

# CITY OF MILWAUKEE

Form CA-43

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October 3, 2002

Mr. Patrick Curley  
Department of Administration  
Intergovernmental Relations  
City Hall, Room 606

RE: Tax-Intercept Program as Way to Collect Delinquent Property Tax

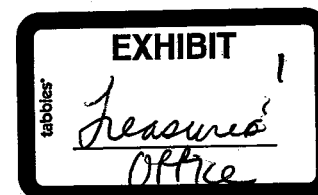
Dear Mr. Curley:

We saw the article, "Strapped county looks west for cash," that appeared in the Tuesday, September 24, 2002 Milwaukee Journal-Sentinel, Metro section, page 1 (copy enclosed). The article, as you can see, highlights Waukesha County's success using the Wisconsin Department of Revenue's Tax-Refund-Intercept Program.

On January 14, 2000, we sent to DCD Commissioner Penman a letter transmitting a January 14, 2000 memo written by Assistant City Attorney Gregg Hagopian. The memo outlines a 10-part plan to collect hard-to-collect taxes and/or get parcels off the do-not-acquire list. Copies of that letter to Commissioner Penman and of Mr. Hagopian's memo are enclosed.

You can see that item 10 (part 10) of Mr. Hagopian's memo envisions lobbying the Wisconsin legislature for an amendment to Wis. Stat. §71.935(1)(a)'s definition of debt in a manner that would allow the City of Milwaukee (and other counties in Wisconsin) to use the Tax-Refund-Intercept Program to collect delinquent property taxes.

Given the success of Waukesha County in using the Tax-Refund-Intercept Program as indicated in the Journal-Sentinel article, and government's strong interest in ensuring that property taxes get collected, we ask you to please consider including in the legislative package you plan on



Patrick Curley  
October 3, 2002  
Page 2

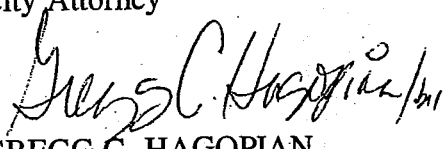
bringing to the Judiciary and Legislation Committee for approval, the idea of expanding that program to include property-tax collection, as outlined in Mr. Hagopian's memo.

Thank you. Please call if you have questions or comments.

Very truly yours,



GRANT F. LANGLEY  
City Attorney



GREGG C. HAGOPIAN  
Assistant City Attorney

Encl.

c: Wayne Whittow (w/encl.)  
58340

# Strapped county looks west for cash

## Advice sought on collecting fines

By **SCOTT WILLIAMS**  
[swilliams@journalsentinel.com](mailto:swilliams@journalsentinel.com)

**Waukesha** — The money-conscious Scott Walker administration in Milwaukee County is reaching out to Waukesha County to help boost collection of overdue traffic tickets and other unpaid fines and fees.

Milwaukee County's new administration director, Linda Seemeyer, has approached her counterparts here about a program that has primed Wau-

## Advice sought on collecting fines

### Milwaukee County wants revenue

By **SCOTT WILLIAMS**  
[swilliams@journalsentinel.com](mailto:swilliams@journalsentinel.com)

*Last Updated: Sept. 23, 2002*

**Waukesha** - The money-conscious Scott Walker administration in Milwaukee County is reaching out to Waukesha County to help boost collection of overdue traffic tickets and other unpaid fines and fees.

Milwaukee County's new administration director, Linda Seemeyer, has approached her counterparts here about a program that has primed Waukesha County coffers with more than \$600,000 this year.

Although the dialogue is still in preliminary stages, some Waukesha County officials speculate that it could lead to Milwaukee County contracting with its neighbor to handle collection activities.

"It would really be premature to talk about that," Seemeyer said.

Waukesha County officials said they would gladly consider using their successful program to track down deadbeats in Milwaukee County - or maybe just counsel their eastern counterparts on aggressive collections.

"We're open to both," said Sean Sander, business services and collections manager for Waukesha County, which already handles collections for 14 municipalities throughout the county.

