



September 12, 2023

Timothy McDermott, Director  
Legislative Services Agency  
State Capitol Building

Kraig Paulsen, Director  
Iowa Department of Management  
State Capitol Building

Office of the Secretary of Senate  
Iowa Senate  
For the Legislative Fiscal Committee  
State Capitol Building

Office of the Chief Clerk  
Iowa House of Representatives  
For the Legislative Fiscal Committee  
State Capitol Building

Re: Department of Revenue Collection Enterprise

Dear Mr. McDermott, Mr. Paulsen, and Members of the Legislative Fiscal Committee:

I am writing to update you on the Iowa Department of Revenue's debt collection program for Fiscal Year 2023. This report is required annually by Iowa Code Chapter 421.17(27)(j).

If you have any questions, or further information is needed, please let me know.

Respectfully,

Mary Mosiman  
Director

**Iowa Department of Revenue  
FY 2023 Central Collections Unit Report**

**Debt Collection Program**

Debt collection services within the Department are provided by the Central Collections Unit (CCU). CCU provided debt collection services to the following state agencies:

- Department of Health and Human Services (HHS) Child Support Services
- HHS Health & Wellness Premiums
- HHS Medicaid Provider Overpayments
- Department of Natural Resources (DNR)
- Iowa College Student Aid Commission
- Iowa Department of Revenue (IDR)
- Iowa Insurance Division (IID)
- Iowa Judicial Branch

Each agency placing accounts with the CCU may also undertake additional collection efforts beyond those reflected in this report.

Collections services for Iowa College Student Aid Commission ended June 30, 2023.

CCU collections consist of two stages. Stage 1 collections are performed by CCU-TSI, and include both tax debt and non-tax debt accounts. Stage 2 collections are performed by CCU-IDR on tax debt CCU-TSI was unable to collect in full or establish a repayment plan.

**Costs by Fiscal Year**

The Centralized Collection Unit is self-supporting and charges for all direct and indirect costs that are properly allocable to CCU activities. CCU-IDR added no new positions in FY2023. CCU costs for the last three fiscal years, and an estimate of FY2024 costs, including but not limited to salaries, support, maintenance, and services, are provided in Table 1. The increase in cost is due to the IDR modernization tax system project.

**Table 1. Centralized Collection Unit Costs, FY 2021 – FY 2024**

	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimated
Cost Incurred	\$15,222,773	\$19,056,111	\$19,742,027	\$21,129,154

**Iowa Department of Revenue  
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**Collections by Fiscal Year**

Table 2 shows total dollars collected by CCU the last three fiscal years and an estimate of the total dollars to be collected in the current fiscal year.

Fiscal Year 2023 collections were \$219 million, an increase of \$6.9 million compared to FY2022. As the collections team develops expertise in the modernized tax system, overall collection amounts are returning to normal.

The rollout of IDR’s modernized tax system has led to several changes in how collections are calculated and reported. Changes include:

- Dollars collected within the first thirty days after a Notice of Assessment is issued are coded in IMPACT as "Assessment Recoveries."
  - Prior to FY22, these collections were included in CCU-TSI, Stage 1, Tax Debt.
  - Assessment Recoveries are now tracked separately, and are no longer subject to TSI collection fees.
- Accounts Receivable (A/R) Non-filer collections were not previously included in CCU program collections.
  - Non-filer collections represent payments received on accounts that are delinquent, but have not yet received a Notice of Assessment or resolved the non-filer status.
  - The non-filer program was placed on hold in January 2022, after sales taxes moved from legacy systems into IMPACT. As of June 15, 2023, the non-filer program is being phased back into production in IMPACT.
  - A/R Non-filer collections are now included in CCU-Stage 1 & 2 Tax Debt.

**Table 2. Central Collections Unit Program Collections, FY 2021 – FY 2024**

Program	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimated
CCU - Stage 1 & 2 Tax Debt	\$214,245,707	\$203,308,936	\$210,891,921	\$209,000,000
CCU - College Aid	\$95,868	\$95,748	\$331,097	N/A*
CCU - HHS Child Support	\$644,669	\$682,080	\$549,819	\$600,000
CCU - HHS Health & Wellness	\$22,145	\$53,575	\$80,648	\$60,000
CCU - HHS Medicaid	\$5,620	\$11,474	\$8,470	\$22,000
CCU - DNR	\$27,306	\$5,809	\$34,364	\$30,000
CCU - Iowa Insurance Division	\$7,945	\$7,819	\$7,010	\$10,000
CCU - Iowa Judicial Branch	\$5,814,362	\$7,941,016	\$7,116,593	\$10,500,000
Total	\$220,863,622	\$212,106,456	\$219,019,922	\$220,222,000

Notes:

CCU – Stage 1 & 2 Tax Debt: amounts collected from Account Receivables, Non-filers, CCU-TSI Stage 1 and CCU-IDR Stage 2 Collections, and Assessment Recoveries

\*Collections for College Aid ended June 30, 2023