



State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-2784/1
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2015 SENATE BILL 735

February 11, 2016 – Introduced by Senators DARLING and L. TAYLOR, cosponsored by Representatives KNODL and ZEPNICK. Referred to Committee on Revenue, Financial Institutions, and Rural Issues.

AUTHORS SUBJECT TO CHANGE

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.

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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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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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.

SENATE BILL 735**SECTION 7**

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

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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

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SECTION 9

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.

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(END)