



MINNESOTA · REVENUE

Quarterly Report on the Status of Collection Agency Program

Reporting Period: October 2015-December 2015

Submitted by: Terri Steenblock, Assistant Commissioner

March 21, 2016

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The Honorable Greg Davids
Chair House Tax Committee
585 State Office Building

The Honorable Rod Skoe
Chair Senate Tax Committee
MN Senate Office Building Room 3211

The Honorable Jim Knoblach
Chair House Ways and Means Committee
453 State Office Building

The Honorable Richard Cohen
Chair Senate Finance Committee
MN Senate Office Building Room 3235

Dear Committee Members:

Minnesota Statute 270C.16 Subdivision 1 requests the Department of Revenue to provide a quarterly report on the status of the Collection Agency Program.

The last quarterly report provided was for July 2014 – September 2014. The department's previous contracts with outside collection agencies (OCA) ended in September 2014. New contracts with two OCAs became effective May 29, 2015 and referral of debts for collection started in September 2015. This quarterly report provides results for the first quarter after the OCAs started actively collecting on the debts under the new contracts.

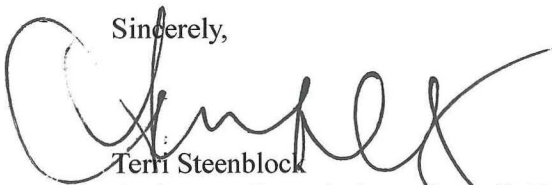
Results: October 2015 – December 2015

A/R Referred	OCA Collections	Commissions Paid to OCA
\$239,452,741.97	\$908,626.41	\$159,134.90

Under the current contracts, the OCAs have one year to attempt collection of the debts. If there is no collection activity after one year, the debts are returned to the department. In our previous contract cycle of five years, the OCAs collected about 3% of the referred debt. Under the current contracts, the OCAs have collected about .4% of the referred debt thus far.

The OCAs earn 15% commission on the dollars collected. Because the amount collected and the amount of the commissions to the OCAs are not always paid in the same month, there are differences in quarterly results.

Sincerely,



Terri Steenblock
Assistance Commissioner for Individual Taxes