



**Service Level Agreement
Administration of Referring Agency Debt Collection
January 2025**

State of Minnesota

Department of Revenue

and

Agency Name

Agency ID

Date

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Introduction

This Service Level Agreement for the Administration of Referring Agency Debt Collection between the agency listed on Page 1 (referring agency, you, your) and the Minnesota Department of Revenue (the department, our, 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. State Debt Collection](#), also cited as the “Debt Collection Act,” authorizes the commissioner of Revenue to collect debts for other state agencies.

Terms and Definitions

[See Minnesota Statute 16D.02 Definitions](#) for the following terms, as they apply to this Service Level Agreement:

- Application
- Commissioner
- Debt
- Debtor
- Referring agency
- State agency
- **Authorized Agent**
Employee at the referring agency who makes decisions or signs contracts on your agency’s behalf, supervises the agency’s authorized users who refer debts, and resolves administration or participation issues with the Department of Revenue. Also referred to as Service Level Agreement signer.
- **Authorized Users**
Employees within your agency earning W-2 wages who are authorized to add, change, and remove claims.
- **Commissioner**
The commissioner of Revenue.
- **Debt Origination Date**
The date the debt becomes delinquent or the date your agency’s payment agreement defaults.

- **Debt Referral Questionnaire**

A form the referring agency completes for each debt type they intend to refer debts to us for. The form requests information about the agency, debt type, payment application, and method of referral. We provide a [sample of the Debt Referral Questionnaire](#) on our website.

- **Direct Agency Payment**

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

- **e-Services**

The Department of Revenue's online paying system agencies use to manage their referred debts with us. For more information, go to [Referring Agencies e-Services](#).

- **Invoice**

We send you a Cash Receipt Invoice letter when payment reversals or other adjustments create a negative balance for your agency and a balance remains either:

- After 90 days
- At the end of our fiscal year (June 30)

- **Netting**

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

- **Not Public Data**

The government data classified by statute, federal law, or temporary classification as confidential, private, nonpublic, or protected nonpublic. [See Minnesota Statute 16D.06](#).

- **Notice to Debtor**

A notice you must provide a debtor before referring a debt for collection. [See Minnesota Statute 16D.07](#).

- **Offset**

A process we use to apply state tax refunds or other funds to referred debts.

- **Payment Priority**

The order we apply payments to debts.

- **Statute of Limitations**

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

- **Third Party**

A person or entity who is an independent contractor, subcontractor, or billing agency.

- **Virtual Room**

Virtual Room is a secure space online to exchange files and other information with the Department of Revenue. For more information, go to [Audit Room and Virtual Room](#).

Duties of the Referring Agency

These are your duties and responsibilities as the referring agency.

Training and User Access Policies

You must:

- Request access for authorized users only.
- Not request or allow access for third parties. Third parties must not:
 - Administer claims
 - Have access to e-Services
 - Use their phone number or address as contact information on your letters or as a claim's contact in e-Services
- Not share user IDs or passwords. Each authorized user must have their own user ID and password.
- Contact us within five business days to notify us when changes occur with the authorized agents or e-Services users. We will:
 - Add, modify, or remove users
 - Update your debtor and agency contact information
- Allow access for business purposes only.
- Ensure all new and existing users complete mandatory annual referring agency debt collection action training.
- Provide users with training for:
 - Anti-browsing and data disclosure
 - Your debt referral process, systems, and payment application process, as indicated on the Debt Referral Questionnaire

Referred Debt Requirements

You must:

- Authenticate the debtor and the debt before referral.
 - Authenticate the debtor:
 - You must verify the debtor's Social Security Number (SSN), Federal Employer Identification Number (FEIN), or Minnesota Tax Identification Number (Minnesota ID) before referral. You must verify the identity through written, telephone, or face-to-face contact with the debtor.
 - Authenticate the debt:
 - You must ensure all debts are delinquent and uncontested before referral by case review and notice to the debtor.
- Dedicate contacts to help debtors and department employees answer questions about the debt itself, such as:
 - Debt validity
 - Actions you took before the referral
- Refer inquiries about the collection of referred debts to us, such as questions about:
 - Account balances
 - Collection costs
 - Actions we took on the debt after referral
- Provide resources to help us with:
 - Technical questions
 - Report processing
 - Problem resolution
 - Other requirements as needed
- Choose and notify us of the following electronic reporting methods you will use to refer and maintain debts:
 - Manually through e-Services
 - Systematically through an electronic file exchange process, approved by us
- Reconcile your balances using the reports we provide in e-Services. If your agency operates 100% from the state's accounting system, Statewide Integrated Financial Tools (SWIFT), reconcile from SWIFT to account for collection costs.
- Notify us when a case is resolved within five business days. If you do not and we continue to collect, you will pay our collection costs.
- Pay invoices by the deadline provided.

Notice to Debtor Requirements

Your notice to debtor must meet the requirements under [Minnesota Statute 16D.07](#) and on our [Referring Agency Resources webpage](#). We have a [sample of a notice to debtor](#), which includes all requirements.

Process Requirements

Your agency must have processes to administer the following:

Referred Debt Limitations

You must not refer debts that are:

- Less than \$25
- Under known appeal, in dispute, in payment negotiation, or in legal or pre-legal status
- Expired (the statute of limitations ended or will end in the next 180 days)

Debt Disputes

You must ensure all appeal periods are expired and resolve any known appeals or disputes before referral. If you receive a valid dispute on a referred debt, you must:

- Recall the debt or contact us to request additional time to decide
- Recall the debt if you expect the dispute to exceed 60 days unless we approve an exception
- Determine the outcome of a dispute and:
 - Notify us of the result within five business days
 - Report any changes using the agency's electronic reporting method
 - Send us a copy of your dispute process, if requested

Overpayments and Refunds

You must contact us before you issue refunds on current or previously referred debts. We will determine the amounts and who will send refunds for any:

- Credits received by your agency
- Overpayments, plus collection costs or Revenue Recapture fees, resulting from your failure to provide accurate updates within five business days

Unique Debtor and Debt IDs

You must refer debts with unique agency debtor and debt identification numbers. These unique numbers cannot include the debtor's SSN, FEIN, or Minnesota ID.

