

GAO

Report to the Chairman,
Subcommittee on Oversight and
Investigations, Committee
on Governmental Operations,
U.S. Senate

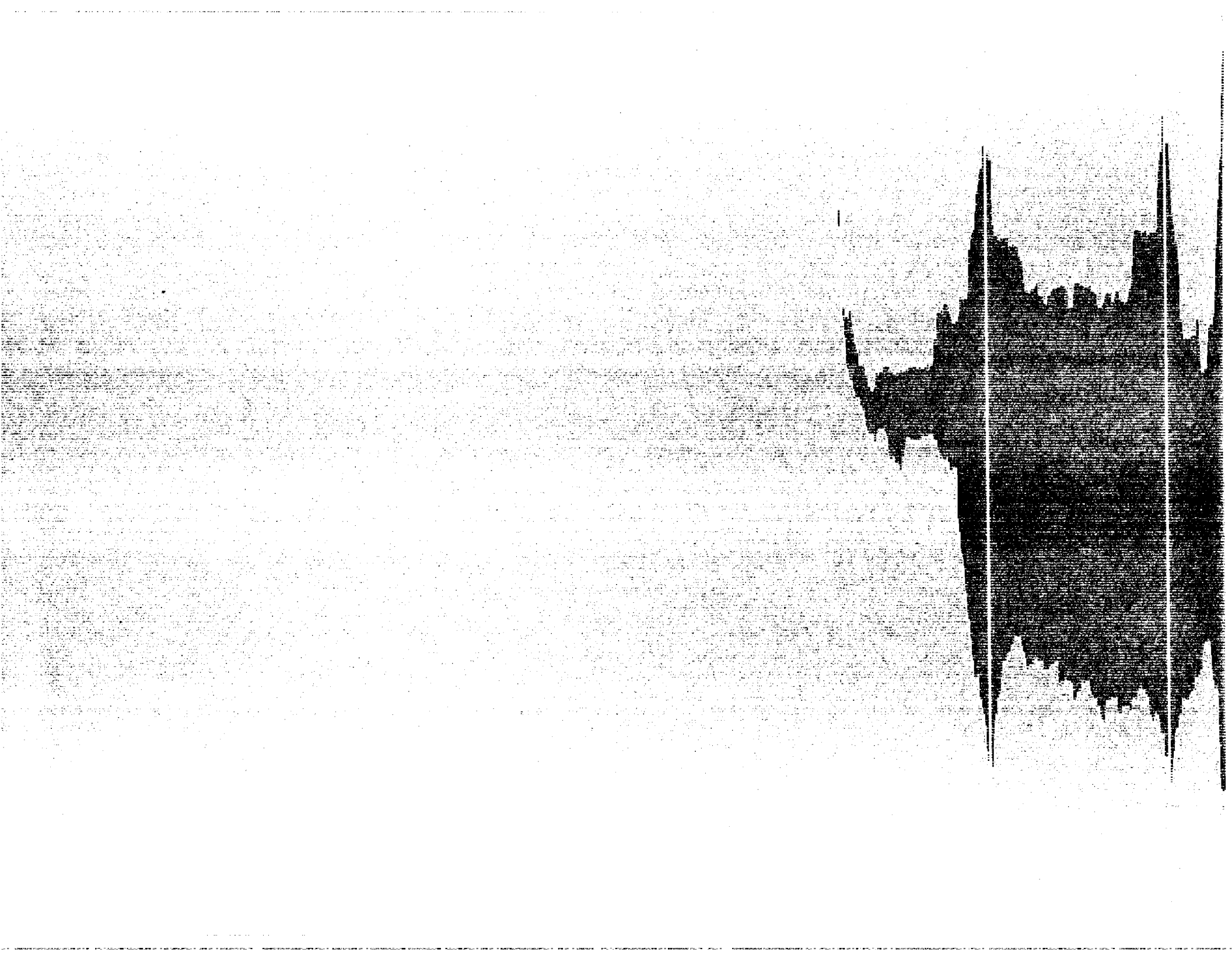
February 1987

TAX ADMINISTRATION

State Tax

Administrators' Views on Delinquent Tax Collection Methods







General Government Division

B-255851

February 2, 1994

The Honorable J.J. Pickle
Chairman, Subcommittee on Oversight
Committee on Ways and Means
House of Representatives

Dear Mr. Chairman:

This fact sheet summarizes the views of state tax administrators on collecting delinquent state taxes. We surveyed state tax administrators as a part of your request that we study options available to the Internal Revenue Service (IRS) to enhance its collection of delinquent federal taxes. In our May 1993 report¹, we provided you with preliminary observations on tax collection methods used by states that IRS might adopt to increase the collection of delinquent federal taxes. We recommended that IRS make its collection methods more competitive with other debt collectors and explore alternatives for pursuing delinquent tax debts, as some states have already done. This fact sheet presents a comprehensive summary of the information we obtained from the states.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to obtain information from state tax administrators on the effectiveness of methods they use to collect delinquent taxes. Because some state taxes are akin to federal taxes, this information should be useful in considering ways to enhance IRS' collection strategies. To a large extent, the information is based on opinions of state tax administrators, as opposed to independent evaluations by us.

To obtain state tax administrators' opinions on delinquent tax collection methods, we mailed a questionnaire (see app. IV) to the heads of tax agencies in all 50 states and the District of Columbia. We met with tax officials in California, the District of

¹Tax Administration: New Delinquent Tax Collection Methods for IRS (GAO/GGD-93-67, May 11, 1993).

Columbia, Florida, Illinois, Maryland, and New York to obtain information about their tax collection methods. The questionnaire was also pretested at these locations. We also obtained information on current state tax collection methods from other sources, such as the Federation of Tax Administrators, an organization of state and municipal tax and revenue agencies. This helped to assure us that the questions were interpreted correctly.

The questionnaire covered four tax types: (1) individual income, (2) corporate income, (3) sales and use, and (4) employment. We selected these tax types because they are analogous to federal taxes. During our pretests, we found that collection procedures may differ for typical versus high-dollar delinquency cases; thus, we asked that responses be separately identified if states made such a distinction in their collection practices.

Forty-three states responded to the questionnaire, giving us an overall response rate of 84 percent. We did not receive all of the requested information from each state that responded because the information we requested was either not applicable to the state² or not readily available. Because state tax departments do not manage employment tax programs in all states, our data may be incomplete for employment taxes in those states where a different agency administers this tax program. The information in this fact sheet is based on information provided by the respondents. We did not independently verify it. With the exception of five states, the data supplied were for the year ending June 30, 1992, and compiled from a mix of actual data and in some instances, the states' best estimates.

We did our work between September 1992 and September 1993 in accordance with generally accepted government auditing standards.

RESULTS IN BRIEF

States are changing their delinquent tax collection strategies to increase collections and make their collection programs more efficient. Changes in state tax collection programs were occurring nationwide without regard to geographic region or size of the state. Among the recent enhancements some states were making to boost collections and increase the effectiveness of their collection programs were (1) new or improved accounts

²All 43 states that responded to our survey did not have all 4 tax types covered by the questionnaire. For example, nine states did not have individual income taxes, five states did not have corporate income taxes, and four states did not have both sales and use taxes.

receivable management information systems, (2) updated written billing procedures, (3) use of telephone collection techniques, and (4) use of enforcement programs that restrict taxpayer access to certain state licenses and permits if delinquent taxes remain unpaid.

