

RES. 34, 10-11

MAINTAINING FAIRNESS IN COLLECTION OF DANE COUNTY PROPERTY TAXES

The Mayor of Madison introduced an ordinance amendment at the May 18th City Council meeting that will alter the current property tax system in Dane County. The proposal would change due dates, alter responsibilities, and have a significant financial impact on the county.

Under current law, property taxes are due in two installments. The first installment is collected by the local municipality, and the second is collected by the County. Property tax payers may pay as often as they deem necessary as long as the first installment is paid in full by January 31st and all taxes are paid by July 31st.

Under the Mayor's proposal, property owners would be allowed four installments with due dates on January 31, March 31, May 31, and July 31. The City Treasurer would collect taxes for eight months instead of the current seven weeks.

Under current law, all delinquent property taxpayers in Dane County are treated consistently. Penalty and interest is applied uniformly with 1 percent interest and .5 percent penalty per month from January 31st. This money is collected and retained by the County.

Under the proposed City Ordinance, delinquent property owners will be charged 1 percent interest based on the last payment due date, no penalty, and the City will retain the money.

The current property tax collection system is administered by the County Treasurer and is a partnership between 61 municipalities, 27 school districts, two technical colleges, the State, Dane County and other special purpose districts. It treats all taxpayers equally. It collects and distributes over \$1 billion in state aid and property tax revenue for schools, human services, public safety and other government operations at all levels.

The ordinance introduced in the City would direct the City Treasurer to perform numerous of the County Treasurer's responsibilities. However, the ordinance does not replace all existing checks and balances that maintain tax integrity and accuracy.

All tax data is now accessible at the County level and on the Access Dane website. Real estate, title, legal, and financial institutions may no longer be able to find this information at one location, unnecessarily increasing workload and requests for information for those industries and county staff.

Financially, the County will lose millions of dollars in deposits, and thousands in interest income that will be shifted to the city. This will leave county taxpayers with a budget gap to fill, with no resulting new benefits or services. Had this change existed in 2007, it would have resulted in a shift of almost \$900,000 annually due to interest rates. Even in the current historic low interest rate environment, the County on an annual basis would lose approximately \$300,000.

The City will gain financially as they receive the interest on deposits and the revenue from delinquent taxes paid prior to July 31 each year.

An additional cost to the County will be to amend the existing property tax software used by all 61 municipalities to incorporate a four-installment option for one city. This will cost significant reprogramming and devising new processes that assure property tax payments are accounted for appropriately. County taxpayers will pay for the staff time to implement and administer changes to the county collection software solely to accommodate the city changes.

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2 The County will still be required to pay Madison 100% of the delinquent real estate taxes in
3 August each year, and assume complete risk for all unpaid taxes. In addition, foreclosures are
4 estimated to increase in Madison because the proposed system will direct payments to the current
5 tax year instead of paying off past delinquencies that help an owner avoid legal action.
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7 NOW, THEREFORE, BE IT RESOLVED that the Dane County Board of Supervisors
8 opposes the introduction of new and different payment dates, as it will introduce unfairness to the
9 tax system and result in taxpayer confusion.
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11 NOW, BE IT FURTHER RESOLVED that the Dane County Supervisors oppose any
12 changes to the property tax system that significantly alters the financial relationship between the
13 County and each of the other taxing jurisdictions;
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15 BE IT FURTHER RESOLVED that the Dane County Treasurer should oppose any changes
16 to the tax collection system that erodes checks and balances or diminishes information available to
17 the public;
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19 BE IT FURTHER RESOLVED that the Dane County Board of Supervisors urges the City
20 Council to reject the proposed changes to the tax collection process and maintain the current tax
21 collection system.
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23 BE IT FINALLY RESOLVED that a copy of this resolution be sent to Madison Mayor Dave
24 Cieslewicz, Members of the Madison City Council, and all municipal Treasurers and Clerks in Dane
25 County.
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27 Submitted by Supervisors McDonell, Bayrd, Hesselbein, Ripp, Salov, Levin, Hendrick,
28 Downing, Corrigan, Sargent, Solberg, Clausius, Schlicht, Miles, Rusk, de Felice, Willett, Hampton,
29 Richmond, Vedder, Imhoff, Hulsey, Gau, Jensen, Bruskewitz, Stoebig, Ferrell, Eicher, Martz,
30 Matano, Veldran, Duranczyk, Schmidt, Wiganowsky, O'Loughlin, Erickson and Stubbs, May 20,
31 2010.

32 Referred to EXECUTIVE and PERSONNEL/FINANCE.
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