



**LEGISLATIVE
FISCAL BUREAU**

STATE OF WISCONSIN

JANUARY 2023

Informational Paper #102

**Statewide Debt Collection and
Tax Refund Interception Program**

Statewide Debt Collection and Tax Refund Interception Program

Prepared by

Sydney Emmerich

Wisconsin Legislative Fiscal Bureau
One East Main, Suite 301
Madison, WI 53703
<http://legis.wisconsin.gov/lfb>

Statewide Debt Collection and Tax Refund Interception Program

The Statewide Debt Collection (SDC) program is administered by the Department of Revenue (DOR) for the purpose of collecting debts owed to state agencies, the courts, the Legislature, state authorities, and local units of government. DOR may enter into agreements with such entities for the collection of unpaid fines, forfeitures, costs, fees, surcharges, or restitution payments on behalf of those entities.

The SDC program is an expansion of the Tax Refund Interception Program (TRIP), which offsets tax refunds owed a debtor against debts owed by the debtor to state agencies, the Legislature, state authorities, local units of government, the federal government, federally recognized tribes, and certain ambulance service providers.

History of TRIP and SDC

Chapter 20, Laws of 1981, established the state Tax Refund Interception Program, which gave DOR the authority to intercept tax refunds and refundable tax credits to pay debts owed to government agencies. Chapter 20 also created DOR's debt collection, program revenue appropriation, where all fees collected to offset the administrative costs of TRIP are deposited. Under 1995 Act 27, TRIP was expanded to authorize DOR to offset refunds and credits for debts (in excess of \$20) owed Wisconsin counties and municipalities. However, municipalities and counties must apply to participate in the program.

TRIP was further expanded by 1997 Act 237 to allow DOR to enter into agreements with the

Internal Revenue Service (IRS) to offset state tax refunds against federal tax obligations if the IRS offsets federal tax refunds against state tax obligations. Similarly, under 2001 Act 16, the Department was authorized to enter into reciprocal agreements with other states that provide for Wisconsin and that state to offset one state's tax refunds against the tax obligations of the other state. Additionally, 2007 Act 20 authorized DOR to enter into agreements with federally recognized Indian tribes located in Wisconsin that provide for offsetting state tax refunds against tribal obligations.

The SDC program was created by 2009 Act 28. This program expanded DOR's authority to collect the debt of state agencies beyond what was authorized under TRIP. While DOR can only collect debt through tax refund offsets with TRIP, the SDC program further authorizes the Department to collect debts through other means, such as payment plans, wage certifications, and bank levies. Prior to the SDC program, agencies utilized the services of private debt collection companies or internal collection staff to collect debts. The Department believed that centralizing state agency debt collection activities in a uniform process administered by DOR would improve the efficiency of state debt collection, and therefore increase resources available to state agencies. The Department has the authority under the SDC program to take certain enforcement actions, which are not available to private collection agencies, such as to administratively attach wages, levy nonwage assets, and seize monies and personal property. Additionally, state law gives DOR the ability to charge collection fees above the amount of debt owed to offset the administrative expenses of collection. In contrast, private debt collection companies are prohibited under state law from collecting any amount in

excess of what is owed by a debtor.

2013 Act 308 authorized DOR to offset debts referred to TRIP and the SDC program with unclaimed property amounts owed to the debtor. 2015 Act 59 allowed for inclusion in the TRIP and SDC programs debts incurred by ambulance service providers operating under contract with a municipality or county that result from those providers responding to 911 calls made to a government-operated call center. Act 59 considers such debts as owed the municipality or county, and DOR enters contracts directly with the municipality or county to collect these debts. DOR indicates these service providers are the only private companies whose debts are authorized for collection under the TRIP and SDC programs and are only allowed if the debts are managed under contract with the local government entity. In addition, 2015 Act 355 authorized restitution payments owed, as certified by the Department of Corrections (DOC) or the Clerk of Circuit Court, to be included in TRIP and SDC agreements.

Overview of SDC and TRIP

The Statewide Debt Collection program requires DOR to enter into a written agreement to have the Department collect any amount owed to a state agency that is more than 90 days past due, unless: (a) negotiations between the agency and debtor are actively ongoing; (b) the debt is the subject of legal action or administrative proceedings; (c) the debtor is adhering to an acceptable payment arrangement; or (d) the debt is an amount owed to the Department of Workforce Development (DWD) under the state unemployment insurance or federal unemployment benefit programs administered by DWD (pursuant to 2021 Act 231). Additionally, DOR is authorized (but not required) to enter into similar SDC agreements with the courts, the Legislature, state authorities, and local units of government.

State agencies, the Legislature, state authorities, local units of government, the federal government, federally recognized tribes, and certain ambulance service providers can enter into similar agreements with DOR under TRIP. However, under TRIP, no entity is required to participate.

At least 30 days before the Department pursues collection of any debt referred by a state agency, either DOR or the agency is required to provide the debtor with a written notice, called a Notice of Referral, that the debt will be referred to DOR for collection under the SDC program. Likewise, a similar notice must be sent to debtors at least 30 days before a debt is certified to the Department for setoff or reduction under TRIP. This notice informs the debtor of their right to appeal. The debtor has the option to contact the agency and resolve the obligation prior to referral or certification. If the agency is not contacted within 30 days, the debt is referred or certified to the Department. DOR is authorized to collect amounts owed the agency in addition to offsetting the amounts against tax refunds or unclaimed property. Under DOR's SDC Agreement, debts referred to DOR by agencies must be greater than \$50. Debts less than \$50, but in excess of \$20, may be referred to TRIP.

