



ENGROSSED 2015 ASSEMBLY BILL 885

March 9, 2016 - Printed by direction of SENATE CHIEF CLERK.

1 **AN ACT to renumber and amend** 59.40 (4); **to amend** 59.52 (28) and 74.07; and
2 **to create** 20.835 (6), 59.17 (2) (b) 8., 59.17 (2) (b) 9., 59.40 (4) (b), 59.52 (28a),
3 59.67 and 71.93 (8) (c) of the statutes; **relating to:** the Department of Revenue
4 collecting debt for a county and making an appropriation.

Analysis by the Legislative Reference Bureau

Engrossment information:

The text of Engrossed 2015 Assembly Bill 885, as passed by the assembly on February 18, 2016, consists of the following documents adopted in the assembly on February 18, 2016: the bill as affected by Assembly Amendment 1, Assembly Amendment 3, and Assembly Amendment 4. The text also includes the February 17, 2016, chief clerk's corrections to Assembly Amendment 1 and the March 9, 2016, chief clerk's corrections to Assembly Amendment 3.

Content of Engrossed 2015 Assembly Bill 885:

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.

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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 200 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).

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 be
10 responsible for monthly reconciliation of amounts collected under s. 71.93 (8) and

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1 shall ensure that amounts paid are appropriately credited towards the outstanding
2 balance owed by each individual debtor. The division shall credit payments in an
3 individual debtor's account based on the priority provided by law. The county is
4 entitled to the total amount collected and credited to the appropriation account
5 under s. 20.835 (6). The division shall establish payment plans for debtors who meet
6 certain income limitations and shall publish information about those plans. The
7 minimum payment under any such plan is the greater of \$50 a month or the amount
8 required to pay the debt in full by paying equal monthly installments for 36 months.
9 If a monthly payment under an installment plan, together with any monthly child
10 support payments paid by the debtor, would reduce the debtor's annual household
11 income to an amount that is below 100 percent of the poverty line established under
12 42 USC 9902 (2) for the size of the debtor's household, the division may extend the
13 debtor's installment plan beyond 36 months with a minimum monthly payment of
14 \$25. The division may offer payment plans established under this subdivision to any
15 of the following debtors:

16 a. A debtor whose annual household income is less than 200 percent of the
17 poverty line established under 42 USC 9902 (2) for the size of the debtor's household.

18 b. A debtor whose annual household income will be less than 200 percent of the
19 poverty line established under 42 USC 9902 (2) for the size of the debtor's household
20 as a result of the debtor or a member of the debtor's household being hospitalized or
21 disabled during the 12 months prior to when the debtor incurred the debt.

22 c. A debtor whose annual household income will be less than 200 percent of the
23 poverty line established under 42 USC 9902 (2) for the size of the debtor's household
24 as a result of the debtor or an adult member of the debtor's household being

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1 unemployed for at least 90 consecutive days during the 12 months prior to when the
2 debtor incurred the debt.

3 cm. A debtor whose annual household income will be less than 200 percent of
4 the poverty line established under 42 USC 9902 (2) for the size of the debtor's
5 household as a result of the debtor or a member of the debtor's household being
6 incarcerated during the 12 months prior to when the debtor incurred the debt.

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

9 **SECTION 2d.** 59.17 (2) (b) 9. of the statutes is created to read:

10 59.17 (2) (b) 9. Enter into an agreement with a local workforce development
11 board established under 29 USC 2832 and pay the local workforce development
12 board each fiscal year for job training and workforce development programs, from the
13 revenue received from debt collection under subd. 8., \$1,000,000 or 50 percent of the
14 amount collected, whichever is less. An agreement under this subdivision may not
15 be in effect for more than one year and may be renegotiated at any time.

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

18 59.40 (4) (a) CLERK OF CIRCUIT COURT; DEBT COLLECTOR CONTRACT. If Except as
19 required under s. 59.67 (2), and except as provided in par. (b), if authorized by the
20 board under s. 59.52 (28), the clerk of circuit court may contract with a debt collector,
21 as defined in s. 427.103 (3), or enter into an agreement with the department of
22 revenue under s. 71.93 (8) for the collection of debt. Any contract entered into with
23 a debt collector shall provide that the debt collector shall be paid from the proceeds
24 recovered by the debt collector. Any contract entered into with the department shall
25 provide that the department shall charge a collection fee, as provided under s. 71.93

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1 (8) (b) 1. The net proceeds received by the clerk of circuit court after the payment to
2 the debt collector shall be considered the amount of debt collected for purposes of
3 distribution to the state and county under sub. (2) (m).

