



**Service Level Agreement  
Administration of Referring Agency Debt Collection  
January 2019**

State of Minnesota  
Department of Revenue

and

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Agency Name

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Agency ID

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## Introduction

This Service Level Agreement for the Administration of Referring Agency Debt Collection between (insert referring agency name) (referring agency, you, your) and the Minnesota Department of Revenue (the department, we, us) defines:

- Statutes and policies you must follow when referring debts for collection.
- Terms and conditions we will follow when providing collection services to you.
- Duties and responsibilities of both parties.

## Statutory Authorization

Minnesota Statutes Chapter 16D, also cited as the “Debt Collection Act,” authorizes the commissioner of Revenue to collect debts for other state agencies.

## Definitions

The following definitions apply to this Service Level Agreement.

**A. Amendment**

A formal alteration, revision, or addition to the existing Service Level Agreement due to a statute or policy change.

**B. Authenticate the Debt**

A process you use to ensure all referred debts are delinquent before referral. You must verify the delinquency through account review and notice to the debtor.

**C. Authenticate the Debtor**

A process you use to verify the Social Security number (SSN), Federal Employer Identification Number (FEIN), or Minnesota Tax Identification Number (Minnesota ID) of the debtor before referral. You must verify the identity through written, telephone, or face-to-face contact with the debtor.

Minnesota Judicial Branch is exempt from written notification. They verify debtors according to court rule or policy.

**D. Commissioner**

The commissioner of Revenue.

**E. Debt**

A specific amount of money a natural person or a business entity is legally obligated to pay you.

**F. Debtor**

A natural person or business entity owing a debt to you.

**G. Debt Origination Date**

Installment default date or the original due date of the debt.

**H. Direct Agency Payment**

A payment received in your office for debts referred to us for collection.

**I. Electronic File Exchange**

The department's file exchange process some agencies use to manage referred debts.

**J. e-Services**

The department's online system most agencies use to manage referred debts.

**K. Invoice**

We use netting to recoup amounts you owe us. We send you a Cash Receipt Invoice letter when payment reversals or other adjustments create a negative balance for your agency and an amount due remains:

- a. after 90 days
- b. at the end of our fiscal year (June 30)

**L. Legal or Pre-legal Status**

The referring agency's status regarding the collection of an account by internal legal process, if applicable.

**M. Netting**

An accounting process that determines the amount we pay you after deducting any payment reversals and collection costs you collected.

**N. Debt Referral Questionnaire**

A form the referring agency completes electronically for each debt type before referring the debt to us. The form requests information about the agency, debt type, payment application, and method of referral.

We provide a sample of the form on our Department of Revenue [website](#).

**O. Notice to Debtor**

A notice you must provide a debtor before referring a debt for collection.

Minnesota Judicial Branch is exempt from this statute.

**P. Not Public Data**

The government data classified by statute, federal law, or temporary classification as confidential, private, nonpublic, or protected nonpublic. Agencies may only share this information in specific circumstances, as defined in law. See Minnesota Statutes Section 13.02, subdivision 8a.

**Q. Payment Priority**

The order in which we apply payments to debts.

**R. Referring Agency**

Any agency that entered into a signed agreement with the Minnesota Department of Revenue to refer debts to us for collection.

**S. Reports**

The reports we post to your e-Services account to help you manage referred debts and to reconcile your debt balances against ours. The frequency of the reports vary for each agency. We offer most reports weekly and the Inventory Report monthly.

Reports we provide include:

**a. Collection Cost Removals and Other Adjustments**

Debts impacted by an adjustment, such as cancelation of collection costs.

**b. Inventory Report**

Debts we are currently collecting for your agency.

**c. Payment Detail Report (PDR)**

Summary of events on debtors' accounts and payment details for transactions affecting debts during the report cycle.

**d. Rejected Transaction Report**

A list of requests, such as referrals, payments, and recalls, you submitted and we rejected.

**e. Returned Debt Report**

Debts you recalled or we returned to you.

