

From the Milwaukee County Treasurer, requesting authorization to amend Section 6.03(4) of the Milwaukee County Code of General Ordinances to establish a clear and uniform process for the distribution of proceeds from the sale of tax foreclosed properties pursuant to Section 75.36, Wisconsin State Statutes, by recommending adoption of the following:

**A SUBSTITUTE RESOLUTION/ORDINANCE**

WHEREAS, currently the Milwaukee County Code of General Ordinances (the Code) is not explicit in naming a responsible department to direct the distribution of proceeds from the sale of tax foreclosed properties, nor does it specify an order for the distribution of proceeds from the sale of tax foreclosed properties; and

WHEREAS, in practice the Economic Development Division, Department of Administrative Services, has managed the distribution process; and

WHEREAS, per Section 75.36(3), Wisconsin State Statutes (the Statutes), the County Treasurer has the responsibility to direct the distribution process, to determine the net proceeds, and to disburse proceeds from the sale of foreclosed properties; and

WHEREAS, at present, there is no explicit and established process for distributing proceeds from the sale of tax foreclosed properties, and the Code requires clarification to be consistent with the Statutes; and

WHEREAS, the Committee on Economic and Community Development, at its meeting of April 10, 2017, recommended adoption of File No. 17-204 as substituted (vote 3-0); now, therefore,

BE IT RESOLVED, the Milwaukee County Board of Supervisors hereby amends Section 6.03(4) of the Milwaukee County Code of General Ordinances by adopting the following:

**AN ORDINANCE**

The Milwaukee County Board of Supervisors does ordain as follows:

**Section 1. Chapter 6.03(4) of the Milwaukee County Ordinances is amended as follows:**

4) *Sale of tax foreclosure properties.* The division shall sell tax foreclosure properties via offer to purchase.

(a) The division shall list marketable tax foreclosure properties for sale on the MLS (multiple listing service) at their appraised values.

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- 48 (i) If the division receives an offer to purchase a tax foreclosure property
- 49 within ninety (90) percent of its appraised value during the first one
- 50 hundred twenty (120) days of listing ("initial offer period"), it may sell the
- 51 property without further approval of the county board.
- 52
- 53 (ii) If the division receives an offer to purchase a tax foreclosure property
- 54 within seventy-five (75) percent of its appraised value during the next one
- 55 hundred twenty (120) days of listing ("extended offer period"), it may sell
- 56 the property without further approval of the county board.
- 57
- 58 (iii) If the extended offer period lapses without a sale, the division director may
- 59 authorize the sale of a tax foreclosure property without further approval of
- 60 the county board, provided that the purchase price is not less than twenty-
- 61 five (25) percent of the appraised value.
- 62
- 63 (iv) As an alternative to subs. (i)—(iii) above, the division may at any time
- 64 request separate board approval of an offer to purchase.
- 65
- 66 (iv) The division director, or his/her designee, shall have the authority to
- 67 negotiate additional terms with any potential buyer if doing so would be in
- 68 the best interests of the county, provided the additional terms do not
- 69 disregard the price directives in subs. (i)—(iii) above.
- 70
- 71 (b) The division shall negotiate with adjacent property owners or the municipality
- 72 in which the tax foreclosure resides for the disposition of unmarketable
- 73 (remnant) tax foreclosure properties. For purposes of this section,
- 74 unmarketable tax foreclosure properties are those properties which are
- 75 unbuildable by nature of their size, location or subsurface composition. The
- 76 division shall notify the county board of any agreements for the disposition of
- 77 unmarketable tax foreclosure properties. Board members will have five (5)
- 78 days to object to the sale or disposition in writing, at which point the
- 79 transaction will require the approval of the full board. In absence of a timely
- 80 objection, the agreement shall be deemed approved by the board per s.
- 81 59.17(2)(b)3, Wis. Stats.
- 82
- 83 ~~(c) All Annual proceeds from these sales less costs incurred by the economic~~
- 84 ~~development division, the office of the treasurer, and the corporation counsel,~~
- 85 ~~as well as any outstanding delinquent taxes, special assessment, special~~
- 86 ~~charges and delinquent utility charges, as well as accrued interest and~~
- 87 ~~penalties (already booked as receivables) shall be credited to the economic~~
- 88 ~~development account, unless otherwise directed in the annual budget.~~
- 89
- 90 (c) The Milwaukee County Treasurer shall direct the distribution of proceeds from
- 91 the sale of tax foreclosed properties per Wis. Stat. § 75. 36(3).
- 92

- (d) The Treasurer shall determine the net proceeds of the sale by subtracting the following costs and distribute the proceeds in the following order pursuant to Wis. Stat. § 75.36(3)(a):
- (i) The Treasurer's office shall be paid \$300 for costs related to: foreclosures, record-keeping, legal, advertising, and title insurance.
  - (ii) Corporation Counsel shall be paid \$500 for associated legal costs.
  - (iii) The Economic Development Division shall be paid \$5,000 or 10 percent of the sale price, whichever is less, for costs enumerated in Wis. Stat. § 75.36(3)(a)(1), (these costs include foreclosure, record-keeping, legal, advertising, and title insurance costs).
  - (iv) The Economic Development Division may be paid for other actual costs per Wis. Stat. § 75.36(3)(a)(1m), subject to the review of the Office of the Treasurer and the Office of the Comptroller (these actual costs include maintenance, board-up, clean-up, demolition, and all other costs reasonable and necessary to sell the property).
  - (v) Real estate agent or broker fees for selling the property per Wis. Stat. § 75.36(3)(a)(2) are paid and accounted for at the closing of the sale, and should not be separately deducted.
  - (vi) The Treasurer's Office shall be paid for unpaid general property taxes, special assessments, special charges, and special taxes levied against the property sold, previously paid to taxing jurisdictions by the Treasurer. This includes any interest and penalties imposed per Wis. Stat. § 74.47.
- (e) The remaining net proceeds shall be distributed to the former owner if the property was a homestead per Wis. Stat. § 75.36(4). If the former owner does not collect the homestead proceeds, the proceeds shall be placed in Milwaukee County's Appropriation for Contingencies Fund, unless the County Board of Supervisors allocates these funds for a different purpose.
- (f) If the property was not a homestead, the proceeds shall be placed in Milwaukee County's Appropriation for Contingencies Fund, unless the County Board of Supervisors allocates these funds for a different purpose.
- ~~(d)~~ (g) The provisions of sections 32.96(7) and (8) of this Code are applicable to tax foreclosure sales. Any land sale to an individual covered by 32.96(7) shall require county board approval per s. 59.17(2)(b)3, Wis. Stats.

136 (5) *County board notification.* Upon signing an agreement for sale or disposition of a tax  
137 foreclosure in accordance with sections (3) and (4) above, the division shall notify the  
138 county board of the transaction. Board members will have five (5) days to object to the  
139 sale or disposition in writing, at which point the transaction will require the approval of  
140 the full board. In absence of a timely objection, the agreement shall be deemed  
141 approved by the board per s. 59.17(2)(b)3, Wis. Stats.

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143 **Section 2.** The provisions of this ordinance shall be effective upon passage and  
144 publication.

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