Written bills and personal contacts by revenue officers were standard methods used and considered effective by most states in collecting delinquent taxes. Another effective method--automated telephone collections--was used in 17 of the 43 states which responded to our survey. Several states that had changed their collection strategies to include early telephone contacts with delinquent taxpayers considered that strategy to have greatly improved collections.

Twenty-nine states had evaluated or were in the process of reviewing their use of field collection staff--revenue officers. Eight of these states had limited or modified revenue officers' roles as they implemented changes in their collection strategies. Some states found that they could increase productivity by having field collectors employ telephone collection techniques and decrease their travel costs to meet with taxpayers. Thirty-seven states were using enforcement tools that encourage taxpayers to pay delinquent taxes. These enforcement tools include license and permit programs in which a taxpayers' business and professional licenses and permits could be suspended if the delinquencies remain unresolved. At least one state perceived its enforcement programs as minimizing the amount of time spent by revenue officers in collecting taxes.

Many states have collection tools not currently available to IRS. Thirty-two states used private collection companies to collect delinquent tax accounts from taxpayers residing in and out of state.³ In general, more states perceived private collection companies as effective in collecting delinquent individual income taxes than ineffective. In contrast, more states perceived them as being ineffective in collecting delinquent corporate income taxes than effective. For sales and use and employment taxes, almost as many states considered private collection companies effective as ineffective.

³IRS was planning to conduct a test using private collection companies to contact delinquent taxpayers about their tax debts starting in October 1993. However, it is now uncertain when IRS will conduct the test.

Another collection method unavailable to IRS is credit card tax payments.⁴ Our survey revealed that eleven states accepted credit card tax payments; most restricted their use to delinquent taxes. Except for two states that perceived credit cards as generally effective in collecting delinquent individual income taxes, the other nine viewed them as generally ineffective or neutral. Other states did not accept credit card tax payments because of concerns about taxpayers paying transaction fees or the lack of authorizing legislation.

Like IRS, all 43 states that responded to our survey allowed taxpayers to pay delinquent taxes in installments. Generally, the median length of installment agreements was 12 months. Unlike IRS, however, most states did not frequently accept offers in compromise, a means of settling a tax delinquency for less than the amount of the debt.

We asked states to provide detailed information on how they used certain collection methods and their perceived effectiveness. We summarized this information in appendixes I through IV. Some of the information in appendix I was taken from interviews with state officials, responses to open-ended questions in the survey, and other data provided by the states.

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We are sending copies of this fact sheet to the Commissioner of Internal Revenue and other interested parties. We will make copies available to others upon request.

The major contributors to this fact sheet are listed in appendix V. Please contact me on (202) 512-5407 if you or your staff have any questions.

Sincerely yours,



Jennie S. Stathis
Director, Tax Policy and
Administration Issues

⁴Legislation containing a provision for IRS to accept tax payments by credit card has been proposed several times but not enacted.

C O N T E N T S

	<u>Page</u>
LETTER	1
APPENDIX	
I	STATE TAX ADMINISTRATORS' VIEWS ON DELINQUENT TAX COLLECTION METHODS 6
II	USE OF DELINQUENT TAX COLLECTION METHODS BY STATES 14
III	STATE TAX ADMINISTRATORS' VIEWS ON THE EFFECTIVENESS OF DELINQUENT TAX COLLECTION METHODS 16
IV	SURVEY OF STATE TAX ADMINISTRATORS 20
V	MAJOR CONTRIBUTORS 54
TABLES	
III.1	State Tax Administrators' Views on the Effectiveness of Collection Methods for Individual Income Taxes 16
III.2	State Tax Administrators' Views on the Effectiveness of Collection Methods for Corporate Income Taxes 17
III.3	State Tax Administrators' Views on the Effectiveness of Collection Methods for Sales and Use Taxes 18
III.4	State Tax Administrators' Views on the Effectiveness of Collection Methods for Employment Taxes 19

ABBREVIATIONS

IRS Internal Revenue Service

STATE TAX ADMINISTRATORS' VIEWS ON
DELINQUENT TAX COLLECTION METHODS

WRITTEN BILLS

Notifying debtors of past due accounts by sending written bills is standard practice in the collection industry. Although billing procedures differed, 42 of the 43 states that responded to our survey followed this industry practice, which was regarded as an effective tax collection method and generally the initial means of notifying taxpayers of their tax liabilities (one state sent written notices as opposed to written bills). Although we found some variation among the states in how delinquencies were treated during the initial billing stages, the states generally followed a pattern of sending a series of bills to taxpayers requesting payment of taxes owed. Similar and more expedited procedures were used by states that placed special emphasis on collecting high-dollar accounts.

At least 15 states indicated that they had or were upgrading their accounts receivable management information systems to better manage their receivables. Systems improvements were allowing states to enhance their written billing procedures to set better priorities and track delinquencies. For example, one state said that its bills now include all taxpayer delinquencies. This state previously sent a separate bill for each delinquency. Another state's new accounts receivable program systematically sends bills to taxpayers and assigns the accounts either to telephone or field collectors.

On the basis of data obtained from the states, we determined that the median number of collection bills sent in each of the four tax types was three bills over a period of approximately 4 months. To expedite the collection process, nine states reported they have recently reduced the number of bills they send out. At least four states reduced the timing between bills to expedite collections. One state was increasing the use of bills while reducing the amount of time field collectors spend pursuing delinquent taxpayers. As a result of evaluating their procedures pertaining to written bills, some states are sending other information with their bills such as (1) details on actions the state will take to collect on the account and (2) information on taxpayers' rights.

AUTOMATED TELEPHONE COLLECTION

Because we were aware that some states were upgrading their accounts receivable management information systems, we asked whether states were using automated or computer enhanced

telephone calling systems in collecting delinquent taxes. Seventeen state tax administrators said they were using automated or computer enhanced telephone calling systems.

Information from tax administrators in two states which emphasized telephone collections showed increased collections. For example, one state reported that its collections were \$260 million the first year it emphasized telephone collections compared to \$186 million the previous year. Not only did this state's collections increase, its accounts receivable inventory was reduced despite a continuous influx of new cases. Another state reported that its revised collection approach, which included contacting delinquent taxpayers by telephone on weekdays during evening hours and on Saturday mornings has been successful in collecting delinquent taxes. This state said that for each dollar it had invested in this phase of telephone operations, \$25 in revenue had been realized.

States have also made other changes associated with telephone collection practices. For example, two states indicated that, for large delinquencies, they first make a call requesting payment of taxes before sending written notices. At least four other states were calling taxpayers with large delinquencies concurrently with sending written notices or tax bills. Another state said it shortened the time between making telephone calls. Four states have begun to use revenue officers to call taxpayers rather than routinely arranging meetings with them to collect taxes. One of these states said that its centralized telephone collectors can collect an average of 10 times the amount collected in the field. Although Monday through Friday were the typical days calls were made to delinquent taxpayers, four states called delinquent taxpayers on Saturdays. The calling hours varied by state but were generally between 7 a.m. and 9 p.m. weekdays and between 8 a.m. and 5 p.m. on Saturdays.