Waukesha County has become the most successful participant this year in a state program that snatches state tax refunds away from individual taxpayers and instead steers the money to counties or municipalities where those taxpayers owe governmental assessments.

Local government agencies must register for the program and provide the state with a detailed list of overdue debts.

### Limited participation

In the first six months of the year, the program generated \$639,387 for Waukesha County compared with \$223,546 for Milwaukee County.

Known as the Tax Refund Intercept Program, the state Department of Revenue initiative is a little-known service that has attracted participation from just 62 of the 1,900 counties, cities and other local governments statewide.

Officials in the Walker administration want to know why Milwaukee County is not enjoying success similar to Waukesha County's.

One explanation could be that Milwaukee County is utilizing the program strictly for court fines while Waukesha County has achieved a broader application that includes past-due assessments for mental health and other county services.

Seemeyer, a former state official who joined Walker's cabinet this summer, said she approached Waukesha County partly to learn how her county might broaden the reach of its collection effort.

### Revenue needed

With the current state of financial affairs in Milwaukee County, Seemeyer said, "We're interested in looking at anything we can."

Since succeeding former County Executive F. Thomas Ament in May on a platform of reforming county government, Walker has pledged to hold the line on property taxes in the face of a projected \$50 million budget deficit.

Milwaukee County Clerk of Courts John Barrett said he is pleased with the \$223,546 collected in court fines this year through the state program. But he supports the move by county administrators to improve other types of collections.

"Whatever the county is not collecting that Waukesha County has been collecting is what they're after," he said.

Waukesha County has registered about \$14 million in overdue debts with state tax collectors, while Milwaukee County's court system has registered about \$4 million worth.

Barrett is scheduled to meet Wednesday with representatives of a consulting firm that has helped Waukesha County boost its collections.

PVA Cost Containment Services of Wauwatosa was paid a fee to review Waukesha County's log of overdue bills and clean up the data to match the Tax Refund Intercept Program format - resulting in higher payouts.

Scott Snyder, information technology coordinator for PVA, said he has found Milwaukee County officials eager to open up new sources of revenue.

"The time is right for looking at new ideas," he said.

The state official who manages the intercept program applauded the possibility of cooperation between counties.

Fred Bahr, a coordinator for the Department of Revenue, said dozens of county and municipal officials have inquired about the program since a newspaper story in June on Waukesha County's successes.

Bahr said he would encourage others to emulate Waukesha County's tactics.

He added: "There's no sense reinventing the wheel."

*For more information about the Tax Refund Intercept Program, visit the state Department of Revenue online at [prd2p.it.state.wi.us/dorapp/tripapp.jsp](http://prd2p.it.state.wi.us/dorapp/tripapp.jsp).*

Appeared in the Milwaukee Journal Sentinel on Sept. 24, 2002.

MEMORANDUM  
OFFICE OF THE CITY ATTORNEY  
ROOM 800 - CITY HALL

TO: Julie A. Penman, Commissioner, Department of City Development  
Greg Shelko, Department of City Development  
Matt Haessly, Department of City Development  
Jeff Gohlke, Department of City Development  
Seth Foldy, Health Commissioner  
Rudy Salcedo, Health Department  
Wayne Whittow, City Treasurer  
Cliff Draeger, Deputy City Treasurer  
Judy Kohnlein, Treasurer's Office  
Jeff Bentoff, Intergovernmental Relations  
Beverly Craig, Department of City Development  
Lee Jensen, Commissioner of Neighborhood Services  
Marty Collins, Deputy Commissioner of Neighborhood Services  
Grant F. Langley, City Attorney  
Thomas E. Hayes, Special Deputy City Attorney  
Patrick B. McDonnell, Special Deputy City Attorney  
Beverly A. Temple, Assistant City Attorney  
Stuart S. Mukamal, Assistant City Attorney  
David R. Halbrooks, Assistant City Attorney

FROM: Gregg C. Hagopian, Assistant City Attorney

DATE: January 14, 2000

RE: 10-Part Game Plan to Collect Hard-to-Collect Taxes and/or  
Get Parcels Off the DNA-List

