



Iowa Department of Revenue

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Director: Mark R. Schuling
Hoover State Office Building
Des Moines, Iowa 50319
www.state.ia.us/tax

HOUSE OF REPRESENTATIVES

November 1, 2007

Mr. Charles Krogmeier
Director
Iowa Department of Management
State Capitol Building

Mr. Dennis C. Prouty
Director
Iowa Legislative Services Bureau
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. Krogmeier, Mr. Prouty, and Members of the Legislative Fiscal Committee:

Iowa Code § 421.17(27)(h) and (j) (2007) require the Director to report quarterly the collection results and annually positions added and costs incurred by the Department of Revenue. Please accept the attached report as the FY07 year end report as required by this section.

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

Yours truly,


Mark Schuling
Director

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**Iowa Department of Revenue
FY 2007 Collection Enterprise Report
November 2007**

The Iowa Collection Enterprise (ICE) encompasses all collection activities of the Department of Revenue. This includes not only the collection of assessed tax obligations by the Department but also collections made in support of the Judicial Branch, College Student Aid Commission, DHS Child Support Recovery and the Department of Natural Resources. The ICE is funded by receipts and by collection charges that are passed on to obligors.

Collections by Fiscal Year

Collections for Fiscal Year 2007 were \$148.7 million. This was nearly \$32 million more than was collected in Fiscal Year 2006 and is the largest amount ever collected by the Department. The attached table details collections for the past four fiscal years.

Cost/Benefit

Collection costs totaled \$11.6 million. Total costs equaled 7.8 percent of the amount collected. Fiscal Year 2007 costs included a one-time expense of \$2.85 million relating to a major upgrade to collection software programming. This was the first major upgrade to the software since it was installed in 1993. This upgrade will help ICE become more efficient and effective in future collections. FY 2008 collections are estimated to total \$150 million at a cost of \$9.8 million. FY 2008 costs include a one-time expense of \$0.4 million that represents the final phase of the software upgrade begun in the previous year.

No new positions were added in Fiscal Year 2007. The Department's Fiscal Year 2008 budget request included two new revenue agent positions. Those positions were included in the approved budget and have been added for Fiscal Year 2008.

| <u>Fiscal Year</u> | <u>Collections</u> | <u>Cost</u> | <u>Cost ratio</u> |
|--------------------|--------------------|-------------|-------------------|
| FY 2005 Actual | \$101.9M | \$ 6.4M | 6.3% |
| FY 2006 Actual | \$116.2M | \$ 7.4M | 6.4% |
| FY 2007 Actual | \$148.7M | \$11.6M | 7.8% |
| FY 2008 Expected | \$150.0M | \$ 9.8M | 6.5% |

Iowa Department of Revenue
Iowa Collection Enterprise

Collections for Fiscal Year 2007

| <u>Program</u> | <u>Dollars Collected</u> |
|---------------------|--------------------------|
| IDR Tax Receivables | \$ 123,282,900 |
| Judicial | \$ 18,651,098 |
| College Aid | \$ 5,881,135 |
| DHS Child Support | \$ 809,419 |
| DNR | <u>\$ 65,289</u> |
| Total | \$ 148,689,841 |

Collections for Fiscal Year 2006

| <u>Program</u> | <u>Dollars Collected</u> |
|---------------------|--------------------------|
| IDR Tax Receivables | \$ 95,191,312 |
| Judicial | \$ 15,832,516 |
| College Aid | \$ 4,064,096 |
| DHS Child Support | \$ 1,010,779 |
| DNR | <u>\$ 99,366</u> |
| Total | \$ 116,198,069 |

Collections for Fiscal Year 2005

| <u>Program</u> | <u>Dollars Collected</u> |
|---------------------|--------------------------|
| IDR Tax Receivables | \$ 83,800,899 |
| Judicial | \$ 14,488,555 |
| College Aid | \$ 2,381,901 |
| DHS Child Support | \$ 1,169,140 |
| DNR | <u>\$ 11,910</u> |
| Total | \$ 101,852,405 |

Collections for Fiscal Year 2004

| <u>Program</u> | <u>Dollars Collected</u> |
|---------------------|--------------------------|
| IDR Tax Receivables | \$ 64,508,857 |
| Judicial | \$ 12,555,952 |
| College Aid | \$ 5,293,426 |
| DHS Child Support | \$ 1,373,843 |
| DNR | <u>\$ 0</u> |
| Total | \$ 99,801,747 |