

Fiscal Estimate - 2011 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 11-1393/1	Introduction Number AB-0182
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Description
 Assignment of income, prizes, and earnings to pay a municipal court judgment and prohibiting municipal electric or water utilities from collecting certain utility arrearages from owners of rental properties as property liens

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
 - Increase Existing Appropriations
 - Decrease Existing Appropriations
 - Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
 - Yes No
- Decrease Costs

Local:

- No Local Government Costs
- Indeterminate
- 1. Increase Existing Costs
 - Permissive Mandatory
- 2. Decrease Existing Costs
 - Permissive Mandatory
- 3. Increase Existing Revenue
 - Permissive Mandatory
- 4. Decrease Existing Revenue
 - Permissive Mandatory
- 5. Types of Local Government Units Affected
 - Towns Village Cities
 - Counties Others
 - School Districts WTCS Districts

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DOR 6/21/2011

LRB Number	11-1393/1	Introduction Number	AB-0182	Estimate Type	Original
Description Assignment of income, prizes, and earnings to pay a municipal court judgment and prohibiting municipal electric or water utilities from collecting certain utility arrearages from owners of rental properties as property liens					

Assumptions Used in Arriving at Fiscal Estimate

MUNICIPAL COURTS

The bill allows municipal courts to issue an order under which not more than 25% of a defendant's commissions, earnings, salaries, wages, pension benefits, worker's compensation, and other money due or to be due in the future may be assigned to the municipal court for the payment of unpaid restitution, forfeiture, costs, fees, or surcharges. Under the bill's statutory language, lottery prizes are explicitly excluded from the list of money sources that could be subject to municipal court assignment.

MUNICIPAL UTILITIES

Under current law, if any municipal utility bills are not paid, the municipality may recover the unpaid amounts as a special charge on the property tax bill of the property that received the municipal utility service. Any charges so placed on the property tax bill that are not paid are subject to the same penalties and recovery procedures that are allowed for non-payment of property taxes.

For unpaid utility bills on property other than rented dwelling units, in order to place unpaid utility bills as a special charge on property tax bills, the following procedure must be followed. On October 15, the owner or occupant of the affected property must be notified that there are unpaid municipal utility bills affecting the property. The notice must be in writing and must do the following: (1) state the amount due for payment, including any penalties for not paying that the municipal utility may impose, (2) state that unless the unpaid bills are paid by November 1, an additional penalty of 10 percent will be added to the amount due, and (3) state that if the amount due is not paid November 15, the amount due will be levied as a special charge on the property tax roll against the real estate to which the utility service was provided. A certified list of real estate parcels on which bills remain unpaid is then filed with the municipal clerk on November 16, at which point the amount due becomes a lien on the affected real estate.

For unpaid utility bills on rented dwelling units, the process for recovery of unpaid municipal utility bills may require certain additional steps. Under current law, the collection process noted above can only be used if the owner of the rental property provides the utility with his or her name and address, the name and address of the tenant responsible for paying the utility bills, and, if requested, a copy of the lease agreement under which the tenant assumes responsibility for paying utility charges.

Under the bill, if the owner of a rented dwelling unit has provided the municipal utility with his or her name and address and the name and address of the tenant who is responsible for paying for the service, the municipality is prohibited from recovering the unpaid bills as a special charge on the property tax roll.

Based on information from the statements of taxes for the 2010/11 property tax year filed by municipalities with Department of Revenue (DOR), the statewide total for unpaid utility bills that were placed on the property tax roll was about \$61 million. Prohibiting municipalities from recovering unpaid utility bills on rented dwelling units as a special charge on the property tax roll is likely to reduce the amount of unpaid utility bills recoverable as a special charge. The financial reports filed by municipalities with the DOR does not contain information which would permit a reasonable estimate of the percentage of unpaid municipal utility bills that are attributable to rented dwelling units. The DOR is therefore unable to estimate the potential reduction in municipal revenues that this bill could engender.

LOCAL ADMINISTRATIVE COSTS

Based on data from the annual financial reports filed by municipalities with the DOR, total expenditures for municipal courts in 2009 were about \$19.6 million. By allowing a municipal court to assign certain money

streams of a defendant, it is possible that these courts could see an increase in case load. The DOR does not have information which would permit it to reasonably estimate the potential increase, if any, in case load and subsequent costs that this bill could engender.

Since municipalities would be prohibited from recovering unpaid municipal utility bills on rented dwelling units as a special charge on the property tax roll, recovery of these unpaid bills would possibly need to proceed through the courts. The DOR is unable to estimate the number of court cases or the increase in legal costs that could result.

STATE ADMINISTRATIVE COSTS

The DOR assists municipalities in the preparation of property tax rolls and bills. If the proposed law change is enacted, the DOR would need to change its instructions to municipal officials regarding the placement of unpaid municipal utility bills on the property tax roll. Any costs related to this activity can be absorbed within existing budgetary authority.

Since the bill excludes lottery prizes from the list of money sources subject to assignment by municipal courts, the bill is no effect on lottery administrative costs.

Long-Range Fiscal Implications