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A. INTRODUCTION

Some time ago, the City engaged K. Singh and Associates Incorporated ("Singh") to do a study of the do-not-acquire list (the "DNA-List"). On 10/28/99, Singh finally issued its 10/11/99 report to the Public Safety Committee, in three volumes, entitled "Environmental Assessment and Strategies for Redevelopment of Tax Delinquent Properties in Milwaukee." The purpose of the report, I understand, was for the council to obtain advice on: City-acquisition of tax delinquent properties on the DNA-List; ways for the City to increase and expedite receipt of state and federal funding for environmental investigation and remediation; and possible opportunities for redevelopment of properties on the DNA-List. The report, among other things, encourages use of the in personam remedy, especially in situations where on-going businesses currently exist, or where the owner has multiple properties. Sec. 6.1. The report also recommends



speeding up the foreclosure process and taking steps to allow interested parties "to explore purchasing and developmental options." Sec. 6.2. I too have been espousing those suggestions.

To be sure, the Singh Report has its flaws. For example, Health and DCD have expressed concerns about (i) its ranking of parcels for redevelopment potential, and (ii) its discussion of funding eligibility. Nonetheless, I believe the issuance of the Singh Report will be the catalyst that will now beg the question by the common council, "now what?" Once that question is asked (and it is already being asked by Health and DCD), I believe, some of my ideas could come into play. I have organized those ideas (*which are completely separate and apart from: (i) pursuit of grant funds; (ii) environmental remediation TIF financing; and (iii) City-testing and acquiring*) into a 10-prong plan of attack. That game plan (plan of attack) is set forth below:

As you know, over the years, I have been trying to think up ways to collect hard-to-collect taxes and/or to reduce the number of parcels on the do-not-acquire list. While there is no easy or perfect solution to the problems of (i) many parcels on the DNA-List<sup>2</sup>, (ii) brownfields and brownfield development, and/or (iii) collecting hard-to-collect taxes, I sincerely believe that the following game plan is doable and that, if properly implemented, would produce tangible, noticeable results—which, in turn, would benefit the City and our office.

*As indicated below, I believe the hardest part of the game plan, but the one that needs attention first and foremost, is what I have listed in §D of this memo – "STAFFING."*

## B. 10-PRONG ATTACK

1. Increased Use of In Personam. Even though the in personam ordinance has been in place since 3/97<sup>3</sup>, due to limited resources, our office has only brought 2-limited test batches. These test-batches were brought when I could squeeze them into my schedule. And, to date, by suing only a small handful of defendants, our use of in personam has netted a sizeable return to the City, almost \$1 million (e.g. \$837,789.39 as of 7/1/99). I suggest we significantly step-up our use of this remedy. See City Ord. §304-48-3-a "Suspected Environmental Contamination" category. And, part of my recommended increased use of this remedy is a recommendation to increase use of receivership as part of this remedy – especially when the parcel is generating rent or income. See Wis. Stat. §74.53(7) and City Ord. §304-48-8. (In Health and DCD's 1998 Year-End Cumulative Report, those departments too suggested, for 1999

<sup>1</sup> I know that the City created the environmental testing and remediation subfund (City Ord. §304-28.5) and understand that, per Health and DCD's 1998 Year-End Cumulative Report (dated 3/9/99), since 1990, City spent \$3.9m to test and/or remediate 28 projects. I presume City's testing/remediation/acquiring endeavors will continue, and perhaps due to the Singh Report, increase.

<sup>2</sup> While I feel that it is prudent for the DNA-List to exist as the City does not want to stupidly acquire, and be stuck with, brownfields, I believe that win-win possibilities exist that allow for tax collection and brownfield redevelopment (i.e. a win) while at the same time allowing the City-insulation or protection from liability associated with contamination (i.e. another win). For a general discussion of protections the City has available under current law, see DNR Fact Sheet 7, on the DNR's Remediation/Redevelopment Website, [www.DNR.STATE.WI.US/ORG/AW/RR](http://www.DNR.STATE.WI.US/ORG/AW/RR).