**T. Revenue Recapture**

A process we use to take (recapture) state refunds and use them to pay debts you refer to us.

**U. Service Level Agreement (SLA)**

The document describing the duties and responsibilities of the department and the referring agency.

**V. Statute of Limitations**

The time allowed for legally collecting a debt, as defined by state law. Revenue uses five years from the debt origination date. Circumstances such as lien filing or bankruptcy may extend this date.

**Limitations**

**A. You must not refer debts that are:**

a. less than \$25

b. under known appeal, in dispute, in payment negotiation, or in legal or pre-legal status

- c. expired (the statute of limitations has ended or will end in the next 180 days)
- B. We will close and return debts that:
  - a. are more than five years past their debt origination date. We may file a lien to extend the time to collect. See Minnesota Statutes Section 270C.67, subdivision 1.
  - b. are uncollectible. You may still take additional collection action, including Revenue Recapture, on the returned debt if the debt qualifies.
  - c. have a balance below \$25, unless the debt is in an active payment agreement or wage levy.

### **Duties of the Referring Agency**

- A. Authenticate the debtor and the debt before referral.
- B. Ensure all appeal periods are expired. Resolve any known appeals or disputes before referral.
- C. Send notice to the debtor by U. S. mail or personal delivery at the debtor's last known address, at least 20 days before referral. Your notice must:
  - a. state the nature and amount of the debt
  - b. identify to whom the debt is owed
  - c. inform the debtor of actions we may take to collect the debt
  - d. advise the debtor that we will impose collection costs, up to 25 percent of the debt
  - e. inform the debtor of their rights to ask to cancel collection costs
  - f. state that interest-bearing debts continue to accrue interest, if your referred debts accrue interest

Your notice must also explain that state law authorizes the Department of Revenue to take actions to help collect the debt owed to you. Among other things, we may:

- a. file liens against property
- b. issue levies against assets, such as wages and bank accounts
- c. offset eligible:
  - i. Minnesota and Wisconsin state tax refunds
  - ii. Minnesota and federal tax payments
  - iii. lottery winnings
- d. subpoena financial, personal, and business records
- e. revoke or deny renewal or transfer of business and professional licenses
- f. access non-public government data
- g. obtain legal judgments against debtors
- h. report to a credit bureau
- i. refer debt to private collection agencies

We provide a sample of the form on our Department of Revenue [website](#).

- D. Delete or close Revenue Recapture claims on debts before referral; we monitor claims for you. If we return a debt with a remaining balance, you may add a Revenue Recapture

claim if the debt qualifies.

- E. Discontinue any demands for payment and active collection efforts on referred debts.
- F. Refer debts with unique agency debtor and debt identification numbers. These unique numbers cannot include the debtor's SSN, FEIN, or Minnesota ID.
- G. Dedicate contacts to help debtors and department employees and answer questions about the debt itself, such as:
  - a. debt validity
  - b. actions you took before referral
- H. Refer inquiries about the collection of referred debts to us, such as questions about:
  - a. account balances
  - b. collection costs
  - c. actions we took on the debt after referral
- I. Provide resources to help us with:
  - a. technical questions
  - b. report processing
  - c. problem resolution
  - d. changes to policy, procedure, or technology that affects us
  - e. other requirements as needed
- J. Choose and notify us of which of the following electronic reporting methods you will use to refer and maintain debts:
  - a. Manually through e-Services. Most referring agencies choose this method.
  - b. Systematically through an electronic file exchange process, approved by us. Agencies with high debt volumes may find this option more manageable.
- K. Notify us when you receive a valid dispute on a referred debt. We will continue collection actions already in place. You must:
  - a. recall the debt or contact us to request time to make a determination.
  - b. recall the debt if you expect the dispute to exceed 60 days, unless we approve an exception.
  - c. determine the outcome of a dispute and:
    - i. notify us of the result within five business days.
    - ii. report any changes. Use your agency's electronic reporting method.
  - d. send us a copy of your dispute process, if requested.
- L. Report the full amount of any direct agency payment you receive from the debtor on a referred debt. Use your agency's electronic reporting method.
- M. Account for collection costs and send them directly to us if your agency operates 100 percent from the state's accounting system, Statewide Integrated Financial Tools (SWIFT).

