



# OFFICE OF THE CITY TREASURER

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## **Overview of the Delinquent General Real Estate Property Tax Collection Process**

Under Wisconsin State Statutes, the Milwaukee City Charter, and the City of Milwaukee Code of Ordinances, the City Treasurer is responsible for tax collection and enforcement. The Wisconsin State Constitution mandates uniform taxation and tax enforcement. The City Treasurer has no authority to compromise the tax principal due or to waive interest and penalty charges.

As the City of Milwaukee is the only city of the first class within the State of Wisconsin, it operates differently than other municipalities relative to tax collection. The City of Milwaukee can pursue both in personam judgments by civil suit and in rem foreclosure judgments to enforce property tax collection. Delinquent tax parcels first become eligible for in rem foreclosure one year after going tax delinquent, while an in personam action can be pursued once a delinquent tax certificate is issued.

Under the terms of a 1987 intergovernmental service agreement, the City of Milwaukee purchases the delinquent tax receivables of Milwaukee County on an annual basis and keeps the interest and penalty collected on these receivables. This consolidates tax collection with the City Treasurer and provides for a more efficient and convenient process for City of Milwaukee taxpayers.

As the goal of the City Treasurer is to collect the property taxes levied and not acquire tax delinquent parcels, the City Treasurer utilizes a three phase tax enforcement process that maximizes tax collections, while minimizing delinquent tax parcel acquisition.

The first phase of the tax enforcement process is in-house collection. This phase includes a series of four collection letters from the City Treasurer and one collection letter under the signature of an Assistant City Attorney.

In the second phase, tax accounts that remain unpaid are referred to the City of Milwaukee collection law firm, the Kohn Law Firm, for a period of twelve months where the collection law firm works the accounts, makes payment arrangements, pursues in personam judgments where deemed advisable under the established City guidelines, and pursues post judgment remedies, such as wage garnishments and rent attachments, where deemed advisable.

In the third and final phase, as a last resort, the City Treasurer pursues in rem foreclosure against those tax parcels that remain delinquent. The affected tax delinquent property owners and all other interested parties, such as mortgagees and other lien holders, are notified by certified mail of the in rem tax foreclosure action being filed in Milwaukee County Circuit Court.

During the eight week redemption period which commences upon the publication of the in rem foreclosure action notice in the Daily Reporter newspaper, the tax delinquent parcels may be redeemed and saved from foreclosure by paying the entire outstanding eligible delinquent tax balance due.

The eight week redemption period is followed by a four week answer period. During this period, those being foreclosed upon have an opportunity to respond to or answer the foreclosure action. There are only three valid defenses against an in rem foreclosure action. They are: (1) the affected parcel was not liable to taxation; (2) the taxes due were paid in full before the last day of the redemption period; and (3) the tax lien is barred by the statute of limitations. If the taxes are not paid and no valid defense is raised, the City of Milwaukee is granted a foreclosure judgment and takes ownership of the tax delinquent parcels.

The Department of City Development (DCD) manages all properties acquired by the City of Milwaukee through in rem foreclosure. DCD also markets the properties for sale.

Property owners may petition the Milwaukee Common Council to vacate the in rem foreclosure judgment. The petition must be filed within ninety days of the foreclosure judgment. A non-refundable administrative fee of \$1,370 must accompany the petition. A hearing is held before the Council's Judiciary and Legislation Committee on the petition and the committee's recommendation on granting the petition to vacate the in rem foreclosure is then voted upon by the full Common Council. As a condition of vacating the in rem foreclosure judgment, the property owner must pay all outstanding fees and charges due before the Common Council meeting at which the petition will be acted upon. The property taxes due and all costs incurred by the City while the property was under DCD management must be paid in full within thirty days of the Common Council's approval of the petition to vacate the in rem foreclosure judgment. If the petitioner owns other City properties that are tax delinquent, the outstanding balances due on the other properties must also be paid in full, or a confirmed payment arrangement plan must be agreed upon and put in place.

The three phase tax collection and enforcement process utilized by the City Treasurer since 2000 has proven very effective. The City Treasurer collects over 98¢ of each city property tax dollar levied and near 90% of City property tax delinquencies. This is one of the best tax collection rates in the country.