REVENUE OFFICERS' ROLES

On the basis of data from 42 states, it was determined that only 4 states were not using revenue officers in collecting delinquent taxes. The traditional role of revenue officers has been to personally meet with delinquent taxpayers to arrange for payment of their taxes. Of the 29 states that reviewed their revenue officers' roles, 8 had changed the way they used them in the collection process, and another state was currently reviewing its revenue officers' functions. In four states, the new role of revenue officers includes contacting taxpayers by telephone instead of consistently arranging face-to-face meetings. In the other states, revenue officers' roles changed because the states (1) increased the use of private collection companies, (2)

increased the use of tax garnishments, or (3) placed more reliance on civil and criminal actions against taxpayers. In bringing about these changes, three states actually reduced the number of revenue officers.

At the time we conducted our survey, four states were not using revenue officers in collecting delinquent taxes. Three states provided reasons why revenue officers were not being used. One state had concluded that telephone collection methods are more effective than using revenue officers. According to the tax administrator in another state, delinquency cases are referred to the sheriff for collection. Because of the large size of this state and its small population, the traditional revenue officer's role would be ineffective as a collection method.

Many states are also using enforcement tools that encourage taxpayers to pay delinquent taxes. These enforcement tools include license and permit programs in which a taxpayers' business and professional licenses and permits could be suspended if the delinquencies remain unresolved (discussed later in this appendix). On the basis of experience, one state was able to employ enforcement tools of this type and other up-front collection programs in centralized locations with an 11-percent increase in dollars collected and a 25-percent decrease in collection staff.

INSTALLMENT AGREEMENTS

Installment agreements, which allow taxpayers to enter into an agreement with states to repay delinquent taxes at regular intervals over a predetermined period of time, were available in all 43 states that responded to our survey. It appeared that most states viewed installment agreements as short-term payment options for taxpayers. Of the 38 states that provided information on the standard length of their installment agreements, 31 states reported that installment agreements were generally limited to 12 months or less. In 6 of the 31 states, the general rule was to limit installment agreements to 6 months or less. Despite these general guidelines, some states mentioned that installment agreements may be renewed for another term if the taxes have not been fully paid under the original agreement. For the remaining seven states, the standard length of installment agreements was longer--six states allowed them for either 24 or 36 months, and one state indicated that the standard length for installment agreements for corporate income taxes was 60 months.

Installment agreement programs were publicized in about half the states. In states where taxpayers were not routinely notified about installment agreements, taxpayers generally had to initiate discussions about installment agreement payments with state officials to be considered for such an arrangement. One state cited the administrative costs associated with managing and monitoring the agreements as a reason not to publicize their availability. Even though one state's taxpayer bill of rights guarantees installment agreements as a delinquent tax payment method, taxpayers must initiate the negotiation process with state officials.

The primary reason states accepted installment agreements was to allow taxpayers having financial hardships additional time to pay their taxes. Most states with an opinion on the effectiveness of installment agreements as a collection method agreed that they were effective in collecting delinquent taxes. For example, all 31 state tax administrators with an opinion on the effectiveness of installment agreements in collecting individual income taxes said they were effective. Also, 28 of the 32 state tax administrators who expressed an opinion with regard to corporate income taxes said that the method was effective in collecting corporate income taxes.

OFFERS IN COMPROMISE

Offers in compromise, which are legal contracts between taxpayers and states to settle tax debts for less than the amount of the debts, were available in 33 of the 43 states responding to our survey. None of the states with offers in compromise programs viewed them as a primary or frequently used collection tool. In fact, some states limit offers in compromise to certain tax types. For example, in one state employment and trust fund taxes cannot be compromised, and in two other states corporate income taxes cannot be compromised.

States mostly accepted offers in compromise from taxpayers having financial hardships. Other situations in which states settled delinquencies through offers in compromise included taxpayers in bankruptcy and delinquency cases where there is uncertainty about the tax liability or the collectibility of the tax.

More than half the states with an offer in compromise program (21 of 33 states) provided us with details on the number of offers in compromise they received and accepted for the year ending June 30, 1992. Some states were able to provide information only on the offers actually accepted. Except for one state, which accepted over 15,000 offers--9,500 of them for sales tax delinquencies--offers in compromise appeared not to be widely

used in the other states. For the other states that provided information on accepted offers for the year ending June 30, 1992, the range for all tax types was between 3 and 700 offers.¹ Fourteen states provided us information on collections from offers in compromise. According to these 14 states, the median percentage collected from offers in compromise based on total taxes owed was about 52.5 percent.

PRIVATE COLLECTION COMPANIES

Thirty-two of the 43 states that responded to our survey used private collection companies to collect delinquent taxes. Like many businesses, state tax departments use private collection companies to (1) take advantage of their vast collection experience, (2) gain access to state-of-the-art computer technology for managing receivables, (3) avoid the expense of hiring permanent staff, and (4) supplement their own collection staff. In addition, states use private collection companies to collect tax debts from persons residing outside their borders.

The reasons that states used private collection companies for collecting delinquent taxes varied by the circumstances surrounding the tax delinquency. Twenty-three states reported specific criteria that delinquency cases must meet before being referred to private collection companies. The criteria included (1) the amount of tax owed the state, (2) the age of delinquency cases, and (3) failed attempts in contacting or collecting from delinquent taxpayers. Some states used a combination of these criteria in deciding which cases to refer to private collection companies. In the 13 states where age was a major factor, the median age of delinquency cases referred to private collectors was 12 months, and the range in age was between 3 and 24 months. In considering dollar values as a factor for referring cases to private collectors, the median amount for a case was \$400 while the range was \$100 to \$10,000, on the basis on information provided by 11 states.

States mostly supplemented their collection efforts with private collectors to resolve delinquent individual income tax cases of taxpayers residing outside their borders. Thirty-four of the states that responded to our survey had an individual income tax, and all but five of these states used private collection companies in collecting this tax. Of the 29 states that referred

¹In some states, offers in compromise are handled outside the tax collection department, such as in the state's attorney office. For this reason, our information on offers in compromise may be incomplete.

typical individual income tax cases to companies for collection, 28 had an opinion on their effectiveness. Only 6 states believed that private collection companies had been ineffective, while 14 believed they had been effective. The remaining eight states were neutral about the effectiveness of private collection companies. In considering delinquent corporate income taxes, twice as many states (12 states) reported that private collection companies were ineffective as effective (6 states). For typical delinquency cases involving the other two tax types, almost an equal number of states perceived private collection companies effective as ineffective. With regards to high-dollar delinquency cases, most states expressing an opinion perceived private collection companies as being generally ineffective in collecting delinquent taxes, except for individual income tax cases.

There was a wide variation among the states in the percentage of taxes collected by the private companies. Our survey showed that the percentage of taxes collected by collection companies ranged from a high of 27.5 percent for one state to under one tenth of a percent in another. We also obtained information on the gross recovery rate--the ratio of taxes collected based on the taxes referred to the companies for collection action. Twenty-four states provided us their gross recovery rates on cases referred to private collectors. Again, we found a wide variation. The median gross recovery rate was 5.9 percent, and the range was between 0.5 and 45 percent.