<sup>3</sup> The in personam remedy for collection of delinquent property tax was made more attractive by the amendments to Wis. Stat. §74.53 created by §§14 and 15 of 1993 Act 453 (eff. 5/13/94). On 3/4/97, the Council passed Resolution No. 961687 creating new City Ord. §304-48 governing in personam use (eff. 3/31/97).

and beyond, continued implementation of in personam combined with receivership). Recall the tax-delinquent Citgo where the owner paid-in-full one day after a receiver was appointed. Also on 11/8/99, per my motion, the Court appointed a receiver on the 1986-1998 tax-delinquent commercial parking lot at 4071-95 North Port Washington Road so that, instead of the City getting nothing from the owner (Brian Bruckner), the parking lot tenant will now pay to the City \$855 per month and the receiver (not the owner-landlord) now has control over the lease and the parcel.

2. Sales of Parcels Off the DNA-List<sup>4</sup>. As Grant knows, DCD and Health, along with Alderman Murphy, are *very interested* in getting this program up and running.

a. City Assigns its Right to In Rem Foreclosure Judgment. Without amending Ord. §304-49<sup>5</sup>, I envision an entirely new ordinance adopting a procedure authorizing contracts with third-parties whereby they agree to accept assignment of our right to in rem foreclosure judgment. And, to assign *our right to in-rem-foreclosure judgment*, we would need an amendment to the state in rem foreclosure statute, Wis. Stat. §75.521. That amendment would allow the City to foreclose and, without ever stepping into the chain of title or becoming owner, the right to assign the City's right to foreclosure judgment (i.e. ownership) to a third-party.

In a nutshell, a third-party, X, would review the DNA-List and select a parcel it wants to acquire. The City and X would enter a contract. The Common Council would approve the contract. Per the contract, the City would foreclose. If the owner didn't TIMELY redeem, per the contract, the City would use X's money or X as an agent of City, to enter the property (under special inspection warrant<sup>6</sup>, or, if the owner agreed, voluntarily) to test. Test results would be shared between X and City. If, after testing, X still wanted to acquire, City would proceed with foreclosure. But, *immediately prior to getting judgment of foreclosure (i.e. without ever stepping into the chain of title)*, City would, under amended §75.521, and per the contract, assign its right to judgment to X. X would become owner.

Attached as Exhibit A is my wording for the amendment to §75.521. City lobbyist Jeff Bentoff knows about this because, after GFL, TEH, BAT and I met, on 6/10/99, Grant and I transmitted a suggested amendment to DOA, DCD, Health, and the Treasurer along with a general explanation of sales off the DNA-List. I understand that DOA (Jeff Bentoff) has already obtained requisite approval to go to Madison to lobby. *Jeff, you should be aware that Exhibit A attached hereto contains additional §75.521 amendment language that you have not previously seen.*

<sup>4</sup> See Hagopian 1/13/98 memo where I suggested sales off the DNA-List.

<sup>5</sup> Under this strategy, I don't think that we would have to amend Ord. §304-49 because the City will never actually "acquire real property through the in rem tax foreclosure procedures set forth in s. 75.521 . . . ." See, Ord. §304-49.

<sup>6</sup> Wis. Stat. §66.121 created by 1993 Act 453 (eff. 5/13/94).

b. **Written Procedures.** As Grant knows, I prepared the enclosed draft document: "Procedures for Private Parties to Explore Ownership of Tax-Delinquent Parcels on the City of Milwaukee's Do-Not-Acquire List." **Exhibit B.** You will see that after a general overview section and a general procedure section, there is a section entitled "Issues to Consider Before Implementing." We should discuss some of those issues before I take (or someone else takes) that document to the next draft. Ultimately, the final draft of these procedures could be placed on the internet to "market" DNA-List parcels (see items 4 and 5 below).