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

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

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

10 59.52 (28) COLLECTION OF COURT IMPOSED PENALTIES. The Except as required
11 under s. 59.67 (2), the board may adopt a resolution authorizing the clerk of circuit
12 court, under s. 59.40 (4), to contract with a debt collector, as defined in s. 427.103 (3),
13 or enter into an agreement with the department of revenue under s. 71.93 (8) for the
14 collection of debt.

15 **SECTION 5b.** 59.52 (28a) of the statutes is created to read:

16 59.52 (28a) COLLECTION OF RESTITUTION. The clerk of circuit court may enter
17 into an agreement with the department of revenue under s. 71.93 (8) for the collection
18 of some or all of the restitution owed to victims of crime. The department shall return
19 the collected restitution, under the terms of the agreement, to the clerk of circuit
20 court for distribution to the victims entitled to the restitution.

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

22 **59.67 Debt collection. (1) AGREEMENTS.** Except as provided in sub. (2), a
23 county may enter into an agreement with the department of revenue under s. 71.93
24 (8) (b) 2. to collect the county's debt.

ENGROSSED ASSEMBLY BILL 885**SECTION 6**

1 **(2) COUNTY WITH A 1ST CLASS CITY.** (a) A county having a population of 750,000
2 or more and containing a 1st class city shall enter into an agreement with the
3 department of revenue under s. 71.93 (8) (b) 2. to collect all of the county's debt. The
4 agreement may take effect by written proclamation of the county executive of such
5 a county without any action being taken by, or approval needed from, the county
6 board. The initial term of the agreement shall be 3 years. The agreement may be
7 extended for additional 3-year terms if the comptroller certifies, prior to the
8 expiration of each term, that the agreement has resulted in increased collections over
9 the initial term of the agreement. For purposes of this paragraph, the county shall
10 do all of the following:

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

18 2. Recertify debts under s. 71.935 that are greater than \$50 and more than 90
19 days past due to the department of revenue under s. 71.93 (8). The county shall
20 certify debts under this subdivision electronically, in the manner determined by the
21 department of revenue, no later than December 1, 2016. For purposes of this
22 subdivision, delinquent property taxes may be certified for collection 90 days after
23 the due date of the last installment.

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

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

8 (c) This subsection does not apply after January 1, 2036.

9 **(3)** All amounts collected under s. 71.93 (8) for a county having a population
10 of 750,000 or more and containing a 1st class city or for a circuit court located in such
11 a county shall be paid to the department of revenue and no other person shall have
12 any claim to the amounts.

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

14 71.93 **(8)** (c) 1. The department shall credit to the appropriation account under
15 s. 20.835 (6) (g) the debts collected for a county having a population of 750,000 or
16 more and containing a 1st class city under an agreement under par. (b) 1.

17 2. The department shall pay to a county described in subd. 1. in each fiscal year
18 an amount equal to the debts collected for the county and credited to the
19 appropriation account under s. 20.835 (6) (g) in that fiscal year.

20 5. If in any year a county described in subd. 1. does not certify its debts under
21 s. 59.67 (2) to the fullest extent possible, as determined by the secretary of revenue,
22 for collection under this subsection, the secretary of revenue shall report to the
23 county the estimated amount of revenue foregone and the unit of county government
24 responsible for not certifying the debt to the fullest extent possible. In the final
25 budget approved by the county, the county shall proportionately reduce funding to

ENGROSSED ASSEMBLY BILL 885**SECTION 8**

1 each responsible unit of county government so that the total reduction equals the
2 revenue foregone.

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

4 **74.07 Treasurers responsible for collection.** The taxation district
5 treasurer and the county treasurer shall collect the general property taxes, special
6 assessments, special taxes and special charges shown in the tax roll. Except as
7 required under s. 59.67 (2), if authorized by the county board, the county treasurer
8 may contract with a debt collector, as defined in s. 427.103 (3), or enter into an
9 agreement with the department of revenue under s. 71.93 (8) for the collection of
10 debt. Any contract entered into with a debt collector shall provide that the debt
11 collector shall be paid from the proceeds recovered by the debt collector.

12 **SECTION 9m. Nonstatutory provisions.**

13 (1) The department of revenue may not hire or contract with additional staff
14 to implement and administer the provisions of this act.

15 (END)