



State of Wisconsin

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RICHARD CHAMPAGNE
CHIEF

February 15, 2016

MEMORANDUM

To: Senator Darling

From: Joseph T. Kreye, Legal Section Administrator, (608) 266-2263

Subject: Technical Memorandum to **2015 SB 735** (LRB-2784/1) by **DOR**

We received the attached technical memorandum relating to your bill. This copy is for your information and your file.

If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

February 12, 2016

TO: Joseph Kreye
Legislative Reference Bureau

FROM: Mike Wagner
Department of Revenue

SUBJECT: Technical Memorandum on Senate Bill 735: Relating to the Department of Revenue Collecting Debt for a County and Making an Appropriation

The Department has the following concerns related to the bill:

- **Section 1**, line 5 – eliminate the following at the end of the sentence: "to make all payments required under s. 71.93 (8) (c) in each fiscal year."

Under current law, DOR is able to pay the county directly for amounts collected or move the money collected into appropriation 20.835(6). The legislation requires DOR and the county to agree how much DOR will move out of the appropriation and to the county at the end of the year, and how much will be retained in the appropriation for future use by the county (see Section 8). DOR should not be involved in determining how Milwaukee County uses the delinquent debt collected for them.

- **Section 6**, line 21 – suggested wording change: "All amounts collected under s. ~~59.40 (4) or 59.52 (28)~~ 71.93 (8) ... shall be paid to the department of revenue and no other person shall have any claim to the amounts."

The county will receive some payment before the debt is referred to DOR for collection. If DOR returns debt as uncollectible and the county sends the debt to a private collection agency for collection, some funds could be collected by the private collection agency. It is not appropriate for those funds to be paid to DOR.

- **Section 7**, lines 8 to 10 – eliminate the following sentence: "For counties participating in the debt collection program under s. 59.67 (2), the county executive may approve acceptable payment arrangements."

The county already has the ability to enter/approve acceptable payment arrangements prior to the referral of the debt to DOR for collection. For debt referred for collection under s. 71.93 (8), DOR manages collection efforts for all state and local agencies, including approving acceptable payment arrangements. This language in this section will cause unnecessary delays because DOR will need to seek approval from the county executive before entering into payment plans with a debtor for the county debt.

- **Section 8**, line 21 – suggested wording change: "The department shall credit to the appropriation account under s. 20.835 (6) (g) the debts collected for a county having a population of 750,000 or more and containing a 1st class city under an agreement under s. ~~59.40 (4) and 59.67 (2)~~71.93 (8) (b) 1."

The bill requires that all payments collected for the county debt would need to be sent to DOR, regardless of whether they are collected by DOR. DOR should only manage debt placed with DOR for collection under 71.93 (8). Removing statutes 59.40 (4) and 59.67 (2), and replacing them with 71.93 (8) (b) 1, should correct the issue.

- **Section 8**, line 3 to 8 – 71.93 (8) (c) 3 should be moved to Chapter 59.

The DOR Secretary should not have a role in determining how the county manages the amounts collected on behalf of the county by DOR.

- **Section 8**, line 9 to 12 – 71.93 (8) (c) 4 should be moved to Chapter 59.

DOR would have no role in the agreement between the county and a local workforce development board.

If you have any questions regarding this technical memorandum, please contact Brad Caruth at (608) 261-8984 or bradley.caruth@revenue.wi.gov.

cc: Senator Darling