c. **As-Is and Voluntary Party Protection.** In the case of our assigning our right to foreclosure judgment, and, assuming that our efforts to amend §75.521 per **Exhibit A** are successful, (i) all City assignments would be on an "as is" basis; and (ii) the buyer X could, on his or her own, and without City involvement or intervention, try to take advantage of "voluntary party" exemptions from liability as set forth in Wis. Stat. §292.15. X (the buyer/assignee)—and not the City—would be responsible for dealing with or involving the DNR if X so desired.

d. **Inquiries From Prospective Acquirers.** Also, as Grant and Tom know, even without advertising the DNA-List (item 4 below), we have received inquiries from a number of parties interested in acquiring parcels off the DNA-List (e.g. James T. Barry Co., Morri Scheckman, Solar Prints, Keyes Engineering, Trenz Engineering, 6<sup>th</sup> and Mitchell, Singh, Ramaker). Ramaker has been particularly persistent (and patient) and has identified a number of parcels in which it is interested.

e. **Adherence to Redemption Deadlines and 45-day Ordinance.** Regarding the foreclosure process, and especially to ensure success of the "sales off the DNA-List" strategy and the "fast-track in rem" strategy (item 3 below), we must ensure strict adherence to the in rem statute (statute §75.521) and 45-day vacation ordinance (Ord. §304-49-6-c). That will eliminate arguments of the type I encountered by Mort Grotsky in the Haehle fast-track in rem action where I wouldn't allow redemption after the statutory redemption deadline because the City wanted the parcels to eliminate hassles associated with foreclosing-lenders and the expenses of receivership, and Mort argued to the judge that it is routine for lender lawyers to miss the §75.521 redemption deadline and—even after the City gets judgment—to pay the taxes and get a vacation of the in rem judgment *without even having to follow the City's 45-day vacation procedure set forth in City Ord. §304-49-6-c.*

Ord. §304-49-6-c requires the former owner, within 45 days of entry of the City's in rem judgment: (i) to file a written request on a City-treasurer form to the City Treasurer to have the judgment vacated; (ii) to pay a non-refundable administrative fee; and (iii) if applicable, to record the subject parcel and any other unrecorded parcels with DNS as per Ord. §200-51.5. And, if the City



doesn't want the parcel and if the Council approves the vacation, then the former owner must, within 45 days of Council approval, pay the City, in addition to all delinquent taxes (not just the years foreclosed upon), any other City costs associated with the parcel. See City Ord. §304-49-6-c.

The importance of following the legal procedure set forth in City Ord. §304-49-6-c was recently highlighted by a 10/31/99 Journal/Sentinel article (after conducting inquiry required by §304-49-6-c, City learned: that owner seeking vacation owned 10 other tax-delinquent parcels in City; that DNS and the neighbors complained about the owner's poor maintenance of parcels; and, that owner was probably involved in an illegal property-flipping scheme in the City).

g. DNR Involvement. Under the §75.521 "brownfield amendment" language I have proposed (see, Exhibit A), (i) the City never steps into the chain of title so it will never own, and (ii) neither DNR approval nor DNR involvement is required to implement this program. The objective is for the DNR to deal with X (the assignee) and to eliminate the need for the City to have to deal with the DNR with respect to the parcel at issue.

h. No Testing-Method (i.e. Grab Bag). After the brownfield amendment to §75.521 is in place (see Exhibit A), and after the DNA-List is on the internet or otherwise published or advertised (see items 4 and 5 below), the City could disclose its Phase I data on each of the parcels, advertise the whole list for potential-sale, and even seek buyers to enter contracts or submit bids whereby it would be understood that no testing would be involved. Then, parcel-by-parcel, we could contract with the highest bidder whereby—*without any testing*—we would foreclose, and assuming no redemption or in rem challenge, we would then assign our right to foreclosure judgment (per amended §75.521) to that highest bidder, and the highest bidder would accept the judgment (and the parcel) "as-is" and without testing subject to whatever dealings the highest bidder may or may not have with the DNR post-assignment.

