

File #080770 is a communication from the Comptroller's Office transmitting a report entitled "Annual Accounts Receivable Activity Report".

Background and Discussion

1. The Comptroller is required to submit an account receivables activity report under s.304-3-3 of the Milwaukee Code of Ordinances.
2. The Office of the Comptroller issues the report. City departments are responsible for collecting the receivables.
3. During 2007, City departments issued over 3,300 invoices for a total of approximately \$22.1 million.
4. As of December 31, 2007, approximately \$7.2 million of receivables remained outstanding. Of that \$7.2 million, approximately \$4.7 million represents the balance of the 2007 billings and approximately \$2.5 million is from prior years..
5. The Police Department has approximately \$1.6 million in receivables outstanding for prior year's ambulance billings to Milwaukee County. These billings are for the conveyances of people, who could harm themselves or others, to the Milwaukee County Mental Health Complex. The City Attorney is in negotiations with the County regarding these billings.
6. The report shows tax delinquencies totaled approximately \$44.4 million on December 31, 2007. The City Treasurer collected an average of 99.89% of the City taxes due for the levy years 1998-2004. Please note that the tax enforcement cycle has run its course through the 2004 tax levy year. The remaining 1998 - 2004 accounts are in bankruptcy where there is an automatic stay on tax enforcement, or the parcels are on the do not acquire list because of environmental contamination, or the accounts just came out of bankruptcy and will be included in the next foreclosure file.

Outstanding delinquent taxes do not adversely affect citizens and businesses through cuts in service or increased taxes because the City of Milwaukee borrows funds annually in the amount of the delinquent property taxes outstanding as of December 31st for the past levy year. This allows the Delinquent Tax Fund to purchase the tax receivables, making the General Fund whole, which precludes any adverse impact on City services or the ensuing tax levy.

The tax principal, interest, and penalty charges collected on the delinquent tax accounts are sufficient to cover both the debt service on the funds borrowed and the costs of collection.

7. As of mid-August, 2008, there was approximately \$61 million in outstanding parking citations. Of that amount, DPW estimates that approximately \$24 million is

collectable. Most of the remaining \$37 million in parking citation delinquencies are for citations issued to vehicles with out of state plates, and citations issued to vehicles with Wisconsin plates, but without a registered owner.

In recent years, the Department of Public Works has implemented new strategies for handling the large number of parking scofflaws, including participation in the State's Tax Refund Intercept Program (TRIP) and the utilization of a summons and complaint form at the Tow Lot. From 2003 (beginning of participation in TRIP) through 2007, 576,148 citations have been certified with the Department of Revenue totaling approximately \$26.9 million of which 174,677 citations have been paid totaling over \$8.7 million. This represents a collection rate of 32%. Under the TRIP, the debt remains certified until fully paid. Consequently, \$18.2 million in outstanding debt still remains certified, which will likely be collected over many years.

The utilization of a summons and complaint form at the Tow Lot is another strategy used to reduce the number of scofflaws. If a vehicle is towed and there are outstanding parking citations, the vehicle owner is served a "summons and complaint". This has proven to be a very effective tool in requiring people to pay or adjudicate outstanding parking citations. In 2007, the Tow Lot staff issued 4,025 summons for 34,754 citations valued at \$1,502,109. For the first 6 months of 2008, 1,527 summons were issued for 12,003 citations valued at \$636,862.

8. The report shows that as of July 31, 2008, Total Forfeitures and Clerk Fees, both of which the City retains, totaled approximately \$27.7 million. Whenever possible these debts are turned over to the Municipal Court's collection agency and pursued aggressively. All debts where the court can obtain a drivers license number or social security number are registered with the State of Wisconsin Tax Refund Intercept Program (TRIP). In addition, those debts that have a "property lien alternative", (generally these would be large parking cases and building and zoning cases where the Court knows the defendant has property to place a lien on) are registered with the County. Other cases have a drivers license suspension alternative or vehicle registration denial or commitment alternative and are also registered with TRIP. Some of the judgments will be satisfied when the defendant serves a two-year suspension of their driver's license and some will be satisfied by a defendant's incarceration in the Milwaukee County House of Corrections.

Fiscal Impact

The file is a communication and has no fiscal impact.

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