



## Legislation Text

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**File #:** 30509, **Version:** 1

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### Fiscal Note

An ordinance revision (Legistar File ID# 18498) adopted by the Common Council on June 4, 2013, would allow Madison taxpayers to pay property taxes in four installments rather than in two installments, which has been the historical practice. It would also shift the responsibility for collection of all installments and most delinquent taxes from the County Treasurer to the City Treasurer.

The administrative change resulting from that ordinance would shift the collection of interest on most delinquent taxes from the County to the City during the first six months of delinquency and would increase interest revenue for the City by an estimated \$200,000 or more per year. The City Treasurer believes that the proposed four-installment collection can be completed with existing staff resources. There may be some additional costs for mailing and supplies of up to \$10,000 or \$20,000 per year and initial software reprogramming costs of an estimated \$40,000. These are estimates and may change as more analysis is performed by the City IT Department. As such, retaining an amount equal to 10% of the collections may not be sufficient to cover administrative costs.

The intergovernmental agreement authorized in this resolution would require that an amount equal to 90% of the interest and penalties on delinquent taxes collected by the City under the proposed new administrative structure (estimated to be \$180,000 or more) would be appropriated and paid to the County, essentially eliminating any budgetary benefit the City would have received as a result of the change to a four installment tax collection process.

### Title

Authorizing and directing the Mayor and City Clerk to enter into an intergovernmental agreement with Dane County providing for the payment to the County of 90% of any interest or penalties collected by the City on delinquent tax payments that are due to the change in the payments for tax collection.

### Body

WHEREAS, the City of Madison has adopted an ordinance providing that taxpayers may make multiple payments to the City for property tax collections (Legislative File No. 18498, ORD-13-00105); and,

WHEREAS, the new procedure will increase the amount collected by the City due to interest or penalties or both on delinquent tax payments; and,

WHEREAS, all interest or penalties previously were collected and retained by Dane County,

NOW THEREFORE BE IT RESOLVED, that the Mayor and City Clerk are authorized and directed to enter into an intergovernmental agreement with Dane County regarding the collection of any interest or penalties or both received by the City of Madison due to this change in tax collection payments; and,

BE IT FURTHER RESOLVED that the agreement shall provide that the City will pay to the County ninety per cent (90%) of any interest or penalties or both collected by the City on delinquent tax payments where the interest or penalties are a result of this change in tax collection methodology.