LICENSE AND PERMIT ENFORCEMENT PROGRAMS

Another method many state tax departments use to increase the collection of delinquent taxes is cooperative arrangements with other state agencies. Where these arrangements exist, state agencies issuing trade or professional licenses and permits have been mandated to suspend, revoke, or deny issuance of licenses and permits to individuals and businesses that the tax department has listed as being delinquent. Cooperation in collections frequently requires legislative action to authorize the use of sanctions against delinquent taxpayers by state agencies not normally involved in tax administration. Thirty-seven of the 43 states that answered our survey indicated that they have a license enforcement program. Generally, states use these enforcement programs after normal collection efforts have failed to secure delinquent tax payments. Although, license and permit enforcement programs involving sales and use taxes were the most prevalent, the state programs also included licenses and permits relating to the sale of alcoholic beverages, state lotteries, automobile dealers, professional and business licenses, and corporate charters.

We obtained information from state tax administrators on their perceptions of the effectiveness of license enforcement programs as collection tools. On the basis of information from states with an opinion, we found that most state tax administrators viewed these programs as effective in collecting delinquent taxes. For example, in enforcement programs involving sales and use taxes, 25 of the 30 states with an opinion rated their program as either very effective (14 states) or generally effective (11 states) in collecting delinquent taxes. At least one state perceived its enforcement programs as minimizing the amount of time revenue officers spend trying to collect delinquent taxes.

Almost half the states with a license enforcement program had recently evaluated their program's use as a tax collection method. Ten of the 15 states reported that they are expanding the use of enforcement programs as a tax collection method. Two other states said that they have decreased their reliance on enforcement programs as a tax collection method.

CREDIT CARD TAX PAYMENTS

Tax administrators in 11 states said that credit card tax payment programs were available to taxpayers in their states. The earliest of these programs dates back to 1985. The actual amount of dollars collected through state credit card payment programs is relatively small compared to other payment methods. One reason for the modest use of credit cards by state taxpayers may be that certain conditions may apply when making such payments. For example, seven states limit credit card payments to delinquent individual taxes. Also, to avoid discounting taxes owed the states, four states have contracted with an intermediary company that accepts the credit card payment from the taxpayer. The state is paid the full amount of the tax, and the taxpayer pays to the intermediary a transaction fee in addition to the amount of taxes owed to the state. Because of the transaction fee, these types of credit card transactions were being reviewed by MasterCard and VISA as we were completing our work. Credit card issuers prohibit merchants from charging customers more if they pay with credit cards.

We asked the state tax administrators for their opinions on whether their states' credit card programs were effective. For individual income taxes, nine administrators expressed an opinion--two felt the programs were generally effective, five were neutral, and two said that credit cards were generally ineffective as a collection tool. As for the other tax types, the administrators perceived their credit card programs as being either neutral or ineffective as a collection tool. Despite

these perceptions, three states are presently expanding their program, including one state that had begun enclosing a credit card voucher in the tax booklet it sends taxpayers.

The principal reasons some states were not offering taxpayers this payment option were (1) legislation authorizing credit card use had not been enacted and (2) concerns about who would pay the transaction fee typically associated with credit card transactions.

USE OF DELINQUENT TAX COLLECTION METHODS BY STATES

Delinquent tax collection methods	Individual income tax ^a		Corporate income tax ^b		Sales and use tax ^c		Employment tax ^d	
	Number of states using collection method	Number of states frequently using method	Number of states using collection method	Number of states frequently using method	Number of states using collection method	Number of states frequently using method	Number of states using collection method	Number of states frequently using method
Written notices and bills	33	33	36	35	36	34	32	31
Automated telephone calls	13	8	10	7	14	12	12	8
Revenue officers	29	4	32	8	34	18	28	9
Installment agreements	33	6	35	2	36	5	32	4
Offers in compromise	27	0	26	0	27	0	26	0
Levies of financial assets	31	4	33	4	35	3	30	3
Seizure/sales of real or personal property	27	1	30	1	32	1	28	2
Garnishments	29	4	24	2	31	4	28	3
Collection agencies for taxpayers located in-state	17	3	15	1	16	2	15	1
Collection agencies for taxpayers located out of state	28	7	28	4	26	4	26	5
State tax liens	33	16	35	17	37	20	31	16
Delinquent taxes reported to credit bureaus	2	1	1	1	1	1	1	1
Enforcement programs involving licenses and permits	14	3	22	2	32	3	20	1
State tax refund offsets	32	17	33	12	32	8	30	12
Credit card programs for delinquent taxes	11	4	8	1	5	0	7	2

Note: "Frequently used" means that the states used the collection method at least 75 percent of the time.

^aNine of the states did not have individual income tax. One state did not provide requested data for this tax type.

^bFive of the states did not have corporate income tax. One state did not provide requested data for this tax type.

^cFour of the states did not have both sales and use taxes. Two states did not provide requested data for this tax type.

^dEleven states either did not provide requested data for employment taxes or claimed they did not have this tax type.

STATE TAX ADMINISTRATORS' VIEWS
ON THE EFFECTIVENESS OF
DELINQUENT TAX COLLECTION METHODS

Table 3.1: State Tax Administrators' Views on the Effectiveness of Collection Methods for Individual Income Taxes.^a

Collection methods	Total number of states expressing an opinion	Number of states finding the method effective	Number of states finding the method neutral	Number of states finding the method ineffective
Written bills	32	30	2	-
Automated telephone calls	12	12	-	-
Revenue officers	27	19	3	5
Installment agreements	31	31	-	-
Collection agencies	28	14	8	6
Enforcement programs involving licenses and permits	13	10	1	2
Credit card programs for delinquent taxes	9	2	5	2

Note: "Effective" includes very effective and generally effective from Appendix IV. "Ineffective" includes generally ineffective and very ineffective from Appendix IV.

^aNine of the states responding to our survey did not have an individual income tax.

Table 3.2: State Tax Administrators' Views on the Effectiveness of Collection Methods for Corporate Income Taxes.^a

Collection method	Total number of states expressing an opinion	Number of states finding the method effective	Number of states finding the method neutral	Number of states finding the method ineffective
Written bills	33	27	4	2
Automated telephone calls	10	9	1	-
Revenue officers	31	23	5	3
Installment agreements	32	28	2	2
Collection agencies	24	6	6	12
Enforcement programs involving licenses and permits	18	12	4	2
Credit card programs for delinquent taxes	6	-	2	4

Note: "Effective" includes very effective and generally effective from Appendix IV. "Ineffective" includes generally ineffective and very ineffective from Appendix IV.

^aFive of the states responding to our survey did not have a corporate income tax.

Table 3.3: State Tax Administrators' Views on the Effectiveness of Collection Methods of Sales and Use Taxes.^a

Collection methods	Total number of states expressing an opinion	Number of states finding the method effective	Number of states finding the method neutral	Number of states finding the method ineffective
Written bills	34	33	1	-
Automated telephone calls	14	13	1	-
Revenue officers	33	32	-	1
Installment agreements	35	34	1	-
Collection agencies	27	12	3	12
Enforcement programs involving licenses and permits	29	25	2	3
Credit card programs for delinquent taxes	4	-	1	3

Note: "Effective" includes very effective and generally effective from Appendix IV. "Ineffective" includes generally ineffective and very ineffective from Appendix IV.

^aFour of the states responding to our survey did not have both sales and use taxes.