Debt is defined as any of the following:

- a. An amount owed to a state agency, if: (1) the amount has been reduced to a judgement; or (2) the state agency has provided the debtor reasonable notice and an opportunity to be heard with regard to the amount owed;
- b. A delinquent child support or spousal support obligation that has been reduced to a judgement and has been submitted by an agency of another state to the Department of Children and Families (DCF) for certification;
- c. An amount that the Department of Health Services (DHS) may recover for specified overpayments, or money improperly or

erroneously paid, if DHS has certified the amount with DOR;

d. An amount that DCF may recover from specified overpayments or collect for delinquent job access loan repayments if DCF has certified the amount with DOR;

e. An amount owed to DOC for reimbursement fees from probationers, parolees, and persons on extended supervision;

f. An amount owed to the Department of Military Affairs for repayment of tuition grants;

g. An amount owed pursuant to an order for victim restitution if DOC has certified the amount with DOR; and

h. Any amount owed to a state agency and collected pursuant to a written agreement between DOR and the state agency, if: (1) the debt has been reduced to a judgment; or (2) the state agency or DOR has provided the debtor reasonable notice and an opportunity to be heard with regard to the amount owed.

While delinquent child and spousal support obligations can be certified under TRIP for offset, such obligations cannot be referred to the SDC program, as these debts are considered to be owed to an individual, not an agency.

Once an agency refers a debt to the Department, DOR takes over all responsibilities for collecting that debt. The agency is to discontinue billing statements, demand letters, and active collection efforts. In addition, all payments received by the agency from a debtor should be forwarded to DOR for processing. At this point, the Department will pursue debt collections until the debt is paid in full or is deemed uncollectable. Under SDC, DOR addresses all inquiries by the debtor. In contrast, the Department forwards all inquiries about the debt and refund intercepts for

TRIP to the agency.

State law establishes a hierarchy for DOR to follow regarding the order that certified debts are returned to DOR and other entities under TRIP. This same hierarchy is used by DOR to apply debt payments to their respective agency under the SDC program. This hierarchy was created to address situations in which a debtor owes debt to DOR and various other entities. All refund setoffs and debts collected are first applied to debt owed to DOR. Any remaining refunds or payments in excess of \$10 are applied to other entities in the following order:

a. Child support debt certified by DCF under TRIP;

b. Debt owed for victim restitution;

c. State agency debt and debts owed to the courts, the Legislature, or an authority under SDC;

d. Local government debt certified for collection under SDC;

e. State agency debt and debts owed to the courts, the Legislature, or an authority certified for refund intercept under TRIP;

f. Child and spousal support debt certified by other states under TRIP;

g. Local government debt under TRIP;

h. Federal tax debt certified for refund intercept;

i. Tribal debt certified for refund intercept under TRIP; and

j. Tax and nontax obligations of other states, and of the local governments within those states.

In the instance that a debtor owes multiples of the same type of debt, payment is applied in the

order the debts are referred to DOR.

Together, TRIP and the SDC program employed 30.5 full-time equivalent (FTE) positions in 2021-22, comprised of 24 revenue agents (including two lead workers), two supervisors, two business analysts, and three (2.5 FTE) support staff. In addition, approximately 10 limited-term employees are typically hired during the months of January through June. These individuals perform work for both SDC and TRIP, with about 80% of their time spent on SDC work and 20% of their time spent on TRIP work. This percentage may vary, and some shifting of positions may occur, based on the needs of each program at a given time.

The revenue agent positions are responsible for collecting debt referred to TRIP and SDC. DOR has the authority under both TRIP and the SDC program to collect debt through offsets of a tax refund or unclaimed property. A tax refund offset allows the Department to apply a debtor's overpayments and refundable credits from DOR tax accounts to debts certified for collection. Likewise, DOR can apply proceeds from unclaimed, abandoned property to debts certified to the Department. Beyond the authorities described above, the Department has several additional tools available to aid in the collection of SDC debt, including:

a. *Payment Plans.* A voluntary agreement between DOR and the debtor to resolve the collection balance.

b. *Wage Assignment.* Attach the wages of a debtor who voluntarily requests their wages be attached to resolve their debt.

c. *Wage Certification.* Attach an individual's wages, salaries, commissions, and other forms of personal compensation, after voluntary collection efforts have failed.

d. *Levy.* Attach the cash or liquid assets of a debtor, when those assets are held by a third party, such as a commercial bank.

e. *Informal Hearings.* Establish contact with the debtors to resolve the account and/or gather collection information.

f. *Marital Obligations.* Ensure that marital obligations (debts incurred for periods after December 31, 1985, or the marriage date, whichever is later) are collected from either the incurring person or their spouse.

g. *Vendor Payments.* Apply any payment to a person who provides goods and services to the state to debts certified for collection.

h. *Lottery Prizes.* Apply lottery prize proceeds greater than \$600 to debts certified for collection by state agencies.

i. *Administrative Subpoena.* To obtain records and information regarding potential collection sources.

j. *Cash Execution (Seizure).* Seize cash from a debtor.

k. *Supplemental Hearings.* Obtain information from the debtor during a judicial procedure to assist in the collection of the debtor's account.

l. *Liens and Judgements.* Enable legal collection actions by filing warrants with the Clerk of Circuit Courts in the county where the debtor taxpayer resides or owns personal and/or real property.

m. *Personal Property Executions.* Obtain collection of debt by seizing personal property of the debtor and selling it.

n. *Garnishments of Non-Earnings.* Attach monies owed to the debtor other than personal

compensation.