Discontinuation of Collection Efforts

You must:

- Discontinue any demands for payment and active collection efforts on referred debts.
- Delete or close Revenue Recapture claims on debts before referral; we monitor claims for you.

Allowable Debt Referral Balance Change Reasons

You must 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.

You must 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 of change reasons include:

- Direct agency payments (you must also account for collection costs)
- Adjustments
- Offsets
- Credits
- Debt recalls
- Court rulings
- Adding a co-debtor

Debt Recalls

Recall debts only if you:

- Referred them in error
- Expect an active dispute to exceed 60 days, unless Revenue approves an exception
- Know the debtor is in active bankruptcy
- Determine the debtor is not liable

In most cases, you should not refer debts you previously recalled or that we returned to you.

Exceptions include, and are not limited to, resolved disputes, closed bankruptcies where debts are still valid, or when the customer failed to comply with a court order.

Audits and Recordkeeping Requirements

You must comply with the department's audits and correct issues within the determined time frame.

Your agency must keep adequate records while the debt is referred, including but not limited to:

- A copy of the notice to debtor

- Debts referred
- Balance adjustments
- Current balances
- Debt disputes
- Customer correspondence

Duties of the Department of Revenue

These are our duties and responsibilities:

- Take all reasonable and cost-effective actions to collect [referred debts](#).
- Apply collected funds toward debts based on:
 - Our payment priority.
 - Your payoff order, as indicated on the Debt Referral Questionnaire.
- 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.
- Process refunds and overpayments in our system.
- Release legal actions against debtors when we resolve accounts, or you recall the debt.
- Update e-Services contacts and authorized users when you notify us of changes to your staff. We will:
 - Add new e-Services users and remove inactive ones.
 - Provide training on our debt referral process.
- Provide dedicated staff and technical resources to:
 - Answer questions.
 - Resolve problems.
 - Support electronic file layouts, report processing, and other requirements, as needed.
 - Address planned changes to policy or technology affecting either party's responsibilities.
- Safeguard your referred debt information in accordance with the Data Practices Responsibilities section of the agreement.
- Make reports available to you through e-Services to help you manage referred debts and to reconcile your balances against ours. We provide [a list of reports on our website](#).
- Process Debt Referral Questionnaires, typically within 90 days of receipt of the completed form. We will communicate any exceptions with you.
- Provide mandatory annual training and support for your agency's staff.
- Inactivate users who have not accessed e-Services in 15 months or do not have a business reason to access your e-Services account.
- Use an electronic netting process to pay you on a scheduled basis, such as daily or weekly.

- Send you an invoice when a balance you owe us remains after 90 days or at the end of our fiscal year (June 30).
- Audit to ensure compliance with Minnesota Statutes, this Service Level Agreement, and e-Services use requirements.
- Cancel your Service Level Agreement if you do not follow Minnesota Statutes, this Service Level Agreement, or audit requirements.
- Add collection costs, up to 25% of the debt amount. This is based on [Minnesota Statute 16D.11](#). For collection cost rates and distribution, go to [Debts We Collect for Other Agencies](#).

Data Practices Responsibilities

We can exchange private data on individuals between Revenue, the Minnesota Taxpayer Rights Advocate, the Minnesota Attorney General’s Office, the claimant agency, and the debtor, when necessary, with the intent of collecting debts.

Any person you employ or formerly employed who discloses information for any reason other than collecting debts will be subject to civil and criminal penalties. [See Minnesota Statute 16D.06](#).

Legal Requirements

This Service Level Agreement is effective for three years unless canceled by either party.

We will suspend your access to e-Services for violating this Service Level Agreement. We will notify you before suspending your access.

You must authorize users for your agency to refer, change, or recall debts with us. An authorized user is an employee within your agency earning W-2 wages.

The authorized users for your agency are:

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

You must not assign or transfer any rights or obligations under this Service Level Agreement without prior written approval of the department.

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.

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

This agreement is effective on the date signed by the Minnesota Department of Revenue Collection Division director. This agreement supersedes all prior formal and informal agreements between the two agencies.

Authorized Agent

An authorized agent is an employee at the agency who makes decisions or signs contracts on your agency's behalf, supervises the agency's authorized users, and resolves administration or participation issues with the department. The authorized agent is also referred to as the Service Level Agreement signer.

Your authorized agent must provide a digital or physical signature and return this Service Level Agreement to us.

Agency Name: _____

Authorized Agent: _____

Title: _____

Agent Email: _____

Phone: _____

Agent Signature: _____

Date: _____

Second Contact

A second contact is an employee at the agency with the same authority as the authorized agent or Service Level Agreement signer. This contact serves as the backup contact if the Service Level Agreement signer is unavailable for any reason, such as an unexpected leave of absence, who can act the department on the agency's behalf.

Your second contact must provide a digital or physical signature.

Authorized Agent: _____

Title: _____

Agent Email: _____

Phone: _____

Agent Signature: _____

Date: _____

Approved By

Minnesota Department of Revenue

Date: _____

Signature: Sara Westly

Collection Division Director