Table 3.4: State Tax Administrators' Views on the Effectiveness of Collection Methods for Employment Taxes.^a

Collection methods	Total number of states expressing an opinion	Number of states finding the method effective	Number of states finding the method neutral	Number of states finding the method ineffective
Written bills	29	27	2	-
Automated telephone calls	11	9	2	-
Revenue officers	25	23	-	2
Installment agreements	29	28	-	1
Collection agencies	23	9	5	9
Enforcement programs involving licenses and permits	16	14	-	2
Credit card programs for delinquent taxes	6	-	2	4

Note: "Effective" includes very effective and generally effective from Appendix IV. "Ineffective" includes generally ineffective and very ineffective from Appendix IV.

^aEleven states either did not provide requested data for employment taxes or claimed they did not have this tax type.

SURVEY OF STATE TAX ADMINISTRATORS

U.S. General Accounting Office



Survey of State Tax Administrators' Views on Delinquent Tax Collection Methods

Introduction

The U.S. General Accounting Office (GAO) is conducting a study to identify ways to improve collection of delinquent federal taxes by looking at how states collect delinquent taxes. As a state tax administrator, your response to the questionnaire could help identify ways to better address the Internal Revenue Service's (IRS) growing backlog of uncollected taxes. We will be focusing on four types of tax: individual income, corporate income, sales and use, and employment.

This questionnaire is being sent to tax administrators in each state. Although your participation is voluntary, your responses are an important consideration in this study and may be provided to IRS or Congress. Please direct our inquiry to the person or persons most knowledgeable about the tax areas.

After receiving your completed survey, GAO may wish to followup for more detailed information. Therefore, on the last page we ask that you write the name, address, and telephone number of the person(s) we should contact for follow-up.

Please return the completed questionnaire along with any other information you believe could be useful in explaining how your state collects delinquent taxes to the address below within 15 days. We have enclosed a postage-paid envelope for your convenience or you may fax your response on (202) 272-3141. If you have any questions, please call, collect, Mr. Charlie Daniel on (202) 272-3349, or Mr. Elwood White on (202) 272-3384.

U.S. General Accounting Office
Mr. Charlie Daniel
Room 3126
441 G Street, N.W.
Washington, D.C. 20548

Thank you for your assistance.

* * * * *

This questionnaire addresses delinquent taxes only, that is, those taxes your state has assessed against taxpayers and are now subject to collection action as a result of their past-due status.

I. Instructions

1. If your state's fiscal year does not end on June 30, please provide information based on the 12-month period ending June 30, 1992.

If you are unable to provide information for the 12 month period ending June 30, please check the box below and provide information for the most recent year available.

N = 5 Information provided is for the most recent year available.

2. Throughout this questionnaire we request information for four tax types. Although your state may collect taxes for all four tax types, your state may not maintain separate records for each tax type. If actual numbers are not available, enter estimated numbers and so indicate.
3. Several questions request information on the total number of taxpayers. We recognize that some states may keep records in different ways. If actual numbers are not available, enter estimates and so indicate.

II. Background Information

1. For the year ending June 30, 1992, please specify or estimate (1) the amount of delinquent taxes collected, (2) the number of assessments, and (3) the number of taxpayers from whom the delinquent taxes were collected. (Enter amounts and numbers. If a tax type is not applicable, enter "N/A.")

DELINQUENT TAXES COLLECTED DURING THIS PERIOD	Amount collected (1)	Number of assessments (2)	Number of taxpayers (3)
1. Individual income tax	N = 27 Median = \$15,935,311	N = 17 Median = 73,213	N = 15 Median = 45,000
2. Corporate income tax	N = 29 Median = \$6,698,601	N = 20 Median = 7,599	N = 14 Median = 2,600
3. Sales and Use tax	N = 30 Median = \$40,069,977	N = 20 Median = 59,294	N = 15 Median = 22,000
4. Employment (withholding) tax	N = 26 Median = \$9,450,000	N = 16 Median = 15,274	N = 14 Median = 7,999

2. How many dollars per staff year were collected based on delinquent tax collections for the year ending June 30, 1992? (Enter amounts based on collections by your state tax collection department and not by private collection agencies.)

<u>Definitions</u>	
Staff year = Time charged by all staff doing collection work (excluding leave and training).	
Delinquent tax collections per staff years =	$\frac{\text{Delinquent taxes collected by collection staff}}{\text{Total number of staff years}}$

N = 28
Median = \$683,353

Delinquent tax collections per staff year \$ _____

3. Does your state have incentive pay for collection staff based on workload performance measures (e.g., dollars collected, number of cases closed, etc.)? (Check one.)

N = 43

1. Yes (Continue to Question 4.) 1
2. No (Skip to Question 5.) 42

4. If yes, please describe the incentives. (Please explain.)

N = 1

5. For the year ending June 30, 1992, please specify or estimate (1) the amount of delinquent taxes collected and (2) the number of taxpayers from whom the delinquent taxes were collected by each of the following methods, for the following tax types. (Enter amounts and numbers. If a tax type is not applicable, enter "N/A.")

METHODS	INDIVIDUAL INCOME TAX		CORPORATE INCOME TAX		SALES & USE TAX		EMPLOYMENT (WITHHOLDING) TAX	
	Amount collected (1)	Number of taxpayers (2)	Amount collected (1)	Number of taxpayers (2)	Amount collected (1)	Number of taxpayers (2)	Amount collected (1)	Number of taxpayers (2)
1. Written notices and bills	N=19 Med=\$15,000,000	N=8 Med=28,590	N=20 Med=\$9,392,961	N=9 Med=2,005	N=16 Med=\$11,550,000	N=7 Med=12,575	N=17 Med=\$6,100,000	N=8 Med=\$6,731
2. Telephone demands using automated/computer-assisted calling systems (excludes revenue officer contacts)	N=8 Med=\$10,009,980	N=3 Med=55,136	N=5 Med=\$795,967	N=1 Med=3,055	N=7 Med=\$28,175,171	N=3 Med=19,247	N=6 Med=\$2,628,216	N=1 Med=\$1,000
3. Revenue officer (field office) collections	N=19 Med=\$4,035,038	N=8 Med=2,550	N=21 Med=\$1,500,000	N=9 Med=300	N=21 Med=\$18,065,000	N=11 Med=5,000	N=19 Med=\$3,500,000	N=9 Med=\$1,500

III. Collection of Delinquent Taxes

6. Does your state have an individual income tax? (Check one.)

N = 43

- 1. Yes (Continue to Question 7) 34
- 2. No (Skip to Question 8.) 9

7. Considering individual income tax, how often, if at all, does your state tax collection department currently use the following methods? (Check one box in each row.)

