



Department of Revenue

Kim Reynolds, Governor
Chris Cournoyer, Lt. Governor

Mary Mosiman, Director

October 2, 2026

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 2026. 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,

A handwritten signature in blue ink that reads "Mary Mosiman".

Mary Mosiman, Director

Iowa Department of Revenue FY 2026 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 dropped 3.93 full time employee (FTE) positions to its budget in FY2026. These FTEs include changes in allocations of existing salaries, as well as temporary employee costs. CCU costs for the last three fiscal years, and an estimate of FY2027 costs, including but not limited to salaries, support, maintenance, and services, are provided in Table 1.

Table 1. Centralized Collection Unit Costs, FY 2024 – FY 2027

	FY 2024 Actual	FY 2025 Actual	FY 2026 Actual	FY 2027 Estimated
Cost Incurred	\$19,395,522	\$16,784,091	\$17,234,442	\$21,003,554

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 2026 collections were \$392 million, an increase of \$122.15 million compared to FY2025. A large portion of this can be attributed to a significant increase in non-filer payments. Non-filer payments are defined as payments received on periods that are marked delinquent or receive a non-filer notice, before any notice of assessment is sent. FY2026 non-filer payments totaled \$113M, an increase of \$95.3M from FY2025.

In November 2023, IDR assumed administration of the DAS State Offset Program. In FY2026, the IDR State Setoff Program intercepted 85,296 eligible payments and sent \$34,741,308 to participating agencies, resulting in \$597,072 in fees retained by IDR. Additionally, the program intercepted 4,933 eligible payments for \$4,647,903 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.
 - 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 2024 – FY 2027

Program	FY 2024 Actual	FY 2025 Actual	FY 2026 Actual	FY 2027 Estimated
CCU - Stage 1 & 2 Tax Debt	\$247,958,403	\$262,724,031	\$384,075,004	\$284,600,000
CCU - HHS Child Support	\$471,036	\$463,350	\$400,339	\$540,000
CCU - HHS Health & Wellness	\$19,403	\$16,683	\$8,450	\$25,000
CCU - HHS Medicaid	\$6,360	\$16,636	\$7,135	\$24,000
CCU - DNR	\$16,396	\$37,390	\$23,617	\$30,000
CCU - Iowa Insurance Division	\$1,785	\$1,000	\$2,262	\$10,000
CCU - Iowa Judicial Branch	\$6,947,183	\$6,388,857	\$7,280,014	\$9,600,000
Total	\$255,420,565	\$269,647,947	\$391,796,821	\$294,829,000

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