



# From Refund Intercepts to the “Full Meal Deal” – Wisconsin’s Experience Collecting Non-Tax Debt

**Vicki R. Siekert**  
**Wisconsin Department of Revenue**  
**Division of Technology Services**  
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# Long and Winding Road



- 1982 – Tax refund intercept for state agency debt
- 1988 – Lottery prize intercept for state agency debt
- 1996 – Refund intercept for local government debt
- 2002 – State Income Tax Levy Program (IRS)
- 2006 – State vendor payment intercept for state agency & local government debt
- 2008 – Tax refund offset to tribal debt
- 2009 – Tax refund offset to other state debt (Minnesota)
- Agencies participating 12 --> 1100 since 1990



# Statewide Debt Collection



- In 1998, WDOR did study & developed proposal
- Considered in every biennial budget until passed in 2009-2011 biennial budget
- State agencies required to enter into MOU or get exemption from Secretary of Revenue by 6/30/10
- Local governments may use but not required



# Methodology for working agency debts



- **Categorize agency debts as either individual or business debt**
- **Combine with DOR debt collection case if present**
- **Use preexisting collection flow and collection notices for business or individual debt**
- **Use same collection tools & collection information as DOR debts (authorized by statute )**



# Current Status



- **Developed functionality in WINPAS (WDOR's GenTax application)**
- **Meetings and MOU's with state agencies**
- **First debts certified in May 2010, only 1 agency with 8 debts so far**
- **Management decision to postpone opening program to local government debt until after state agency process was stable (probably 2011)**



# Issues/Lessons Learned



- **Getting it enacted**
  - Other agencies not interested or actively opposed
  - Need to have a champion
  - Need to have some kind of required participation in statute
  - Differing perceptions between large agencies and small
  - Difficult budget times facilitated



# Issues/Lessons Learned



- **Enforce uniformity (where you can)**
  - Insist on electronic transmission, although differing levels of technology may mean several methods
  - Finalized debts, prior warning letter
  - Required data elements (SSN/FEIN)
  - Who computes interest and how
  - Hierarchy of payment application based on referral date
  - Pay administrative fee first



# Issues/Lessons Learned



- **Collection tools**
  - **Statutory authority to use tax return information to collection agency debt (income sources, banks, other assets, etc.)**
  - **WDOR got authorization for financial data matching at same time, to be used to collect both DOR and agency debt**
  - **Statutory authority to use wage attachment, levy, administrative liens same as for tax debt**
  - **If debtor in bankruptcy, we return to agency**



# Issues/Lessons Learned



- **On-line necessities**
  - **Need to offer electronic payment methods, just like for tax debt**
    - If not, debtor may use electronic payment method at originating agency & fee won't get paid
  - **Need to offer agency an on-line way to verify debt payment**
    - They may be withholding license, transcript etc, based on delinquency



# Issues/Lessons Learned



- **Coordination with agencies**
  - Refund interception has taught us importance of this
  - Don't underestimate the need for staff who can provide customer service to agencies
  - Communicate lots – newsletter, emails, listserv, webinar, etc.
  - Have the administrative support to cut an agency off if they persistently break the rules



# Issues/Lessons Learned



- **Have good collection information resources**
  - **Electronic W-2's stored in our warehouse, about 60% of total W-2's**
  - **Banking information from financial records matching**
  - **Automated processes to initiate wage attachment or bank levy if no response**



# Final Thoughts



- **Learn from others**
  - MN has many years of experience with statewide debt collection & uses same COTS product as us
  - We talk to them a lot



# Questions?



- **Contact information:**
  - Vicki R. Siekert
  - Wisconsin Department of Revenue
  - 608-264-9907
  - [Vicki.Siekert@revenue.wi.gov](mailto:Vicki.Siekert@revenue.wi.gov)