INDIVIDUAL INCOME TAX COLLECTION METHODS	Always, or almost always (90% - 100% of the time) (1)	Very often (about 75% of the time) (2)	Often (about 50% of the time) (3)	Sometimes (about 25% of the time) (4)	Seldom, if ever (about 10% of the time) (5)	Do not use (6)
1. Written notices and bills N=33	33	-	-	-	-	-
2. Telephone demands using automated/computer-assisted calling system (excludes revenue officer contacts) N=32	6	2	2	2	1	19
3. Revenue officer (field office) collections N=32	3	1	4	9	12	3
4. Installment agreements N=33	2	4	6	10	11	-
5. Offers-in-compromise agreements N=33	-	-	1	4	22	6
6. Levies of financial assets such as bank accounts N=32	2	2	3	13	11	1
7. Seizure/sales of real and/or personal property N=32	1	-	-	4	22	5
8. Garnishments N=31	2	2	2	9	14	2
9. Collection agencies for taxpayers located in-state N=33	2	1	2	6	6	16
10. Collection agencies for taxpayers located out-of-state N=33	4	3	6	4	11	5
11. State tax liens N=33	10	6	7	6	4	-
12. State directly reports delinquent taxes to credit bureaus N=33	1	-	-	-	1	31
13. License denial, suspension, or revocation of business and/or professional licenses/permits N=33	-	3	-	2	9	19
14. State tax refund offsets N=32	17	-	3	7	5	-
15. Special credit card programs for delinquent taxes N=33	3	1	1	1	5	22
16. Other (specify) N=4	1	-	1	1	-	1

8. Does your state have a corporate income tax? (Check one.)

N=43

- 1. Yes (Continue to Question 9.) 38
- 2. No (Skip to Question 10.) 5

9. Considering corporate income tax, how often, if at all, does your state tax collection department currently use the following methods? (Check one box in each row.)

CORPORATE INCOME TAX COLLECTION METHODS		Always, or almost always (90% - 100% of the time) (1)	Very often (about 75% of the time) (2)	Often (about 50% of the time) (3)	Sometimes (about 25% of the time) (4)	Seldom, if ever (about 10% of the time) (5)	Do not use (6)
1. Written notices and bills	N=36	34	1	1	-	-	-
2. Telephone demands using automated/computer-assisted calling system (excludes revenue officer contacts)	N=36	6	1	1	-	2	26
3. Revenue officer (field office) collections	N=35	6	2	6	9	9	3
4. Installment agreements	N=35	1	1	5	9	19	-
5. Offers-in-compromise agreements	N=36	-	-	-	5	21	8
6. Levies of financial assets such as bank accounts	N=35	2	2	3	9	17	2
7. Seizure/sales of real and/or personal property	N=36	1	-	-	3	26	6
8. Garnishments	N=34	1	1	3	4	15	10
9. Collection agencies for taxpayers located in-state	N=36	1	-	1	4	9	21
10. Collection agencies for taxpayers located out-of-state	N=36	2	2	1	4	19	8
11. State tax liens	N=36	10	7	6	6	6	1
12. State directly reports delinquent taxes to credit bureaus	N=36	1	-	-	-	-	35
13. License denial, suspension, or revocation of business and/or professional licenses/permits	N=36	2	-	1	5	14	14
14. State tax refund offsets	N=35	11	1	2	5	14	2
15. Special credit card programs for delinquent taxes	N=36	1	-	-	1	6	28
16. Other (specify)	N=2	-	-	-	-	-	2

10. Does your state have sales and use taxes? (Check one.)

N=43

1. Yes (Continue to Question 11.) 39
2. No (Skip to Question 12.) 4

11. Considering sales and use taxes, how often, if at all, does your state tax collection department currently use the following methods? (Check one box in each row.)

SALES AND USE TAX COLLECTION METHODS	Always, or almost always (90% - 100% of the time) (1)	Very often (about 75% of the time) (2)	Often (about 50% of the time) (3)	Sometimes (about 25% of the time) (4)	Seldom, if ever (about 10% of the time) (5)	Do not use (6)
1. Written notices and bills N=36	33	1	1	1	-	-
2. Telephone demands using automated/computer-assisted calling system (excludes revenue officer contacts) N=37	10	2	-	1	1	23
3. Revenue officer (field office) collections N=36	7	11	7	9	-	2
4. Installment agreements N=36	1	4	6	12	13	-
5. Offers-in-compromise agreements N=36	-	-	-	2	25	9
6. Levies of financial assets such as bank accounts N=37	1	2	5	12	15	2
7. Seizure/sales of real and/or personal property N=36	1	-	2	3	26	4
8. Garnishments N=36	1	3	2	7	18	5
9. Collection agencies for taxpayers located in-state N=37	1	1	-	4	10	21
10. Collection agencies for taxpayers located out-of-state N=36	2	2	3	6	13	10
11. State tax liens N=37	10	10	7	7	3	-
12. State directly reports delinquent taxes to credit bureaus N=36	1	-	-	-	-	35
13. License denial, suspension, or revocation of business and/or professional licenses/permits N=37	1	2	1	8	20	5
14. State tax refund offsets N=36	7	1	1	5	18	4
15. Special credit card programs for delinquent taxes N=37	-	-	-	1	4	32
16. Other (specify) N=5	1	1	1	-	1	1

12. Does your state have employment (withholding) taxes? (Check one.)

N=42

- 1. Yes (Continue to Question 13.) 37
- 2. No (Skip to Question 14.) 5

13. Considering employment (withholding) taxes, how often, if at all, does your state tax collection department currently use the following methods? (Check one box in each row.)

EMPLOYMENT (WITHHOLDING) TAX COLLECTION METHODS		Always, or almost always (90% - 100% of the time) (1)	Very often (about 75% of the time) (2)	Often (about 50% of the time) (3)	Sometimes (about 25% of the time) (4)	Seldom, if ever (about 10% of the time) (5)	Do not use (6)
1. Written notices and bills	N=32	31	-	1	-	-	-
2. Telephone demands using automated/computer-assisted calling system (excludes revenue officer contacts)	N=32	7	1	2	1	1	20
3. Revenue officer (field office) collections	N=31	5	4	9	7	3	3
4. Installment agreements	N=32	2	2	6	12	10	-
5. Offers-in-compromise agreements	N=32	-	-	-	3	23	6
6. Levies of financial assets such as bank accounts	N=32	2	1	5	11	11	2
7. Seizure/sales of real and/or personal property	N=32	2	-	1	3	22	4
8. Garnishments	N=31	2	1	4	6	15	3
9. Collection agencies for taxpayers located in-state	N=32	1	-	1	6	7	17
10. Collection agencies for taxpayers located out-of-state	N=32	2	3	4	5	12	6
11. State tax liens	N=31	9	7	5	7	3	-
12. State directly reports delinquent taxes to credit bureaus	N=30	1	-	-	-	-	29
13. License denial, suspension, or revocation of business and/or professional licenses/permits	N=32	1	-	2	5	12	12
14. State tax refund offsets	N=31	12	-	1	5	12	1
15. Special credit card programs for delinquent taxes	N=32	2	-	-	1	4	25
16. Other (specify)	N=4	1	1	-	-	1	1

NOTES

Please answer all questions based on your state tax collection department's current practices.

A case is a file on a taxpayer that may include multiple assessments.

Collection procedures may differ for typical versus high dollar cases.

TYPICAL CASES = average dollar cases.

HIGH DOLLAR CASES = cases that have dollar values above typical cases and are subject to accelerated collection action.

If no distinction is made, answer questions for typical dollar cases only.

14. For the following tax types, what is (1) the threshold for high dollar cases subject to collection action, and (2) the ratio of your state tax collection department's typical cases to high dollar cases? (Enter amounts and ratios. If tax type is not applicable, enter "N/A." If you cannot disclose your threshold or ratio, enter "Cannot disclose.")

