



# Milwaukee County

## Legislation Text

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From the Milwaukee County Treasurer, an informational report regarding a revenue surplus in Interest and Penalty Payments in collection of Delinquent Property Taxes. **(INFORMATIONAL UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

Per the directive of County Board Resolution 86-666, departments are to notify the Finance Committee of any projected deficits or surpluses in departmental accounts that exceed budgeted amounts.

This year, the Treasurer's Office is reporting a projected budget surplus of approximately \$400,000 in Revenue Account Number 1213 - Interest and Penalty Payments on Delinquent Property Taxes

This surplus is due to three factors.

- A. Foreclosures:** This office undertook an initiative to reorganize our collections operations and address a backlog in foreclosures complicated by the limited action in this area by prior administrations. It began by coordinating our effort with a coalition of Milwaukee community-based organizations that were working with at-risk homeowners - especially those affected by the sub-prime mortgage crisis. Other resources directed at elderly homeowners, including our own Department on Aging and Aurora's Project Hope, were included in our foreclosure prevention efforts.

In addition, we began a systemic review of all delinquent properties and began the process of foreclosure for those properties with long-term delinquencies. We also initiated the Wisconsin Income Tax Refund Intercept Program, primarily to help settle smaller delinquent amounts. Finally we negotiated payment plans for homeowners who had no other recourse.

As a result of these efforts, this year the backlog of foreclosures has been addressed up to one year after receipt by the municipality. The payments received through this process yielded an upward blip in revenue - resulting in the receipt of significant amounts of delinquent tax payments last year and this year. This catch-up process is now complete and we have already begun to see a declining amount of delinquent taxes.

- B. Bank Payments:** This year we saw an uptick in revenues resulting from robo-signing and bank-initiated mortgage foreclosures. The robo-signing scandal delayed the foreclosure process for many banks and mortgage companies because machine-signed forgery of documents were thrown out of court and had to be re-done. In the meantime, the banks took action to protect their financial

interest in at-risk properties. Banks, last year and this year, began paying delinquent property taxes directly to this office in order to preclude the county from foreclosing - which would have resulted in the mortgage companies losing their financial stake in the at-risk properties.

- C. Federal Mortgage Rescue Programs:** The federal mortgage re-work program for homes at risk for foreclosure also affected our collections. Banks required that delinquent taxes be included in a re-worked mortgage formula or required that the back taxes be paid through the establishment of a monthly escrow payment. This limited-time occurrence resulted in numerous checks received from mortgage companies that paid the delinquent tax amounts in full.
- D. Support and Assistance from Other Departments:** It is worth mentioning that the assistance of other departments was critical to enable this office to undertake and accommodate the temporary increase in collections.

A major step in this process was the action taken by the Department of Human Resources which approved the reclassification of office staff. This accommodation enabled our staff to perform additional duties to initiate and consolidate the management of various property tax collections tasks.

Support for these changes from the County Board and DAS in this process was also much-appreciated.

Technical support for the needed software improvements was provided by IMSD. The support of IMSD's Applications' staff enabled us to upgrade our property records database software, as well as billing statements and mailings. With their help we were able to upgrade to an on-line, real-time delinquent tax information and payment system.

Corporation Counsel's Office also provided the legal guidance to navigate challenges in the foreclosure process and carried out the necessary legal steps to advance these efforts through the court system.

Finally, I would like to commend the staff team in the Treasurer's Office that, while working under difficult conditions, displayed initiative, flexibility, diligence and professionalism in implementing a unified collections process that has yielded the results herein reported.