretary of revenue, for collection under 71.93 (8), the secretary of revenue shall report to the county the estimated amount of revenue forgone and the department responsible.

(b) The official responsible for preparing the budget for a county that is subject to a reduction under par. (a) and the final budget approved by the county shall proportionately reduce funding to each county department, division or office that caused the reduction under par. (a) as determined by the secretary of revenue.

(END)



State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-2784/P1

JK:wlj

Handwritten initials: P2, EJS

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Handwritten initials: SA

Handwritten note in an oval: filed 2-3

Handwritten note in an oval: Co. Cost

1 AN ACT *to renumber and amend* 59.40 (4); *to amend* 59.52 (28) and 74.07; and
2 *to create* 59.40 (4) (b) and 59.67 of the statutes; **relating to:** the Department
3 of Revenue collecting debt for a county. *and making an appropriation*

Analysis by the Legislative Reference Bureau

This bill requires that a county having a population of 750,000 or more and containing a first class city enter into an agreement with the Department of Revenue (DOR) to have DOR collect the county's debt, including debt owed to the county circuit court. Other counties are allowed, but not required, to enter into agreements with DOR to collect debt. All such agreements must provide that DOR charge a collection fee to the county for collecting the debt. Under current law, counties may enter into debt collection agreements with DOR, and DOR may charge an administrative fee for collecting debts.

The bill provides that a debt collection agreement between DOR and a county having a population of 750,000 or more and containing a first class city may take effect by the county executive's written proclamation, without any action being taken by, or approval needed from, the county board. The county must certify for collection all debts that are more than 90 days past due, except the county may not certify for collection restitution owed to a person other than the county. If DOR determines that any certified debts are uncollectible, DOR will notify the county of the uncollectible debts and the county may contract with another debt collector to collect those debts.

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

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

Amend
2-1

1 SECTION 1. 59.40 (4) of the statutes, as affected by 2015 Wisconsin Act 55, is
2 renumbered 59.40 (4) (a) and amended to read:

3 59.40 (4) (a) CLERK OF CIRCUIT COURT; DEBT COLLECTOR CONTRACT. If Except as
4 required under s. 59.67 (2), and except as provided in par. (b), if authorized by the
5 board under s. 59.52 (28), the clerk of circuit court may contract with a debt collector,
6 as defined in s. 427.103 (3), or enter into an agreement with the department of
7 revenue under s. 71.93 (8) for the collection of debt. Any contract entered into with
8 a debt collector shall provide that the debt collector shall be paid from the proceeds
9 recovered by the debt collector. Any contract entered into with the department shall
10 provide that the department shall charge a collection fee, as provided under s. 71.93
11 (8) (b) 1. The net proceeds received by the clerk of circuit court after the payment to
12 the debt collector shall be considered the amount of debt collected for purposes of
13 distribution to the state and county under sub. (2) (m).

14 SECTION 2. 59.40 (4) (b) of the statutes is created to read:

15 59.40 (4) (b) A county having a population of 750,000 or more and containing
16 a 1st class city shall enter into an agreement to collect debt with the department of
17 revenue under s. 59.67 (2) no later than October 5, 2015 June 30, 2016

18 SECTION 3. 59.52 (28) of the statutes, as affected by 2015 Wisconsin Act 55, is
19 amended to read:

20 59.52 (28) COLLECTION OF COURT IMPOSED PENALTIES. The Except as required
21 under s. 59.67 (2), the board may adopt a resolution authorizing the clerk of circuit

1 court, under s. 59.40 (4), to contract with a debt collector, as defined in s. 427.103 (3),
2 or enter into an agreement with the department of revenue under s. 71.93 (8) for the
3 collection of debt.

4 SECTION 4. 59.67 of the statutes is created to read:

5 **59.67 Debt collection. (1) AGREEMENTS.** Except as provided in sub. (2), a
6 county may enter into an agreement with the department of revenue under s. 71.93
7 (8) (b) 2. to collect the county's debt.

