

**Department of Revenue  
Private Collection Firms Report**

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The General Government Subcommittee recommends acknowledging receipt of a report on private collection firms.

The Department undertakes initial collections and, if the debt remains uncollected, transfers the debt to one of two private collection firms while continuing with some of its own collection efforts.

The agency reports that there are 39,100 accounts valued at \$310.1 million that were assigned to private collection firms in 2013. The average liability is \$2,100. The average age of this debt was 2.7 years. It took on average approximately 227 days for the first payment to be made on the debt. The private collection firm collection rate was 3.5%, however, this includes some debt collected by the Department.

The Core System Replacement project, a modernization of the agency information technology applications, is expected to increase DOR's capability to send debt to private collection firms, however, it will simultaneously reduce the agency's need to do so as a modernized platform will allow for a more efficient in-house processing of collections.

From the report, it is difficult to ascertain whether the agency has the correct mix of in-house vs. private collection firm efforts.

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