



Department of Revenue

Kim Reynolds, Governor  
Adam Gregg, Lt. Governor

Mary Mosiman, Director

September 11, 2024

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 2024. 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 2024 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 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.

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 6.56 full time employee positions to its budget in FY2024. CCU costs for the last three fiscal years, and an estimate of FY2025 costs, including but not limited to salaries, support, maintenance, and services, are provided in Table 1.

**Table 1. Centralized Collection Unit Costs, FY 2022 – FY 2025**

	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimated
Cost Incurred	\$19,056,111	\$19,742,027	\$19,395,522	\$21,936,492

**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 2024 collections were \$255 million, an increase of \$36.4 million compared to FY2023. As the collections team develops expertise in the modernized tax system, overall collection amounts are increasing.

In November 2023, IDR assumed administration of the DAS State Offset Program. In FY2024, the IDR State Setoff Program intercepted 71,988 eligible payments and sent \$26,115,013 to participating agencies, resulting in \$463,981 in fees retained by IDR. Additionally, the program intercepted 3,690 eligible payments for \$3,528,101 that were applied to state tax debt.

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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.
- Amounts previously reported as DAS State Offset Program income are now included in CCU-IDR Stage 2 Tax Debt Collections.
  - With the transition of the DAS State Offset Program to the IDR State Setoff Program in November 2023, IMPACT now includes setoff income with Stage 2 collections.

**Table 2. Central Collections Unit Program Collections, FY 2022 – FY 2025**

<u>Program</u>	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimated
CCU - Stage 1 & 2 Tax Debt	\$203,308,936	\$210,891,921	\$247,958,403	\$260,000,000
CCU - College Aid	\$95,748	\$331,097	N/A	N/A
CCU - HHS Child Support	\$682,080	\$549,819	\$471,036	\$540,000
CCU - HHS Health & Wellness	\$53,575	\$80,648	\$19,403	\$25,000
CCU - HHS Medicaid	\$11,474	\$8,470	\$6,360	\$24,000
CCU - DNR	\$5,809	\$34,364	\$16,396	\$30,000
CCU - Iowa Insurance Division	\$7,819	\$7,010	\$1,785	\$10,000
CCU - Iowa Judicial Branch	\$7,941,016	\$7,116,593	\$6,947,183	\$9,600,000
Total	\$212,106,456	\$219,019,922	\$255,420,565	\$270,229,000

Notes:

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