DOR's preferred option for collecting debt referred to the SDC program is setting up a voluntary payment arrangement with the debtor to collect payments. This can be done through a payment plan or by providing an agreed-upon time frame to submit full payment.

However, in the event that debt cannot be collected voluntarily, the Department utilizes several of the additional authorities outlined above. Most commonly, debt collection agents for the SDC program will attach wages through wage certifications or levy a debtor's bank account.

Although DOR has the authority under Wisconsin statute to utilize cash seizures, supplemental hearings, liens and judgements, personal property executions, and garnishments of non-earnings, the Department does not currently engage in these activities for a number of reasons. Most notably, each of these actions require DOR to file a warrant lien, which can only be used to collect tax debts. For most of the statutory debt collection methods authorized under the SDC program, DOR would need to create a new type of lien, a process that would introduce a new set of challenges.

Within 30 days after the close of each calendar quarter, DOR must settle with each state agency that has certified a debt under TRIP and SDC. Each settlement includes noting the opening balance of debts certified, any additions or deletions, reductions or amounts set off, and the ending balance at the close of the settlement period.

With TRIP, DOR processes refunds daily and sends the debtor a notice with the amount of refund setoff to agency debts. In addition, DOR returns SDC debt to agencies on a monthly basis for the following reasons: (a) the debt is satisfied; (b) the debt is uncollectible; (c) the debtor is deceased; (d) the debt balance is less than \$20; (e)

the debtor name and ID do not match DOR records; or (f) the agency has recalled the debt. While uncollectible SDC debt is returned to the agency, DOR holds TRIP debt for an indefinite amount of time.

SDC and TRIP Collections

Amounts collected by the Department are first deposited in DOR's debt collection, program revenue appropriation to cover the Department's administrative costs. Once the amounts collected from a debtor have paid for DOR's fees, the debts collected by the Department are paid to the respective state agency or governmental entity. Debts referred to TRIP and SDC and collected by DOR are discussed below.

Debt Collection by State Fiscal Year

The SDC program has expanded rapidly since inception due to a steady increase in entities joining the program and the authorization of additional revenue agents dedicated to collecting SDC debt. Table 1 shows the amount of debts recovered in each fiscal year, new debts referred, debts adjusted or returned to agencies, the ending balance as of June 30 of that year, and the fees collected by DOR since 2011-12. Data on total debts adjusted or returned to agencies is not readily available to DOR. Therefore, this amount in Table 1 is a calculation of the approximate amount of debts adjusted or returned to agencies as uncollected each fiscal year. As other factors can affect the ending balance in the program in any given year, such as fee reversals, the actual amount of debts adjusted or returned to agencies may be different from what is reported in Table 1.

DOR spent much of fiscal year 2009-10 (the first year of the SDC program) enrolling state agencies in the program and completing

Table 1: SDC Ending Balance and Debts Collected: 2011-12 through 2021-22 (Millions)

Fiscal Year	Debts Recovered*	Debts		Ending Balance	Fees Collected**
		New Debts Referred	Adjusted or Returned to Agencies		
2011-12	\$4.09	\$25.14	-\$5.53	\$29.56	-
2012-13	9.87	16.01	-2.44	38.14	-
2013-14	9.91	22.13	3.49	46.87	\$2.14
2014-15	12.49	28.12	8.33	54.17	2.52
2015-16	17.27	41.99	7.60	71.29	3.40
2016-17	23.44	83.16	7.44	123.57	4.57
2017-18	35.76	141.38	15.70	213.49	7.24
2018-19	51.93	235.89	25.37	372.08	10.54
2019-20	55.35	172.33	26.23	462.83	9.97
2020-21	57.72	137.17	41.34	500.94	9.96
2021-22	59.61	236.63	214.28	463.68	10.36

*Prior to 2013-14, debts recovered represents total SDC collections, which includes fee revenue.

**SDC fees collected were not tracked separately from TRIP prior to 2013-14.

Source: Department of Revenue

programming necessary to receive debts for collection. Subsequently, the amount of debts recovered has increased each year since the program was established. New debts referred have generally increased each year, aside from declines in 2012-13, 2019-20, and 2020-21. Declines in 2019-20 and 2020-21 can be attributed, in part, to reduced involuntary collection actions by DOR during the COVID-19 pandemic.

The ending balance in Table 1 reflects debts referred to DOR but not yet collected. In 2021-22, debts recovered reflected 12.9% of the ending balance for the program. This is down from 24.2% in 2015-16. New debts referred by agencies have outpaced debts in each year shown in Table 1.

Table 2 shows debts collected through tax refund and unclaimed property offsets under TRIP, as well as net new debts referred, the ending balance, and the fee collected in each fiscal year, since 2011-12. Unlike for SDC, the Department does not explicitly track new debts referred to TRIP. Therefore, this amount in Table 2 is a calculation of the approximate amount of net new

debts referred each fiscal year. As a portion of debts can be returned to agencies without being recovered (reducing the ending balance), the actual amount of new debts referred may be different from what is reported in Table 2.