3. Fast-Track In Rem. This would allow quick foreclosure to accommodate contracts entered into under strategy 2 above (sales off the DNA-List). It would also serve the City in other ways. For example, if the City wanted a tax-delinquent parcel and it could inexpensively acquire it via foreclosure of tax delinquency rather than more-costly condemnation, or, if the City wanted the parcel and it could minimize expenses by foreclosing sooner rather than later (e.g. save expenses associated with deferred maintenance, deterioration, and vandalism), City would use "fast-track in rem" under which parcels eligible for foreclosure would, essentially, skip ahead in line in the Treasurer's Office for foreclosure.

4. Public Dissemination of Singh Report Re: Development Potential of DNA-List Parcels. The Singh Report itself contemplates this. (See, Exhibit C). Health and DCD think it's a good idea. And, I understand, Alderman Murphy wants this to happen (e.g. Public Safety Committee hearing). I understand that DCD is now trying to get a disk of the Singh Report so it can soon be put on the City's internet site. Again—all the more reason to put the

game plan in place sooner rather than later, because, once it is on the internet, people will start calling to make inquiries. This item 4 ties into strategy 5 below.

5. **Shaming: Publication of Delinquent Owners' Names.** By new ordinance, periodically (say, for example, semiannually), we would first send notice to delinquents on the DNA-List that if they did not pay in full by date X, the Treasurer would publish in the Journal/Sentinel and post on the City's internet site a list of parcels on the DNA-List, including the names of each owner, and the delinquent tax amount, and report the names to credit bureaus. (See item 7 below). Then, if in fact we don't get paid, the Treasurer does publish and post, and report the names to credit bureaus. The State of Connecticut recently started using the publish-and-post route, with great success, to collect delinquent tax. See, 1/16/96 Hagopian Report on In Personam Actions, pp. 35-36, attached hereto as Exhibit D, where: I offered a suggested ordinance requiring the Treasurer to annually publish in the Journal/Sentinel, and I mention a newspaper article highlighting success of Wisconsin communities that have published as a means of getting scofflaws to pay. See, also, Exhibit E attached (i.e., materials concerning Connecticut's collection success after publishing taxpayer names and putting them on the internet). McQuillin, Municipal Corporations, §14.14.20, Page 40, "Deemed not to rise to the level of an invasion of privacy, however, is the disclosure of official records listing names of delinquent real estate taxpayers." Hence, and since delinquent tax information and owner name can already be gleaned from City's web site, I don't believe we run into Woznicki open records problem.

6. **Overall License Denial to Tax Delinquents.** A new procedure would be created whereby, prior to granting any permit or license, a check would be run against the applicant to see whether he/she/it has any delinquent real or personal property taxes, special assessment, special taxes, or special charges. If he/she/it does, no permit or license would or could issue until the delinquency (with all applicable interest and penalties) is paid-in-full. This new procedure would be made broad enough to cure the alcohol-license-only denial that was struck down in Tavern League v. City of Madison, 131 Wis. 2d 477, 389 N.W.2d 54 (Ct. App. 1986). It would also eliminate the conundrum associated with the jazz bar (the Jazz Oasis) that the Journal/Sentinel did a story on on 7/10/98 (perennial bankruptcy-filer Foster got his liquor license despite owing nearly \$90,000 in back taxes). See, Exhibit F attached, 10/29/96 Hagopian memo transmitting proposed license-denial ordinance for those with tax delinquencies to take advantage of Tavern League of Wisconsin. By memo date 7/13/98, and with Grant's and Tom's prior OK, I did transmit to Claire Weber in LRB my suggested license-denial ordinance that is at Exhibit F. On 11/23/98, Claire responded with various comments. Unfortunately, I have not yet been able to meet with Claire to go over her comments or to revise accordingly (see, §D, "STAFFING," below). If the license-denial ordinance were in place, however, I know it could be very effective (e.g. Mirza Beg's Citgo station and Ron Collison's dry-cleaning business; Lee Foster's Jazz Oasis tavern).

