"Going to Collections"

Restitution from the Minnesota Department of Revenue's Perspective

The webinar will begin shortly. If you would like to print the slides, you can download them from www.mnallianceoncrime.org.

1 CLE credit has been approved. The event code is: 186011 (please note that CLE credit is not available for those who did not attend the event and are instead viewing a recording).

Introduction

- Lorie Howe, Acting Assistant Director Collections Division
- Jason Brynildson Khang, Revenue Tax Supervisor
- Derek Plahn, Revenue Collection Officer 2

Restitution Debts

- Restitution debts are referred to MDOR by the courts. (State Court Finance)
- Restitution debts are referred with a "Restitution Indicator". The indicator is needed to identify restitution debts in the MDOR system.
- Restitution debts are collected in the same means as all other debts.
- MDOR works with court staff to ensure the accuracy of collections.
  - Joint and Several

Who Does MDOR Collect For

- All MN State Agencies
  - MN Judicial- Court debts
  - MNSCU- School debts
  - DEED
  - DOT
  - DHS
  - DLI
  - Etc.

- MDOR: Delinquent Tax Debts

Types of Debts MDOR Collects

- **State tax debts**
  - Income Tax, Sales Tax, Property Tax, Corp Tax, etc.
- **OAD: Other Agencies Debts**
  - Court Debts
    - **Restitution**
    - Court Fines
    - Misc. Court Fees
  - School Debts
  - DEED Debts
  - Other Various Debts

Why Does MDOR Collect OAD Debts?

- **MN state agencies are required to refer debts to the MDOR for collection.**

- **MN Statute 16.D, State Debt Collection**
  - Also known as the "Debt Collection Act".
    - Debts may be referred to MDOR with 121 days of being past due.
    - Debts that are greater than 121 days must be referred to MDOR for collection.

Client Relations Program

- A Collection Division program that specifically oversees the collection of Other Agency Debts.
- Ensures the accuracy of OAD account by working with referring agencies.
- Ensure that our clients needs are addressed.
- Provide training to clients.
- Maintains Service Level Agreements with our clients.

Referral Process

- Agencies refer debts for collections through E-Services.
- High volume referrals can be systematic via electronic file transfer.
- Referrals that meet the MDOR criteria will be loaded overnight.
- Referrals that do not meet the MDOR criteria will either be rejected or manually accepted after verification.
- Court Debts are referred to MDOR are sent electronically.

Collection Tools

- Billing
- Outgoing and Incoming Calls (IC:12'- 322,566, 13' -296,801)
- Liens
- Assets: DEED, Bank, DPS. License, etc.
- Refund and Vendor Offset
  - Revenue Recapture (Minnesota State Tax Refund)
    - Restitution has 3rd priority for Rev. Recap payments per MN Stat. 270A
    - MDOR files Rev Recap claim on all OAD debts to offset state refund
    - Revenue Recapture is handled by the Collections Support Staff
      - Revenue Recapture inquires: revenue.recapture@state.mn.us
  - State Vendor Payments
  - Federal Non-Tax Payments
  - Lottery Offset
- Enforced Collections: Case Review and Asset Research
  - Bank Levies
  - Wage Levies
  - 3rd Party Levies/3rd Party Levy on Investments
  - License Revocation (Professional)
  - Seizures
- Private Outside Collection Agency

Voluntary Debt Resolution

- **Debtors may pay voluntarily by sending in payment, making payment online or dropping off their payment.**
  - Payment plan will be set up for all debts which can include Taxes and other OAD debts.
  - Pay plans with multiple OAD debts: Payments will apply to debts based on the date of referral. First in, First out.
  - Payment plan payments will apply to based on the Payment Offset Priority.
    - Ex. Pay plan set up for Tax and OAD. Payments will apply to taxes first.

- **One-Time Payment in Full using Electronic Funds Transfer**
  - Bank Account
  - Credit or Debit Card

- **Formal Payment plan**
  - MDOR has payment terms (EFT is required)
  - Personal Financial Statement
    - Helps to determine an affordable monthly payment by verifying monthly income and expenses

Collection Payment to Agency

- Money that MDOR collects on OAD debt is sent to the referring agency either daily or weekly through a Direct Reporting Process

- Restitution:
  - Court Agencies are paid daily
  - Courts will pay restitution to the victims within 30 days of receiving the payment from MDOR

Stats

- **How many agencies does MDOR collect for?** 280
- **How many total OAD debts is MDOR collecting?** Approximately 340,000
- **How much does MDOR Collect?**
  - OAD Monthly Average: $3.9 Mil for FY12/13
  - Total OAD Collected: $96.6 Mil for FY12/13
  - Total MDOR Collections: $620 Mil for FY 12/13
- **Total debts with the Restitution Indicator?** 17,667
- **Total amount of Restitution in Collection?** $56,081,577.93
- **Total Restitution Collected in 2013:** $11,693,548.98

Questions?