TAX TYPES	Threshold of High Dollar Cases (1)	Ratio of Typical Cases to High Dollar Cases (2)
1. Individual income	N=14 Median = \$3,500	N=8 Ratio: $\frac{\text{Median}=16}{\text{(Typical cases)}}$ to $\frac{\text{Median}=1}{\text{(High Dollar Cases)}}$
2. Corporate income	N=16 Median = \$5,000	N=9 Ratio: $\frac{\text{Median}=10}{\text{(Typical cases)}}$ to $\frac{\text{Median}=1}{\text{(High Dollar Cases)}}$
3. Sales and Use	N=16 Median = \$5,000	N=10 Ratio: $\frac{\text{Median}=10}{\text{(Typical cases)}}$ to $\frac{\text{Median}=1}{\text{(High Dollar Cases)}}$
4. Employment (withholding)	N=12 Median = \$5,000	N=6 Ratio: $\frac{\text{Median}=11}{\text{(Typical cases)}}$ to $\frac{\text{Median}=1}{\text{(High Dollar Cases)}}$

15. For the following tax types, what are (1) the total number of cases and (2) the total dollar amounts of typical and high dollar cases in your accounts receivable inventory? (Enter numbers and amounts. If tax type is not applicable, enter 'N/A'.)

TAX TYPES	TYPICAL CASES		HIGH DOLLAR CASES	
	Total number of cases (1)	Total dollar amounts (2)	Total number of cases (1)	Total dollar amounts (2)
1. Individual income	N=13 Median=53,053	N=14 Median=\$36,840,825	N=3 Median=1,942	N=3 Median=\$18,083,206
2. Corporate income	N=15 Median=3,635	N=16 Median=\$8,850,000	N=4 Median=169	N=4 Median=\$8,448,005
3. Sales and Use	N=16 Median=20,737	N=17 Median=\$35,528,072	N=5 Median=1,928	N=5 Median=\$36,186,685
4. Employment (withholding)	N=13 Median=15,547	N=13 Median=\$22,000,000	N=3 Median=272	N=3 Median=\$5,699,955

IV. Written Notices/Bills

This section addresses written notices and bills. Telephone demands will be addressed in Section V.

WRITTEN NOTICE = correspondence from the state informing the taxpayer that a potential tax delinquency exists. The taxpayer has a certain amount of time to resolve the potential tax delinquency.

WRITTEN BILLS = demands for payment of delinquent taxes the state has legally assessed against the taxpayer after the notification process has expired.

16. Does your state use written notices as a collection method? (Check one.)

N=42

- 1. Yes (Continue to Question 17.) 39
- 2. No (Skip to Question 18.) 3

17. For the following tax types, what is (1) the maximum number of days allowed for the taxpayer notification period and (2) the usual number of notices sent during that period for typical and high dollar cases? (Enter numbers. If tax type is not applicable, enter "N/A.")

TAX TYPES	TYPICAL CASES		HIGH DOLLAR CASES	
	Maximum number of days (1)	Usual number of notices (2)	Maximum number of days (1)	Usual number of notices (2)
1. Individual income	N=28 Median=60	N=28 Median=2	N=20 Median=50	N=21 Median=1
2. Corporate income	N=30 Median=60	N=30 Median=1.5	N=20 Median=50	N=22 Median=1.5
3. Sales and Use	N=31 Median=40	N=30 Median=2	N=20 Median=35	N=22 Median=1.5
4. Employment (withholding)	N=26 Median=60	N=26 Median=1.5	N=17 Median=40	N=18 Median=1.5

18. Does your state use written bills as a collection method? (Check one.)

N=43

- 1. Yes (Continue to Question 19.) 42
- 2. No (Skip to Question 26, page 14.) 1

19. After the state has legally assessed delinquent taxes against a taxpayer, when is the first bill sent for typical and high dollar cases? (Check one box in each row.)

		The same day (1)	1 to 30 days (2)	31 to 60 days (3)	61 to 90 days (4)	91 days or more (please specify.) (5)	Not applicable (6)
TYPICAL CASES							
1. Individual income	N=37	8	9	9	4	2	5
2. Corporate income	N=37	9	12	9	3	1	3
3. Sales and Use	N=39	10	13	12	1	1	2
4. Employment (withholding)	N=34	8	8	9	3	2	4
HIGH DOLLAR CASES							
1. Individual income	N=31	7	8	7	2	1	6
2. Corporate income	N=30	7	11	7	1	-	4
3. Sales and Use	N=31	8	13	6	-	1	3
4. Employment (withholding)	N=28	7	8	6	1	1	5

20. Consider typical and high dollar delinquency cases going through your state tax department's routine collection cycle. Enter in the spaces below the number of days between bills for the following tax types. (Enter number of days. If no additional bill, please enter "0." If tax type is not applicable, check Column 1.)

WRITTEN BILLS FOR TYPICAL CASES						
TAX TYPES	Not applicable (1)	Days between 1st and 2nd bill (2)	Days between 2nd and 3rd bill (3)	Days between 3rd and 4th bill (4)	Days between 4th and 5th bill (5)	Days between 5th and additional written bills (6)
1. Individual income	N=1	N=28 Median=30	N=19 Median=30	N=13 Median=35	N=7 Median=35	N=6 Median=40
2. Corporate income	N=1	N=30 Median=30	N=20 Median=30	N=13 Median=30	N=6 Median=30	N=5 Median=30
3. Sales and Use	N=1	N=30 Median=30	N=21 Median=30	N=14 Median=30	N=10 Median=30	N=7 Median=30
5. Employment (withholding)	N=1	N=25 Median=30	N=18 Median=30	N=12 Median=30	N=7 Median=30	N=6 Median=30

WRITTEN BILLS FOR HIGH DOLLAR CASES						
TAX TYPES	Not applicable (1)	Days between 1st and 2nd bill (2)	Days between 2nd and 3rd bill (3)	Days between 3rd and 4th bill (4)	Days between 4th and 5th bill (5)	Days between 5th and additional written bills (6)
1. Individual income	N=2	N=21 Median=30	N=14 Median=30	N=11 Median=30	N=5 Median=30	N=4 Median=32.5
2. Corporate income	N=2	N=22 Median=30	N=15 Median=30	N=12 Median=30	N=4 Median=30	N=3 Median=30
3. Sales and Use	N=2	N=21 Median=30	N=16 Median=30	N=10 Median=30	N=7 Median=30	N=5 Median=30
5. Employment (withholding)	N=2	N=19 Median=30	N=15 Median=30	N=9 Median=30	N=5 Median=30	N=4 Median=30

21. How effective or ineffective do you think your state tax collection department's written bills are as a collection method for the following types of delinquent taxes? (Check one box in each row.)

TAX TYPES		Very effective (1)	Generally effective (2)	Neither effective nor ineffective (3)	Generally ineffective (4)	Very ineffective (5)	No basis to judge (6)
TYPICAL CASES							
1. Individual income	N=36	5	25	2	-	-	4
2. Corporate income	N=36	4	23	4	2	-	3
3. Sales and Use	N=38	2	31	1	-	-	4
4. Employment (withholding)	N=34	2	25	2	-	-	5
HIGH DOLLAR CASES							
1. Individual income	N=29	1	19	1	3	-	5
2. Corporate income	N=27	3	13	5	2	-	4
3. Sales and Use	N=30	1	18	3	2	-	6
4. Employment (withholding)	N=27	1	15	2	3	-	6

22. During the past 3 to 5 years, has your state evaluated its procedures for sending written notices and bills? (Check one.)

