



Quarterly Report on the Status of the Collection Agency Program

Reporting Period: April 2017 – June 2017

July 1, 2017

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

The Honorable Roger Chamberlain
Chair Senate Tax Committee
3225 MN Senate Office Building

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

The Honorable Julie Rosen
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) have expired and, at this time, they have not been renewed. The below information is cumulative for the fiscal year prior to the expiration of the contracts.

| 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. Under the recent contracts, the OCAs collected about 1% of the referred debts.

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
Assistant Commissioner for Individual Taxes