TO: Teig Whaley-Smith, Director, Department of Administrative Services

FROM: Jason Haas, Chair, Intergovernmental Relations Committee
Members, Intergovernmental Relations Committee

RE: Senate Bill 735 / Assembly Bill 885

DATE: March 10, 2016

Please find below questions related to the development, language, and possible implementation of Senate Bill 735 / Assembly Bill 885. Based on our review, this bill will have a significant impact on county finances, county staff, and individual residents and taxpayers throughout the county.

Please provide your responses to the Committee, in writing, no later than Monday, March 14, 2016.

1. What was your or the Administration's involvement in drafting this bill?
    a. Did you request that legislation be introduced? Why?
    b. What is the benefit of the legislation to the County and its residents?
    c. Did you seek input from any groups that assess the impact of fines and forfeitures on people living at or near the poverty level?
        i. Have you read the U.S. Department of Justice's report that shows that the City of Ferguson's refusal to use "ability to pay" determinations and overly harsh payment plans has a "significant burden on people living in or near poverty"? See pages 52-54 of DOJ's report: https://www.justice.gov/sites/default/files/opa/press-releases/attachments/2015/03/04/ferguson_police_department_report.pdf.(High Fines, Coupled with Legally Inadequate Ability-to-Pay Determinations and Insufficient Alternatives to Immediate Payment, Impose a Significant Burden on People Living In or Near Poverty)
    d. Which legislators did you work with to draft the legislation?
    e. Did you seek input from the Clerk of Courts, the Treasurer, and the Comptroller on the language of the bill *prior* to receiving a draft of the bill?
    f. Have you examined the debts under the control of the Clerk of Courts and the Treasurer to understand the profile of the debtors?

2. Does the bill prohibit the County from entering into payment plans with *anyone* with an income of above 200 percent of the federal poverty level?
    a. Does the county *currently* enter into payment plans with individuals with incomes above 200 percent of the federal poverty level?

b. What will happen to those individuals who, despite having income above 200 percent of the federal poverty level, are unable to pay their debts with one large payment?
c. Will the County foreclose on property owners who are ineligible for entering into payment plans? If so, what will the County do with the foreclosed properties?
d. Does the County currently enter into payment plans with debtors based on their *ability to pay*, how will this legislation affect the County's ability to do that?
e. Will you offer payment plans to *all* individuals with incomes below 200 percent of the federal poverty level or just some? What criteria will you use to determine whether to enter into payment plans?
f. Will all debtors – including low-income debtors – be required to pay an *additional* 15% on top of their debt once the County has certified the debt to the state? Does the County currently charge a 15% surcharge on its debts?

3. What is the process that DAS will use to enter into payment plans with the thousands of potentially eligible debtors?
   a. Do you have IT infrastructure in place to accommodate such payment plans?
   b. How will you verify income levels? What if individuals have no way to verify their income level?
   c. What is the process the County will use to certify all of its 135,000 debt files to the state, including the 14,000 files that are not active or deemed uncollectible?
   d. Will DAS be seeking the additional staff to certify debts and to enter into payment plans? If yes, what is the estimated cost? If no, how much staff time is estimated to be required to perform the functions required by the bill?
   e. Do you expect that the County will incur additional costs (staff or otherwise) to implement the provisions of the bill?
   f. Will you be making any requests for additional financial or staff resources to implement the provisions of the bill?
   g. What is the Administration's plan to implement payment plans and manually certify the debt to the state within 90 days, especially since you will not receive certain files from County departments that administer the debt for 30 days in some cases?
   h. How will the County help debtors identify where to pay their debts since up to three different agencies within 90 days will oversee their debt – i.e. the original county department (treasurer, clerk of courts, etc.), DAS, the state?
   i. Will you be certifying all debt at exactly 90 days or will you certify some debt before 90 days?
   j. If you certify before 90 days, how is it fair to debtors who are automatically subject to a 15% surcharge.

4. Some of the County's outstanding property tax debt is owed by other *County* departments? Will the County be certifying the debt owed to it by itself to the state?

a. The legislation requires that the County certify *all* of its debt to the state, including debt owed to itself. If the County does not certify debt owed by another County agency will the County be out of compliance with the bill?

5. How much do you expect to receive in net increased collections as a result of this bill?
    a. Does the Comptroller agree with your assessment? If not, why do you think he disagrees?
    b. Did you *fully* analyze the debts, including their age and collectability before proposing the legislation? What process did you use to make such an assessment?
    c. If you did identify debts that were deemed uncollectable, why did you seek legislation to require that the county certify *all* debts, some as old as 20 years?

6. Is it your understanding that one of the amendments to the bill enable the Comptroller to discontinue the program after 3 years?
    a. The amendment is circular. How can it be implemented?
    b. What if the program results in less revenue in the first three years? How will you make up the budget gap?
    c. If DOR lacks the capacity to administer the County's debt, especially since it is specifically prohibited from adding the seven additional staff it says it needs to collect the debt, what recourse does the County have? Can it take back its debts?

7. How many municipalities does the state collect property tax debt on behalf of currently?

8. What amount of collections will be diverted to offset the county's payment for the Bucks arena?
    a. What amount of revenue will be placed into the reserve or the account under Wis. Stats. §§ 20.835(6)(g) and/or 20.855?

9. Will the County Board be asked to review the agreement with DOR/the state prior to its execution?
    a. Will the County Board be asked to approve the agreement with DOR/the state prior to its execution?

10. Does the County currently use private debt collectors collect the County's unpaid debt?
    a. How many people do these agencies employ?
    b. Are the debt collections tactics available to the state more aggressive than what the County's debt collectors currently use?
        i. Couldn't the state garnish wages, impose liens on property, etc? These are not actions currently used by private debt collectors?