- N. Post any changes to referred debt balances within five business days of when you become aware of the change. Use your agency's electronic reporting method. Examples include:
  - a. Direct agency payments
  - b. Adjustments
  - c. Offsets
  - d. Credits
  - e. Debt recalls
  - f. Court rulings
  
- O. Reconcile your balances using the reports we provide in e-Services. We apply payments according to the application method you indicated on the Debt Referral Questionnaire.
  
- P. Contact us before you issue refunds on current or previously referred debts. We will determine the amounts and who will send refunds for any:
  - a. credits received by your agency
  - b. overpayments, plus collection costs or Revenue Recapture fees, resulting from your failure to provide accurate updates within five business days
  
- Q. Recall debts only if you:
  - a. referred them in error
  - b. expect an active dispute to exceed 60 days, unless Revenue approves an exception
  - c. know the debtor is in bankruptcy
  - d. determine the debtor is not liable

In most cases, you should not re-refer debts you previously recalled or that we returned to you. Exceptions include, and are not limited to:

- a. Resolved disputes
  - b. Closed bankruptcies where debts are still valid
  - c. Failed to comply with court ordered community service
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- R. Notify us when a case is resolved. If you do not and we continue to collect, you will pay our collection costs.
  
  - S. Retain any documents related to the debt, such as the notice to debtor, until you recall the debt or we return it.
  
  - T. Address system access and training needs for your staff. You must:
    - a. contact us immediately through e-Services or email to notify us when staffing changes occur so that we may:
      - i. add, modify, or remove users
      - ii. update your debtor and agency contact information
    - b. provide your staff with training on your debt referral process, systems, and payment application process as you indicated on the Debt Referral Questionnaire. Each authorized e-Services user must:

- i. have their own User ID and password. They may not share.
  - ii. limit their access to business purposes only.
- U. Ensure all of your users complete our annual required training each year in order to maintain access to e-Services and electronic file exchanges. We will notify you when the training is available and provide a deadline for completing it. You must provide the users with annual anti-browsing and data disclosure training.
- V. Comply with the department's audits and correct issues within the determined time frame.
- W. Pay invoices within the time limit provided on them.

### **Duties of the Minnesota Department of Revenue**

- A. Take all reasonable and cost-effective actions to collect referred debts. Among other things, we may:
  - a. send letters, which include due process notices and outline actions we may take to collect the debt
  - b. make phone calls
  - c. set up payment arrangements
  - d. file liens to secure the state's interest in real property and to extend the time allowed for enforced collection actions
  - e. issue levies against assets, such as wages and bank accounts
  - f. offset eligible:
    - i. Minnesota and Wisconsin state tax refunds
    - ii. Minnesota and federal non-tax payments
    - iii. lottery winnings
  - g. issue subpoenas
  - h. revoke or deny renewal or transfer of business and professional licenses
  - i. access non-public government data
  - j. obtain judgments
  - k. report to a credit bureau
  - l. refer debts to private collection agencies
- B. Provide a case reviewer to handle debtor disputes involving our collection process and actions. For disputes involving the debt itself, we will direct the debtor to you.
- C. Apply collected funds toward debts based on:
  - a. our payment priority
  - b. your payoff order, as indicated on the Debt Referral Questionnaire
- D. File and manage Revenue Recapture claims for all debts referred to us for collection. Revenue Recapture begins 45 days after our first notification to the debtor for a given debt. After 45 days, we will retain collection costs on any offsets.

