



Milwaukee County

Legislation Text

File #: 11-293, **Version:** 1

From the County Treasurer, a report requesting County Board support in opposing AB135 that would have a highly detrimental impact on county governments.

A RESOLUTION

WHEREAS, AB135 would finance costly tax breaks for non-payment of taxes by increasing taxes on people who pay their taxes on time; escalate in the number and amount of delinquent property taxes; require costly computer program changes; and reduce county delinquent tax penalties while leaving similar state delinquent tax penalties intact; and

WHEREAS, AB135 would have a highly detrimental impact on county governments; and

WHEREAS, existing deadlines and penalties for nonpayment of property taxes are only put in place to enforce the timely payment of property taxes as required by law to ensure funding is available to provide police and fire protection, paramedics, jails, courts, and other services that are vital to the daily lives of all local residents; and

WHEREAS, the reduction in the deterrent for non-payment will result in an increase in the amount of property tax delinquencies in future years. AB 135 will have a detrimental impact on local governments - which depend the prompt payment of property taxes; and;

WHEREAS, AB135 uses the term "interest rate reduction," which is a misnomer. AB135 is really a reduction in the penalty for the non-payment of property taxes - resulting in multi-million dollar tax breaks for banks, mortgage companies, and absentee landlords; and

WHEREAS, AB135 would impose unreasonable financial losses on counties, which act as the delinquent property tax collection agent for local municipalities. In Milwaukee County alone, last year the amount of delinquent property taxes, including those of the City of Milwaukee, amounted to \$61.9 million. In the State of Wisconsin, delinquent taxes already amount to a total of approximately \$300 million. Lessening the consequences for non-payment of property taxes, as proposed in AB135, will result in actual and immediate revenue losses of millions of dollars to Wisconsin counties; and

WHEREAS, AB135 will incur costly changes for counties and municipalities, including the necessity of administrative rule changes, redesign of delinquent tax notices, confusing legal problems regarding past-due delinquencies, and expensive computer program modifications to recalibrate all property tax billing operations; and

WHEREAS, AB135 calls for accommodations for non-payment of taxes on top of a myriad of already existing grace periods for delayed payment of taxes. The county municipal and county budget year begins on January 1st, and the legislature allows a grace period of 30 days - until January 31st - for the delayed payment of taxes. The legislature also has established a late payment plan that delays full payment for five additional months - with no interest or penalty charges. In addition, the legislature also established a 33 month delaying process which postpones foreclosure on delinquent properties. Two years ago, the state legislature added a 5-day grace period for late-payment of taxes after the due date. Now, with AB135, the legislature now proposes a reduction in the penalty for non-payment of taxes for property owners that have ignored all the established grace periods and remain delinquent; and

WHEREAS, AB135 creates an unfunded mandate by creating revenue reductions and cost increases that are not compensated by any provisions in this bill; and

WHEREAS, the increased costs and decreased revenues contained in AB135 will create county budget deficits, and

force the counties to raise taxes on the 90% of property owners who pay their property taxes on time; and

WHEREAS, AB135 does not propose reducing penalties for non-payment of state income taxes - but only for non-payment of local governments' property taxes. AB135 exempts the higher penalties charged for income tax delinquencies owed to the state of Wisconsin. The State Department of Revenue would probably have the same objections as counties to such a proposal - that it would result in huge increases in unpaid state income and sales taxes and large increases in state budget deficits. For the same reasons, the legislature should reject AB135 with its detrimental effects on Wisconsin counties and municipalities; therefore

BE IT RESOLVED, that the Milwaukee County Board of Supervisors does hereby go on record in opposition to AB135 and directs Milwaukee County's Intergovernmental Relations staff to articulate the good policy reasons and to oppose such legislation.