



November 2, 2020

The Honorable Mary Kiffmeyer, Chair
Senate State Government Finance
and Policy and Elections
3103 Minnesota Senate Building
St. Paul, MN 55155

The Honorable Michael Nelson, Chair
House State Government Finance
585 State Office Building
St. Paul, MN 55155

The Honorable Jim Carlson
Ranking Minority Member
Senate State Government Finance
and Policy and Elections
2207 Senate Office Building
St. Paul, MN 55155

The Honorable Tony Albright
Ranking Minority Member
House State Government Finance
259 State Office Building
St. Paul, MN 55155

Dear Senators and Representatives:

Attached is the Uncollectible Debt Summary report for FY 2020 as required by M.S. 16D.09. This is the second year of a new reporting requirement resulting from the 2019 Legislative Session.

The statute provides eight reasons for writing off debt owed to the state.

1. All reasonable collection efforts have been exhausted
2. Cost of further collection action will exceed the amount recoverable
3. Debt is legally without merit or cannot be substantiated by evidence
4. Debtor cannot be located
5. Available assets or income, current or anticipated, that may be available for payment of the debt are insufficient
6. Debt has been discharged in bankruptcy
7. Applicable statute of limitations for collection of the debt has expired
8. It is not in the public interest to pursue collection of the debt

From FY 2019 to FY 2020, the total number of uncollectible debts declined 14% from 85,418 to 73,361, while the total amount of uncollectible debts declined 2% from \$90,029,564 to \$88,170,194.

If you have any questions, please contact Cindy Farrell at 651.201.8012.

Sincerely,

Jim Schowalter
Commissioner

cc: Eric Nauman, Senate Counsel, Research and Fiscal Analysis
Bill Marx, House Fiscal Analysis
Andrew Erickson, Senate Counsel, Research and Fiscal Analysis
Helen Roberts, House Fiscal Analysis

State of Minnesota
 Uncollectible Debt Summary Report
 FY 2020

	<u>Number</u>	<u>Percent</u>	<u>Dollar Amount</u>	<u>Percent of Total</u>
Write Offs				
Under \$10,000	71,728	98%	\$30,225,013	34%
\$10,000 or more	1,633	2%	\$57,945,181	66%
Total Write-Offs	73,361	100%	\$88,170,194	100%

Debt Breakdown

Over \$999,999	0	\$0
\$500,000 - \$999,999	3	\$1,865,888
\$250,000 - \$499,999	13	\$4,399,398
\$100,000 - \$249,999	72	\$10,628,200
\$50,000 - \$99,999	180	\$12,441,234
\$10,000 - \$49,999	1,365	\$28,610,461
Under \$10,000	71,728	\$30,225,013
	73,361	\$88,170,194