Debts offset under TRIP have declined from 2.4% of the ending balance amount in 2013-14 to 1.4% in 2021-22. As can be seen in Table 2, net new debts referred have generally grown each year compared to the prior year, with the exception of 2013-14, 2016-17, and 2019-20, and are significantly larger than debts recovered in most years. The likely reason for this goes back to TRIP's limited program authority. The program's capacity to collect depends on the availability of the tax refunds or unclaimed property of debtors. In addition, the significant decline in the ending balance in 2019-20 is largely attributed to the IRS removing its debts from the TRIP program in April, 2020, in response to the coronavirus pandemic. Since 2019-20, there have been fewer new debts referred each year, and the ending balance has only grown slightly. The 2019-20 decline and slower pace of growth may also be explained, in part, by DOR's efforts to transition agencies from TRIP to SDC.

Table 2: TRIP Ending Balance and Debts Offset: 2011-12 through 2021-22 (Millions)

Fiscal Year	Debts Recovered*	Net New Debts Referred	Ending Balance	Fees Collected**
2011-12	\$78.68	-	\$3,054.96	-
2012-13	84.72	\$424.51	3,394.75	-
2013-14	85.32	309.49	3,618.92	\$2.32
2014-15	71.09	382.33	3,930.16	2.07
2015-16	74.65	642.32	4,497.83	2.27
2016-17	72.70	-59.89	4,365.24	2.14
2017-18	75.99	694.62	4,983.87	2.36
2018-19	74.52	1,344.23	6,253.58	2.21
2019-20	65.38	-2,600.13	3,588.07	1.65
2020-21	51.37	48.01	3,584.71	0.95
2021-22	52.10	175.31	3,707.92	1.01

*Prior to 2013-14, debts recovered represents total TRIP collections, which includes fee revenue.

**TRIP fees collected were not tracked separately from SDC prior to 2013-14.

Source: Department of Revenue

Through 2019-20, annual TRIP collections had been larger than SDC collections. However, in 2020-21 and 2021-22, DOR recovered more debt from the SDC program than from TRIP. This is likely due to three main factors: (a) SDC is still a relatively new program (with more room for growth), while TRIP is more established, having been created more than 40 years ago; (b) TRIP collections are limited by the program's authority to collect debt only by tax refund or unclaimed property offset; and (c) DOR has been working to transition agencies from TRIP to SDC in recent years.

Debt Collection by Agency Type

As previously mentioned, under the SDC program, all state agencies are required to enter into a debt collection agreement with DOR. In addition, several other entities have voluntarily entered into agreements with DOR to refer debt. Table 3 shows SDC debt collections by agency type for state fiscal year 2021-22. As presented in the table, the highest collection totals for 2021-22 came from the courts, municipal courts, and universities within the University of Wisconsin (UW) System, making up a combined 80.1% of total SDC collections. Likewise, these three agency types made up 89.3% of all active debts in 2021-22. Table 3 presents total agreements with

DOR, rather than the number of distinct agencies participating in the program. This is because some agencies choose to enter into a separate agreement with DOR for each type of debt it refers. As of 2021-22, DOR has entered into 673 SDC agreements.

Similar tables of historical SDC collections by agency type since 2013-14 are presented in Appendix I. The first agencies joining the SDC program were: (a) state agencies and the UW System; (b) municipal governments; (c) county governments excluding courts; and (d) courts. Other entities followed, and the number of agreements by agency type continues to grow. Restitution payments were added to the list of authorized debts to refer in 2015. Additionally, DOR now separately tracks housing authorities. The collection of this type of debt is not new, but was included within the local agency category prior to 2018-19.

Table 4 shows TRIP debt collection by agency type for 2021-22. Debt from state and local agencies, including debt from DCF, made up 93.7% of debts recovered in 2021-22. Although DCF debts recovered represented 27.1% of all debts recovered in 2021-22, outstanding DCF debts made up more than half (60.8%) of the total fiscal year ending balance. As previously noted,

Table 3: SDC Collection Activity by Agency Type (2021-22)

SDC Participant	Number of Agreements	Active Debts	Fiscal Year Ending Balance	Debts Recovered	Collection Fees	Total SDC Collections
Local Agency	230	30,921	\$36,868,747	\$4,265,576	\$741,485	\$5,007,061
Local Agency (Utility)	31	2,347	1,325,545	377,352	65,595	442,947
Court	63	251,947	192,136,967	23,394,374	4,066,645	27,461,019
Municipal Court	190	202,113	89,257,615	15,196,959	2,641,688	17,838,647
State Agency	27	3,148	55,672,327	1,628,902	283,152	1,912,054
Technical College	14	8,934	9,572,351	3,181,842	553,100	3,734,942
UW System	36	7,498	25,550,347	9,135,956	1,588,103	10,724,059
Restitution	61	9,510	51,955,620	2,302,332	400,214	2,702,546
Housing Authority	<u>21</u>	<u>353</u>	<u>1,342,598</u>	<u>127,786</u>	<u>22,213</u>	<u>149,999</u>
Total	673	516,771	\$463,682,117	\$59,611,079	\$10,362,195	\$69,973,274

Source: Department of Revenue

Table 4: TRIP Collection Activity by Agency Type (2021-22)