June 30, 2016

8 (2) COUNTY WITH A 1ST CLASS CITY. (a) A county having a population of 750,000
9 or more and containing a 1st class city shall enter into an agreement with the
10 department of revenue under s. 71.93 (8) (b) 2. to collect all of the county's debt. The
11 agreement may take effect by written proclamation of the county executive of such
12 a county without any action being taken by, or approval needed from, the county
13 board. For purposes of this paragraph, the county shall do all of the following:

14 1. Execute an agreement under s. 71.93 (8) (b) 2. no later than October 5, 2015

15 An agreement under this paragraph may allow the county to refer debts for collection
16 over time, subject to approval of the department of revenue, rather than refer all
17 debts for collection at the time the county and the department of revenue enter into
18 the agreement. The agreement shall specify that debts under s. 59.40 (4) or 59.52
19 (28) for restitution owed to a person other than the county will not be certified for the
20 purposes of this subdivision.

21 2. Recertify debts under s. 71.935 that are greater than \$50 and more than 90
22 days past due to the department of revenue under s. 71.93 (8). The county shall
23 certify debts under this subdivision electronically, in the manner determined by the
24 department of revenue, no later than December 1, 2015

2016

2015-2016 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2784/P2ins
JK:wlj

Insert A

The bill also authorizes the county executive to establish a division of revenue within the county's department of administration that is responsible for the efficient collection of accounts receivable and the administration of debts collected by DOR. The division is required to establish payment plans for debtors who meet certain income limitations. In general, the division may offer payment plans, including installment plans, to a debtor whose annual household income is less than 150 percent of the federal poverty line for the size of the debtor's household.

Finally, if DOR determines that the county has not certified its debts to DOR to the fullest extent possible, DOR will notify the county of the revenue that it would have collected had the the county completely certified its debts. In addition, DOR will notify the county of the units of county government responsible for not certifying debts and the county must reduce its funding to such units in proportion to the amounts not collected.

Insert 2 - 1

SECTION 1. 20.835 (6) of the statutes is created to read:

20.835 (6) DEBT COLLECTION. (g) *County debt collection.* All moneys received from debts collected under s. 71.93 (8), pursuant to agreements with counties having a population of 750,000 or more and containing a 1st class city under ss. 59.40 (4) (b) and 59.67 (2), to make all payments required under s. 71.93 (8) (c) in each fiscal year.

SECTION 2. 59.17 (2) (b) 8. of the statutes is created to read:

59.17 (2) (b) 8. Establish a division of revenue within the county department of administration that is responsible for the efficient collection of accounts receivable and the administration of debts collected under s. 71.93 (8). The division shall establish payment plans for debtors who meet certain income limitations and shall publish information about those plans. The minimum payment under any such plan is the greater of \$50 a month or the amount required to pay the debt in full by paying equal monthly installments for 36 months. If a monthly payment under an installment plan, together with any monthly child supports payments paid by the debtor, would reduce the debtor's annual household income to an amount that is

1 below 100 percent of the poverty line established under 42 USC 9902 (2) for the size
2 of debtor's household, the division may extend the debtor's installment plan beyond
3 36 months with a minimum monthly payment of \$50. The division may offer
4 payment plans established under this subdivision to any of the following debtors:

5 a. A debtor whose annual household income is less than 150 percent of the
6 poverty line established under 42 USC 9902 (2) for the size of the debtor's household.

7 b. A debtor whose annual household income will be less than 150 percent of the
8 poverty line established under 42 USC 9902 (2) for the size of the debtor's household
9 as ^a result of the debtor or a member of the debtor's household being hospitalized or
10 disabled during the 12 months prior to when the debtor incurred the debt.

