

MINNESOTA ▪ REVENUE

Quarterly Report on the Status of the Collection Agency Program

Reporting Period: April 2016-June 2016

Submitted by: Terri Steenblock, Assistant Commissioner

July 15, 2016

MINNESOTA ▪ REVENUE

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 provide a quarterly report on the status of the Collection Agency Program.

The department's contracts with two outside collection agencies (OCAs) expired in May 2016 and were not renewed. The last quarterly report provided was for the first quarter of 2016. This quarterly report provides the final results from the two contracts.

Results as of June 2016

A/R Referred	OCA Collections	Commissions Paid to OCA
\$283,705,736.29	\$2,720,740.00	\$332,463.39

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 more recent contracts, the OCAs collected about 1% of the referred debts through June 2016.

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

Sincerely,

Terri Steenblock
Assistance Commissioner for Individual Taxes