TRIP Participant	Number of Agreements	Active Debts	Fiscal Year Ending Balance	Debts Recovered	Collection Fees	Total TRIP Collections
DCF	3	149,392	\$2,254,751,949	\$14,126,441	\$273,393	\$14,399,834
IRS*	1	-	-	2,435,486	47,135	2,482,621
Local Agency	762	629,376	630,005,224	12,378,661	239,568	12,618,229
Non-WI Agency	1	67,670	132,517,035	833,898	16,139	850,037
State Agency	369	739,994	689,533,139	22,291,128	431,406	22,722,534
Treasury Offset Program	1	-	-	-	-	-
Tribal Agency	5	1,098	740,179	20,925	405	21,330
TRIP Restitution	<u>1</u>	<u>358</u>	<u>375,424</u>	<u>10,080</u>	<u>195</u>	<u>10,275</u>
Total	1,143	1,587,888	\$3,707,922,950	\$52,096,619	\$1,008,241	\$53,104,860

*The IRS recalled their debts after January, 2022, which left their FY22 ending balance at \$0.

Source: Department of Revenue

the IRS removed its debts from TRIP in April of 2020. Since that time, new debts have been referred by the IRS, but DOR indicates that these debts have an expiration date attached. Therefore, DOR collects IRS debts up until the expiration date, at which point uncollected debts are returned to the IRS rather than remaining with DOR. Historical TRIP collections by agency type since 2013-14 are presented in Appendix II.

It should be noted that the totals for debts recovered and fees collected in Tables 3, 4, and the Appendices may not match these same amounts within Tables 1, 2, and 5. According to DOR, fee data and debts recovered for Tables 1, 2, and 5 are obtained from reports generated for an August to July fiscal year, while data for Tables 3, 4, and the Appendices are obtained from reports generated for a July to June fiscal year.

programs. At the end of each fiscal year, any remaining balance, resulting from fee revenue in excess of program expenses, is deposited in the general fund.

Currently, DOR charges the debtor the following amounts per debt it offsets under TRIP: (a) \$5 for state debts; (b) \$15 for debts owed the State of Minnesota and its localities; and (c) \$25 for debts owed the IRS and federally recognized tribes. Minnesota is the only state that has a reciprocal agreement with Wisconsin. DOR is required to set the fees under TRIP according to the expenses it incurs in administering the program. Therefore, statute indicates that the Department should annually (on or before November 1) review its costs incurred during the previous fiscal year in administering state agency setoffs and reductions and should adjust its subsequent charges to each debtor to reflect that experience. DOR did not adjust its TRIP fees after its review for November 1, 2022.

Program Fees

Debtors are charged a transaction fee for each debt collected by DOR under both TRIP and SDC. These fees are deposited in DOR's debt collection, program revenue appropriation, and are used to offset DOR's expenses for administering both

To fund administration of the SDC program, DOR charges a collection fee equal to the greater of: (a) \$35; or (b) 15% of the debts certified to be collected. Unlike under TRIP, DOR is not required by statute to review its costs and adjust its fees accordingly when administering the SDC program.

Table 5: TRIP and SDC Fees Collected, Expenses Incurred, and Amount Transferred to the General Fund: 2011-12 through 2021-22 (\$ in Millions)

Fiscal Year	SDC Fees Collected*	TRIP Fees Collected*	Total Revenues	SDC Expenses*	TRIP Expenses*	Total Expenses	General Fund Transfer	Total Revenue Agent Positions
2011-12	-	-	\$3.35	-	-	\$0.70	\$2.65	**
2012-13	-	-	4.03	-	-	0.97	3.06	7
2013-14	\$2.14	\$2.32	4.46	\$0.51	\$0.76	1.27	3.19	7
2014-15	2.52	2.07	4.59	0.54	0.72	1.26	3.33	7
2015-16	3.40	2.27	5.67	1.32	0.42	1.74	3.93	18
2016-17	4.57	2.14	6.71	1.57	0.39	1.96	4.75	18
2017-18	7.24	2.36	9.60	1.97	0.50	2.47	7.13	24
2018-19	10.54	2.21	12.75	2.14	0.54	2.68	10.07	24
2019-20	9.97	1.65	11.62	2.27	0.57	2.84	8.78	24
2020-21	9.96	0.95	10.91	2.32	0.58	2.90 ^a	8.01	24
2021-22	10.36	1.01	11.46 ^a	2.37	0.59	2.96	8.50	24

* Prior to 2013-14, fees and expenses were not tracked separately for TRIP and SDC.

** Prior to 2012-13, tax collection agents were used to collect SDC and TRIP debts.

^a The 2021-22 total revenue amount includes \$0.01 million of unemployment payments made during 2020-21 that were refunded in 2021-22, and an additional \$0.08 million that was held in a clearing account and the payments did not clear until early 2021-22.

Source: Department of Revenue

Table 5 shows fees collected and expenses paid for the administration of TRIP and the SDC program since 2011-12. Total revenues collected between the programs had grown substantially through 2018-19, but have leveled off in recent years. However, much of the earlier growth is due to the expansion of the SDC program, as TRIP fees have generally declined since 2011-12. The increase in expenses over time reflects increases in revenue agent positions dedicated to the SDC program activity. Prior to 2013-14, SDC and TRIP debts were collected by tax collection agents that performed other functions, rather than dedicated revenue agent positions. In 2013-14, positions were authorized under DOR's debt collection appropriation to collect TRIP and SDC debt. Total

revenues over this time period have ranged from a low of 3.3 times total expenses incurred in 2015-16 to a high of 4.8 times total expenses incurred in 2011-12 and 2018-19. Total revenues were 3.9 times total expenses incurred in 2021-22.

