



Wisconsin County Treasurers' Association

AB232/SB279-Relating to assistance to households and property owners.

Members of the Wisconsin State Legislature:

The above bill, as you know, requires the Governor to allocate approximately \$1,067,824,380 from the American Rescue Plan to Wisconsin Department of Revenue (DOR) to work with Wisconsin County and Municipal Treasurer's in an effort to assist Wisconsin property tax payers by receiving payment equal to approximately 10% of their 2020 tax bill. Additionally, \$20,000,000 will be allocated to DOR, Counties and Municipalities for Administrative Costs (assumed to be supplies, postage, wages etc).

Although we fully support the use financial assistance to ALL Wisconsin residents and potentially Wisconsin property owners, we do have a list of procedural and logistical concerns as follows:

1. **Funds to Out of State Residents** – While the vast majority of Wisconsin property owners do reside within the State of Wisconsin, there are many that do not. Vacation/2nd homes, business and corporations residing outside the State of Wisconsin will still be receiving funds as designated by the Legislature and Governor.
2. **Distribution** – Current bill draft is for the funds to be received and payment made within 20 days. This amount of time will be impossible to accomplish from County personnel standpoint given the volume of checks needed to be sent.
 - a. Each County/Municipality needs to coordinate/establish a vendor for each County taxpayer between Treasurer/tax office and accounts payable division. While there is potential for this to be automated, many of the existing/antiquated property tax and accounts payable systems do not provide for such integration currently. Therefore each property owner (vendor) will need to be manually entered to produce the desired check result.
 - b. As an example, Calumet County has issued 197,000 checks in 20 years to approximately 2,000 unique vendors. Should this legislation pass in existing form, the County Finance Department accounts payable division will need to create approximately 20,000 new vendors (10x current) and send out approximately 20,000 checks, about 10% of what the County has sent out in the past 20 years!
3. **Timing** – Depending on if/when the legislation passes, WCTA has some concerns related to the timing of the payment.
 - a. Approximately 70-80% of the tax roll is paid by January 31st annually, however, an additional 20-30% is paid as part of the final payment option by July 31st.

Should the 10% payments be made BEFORE, July 31st, this could be problematic.

- i. Should the County apply the funds to the 2nd installment? Will the property owner (or mortgage company) overpay causing another refund check
 - ii. Should the County/Municipality send the 10% refund to the property owner?
 1. If so, what if the property owner doesn't pay the 2nd installment?
 2. Is there an option to wait until after August 20th to pay the 10%?
 - b. These situations become an issue for both property owners as well as mortgage companies who are the primary 3rd part responsible for property tax payments. Mortgage companies may then look to incorrectly "adjust" monthly escrow/mortgage payments unnecessarily not knowing this 10% paid would be a "one time" payment. WCTA membership has seen decades of this confusion historically without this "one time" situation.
 - c. Ideally after August Settlement (August 20th).
4. **Amount of Checks and Uncashed Checks** – No different than discussions about personal property elimination within the legislature, our Association has concerns regarding a minimum amount of the 10% checks.
- a. Is there a bottom threshold? Some Counties have an Ordinance regarding refunds of +/- \$5. Will this apply to these payments?
 - b. Numerous accounts have tax bills less than \$50, will refunds be sent to all, even if less than \$5, less than \$1?
 - c. Uncashed Checks – similarly, how is this situation handled? Do the current statutes regarding uncashed/unclaimed funds apply? Does the County retain the funds in their general account?
5. **Change of Ownership/Land Contracts/Bankruptcy/Death** – While the vast majority of property owners in the State will remain unchanged there are likely up to 5% in which ownership has changed based upon documents recorded in each Register of Deeds office. What guidance will be provided to assist in getting the check to those that paid the 2020 tax bill?
- 6.) **Multiple Owners** – How/who should a check be sent to if there are multiple owners? Something as simple as survivorship marital property or joint tenants? Often times there is not an exact reference as to which specific person physically paid the property taxes.

Solutions:

1. DOR distribution -

- a. Criteria would need to change to income based.
- b. They have banking information and can send funds electronically saving a greater portion of the \$20,000,000
- c. Funds can be distributed faster
- d. Logistics already established to send money statewide, and possible intrastate.
- e. Can be tailored to distribute any depth/breath of the population wanted.
- f. Funds will stay in the State.

2. County Distribution -

- a. Longer than 20 days to distribute (60?)

- b. Wait until After August 7th, (July 31st due date + Grace Period)
 - c. Tax bill modification in December – too long?
3. **Other Concerns** – Although specific guidance on use of the federal funds hasn't been released yet, it's unclear whether this would be allowed under the federal provision that funding is not be used to lower taxes. Technically, this doesn't lower the tax rate or taxes, but given the utilization of 2020 tax bill data, this bill seems to walk that fine line which may potentially put the state at risk of losing the funding if passed.

In conclusion, Wisconsin County Treasurer's Association will work cooperatively with the Legislature and DOR to ultimately perform the functions if/when AB232/SB279 passes. However, given the numerous logistical and procedural obstacles stated above, our hope is to have additional discussion to clarify some of the questions stated above, as well as provide input to other more cost-effective solutions to the benefit of all Wisconsin citizen.

Please contact those listed below with any questions or concerns you may have.

Sincerely,

Michael V Schlaak, WCTA Legislative Chair, Calumet Co.

Val Etzel, WCTA President, Walworth, Co.

WCTA Executive Committee (not listed above):

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