

State Debt Collection Agreement

Introduction

This agreement between the _____, (hereafter referred to as “agency”) and the Wisconsin Department of Revenue (hereafter referred to as “department”) will set forth the requirements and expectations of both agencies relating to the department providing debt collection services for the agency under sec. 71.93 (8), Wis. Stats.

Statutory Authority

The department is authorized pursuant to sec. 71.93(8), Wis. Stats., to enter into a written agreement to have the department collect any amount owed to the government agency.

Duties of the Agency

1. Unless stated and agreed to separately, debt sent to the department for collection must be greater than \$50.00, and shall be reduced to a judgment prior to referral of the debt, unless the agency has provided the debtor with reasonable notice and an opportunity to be heard with regard to the debt.
2. The agency shall send unpaid debt to the department for collection when the debt is more than 90 days past due, unless the agency is negotiating a repayment agreement with the debtor, the debtor has filed bankruptcy, the debtor has objected to the basis of the debt and the agency is responding to the objection, or the agency has negotiated a waiver of the time period or debt type from the Secretary of the department.
3. At least 30 days prior to referral of the debt to the department, the agency shall send notice to the debtor of the agency’s intention to refer the debt to the department for collection. The notice must state the nature and amount of the debt, identify the agency to whom the debt is owed, advise the debtor that collection costs will be assessed once the debt is referred to the department, and inform the debtor of the debtor’s right to appeal. Any appeal periods must have expired and all disputes resolved prior to referral of debt to the department.
4. The agency shall send the following file updates in an electronic format:
 - a. New Debts: The agency shall furnish information using the department’s prescribed file layout. Each debtor must have a unique agency identifier and each debt must have an agency debt number.
 - b. Debt Updates: Any non-monetary updates to the debt amount or recall of the debt must be transmitted to the department, using the department’s prescribed file layout, within 24 hours of receipt. Changes to the balance may include estimated assessments replaced by actual information, debts reduced by compromise agreement, or administrative adjustments. Any payments must be remitted to the department for posting to the department’s collection case. The agency is responsible for refunding the collection fee to the debtor, if appropriate, on recalled debts.

5. The agency agrees to adjust to zero any debts certified to the department's agency setoff system either through the Tax Refund Intercept Program (TRIP) application, state agency mainframe or CCAP. Through this agreement, the department will offset refunds to the agency's debts through the department's collection system.
6. Once debt is referred to the department for collection, the agency shall discontinue billing statements, demand letters, and active collection efforts. The agency shall direct all debtor calls or requests regarding collection of the debt to the department.
7. Once a debt is referred to the department for collection, the agency shall forward any payments received to the department for processing. Department collection costs must be paid even if the debtor sends full payment of the debt to the agency.
8. If the debt is compromised or settled, the agency shall contact the department to determine the amount of the department's collection costs that must be remitted to the department. The agency shall be responsible for any department collection costs remaining when the agency fails to consider department collection costs when accepting payments from the debtor or compromising debt.
9. Correspondence and telephone inquiries received that relate to the validity of the debt shall be forwarded to the agency for a timely response. The agency must have resources available to assist debtors and department collectors with debt-related issues.
10. If the agency fails to provide accurate and timely updates to the debt and the result is an overpayment of the debt, the debt shall be returned to the agency for a refund to the debtor. The agency shall refund the debtor the amount of overpayment received plus the department collection costs, if appropriate.
11. If a payment or refund setoff has been posted to a debt and it is later determined that the payment or refund setoff was in excess of the debt owed to the agency, it is the agency's responsibility to refund such excess to the debtor. If at the time of payment or refund setoff, the debtor had a debt with the agency but the agency did not adjust the debt to zero, it is the agency's responsibility to refund the administrative fee to the debtor.
12. Payments and refund setoffs that occur because of erroneous identification information provided by the agency may be corrected by the department and it is the agency's responsibility to pay any collection fees or amounts involved may be reversed.
13. The agency shall be responsible and liable for any claims or lawsuits made against the department arising from collection of a debt that is alleged to be incorrect or not owed by the debtor.
14. The agency agrees to maintain the confidentiality of all accounts, correspondence, documents and any other related information, which may be obtained from or furnished by the department. If a third party is used by the agency to manage the debts referred to the department, the third party must sign an agreement with the department and will be bound by the same confidentiality requirements. Any unauthorized use or disclosure of such information, or inadequate procedures for safeguarding the confidentiality of such information, constitutes grounds for immediate termination of this agreement.
15. The agency shall review reports transmitted, reconcile accounts and notify the department within 60 days of any discrepancies.