7. **Periodic General Mailings to DNA-List and Reporting to Credit Bureaus.** Like we did before in personam cases. I think we should do periodic mailings to the DNA-List to urge payment and warn of our remedies and our aggressive, increased pursuit of those remedies. Additionally, I think we should indicate that rate of interest on borrowed funds could be much less than statutory rate for interest and penalties (i.e. go borrow funds to pay us

instead of paying 18%!); and warn that if we don't get paid, we'll report to credit bureaus and publish and internet-post as per strategy 5 above.

8. City Contracts. In my 10/29/96 memo, attached as Exhibit F, I suggested offsetting tax delinquencies against any amounts the City owes to contractors. I again suggest and urge implementation.

9. Acceptance of Credit-Card Payments for Taxes. The City should accept credit cards for tax payments. The City could step into modern times and be more user-friendly. And, I think the City wants to do just that (e.g. creation of the permit-center; stories about prosecution section and municipal court becoming more user-friendly; story about municipal court accepting credit card payments). I attended a number of meetings about City credit card acceptance. Some departments (e.g. library, police department, tow-lot, Permit Center, etc.) already accept credit cards. I believe the Treasurer could too. In the end, the sticking points at the meetings were: (i) waiting for issuance of a treasurer-contract RFP; and (ii) whether the City wants to pay the percentage off-the-top to the credit card company as a condition and cost-of-doing business. The Council, I feel, could agree to do the "percentage off-the-top" service fee. But, for example, by using a third-party phone payment service, we could avoid any "percentage off-the-top" cost. See IAAO's Assessment Journal, Vol. 6, No. 5, Sept./Oct. 1999, P. 14 (citizens of San Diego, CA now able to pay property tax on-line by entering county treasurer website, entering parcel no., verifying desire to pay on-line, and then transferring to Governlink, a website maintained by Lockheed Martic Corporation for government-citizen transactions). See, also, Oct. 1999 MBA Messenger article, "Milwaukee Municipal Court Takes Steps to Become More 'User Friendly'" (attached as Exhibit G), indicating that, in addition to accepting credit cards in person for paying fines, credit card payments may now be made via phone, fax, or mail. Leticia Smith, Municipal Court Administrator, said plans for the future include internet credit card payments.

10. Property Tax Intercept Program. We could lobby the legislature for intercept of income tax refunds to pay for property tax delinquencies. See 1/16/96 Hagopian Report on In Personam actions, p. 37, attached hereto as Exhibit D where I suggest lobbying the legislature to expand Wis. Stat. §71.935(1)(a)'s "debt" definition to allow use of DOR's tax refund intercept program to capture delinquent property tax amounts.

\* \* \* \* \*

### C. OTHER IDEAS

I have listed the following 3 ideas under this section C ("Other Ideas") rather than including them in the section B Game Plan because I think the Game Plan needs to be implemented now while implementation of these other ideas can wait.

1. Minnesota Contamination Tax. Westling v. Mille Lacs County, 67 U.S.L.W. 1060 (7/9/98) (MN Supr. Ct. upheld constitutionality of property tax on amount of market value reduction granted for property tax purposes due to presence of contamination. Court rejected owner's argument that singling out contaminated parcel for extra property tax burden beyond its

fair market value violated MN state constitution uniformity clause). See, 6/10/99 GFL-GCH letter referring to Westling.

2. Perhaps Cancellation Under §75.105. In the right case, and if the City is willing to effectively budget and "pay" for the cancellation/write-off, this could be a possible route. See, Exhibit H attached, i.e. Hagopian 1/13/98 memo to Assessor, DCD, Treasurer, Health, DOA, GFL, TEH, AND PBM explaining §75.105 and hurdles associated with tax cancellation under §75.105.

3. City Penalties on Tax Delinquencies. See, page 37 of Exhibit D attached, adding City penalty of up to 0.5% per month on delinquent tax balance.

D. STAFFING

The implementation of any idea or program requires work. To that end, the most important issue to solve—concerning *any* of the above ideas—is staffing.

E. CONCLUSION

I believe that the City has powerful legal remedies of which it can avail itself. I suggest that we pursue them with vigor.

Thank you for your attention and consideration.

gch:wt:26410  
Enclosures