Table 5 also shows the annual transfer to the general fund from DOR's program revenue, debt collection appropriation since 2011-12. This amount reflects fees in excess of expenses for TRIP and SDC combined. While the primary goal of these programs is to improve state debt collection, fee revenues in excess of program expenses also serve as an additional general fund revenue source for the state.

APPENDIX I

Statewide Debt Collection Program Activity: 2013-14 through 2020-21

SDC Participant	Number of Agreements	Active Debts	Fiscal Year Ending Balance	Debts Recovered	Collection Fees	Total SDC Collections
Fiscal Year 2013-14						
Local Agency	26	668	\$842,407	\$117,121	\$37,122	\$154,243
Local Agency (Utility)	14	473	189,101	24,944	7,106	32,050
Municipal Court	5	299	94,541	5,017	1,817	6,834
State Agency	25	4,554	15,277,937	1,048,091	319,442	1,367,533
Technical College	4	1,761	3,471,757	143,186	79,026	222,212
UW System	<u>17</u>	<u>9,863</u>	<u>26,992,200</u>	<u>8,567,230</u>	<u>1,690,228</u>	<u>10,257,458</u>
Total	91	17,618	\$46,867,943	\$9,905,589	\$2,134,741	\$12,040,330
Fiscal Year 2014-15						
Local Agency	58	2,491	\$2,244,797	\$446,678	\$115,382	\$562,060
Local Agency (Utility)	21	2,119	989,554	144,231	34,598	178,829
Municipal Court	13	3,319	1,509,468	322,721	105,684	428,405
State Agency	25	3,438	13,110,069	1,076,367	252,236	1,328,603
Technical College	8	5,158	7,370,283	1,785,387	490,071	2,275,458
UW System	<u>18</u>	<u>10,149</u>	<u>28,943,739</u>	<u>8,710,695</u>	<u>1,525,341</u>	<u>10,236,036</u>
Total	143	26,674	\$54,167,910	\$12,486,079	\$2,523,312	\$15,009,391
Fiscal Year 2015-16						
Local Agency	91	5,024	\$4,953,772	\$893,745	\$231,320	\$1,125,065
Local Agency (Utility)	24	2,346	1,126,117	264,964	56,392	321,356
Court	7	6,283	5,483,952	196,976	63,251	260,227
Municipal Court	49	12,968	5,667,786	927,464	215,652	1,143,116
State Agency	25	3,220	13,327,330	1,171,665	261,549	1,433,214
Technical College	11	8,909	11,366,489	3,337,037	724,341	4,061,378
UW System	<u>20</u>	<u>10,325</u>	<u>29,362,721</u>	<u>10,481,167</u>	<u>1,843,344</u>	<u>12,324,511</u>
Total	227	49,075	\$71,288,167	\$17,273,018	\$3,395,849	\$20,668,867
Fiscal Year 2016-17						
Local Agency	127	8,490	\$8,613,470	\$1,423,314	\$277,282	\$1,700,596
Local Agency (Utility)	24	2,224	1,216,635	354,500	69,062	423,562
Court	23	41,567	26,435,738	2,390,831	465,768	2,856,599
Municipal Court	103	49,115	21,721,971	3,204,737	624,329	3,829,066
State Agency	24	3,441	16,262,032	1,322,667	257,675	1,580,342
Technical College	11	10,655	13,011,990	4,585,705	893,361	5,479,066
UW System	26	11,569	35,629,795	10,151,191	1,977,597	12,128,788
Restitution	<u>8</u>	<u>177</u>	<u>680,514</u>	<u>9,888</u>	<u>1,926</u>	<u>11,814</u>
Total	346	127,238	\$123,572,145	\$23,442,833	\$4,567,000	\$28,009,833

APPENDIX I (continued)