- E. Process cancelation of collection costs requests.
- F. Process refunds and overpayments in our system.
- G. Release legal actions against debtors when we resolve accounts or you recall the debt.
- H. Update e-Services contacts and authorized users when you notify us of changes in your staff. We will:
  - a. add new e-Services users and remove inactive ones
  - b. provide training on our debt referral process
- I. Provide dedicated staff and technical resources to:
  - a. answer questions
  - b. resolve problems
  - c. support electronic file layouts, report processing, and other requirements, as needed
  - d. address planned changes to policy, procedure, or technology, affecting either party's responsibilities
- J. Notify you before we change our debt referral requirements or procedures. We will provide an anticipated schedule for changes that may affect you and resources to resolve related issues.
- K. Safeguard your referred debt information in accordance with the Data Practices Responsibilities section of the agreement.
- L. Make reports available to you through e-Services to help you manage referred debts and to reconcile your balances against ours.
- M. Reject a payment you submit on a referred debt that we show as paid in full.
- N. Process Debt Referral Questionnaires, typically within 90 days of receipt of the completed form. We will communicate any exceptions with you.
- O. Provide users who administer referred debts with the annual required training. We will notify you when the training is available and provide a deadline for completing it. We will also provide new user training as members join your agency. The new user training includes anti-browsing and data disclosure.
- P. Use an electronic netting process to pay you on a scheduled basis, such as daily or weekly.
- Q. Send you an invoice when a balance you owe us remains after 90 days or at the end of our fiscal year (June 30).

- R. Audit you to ensure compliance with Minnesota Statutes, this Service Level Agreement, and e-Services use requirements. We will inactivate users who no longer have a business reason to access your e-Services account.

### **Collection Costs**

- A. We add collection costs, up to 25 percent of the debt amount, to referred debts. We may charge you for canceled collection costs.
- B. We deposit all money retained under this section to the general fund as non-dedicated receipts to reimburse the costs of collection.

### **Data Practices Responsibilities**

- A. When providing services under this agreement, we are subject to:
  - a. Minnesota Government Data Practices Act
  - b. Minnesota Statutes
  - c. Federal and state privacy laws
- B. Minnesota Statutes Section 16D.06, subdivision 1, allows state agencies, political subdivisions, and statewide systems to share not public data with us for the sole purpose of collecting debts. We may request not public data about the debtor's:
  - a. finances
  - b. location
  - c. assets
- C. We classify information received, collected, created, or maintained, to collect debts, as private or nonpublic data. We may provide data to you as described in Minnesota Statutes Section 16D, subdivision 2.
- D. Minnesota Statutes Chapter 13 does not govern Minnesota Judicial. Rules adopted by the Supreme Court govern access to data of the judiciary. See Minnesota Statutes Section 13.90, subdivision 2.

### **Legal Requirements**

- A. This Service Level Agreement is effective for three years unless canceled by either party.
- B. We will suspend your access to e-Services for a violation of this Service Level Agreement. We will send you due notice, providing you an opportunity to a hearing before we suspend you.
- C. The authorized agent(s) for (insert referring agency name) is/are (insert user name(s) or their successor.

The authorized agent for the Minnesota Department of Revenue is the Collection Division

Director.

- D. You may not assign or transfer any rights or obligations under this Service Level Agreement without prior written approval of the department.
- E. The referring agency and the department agree we are each responsible for our own acts and the results thereof to the extent authorized by law. We are not responsible for the acts of any others and the results thereof.
- F. Any amendments to this Service Level Agreement must be in writing and executed by the same parties who executed the original agreement or their successors in office.

**Signature Page**

Your authorized agent must sign and return this Service Level Agreement to us by 4:30 p.m. on Thursday, February 28, 2019. This agreement is effective on the date signed by the Minnesota Department of Revenue Collection Division Director. This agreement supersedes all prior formal and/or informal agreements between the two agencies.

AGENCY NAME: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

NAME (Printed): \_\_\_\_\_ TITLE: \_\_\_\_\_

EMAIL: \_\_\_\_\_ PHONE: \_\_\_\_\_

APPROVED BY:  
Minnesota Department of Revenue

\_\_\_\_\_  
SIGNATURE: Sara Westly  
Collection Division Director

DATE: \_\_\_\_\_