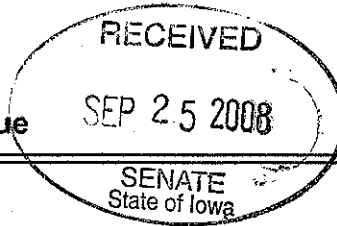




Iowa Department of Revenue



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

September 23, 2008

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

Mr. Tim Faller
Interim 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. Faller, 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 collection positions added and costs incurred by the Department of Revenue. Please accept the attached report as the FY08 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

**Iowa Department of Revenue
FY 2008 Collection Enterprise Report
August 2008**

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 2008 were \$159.7 million. This amount excludes \$12.4 million in Tax Amnesty revenue from accounts in collection status. This was \$11 million more than was collected in Fiscal Year 2007 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 \$10.1 million. Total costs equaled 6.3 percent of the amount collected.

FY 2009 collections are estimated to total \$157 million at a cost of \$13 million. FY 2009 costs include \$3 million for the first phase of an upgrade to the Web-enabled collection system required in SF 2428.

The total collection estimate for FY 2009 is reduced \$6 million because the College Student Aid Commission is withdrawing accounts from collection by the ICE. Increased collections of court and tax debt will offset approximately \$3 million of the difference.

Two new revenue agent positions were added in Fiscal Year 2008. No additional positions are anticipated in FY09.

<u>Fiscal Year</u>	<u>Collections</u>	<u>Cost</u>	<u>Cost ratio</u>
FY 2006 Actual	\$116.2M	\$ 7.4M	6.4%
FY 2007 Actual	\$148.7M	\$11.6M	7.8%
FY 2008 Actual	\$159.7M	\$10.1M	6.3%
FY 2009 Estimated	\$157.0M	\$13.0M	8.2%

**Iowa Department of Revenue
Iowa Collection Enterprise**

Collections for Fiscal Year 2008

<u>Program</u>	<u>Dollars Collected</u>
IDR Tax Receivables	\$ 130,990,216
Judicial	\$ 21,188,375
College Aid	\$ 6,782,865
DHS Child Support	\$ 700,103
DNR	<u>\$ 26,590</u>
Total	\$ 159,688,149

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