Statewide Debt Collection Program Activity: 2013-14 through 2020-21

SDC Participant	Number of Agreements	Active Debts	Fiscal Year Ending Balance	Debts Recovered	Collection Fees	Total SDC Collections
Fiscal Year 2017-18						
Local Agency	177	12,730	\$17,143,158	\$2,317,023	\$538,327	\$2,855,350
Local Agency (Utility)	23	2,633	1,179,071	336,041	64,487	400,528
Court	32	100,808	70,723,562	7,254,932	1,669,448	8,924,380
Municipal Court	147	115,728	48,728,311	8,090,088	2,032,597	10,122,685
State Agency	24	3,835	21,035,692	1,512,563	283,630	1,796,193
Technical College	12	10,926	12,796,370	4,854,088	840,951	5,695,039
UW System	27	11,104	34,632,313	11,338,583	1,677,865	13,016,448
Restitution	<u>12</u>	<u>1,198</u>	<u>7,251,032</u>	<u>101,307</u>	<u>85,790</u>	<u>187,097</u>
Total	454	258,962	\$213,489,509	\$35,804,625	\$7,193,095	\$42,997,720
Fiscal Year 2018-19						
Local Agency	185	17,727	\$19,551,571	\$2,956,527	\$621,195	\$3,577,722
Local Agency (Utility)	29	2,876	1,419,711	363,382	67,610	430,992
Court	50	224,010	155,840,744	17,114,833	3,711,560	20,826,393
Municipal Court	168	177,897	75,852,729	12,563,465	2,811,052	15,374,517
State Agency	25	4,398	39,535,048	1,787,127	311,466	2,098,593
Technical College	13	14,387	16,444,735	5,121,391	918,750	6,040,141
UW System	31	12,063	39,615,642	11,131,977	1,724,690	12,856,667
Restitution	43	6,041	23,069,447	730,613	390,350	1,120,963
Housing Authority	<u>20</u>	<u>373</u>	<u>754,261</u>	<u>111,757</u>	<u>24,970</u>	<u>136,727</u>
Total	564	459,772	\$372,083,888	\$51,881,072	\$10,581,643	\$62,462,715
Fiscal Year 2019-20						
Local Agency	218	23,090	\$26,865,596	\$3,263,721	\$736,143	\$3,999,864
Local Agency (Utility)	32	2,859	1,438,899	314,480	58,416	372,896
Court	58	289,030	205,521,738	18,840,626	3,569,949	22,410,575
Municipal Court	178	223,408	96,182,119	13,003,075	2,821,991	15,825,066
State Agency	27	4,479	39,506,977	1,310,683	302,616	1,613,299
Technical College	14	14,827	16,325,343	5,598,198	1,022,398	6,620,596
UW System	33	12,937	42,532,791	11,194,563	1,619,032	12,813,595
Restitution	56	8,211	33,618,917	1,167,074	352,229	1,519,303
Housing Authority	<u>21</u>	<u>364</u>	<u>832,965</u>	<u>120,368</u>	<u>28,112</u>	<u>148,480</u>
Total	637	579,205	\$462,825,345	\$54,812,788	\$10,510,886	\$65,323,674
Fiscal Year 2020-21						
Local Agency	227	24,672	\$29,884,691	\$3,464,530	\$597,786	\$4,062,316
Local Agency (Utility)	31	3,025	1,716,923	410,707	70,865	481,572
Court	60	322,435	234,822,846	21,904,832	3,779,559	25,684,391
Municipal Court	185	250,974	107,212,842	14,058,405	2,425,701	16,484,106
State Agency	24	3,738	37,862,300	1,543,251	266,279	1,809,530
Technical College	14	11,703	12,500,764	4,140,559	714,431	4,854,990
UW System	34	10,148	34,335,165	10,402,750	1,794,938	12,197,688
Restitution	57	9,521	41,648,778	1,665,526	287,377	1,952,903
Housing Authority	<u>21</u>	<u>341</u>	<u>951,933</u>	<u>129,352</u>	<u>22,319</u>	<u>151,671</u>
Total	653	636,557	\$500,936,242	\$57,719,912	\$9,959,255	\$67,679,167

Source: Department of Revenue

APPENDIX II

Tax Refund Interception Program Activity: 2013-14 through 2020-21

TRIP Participant	Number of Agreements	Active Debts	Fiscal Year Ending Balance	Debts Recovered	Collection Fees	Total TRIP Collections
Fiscal Year 2013-14						
DCF	2	106,909	\$1,693,956,338	\$19,710,857	\$207,940	\$19,918,797
IRS	1	61,706	1,106,125,397	8,455,673	416,000	8,871,673
Local Agency	655	592,407	272,706,248	12,954,050	469,200	13,423,250
Non-WI Agency	1	10,393	42,060,936	346,727	11,280	358,007
State Agency	76	170,185	210,072,197	14,649,371	248,495	14,897,866
Treasury Offset Program	1	-	-	7,846,658	422,925	8,269,583
Tribal Agency	4	478	470,468	30,776	425	31,201
TRIP Restitution	<u>329</u>	<u>810,437</u>	<u>293,528,584</u>	<u>21,266,886</u>	<u>602,970</u>	<u>21,869,856</u>
Total	1,069	1,752,515	\$3,618,920,168	\$85,260,998	\$2,379,235	\$87,640,233
Fiscal Year 2014-15						
DCF	2	111,700	\$1,755,961,189	\$16,892,876	\$197,010	\$17,089,886
IRS	1	72,617	1,265,291,582	7,544,636	410,800	7,955,436
Local Agency	679	652,698	307,215,727	12,007,284	483,160	12,490,444
Non-WI Agency	1	11,075	46,649,095	241,093	11,250	252,343
State Agency	77	171,833	219,618,474	11,013,279	203,680	11,216,959
Treasury Offset Program	1	-	-	5,915,709	341,625	6,257,334
Tribal Agency	4	493	586,894	26,263	355	26,618
TRIP Restitution	<u>332</u>	<u>903,090</u>	<u>334,833,956</u>	<u>17,375,733</u>	<u>496,910</u>	<u>17,872,643</u>
Total	1,097	1,923,506	\$3,930,156,917	\$71,016,873	\$2,144,790	\$73,161,663
Fiscal Year 2015-16						
DCF	2	117,137	\$1,803,061,886	\$17,925,837	\$224,055	\$18,149,892
IRS	1	78,732	1,332,459,163	8,307,540	464,875	8,772,415
Local Agency	715	677,320	711,408,779	12,315,827	494,215	12,810,042
Non-WI Agency	1	15,538	47,075,633	283,647	14,940	298,587
State Agency	77	170,192	225,385,606	10,406,631	200,760	10,607,391
Treasury Offset Program	1	-	-	6,939,702	425,775	7,365,477
Tribal Agency	5	827	733,642	43,048	690	43,738
TRIP Restitution	<u>327</u>	<u>985,945</u>	<u>377,708,422</u>	<u>18,335,204</u>	<u>532,825</u>	<u>18,868,029</u>
Total	1,129	2,045,691	\$4,497,833,131	\$74,557,436	\$2,358,135	\$76,915,571
Fiscal Year 2016-17						
DCF	2	122,115	\$1,920,774,784	\$17,063,076	\$205,815	\$17,268,891
IRS	1	83,576	1,440,812,720	9,340,765	498,475	9,839,240
Local Agency	751	681,102	301,191,219	11,441,904	426,155	11,868,059
Non-WI Agency	1	23,048	51,456,539	398,491	21,825	420,316
State Agency	76	170,571	242,027,586	8,809,078	168,640	8,977,718
Treasury Offset Program	1	-	-	8,560,604	507,375	9,067,979
Tribal Agency	5	949	766,723	19,896	515	20,411
TRIP Restitution	<u>324</u>	<u>1,037,757</u>	<u>408,212,041</u>	<u>16,904,855</u>	<u>475,655</u>	<u>17,380,510</u>
Total	1,161	2,119,118	\$4,365,241,612	\$72,538,669	\$2,304,455	\$74,843,124