11 c. A debtor whose annual household income will be less than 150 percent of the
12 poverty line established under 42 USC 9902 (2) for the size of the debtor's household
13 as ^a result of the debtor or an adult member of the debtor's household being
14 unemployed for at least 90 consecutive days during the 12 months prior to when the
15 debtor incurred the debt.

16 d. A debtor who is on active duty in the U.S. armed forces or national guard
17 during a war, military operation, or national emergency.

Insert 4 - 11

18 **SECTION 3.** 71.93 (8) (b) 1. of the statutes, as affected by 2015 Wisconsin Act 55,
19 is amended to read:

20 71.93 (8) (b) 1. Except as provided in subd. 2., a state agency and the
21 department of revenue shall enter into a written agreement to have the department
22 collect any amount owed to the state agency that is more than 90 days past due,
23 unless negotiations between the agency and debtor are actively ongoing, the debt is

1 the subject of legal action or administrative proceedings, or the agency determines
 2 that the debtor is adhering to an acceptable payment arrangement. For counties
 3 participating in the debt collection program under s. 59.67 (2), the county executive
 4 may approve acceptable payment arrangements. At least 30 days before the
 5 department pursues the collection of any debt referred by a state agency, either the
 6 department or the agency shall provide the debtor with a written notice that the debt
 7 will be referred to the department for collection. The department may collect
 8 amounts owed, pursuant to the written agreement, from the debtor in addition to
 9 offsetting the amounts as provided under sub. (3). The department shall charge each
 10 debtor whose debt is subject to collection under this paragraph a collection fee and
 11 that amount shall be credited to the appropriation under s. 20.566 (1) (h).

History: 1987 a. 312; 1989 a. 31; 1993 a. 437; 1995 a. 27 ss. 3427 to 3429, 9126 (19), 9130 (4); 1995 a. 404; 1997 a. 3, 27; 2001 a. 16; 2003 a. 33; 2005 a. 25, 59, 254; 2007 a. 20 ss. 2141 to 2142, 9121 (6) (a); 2007 a. 97, 200; 2009 a. 28; 2013 a. 20, 308; 2015 a. 55.

SECTION 4. 71.93 (8) (c) of the statutes is created to read:

13 71.93 (8) (c) 1. The department shall credit to the appropriation account under
 14 s. 20.835 (6) (g) the debts collected for a county having a population of 750,000 or
 15 more and containing a 1st class city and that certifies debt under s. 59.40 (4) 59.52

16 (28), and of 59.67 (2).

17 2. The amount the department pays to a county under subd. 1. in each fiscal
 18 year shall equal the debts collected and credited to the appropriation account under
 19 s. 20.835 (6) (g) in that fiscal year, less any amount specified in the agreement under
 20 subd. 3.

21 3. The department and the county shall enter into an agreement to determine
 22 the amount of debts collected in a fiscal year that are not paid to the county, but that
 23 may be reserved in the appropriation account under s. 20.835 (6) (g) for future

and used.

and less the payments made under subd. 4.

1 payment to the county, ^{or} and to lapse to the general fund for the purpose of making
2 payments from the appropriation account under s. 20.855 (4) (cr).

3 4. ^{as described in subd. 1} The county shall enter into an agreement with a local workforce development
4 board established under 29 USC 2832 and pay the local workforce development
5 board, from the revenue received under subd. ^{e 2} (1), \$1,000,000 each fiscal year for job
6 training and workforce development programs.

7 5. If ⁱⁿ any year a county having a population of 750,000 or more and containing
8 a 1st class city does not certify its debts under s. 59.67 (2) to the fullest extent
9 possible, as determined by the secretary of revenue, for collection under this
10 subsection, the secretary shall report to the county the estimated amount of revenue
11 foregone and the unit of county government responsible for not certifying the debt
12 to the fullest extent possible. In the final budget approved by the county, the county
13 shall proportionately reduce funding to each responsible unit of county government
14 so that the total reduction equals the revenue foregone.

^{as} described in subd. 1.