



# MEMORANDUM

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## LEGISLATIVE REFERENCE BUREAU

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**To:** Ald. Terry Witkowski  
**From:** Aaron Cadle – Legislative Fiscal Analyst  
**Date:** February 26, 2016  
**Subject:** Debt Collection Vendor-contract Expirations, Statute of Limitations and the Sale of Debts Owed a Municipality

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This memo responds to the 3 questions you asked during LRB's February 17 oral briefing on the availability of State debt collection services.

### **Debt Collection Vendor-contract Expirations**

<u>Vendor</u>	<u>Contract Expiration</u>
• Harris & Harris Fire Department	December 31, 2016
• Kohn Law Treasurer & Other	December 31, 2016
• Harris & Harris Municipal Court	June 30, 2017
• Duncan Solutions Parking Fund	December 31, 2018

### **Statute of Limitations on Debt Collection**

The Statute of Limitations for bringing suit in court to receive a judgement against a debtor in Wisconsin is 6 years for normal debt and 10 years for a promissory note.

Without a court judgement, the creditor has no vehicle to place a lien on the debtor's property or otherwise collect the debt.

### **The Sale of Debts Owed a Municipality**

No prohibition on the sale of debts owed a municipality was discovered by LRB in a search of state statutes, and an informal discussion with the City Attorney's Office suggests there is no obvious obstacle to selling debts owed the City. However, the City Attorney's Office cautioned a formal legal opinion on the question is the only way to be certain a municipality can sell debts owed to it.