APPENDIX II (continued)

Tax Refund Interception Program Activity: 2013-14 through 2020-21

TRIP Participant	Number of Agreements	Active Debts	Fiscal Year Ending Balance	Debts Recovered	Collection Fees	Total TRIP Collections
Fiscal Year 2017-18						
DCF	3	153,989	\$2,053,034,648	\$20,038,548	\$259,010	\$20,297,558
IRS	1	85,233	1,544,883,968	9,612,243	504,100	10,116,343
Local Agency	766	694,697	700,877,719	12,537,835	501,055	13,038,890
Non-WI Agency	1	26,963	64,773,322	408,393	28,440	436,833
State Agency	76	170,182	229,409,165	8,647,972	173,185	8,821,157
Treasury Offset Program	1	-	-	8,712,120	523,750	9,235,870
Tribal Agency	5	974	749,856	30,434	615	31,049
TRIP Restitution	<u>312</u>	<u>939,093</u>	<u>390,144,182</u>	<u>15,924,031</u>	<u>448,495</u>	<u>16,372,526</u>
Total	1,165	2,071,131	\$4,983,872,860	\$75,911,576	\$2,438,650	\$78,350,226
Fiscal Year 2018-19						
DCF	3	151,628	\$2,173,574,045	\$19,044,598	\$226,940	\$19,271,538
IRS	1	85,340	1,679,217,845	10,468,790	529,150	10,997,940
Local Agency	769	735,595	684,505,859	12,383,675	515,650	12,899,325
Non-WI Agency	1	40,380	84,459,773	412,252	26,310	438,562
State Agency	77	161,558	198,770,737	7,358,656	142,020	7,500,676
Treasury Offset Program	1	-	-	12,155,267	687,225	12,842,492
Tribal Agency	5	1,003	747,475	28,819	565	29,384
TRIP Restitution	<u>304</u>	<u>872,958</u>	<u>1,432,307,843</u>	<u>12,413,868</u>	<u>339,650</u>	<u>12,753,518</u>
Total	1,161	2,048,462	\$6,253,583,577	\$74,265,925	\$2,467,510	\$76,733,435
Fiscal Year 2019-20						
DCF	3	150,350	\$2,182,127,267	\$19,688,690	\$214,085	\$19,902,775
IRS	1	-	-	7,317,511	326,650	7,644,161
Local Agency	762	686,199	682,307,022	11,906,648	434,135	12,340,783
Non-WI Agency	1	52,093	108,253,083	493,006	29,220	522,226
State Agency	77	147,113	253,292,972	6,781,111	122,150	6,903,261
Treasury Offset Program	1	-	-	8,367,218	400,900	8,768,118
Tribal Agency	5	1,071	739,221	25,109	475	25,584
TRIP Restitution	<u>300</u>	<u>812,205</u>	<u>361,348,479</u>	<u>10,644,387</u>	<u>273,625</u>	<u>10,918,012</u>
Total	1,150	1,849,031	\$3,588,068,044	\$65,223,680	\$1,801,240	\$67,024,920
Fiscal Year 2020-21						
DCF	3	146,296	\$2,123,974,823	\$20,648,264	\$225,400	\$20,873,664
IRS	1	-	-	-	-	-
Local Agency	764	657,983	647,625,625	12,886,955	417,090	13,304,045
Non-WI Agency	1	62,151	126,461,592	812,424	40,290	852,714
State Agency	75	109,297	685,526,432	7,458,980	118,320	7,577,300
Treasury Offset Program	1	-	-	-	-	-
Tribal Agency	5	1,091	731,196	17,722	365	18,087
TRIP Restitution	<u>300</u>	<u>661,333</u>	<u>389,788</u>	<u>9,463,363</u>	<u>231,380</u>	<u>9,694,743</u>
Total	1,150	1,638,151	\$3,584,709,456	\$51,287,708	\$1,032,845	\$52,320,553

Source: Department of Revenue