



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2015 Senate Bill 735

**Senate
Amendments 1, 2, and 3**

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2015 SENATE BILL 735

2015 Senate Bill 735, relating to the Department of Revenue (DOR) collecting debt for a county and making an appropriation, directs Milwaukee County to enter into an agreement with DOR no later than June 30, 2016, for the collection of debts owed to the county. Generally, revenues collected under the agreement would be transferred to the county. From the revenue received under the debt collection agreement, the bill requires the county to commit \$1 million each fiscal year for job training and workforce development programs, through agreement with the local workforce development board.

The bill directs the Milwaukee County Executive to establish a division of revenue within the county Department of Administration to administer debt collections under the agreement and to establish payment plans for certain qualified debtors, and specifies that the county executive may approve acceptable payment arrangements as those arrangements relate to collection efforts under the agreement with DOR.

Additionally, the bill specifies that if the county does not certify its debts to the fullest extent possible, as determined by the DOR Secretary, the Secretary shall report to the county its estimate of foregone revenue and the unit of county government responsible for not certifying the debt to the fullest extent possible. Upon receiving such a report, the county shall proportionately reduce funding to each responsible unit of county government in the final budget approved by the county.

SENATE AMENDMENT 1

Senate Amendment 1 specifies that the Clerk of Circuit Court may enter into a debt collection agreement with DOR to collect restitution owed to victims of crime.

SENATE AMENDMENT 2

Senate Amendment 2 makes the following modifications to the bill:

- Specifies that the Milwaukee County Division of Revenue must reconcile the amounts collected under the debt collection agreement and ensure that amounts paid are appropriately credited towards the outstanding balance owed by each individual debtor by crediting payments in an individual debtor's account based on the priority provided by law. The amendment also specifies that county is entitled to the total amount collected and credited to the appropriation account under the debt collection agreement.
- Lowers the minimum monthly payment under an extended payment plan from \$50 to \$25 for certain qualifying debtors.
- Specifies that a debtor qualifies for a payment plan under the bill if the debtor's household income falls below 200% of the federal poverty line due to incarceration of the debtor or a member of the debtor's household in the 12 months prior to the incurrence of the debt.
- Specifies that the initial term of the debt collection agreement between Milwaukee County and DOR is for three years, followed by extension for additional three-year terms if the Milwaukee County Comptroller certifies that the agreement has resulted in increased collections over the initial term of the agreement.

SENATE AMENDMENT 3

In addition to certain technical changes, Senate Amendment 3 makes the following modifications to the bill:

- Increases the income threshold for debtors qualifying for payment plans under the bill from 150% of the federal poverty line to 200% of the federal poverty line.
- Directs the Milwaukee County Executive to enter into an agreement with the local workforce development board for job training and workforce development programs, funded by \$1,000,000 from the revenue received from the DOR debt collection agreement or 50% of the amount collected, whichever is less.
- Clarifies that, for purposes of the DOR debt collection agreement, delinquent property taxes may be certified for collection 90 days after the due date of the last installment.

- Specifies a January 1, 2036 sunset for the requirement that Milwaukee County must contract with DOR for the collection of debt.
- Removes a provision specifying the county executive's authority to approve the acceptable payment arrangements for purposes of determining whether a debt will be referred to DOR under the debt collection agreement. [As modified by Senate Amendment 3, the bill would retain the provisions relating to establishment of a division of revenue within the county Department of Administration and, with the increased income threshold referenced above, the establishment of payment plans for qualified debtors].
- Specifies that DOR may not hire or contract with additional staff to implement and administer the bill.

BILL HISTORY

Senator Darling offered Senate Amendments 1, 2, and 3 on February 18, 2016. On March 8, 2016, the Senate Committee on Revenue, Financial Institutions, and Rural Issues unanimously adopted Senate Amendments 1, 2, and 3. On the same day, the committee recommended passage of Senate Bill 735, as amended, on a vote of Ayes, 3; Noes, 2.

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