

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)



JANET T. MILLS  
GOVERNOR

STATE OF MAINE  
MAINE REVENUE SERVICES  
P.O. BOX 1060  
AUGUSTA, MAINE  
04332-1060

ADMINISTRATIVE & FINANCIAL SERVICES


KIRSTEN LC FIGUEROA  
COMMISSIONER

MAINE REVENUE SERVICES

JEROME D. GERARD  
EXECUTIVE DIRECTOR

## MEMORANDUM

**To:** Joint Standing Committee on Appropriations and Financial Affairs  
Joint Standing Committee on Taxation

**From:**  Jerome D. Gerard, Director, MRS

**Date:** September 10, 2019

**Subject:** Explanation of Programs in Audit and Collection Report, per 36 M.R.S. § 113(1)

The Maine Revenue Services (MRS) report for contract audit and collection expenses for fiscal year 2019, which is required under 36 M.R.S. § 113(1), is enclosed. Below is a brief explanation of each program listed on the report:

Transworld Systems, Inc. (TSI) f/k/a NCO Financial Systems, Inc.: TSI collects individual income tax debts for MRS. TSI is required to employ a minimum staff of 30 tax collection personnel. In addition, problem-resolution staff are employed to answer inquiries from taxpayers and their representatives as to the status of tax accounts. The problem-resolution staff members also receive and process correspondence, make adjustments/corrections to accounts, research account histories, negotiate payment plans and review settlement offers, and calculate and recalculate tax, interest and penalties.

Out-of-State Attorneys: Out-of-state attorneys perform collection activities as authorized under the laws of the State of Maine for the enforcement of delinquent Maine taxes pursuant to final assessments for individuals or entities residing outside of the State of Maine.

Treasury Offset Program: The Treasury Offset Program (or TOP) is administered by the U.S. Department of the Treasury, Bureau of Fiscal Services. The program allows MRS to offset a Maine taxpayer's federal income tax refund against the same taxpayer's MRS income tax debt. MRS has participated in this program since 2001.

Financial Institution Data Match: MRS has a contract with Informatix, Inc. to perform quarterly data matches with all Maine financial institutions against the taxpayers owing MRS tax debts. The matches provide asset information for potential levy sources in cases where the taxpayer is not making payment.

Revenue Solutions, Inc. (RSI) Data Warehouse: RSI provides data warehouse and data mining technology (known as the Data Warehouse Collection Initiative or DWCI) to: (1) increase state revenue for Maine through the identification of individual income tax non-filers; (2) improve

detection of fraudulent income tax and other program refunds; and (3) provide substantial support for revenue estimation and econometric research.

RSI Collection Project: The goal of the RSI Collection Project is to increase collections through the use of improved technology and the data warehouse. The Project has replaced manual processes and improved case and levy management, address maintenance and return-mail processing, and automated payment agreements. In addition, it has implemented analytical scoring modules, an expanded collections dashboard, new collections reports, and new predictive dialer functions. This is a benefits-based contingency fee contract, with payments to RSI for accepted deliverables contingent on the additional revenue collected.

Lien Costs Imposed by the Registry of Deeds: Tax liens filed in the county registries are used to secure MRS tax debts.

State Indirect Cost Allocation Plan (STACAP or SWCAP) Expense: MRS provides un-billed central services to State programs that operate with federal and/or special revenue funds. In order to recover the cost of providing these services, MRS must prepare a STACAP. The plan is used to develop indirect cost rates which are used to allocate to the federal and special revenue fund units their "fair share" of the indirect costs. In addition, to recover indirect costs from federal funds, the State Controller's Office must successfully negotiate the STACAP with representatives of the U.S. Department of Health and Human Services, Division of Cost Allocation.

Please contact me if you have questions regarding the report or this memorandum.

cc: Kirsten LC Figueroa, Commissioner, DAFS

*Enclosure*

**Maine Revenue Services  
Annual Report: 36 M.R.S. § 113(1)  
For the year ending June 30, 2019**

Program Description	Cash Collected	Administrative Costs	Net Benefit	Collection Ratio
Transworld Systems Inc. (TSI) Primarily for collection effort when individual debtors are located in Maine	\$31,955,883	(\$4,703,267)	\$27,252,616	6.79 TO 1
Out-of-State Attorneys Debt collection effort outside of Maine	\$319,662	(\$147,469)	\$172,193	2.17 TO 1
Treasury Offset Program MRS offset of Federal Income Tax Refunds	\$1,642,401	(\$37,353)	\$1,605,049	43.97 TO 1
Financial Institution Data Match	\$5,810,381	(\$18,800)	\$5,791,581	309.06 TO 1
RSI Data Warehouse	\$13,771,977	(\$1,406,953)	\$12,365,024	9.79 TO 1
RSI Collections Project	\$22,197,235	(\$873,779)	\$21,323,456	25.40 TO 1
Lien Costs imposed by the Registry of Deeds		(\$302,568)	(\$302,568)	-
STACAP Expense		(\$198,435)	(\$198,435)	-
<b>Totals</b>	<b>\$75,697,539</b>	<b>(\$7,688,623)</b>	<b>\$68,008,916</b>	<b>9.85 TO 1</b>