16. The agency shall have technical staff available to maintain electronic file layouts, electronic reports, and other requirements as needed. Agency and department contact information will be periodically updated.
17. The agency and the department can agree to other collection services, such as sending notices, providing the opportunity to be heard, and filing and managing bankruptcy claims.

Duties of the Department

1. The department shall take all reasonable and cost-effective actions to collect referred debts. Collection efforts may include, but are not limited to:
 - a. Identify assets available for satisfaction of debts
 - b. Send demand letters
 - c. Subpoena records
 - d. Setoff refunds
 - e. Negotiate and monitor payment plans
 - f. Levy assets
 - g. Certify wages
2. The Secretary of the department may waive the referral of certain types of debts.
3. The department shall collect debts and assess interest in the same manner that it collects taxes and assesses interest under secs. 71.82(2), 71.91, 71.92, and 73.03 (20), Wis. Stats.
4. The department shall add an administrative fee to each debt referred for collection. The administrative fee is reviewed periodically and may be adjusted up or down to cover all costs to the department to administer this program.
5. The department shall apply payments made on delinquencies first in discharging costs, then penalties and interest, with the balance applied to principal. Once a payment or refund setoff has been posted, the agency shall be notified of such postings.
6. The department shall collect against debtors who owe multiple debts to various government entities. Proceeds collected apply first to debts owed to the department, then to debts owed for child support, then debts owed to state agencies, including the courts and the Legislature, in the order that the debts were referred, then to debts owed to authorities and local units of government in the order that the debts were referred.
7. The department shall send a Statement of Account to the debtor monthly as long as there is account activity, such as a payment or credit to the account. If there is no recent activity, a Statement of Account is sent at least once every six months. Interest is added to the account monthly.
8. The department may suspend collection action on an agency account temporarily if the debtor raises concerns that need to be addressed by the agency, such as the validity of the debt or whether the debt was previously paid. The debtors shall be advised that they must contact the agency, and department collection action will resume in 30 days unless the agency contacts the department to request additional time or recalls the debt.
9. If a payment, refund, or refundable credit is determined to be in error or is otherwise adjusted after posting to an agency debt, the department may reverse the credit with that agency.

10. The department shall close out any debt with a balance that falls below \$20.00 and return the debt to the agency as too small to pursue.
11. The department shall pursue debt collection until the debt is collected in full or the department has determined the debt is uncollectible.
12. The department shall suspend collection action on debts if the debtor files bankruptcy. It is the agency's responsibility to pursue a bankruptcy claim, if appropriate. The agency has the right to recall a debt when bankruptcy has been filed if it wishes to pursue separately.
13. The department shall send the following update files:
 - a. Debt Response File - The department shall notify the agency whether the debt was accepted or rejected in the same manner as originally submitted by the agency.
 - b. Transaction File - The department shall post transactions to the debtor's account daily. On a monthly basis, a transaction file will be transmitted to the agency.
 - c. Return Debt File - On a monthly basis, the department shall notify the agency of any collection cases that have been determined as uncollectible
14. The department shall provide a collection performance report upon request by the agency.
15. Monthly, remittances shall be posted to the agency's PeopleSoft account or through electronic funds transfer (EFT) to the agency's bank account.
16. The department shall have collectors available to assist debtors and the agency staff with debt-related issues. The department will resolve any debtor disputes pertaining only to the department's collection process and any collections taken by the department.
17. The department shall have technical staff available to create and maintain electronic file layouts, electronic reports, and other requirements as needed. Agency and department contact information will be periodically updated.
18. The Secretary of the department shall be the final authority in the resolution of any interagency disputes in regard to referral of debts.
19. The department and the agency can agree to other collection services, such as sending notices, providing the opportunity to be heard, and filing and managing bankruptcy claims.

Legal Requirements

This agreement is effective upon the signing below of the agency's and department's representatives. Amendments mutually agreed to by authorized representatives of the agency and the department shall become effective when signed and dated as an ADDENDUM to this agreement. The terms of the agreement may be renegotiated upon 60 days notice by either party.

Wisconsin Department of Revenue

By _____

Dated _____

Agency

Agency Name: _____

By _____

Print Name: _____

Print Title: _____

Dated _____