



Act 185: Delinquent Taxes Interest and Penalty Deferral

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2019 Act 185

- Enacted April 15, 2020 to address issues related to COVID-19
- Allows for the deferment of interest and penalties on delinquent property taxes
- Property taxes unpaid after March 31, 2020 could avoid interest and penalties until September 30, 2020
 - Property taxes unpaid before March 31, 2020 are not included
- Requires counties and municipalities to adopt resolutions to allow such deferment
 - County resolution must come before municipal resolution

City of Milwaukee

- City of Milwaukee collects its own property taxes and unpaid delinquent taxes
 - City makes County whole for any uncollected assessed county taxes
- Adoption of a resolution would have no fiscal impact on Milwaukee County
- Only municipality in Wisconsin that does not require the county to collect delinquent taxes

Other Milwaukee County municipalities

- In August, County Treasurer pays off unpaid assessed taxes for all municipalities, besides the City of Milwaukee
 - County makes cities whole
- County Treasurer is responsible for collecting delinquent taxes, including interest and penalties

General Summary

- County must adopt a resolution first
 - If the County does adopt a resolution, the municipality can choose to adopt a resolution
 - If the County does not adopt a resolution, the municipality cannot choose to adopt a resolution
- If a county adopts a resolution, but a municipality does not, then all delinquent taxes of the municipality are due to the county by August 15
- Any resolution can be made to apply generally or on a case-by-case basis
 - WCA recommends general application

Fiscal Summary

- If Milwaukee County and the City of Milwaukee adopt a resolution, there is no fiscal impact to Milwaukee County
- For all other municipalities in Milwaukee County, deferment means that the County will be giving up such revenue for at least five months
- Potential CARES Act reimbursement

	City Of Milwaukee		Suburban Communities	
<u>Description</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Lost interest and penalty on Delinquent Taxes	\$ -	\$ -	\$ 178,000.00	\$ 400,000.00
Administrative costs	\$ -	\$ -	\$ 225,000.00	\$ -
Lost interest due to cash flow	\$ -	\$ -	\$ 25,000.00	\$ -
	\$ -	\$ -	\$ 428,000.00	\$ 400,000.00

	Uncollected from Taxpayers Thru March Installment	Delinquent (Pre-April)	Delinquent (Post - March)	Total Delinquent	Cash Flow (Paid Sept)	Paid at Installment
Total All Suburban Communities	\$ 100,081,000	\$ 12,467,000	\$ 7,711,000	\$ 20,178,000	\$ 26,525,000	\$ 53,378,000
Pcntg of Uncollected	100%	12.46%	7.70%	20.16%	26.50%	53.34%

Software Summary

- If County adopts a resolution, software changes would be necessary for both the County and its municipalities
- Cost of this software is estimated to be \$200,000
 - Long-standing arrangement that the County covers this cost for its municipalities
- Reimbursable under the CARES Act?

Conclusion

- County would need to adopt resolution, and then municipalities
- Loss of revenue to the County for deferment of delinquent property taxes and penalties
 - With the exception of the City of Milwaukee
- New software needed to effectuate adoption of a resolution



Questions?

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