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# Quarterly Report on the Status of the Collection Agency Program

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*Reporting Period: July 2016 – September 2016*

October 1, 2016

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

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

Dear Committee Members:  
The Honorable Rod Skoe Chair  
Senate Tax Committee  
3211 MN Senate Office Building

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

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 and at this time they have not been renewed.

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

The OCAs had one year to attempt collection of the debts. If there was 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