N=41

- 1. Yes (Continue to Question 23.) 27
- 2. No (Skip to Question 24.) 14

23. Briefly describe any changes your state made in its collection strategy as a result of the evaluation(s). (Please explain.)

N=26

24. Notices/bills are sometimes returned "addressee unknown." When this happens, how effective or ineffective are the following sources in identifying the correct address of delinquent taxpayers? (Check one box in each row.)

SOURCES		Very effective (1)	Generally effective (2)	Neither effective nor ineffective (3)	Generally ineffective (4)	Very ineffective (5)	No basis to judge (6)
1. Motor vehicle registration/drivers license records	N=42	5	21 *	4	4	-	8
2. IRS	N=42	2	10	5	1	3	21
3. Locator services offered by credit bureaus	N=41	3	12 *	4	2	1	19
4. Locator services offered by collection agencies	N=42	1	8	2	1	-	30
5. State labor/employment and human services agencies	N=42	7	12	3	3	1	16
6. Any directories of telephone numbers and addresses	N=42	2	23	9	7	-	1
7. Licenses and permits (professional, business, liquor, sales tax, etc.)	N=41	1	16 *	7	3	3	11
8. U.S. Postal Service	N=42	5	24	6	3	2	2
9. Property tax records	N=42	1	9	13	5	1	13
10. Voter registration records	N=42	-	5	5	2	1	29
11. Other (Please specify.)	N=9	3	6	-	-	-	-

* Includes a combined response from one state which returned two questionnaires.

25. Of those sources checked in Question 24, please rank order the three sources that are most effective in providing the largest volume of correct addresses to locate a delinquent taxpayer. (Enter only one item number in each box.)

TOTAL RESPONDENTS		Item number
1. First most effective source	N=41	N=11 Mode=Item 8 _____
2. Second most effective source	N=39	N=10 Mode=Item 6 _____
3. Third most effective source	N=35	N=8 Mode=Item 1 _____

V. Telephone Demands Using An Automated/Computer-Assisted Calling System (excluding revenue officer contacts)

26. Does your state use an automated/computer-assisted calling system to make telephone demands as a collection method? (Check one.)

N=43

- 1. Yes (Continue to Question 27.) 17
- 2. No (Skip to Question 34, page 16.) 26

27. If yes, when are telephone calls made for typical and high dollar cases? (Check one box in each row. If "Other" checked, please describe.)

TYPES OF CASES	Prior to written notices (1)	Concurrently with written notices (2)	Concurrently with written bills (3)	After final bill (4)	Other (5)	If "Other," please describe.
1. Typical cases N=15	1	3	1	6	4	(N=3)
2. High dollar cases N=13	2	4	1	3	3	(N=3)

28. How soon is the first telephone demand made for typical and high dollar cases after the state has billed the taxpayer for legally assessed delinquent taxes? (Check one box in each row.)

		The same day (1)	1 to 30 days (2)	31 to 60 days (3)	61 to 90 days (4)	91 to 120 days (5)	121 days or more (please specify.) (6)	Not applicable (7)
TYPICAL CASES								
1. Individual income N=16		1	4	5	2	-	1	3
2. Corporate income N=16		1	4	3	1	-	1	6
3. Sales and Use N=15		-	8	4	1	-	1	1
4. Employment (withholding) N=14		-	5	3	2	-	1	3
HIGH DOLLAR CASES								
1. Individual income N=15		2	3	5	1	-	1	3
2. Corporate income N=16		2	3	4	-	1	-	6
3. Sales and Use N=15		1	8	4	-	1	-	1
4. Employment (withholding) N=14		1	4	4	1	1	-	3

29. Please consider typical and high dollar delinquency cases going through your state tax department's routine collection cycle. What is (1) the maximum number of telephone demands made prior to taking more stringent collection action, and (2) the average number of days between telephone demands for the following tax types? (Enter number of calls and days.)

TAX TYPES	TYPICAL CASES		HIGH DOLLAR CASES	
	Maximum number of calls (1)	Average number of days between calls (2)	Maximum number of calls (1)	Average number of days between calls (2)
1. Individual income	N=9 Median=3	N=8 Median=10	N=9 Median=3	N=8 Median=10
2. Corporate income	N=8 Median=3	N=7 Median=15	N=8 Median=3	N=7 Median=10
3. Sales and Use	N=12 Median=2.5	N=10 Median=18	N=12 Median=2.5	N=10 Median=10.3
4. Employment (withholding)	N=9 Median=4	N=8 Median=19	N=9 Median=3	N=8 Median=10

30. Please specify the times when calls are made to delinquent taxpayers (for example, calls are made between 8 a.m. and 4 p.m., Monday through Friday).

MONDAY - FRIDAY N=15
SATURDAY N=4

START TIME		RANGES	STOP TIME	
Monday - Friday	7:00 - 9:00 A.M.		Monday - Wednesday	4:00 - 9:00 P.M.
Saturday	8:00 - 9:00 A.M.		Thursday	4:30 - 9:00 P.M.
			Friday	4:00 - 8:00 P.M.
			Saturday	1:00 - 5:00 P.M.

31. How effective or ineffective do you think your state tax collection department's telephone demands are in collecting the following types of delinquent taxes? (Check one box in each row.)

TAX TYPES		Very effective (1)	Generally effective (2)	Neither effective nor ineffective (3)	Generally ineffective (4)	Very ineffective (5)	No basis to judge (6)
TYPICAL CASES							
1. Individual income	N=14	7	5	-	-	-	2
2. Corporate income	N=12	-	9	1	-	-	2
3. Sales and Use	N=14	4	9	1	-	-	-
4. Employment (withholding)	N=12	1	8	2	-	-	1
HIGH DOLLAR CASES							
1. Individual income	N=13	4	7	-	-	-	2
2. Corporate income	N=10	-	7	2	-	-	1
3. Sales and Use	N=12	3	8	1	-	-	-
4. Employment (withholding)	N=11	1	7	2	-	-	1

32. During the past 3 to 5 years, has your state evaluated its automated/computer-assisted calling system collection methods? (Check one.)

N=16

- 1. Yes (Continue to Question 33.) 8
- 2. No (Skip to Question 34.) 8

33. Briefly describe any changes your state made in its collection strategy as a result of the evaluation(s). (Please explain.)

N=7

VI. Revenue Officer (Field Office) Collections

34. Does your state tax department use revenue officers as part of its tax collection procedures? (Check one.)

N=42

- 1. Yes (Continue to Question 35.) 38
- 2. No (Skip to Question 40, page 19.) 4

35. To what extent, if at all, are revenue officers used by your state tax collection department to perform the following collection activities? (Check one box in each row.)

		Very great extent (1)	Great extent (2)	Moderate extent (3)	Some extent (4)	Little or no extent (5)	Not applicable (6)
1. Make telephone demands	N=37	15	10	5 *	3	4	-
2. Meet with taxpayers at their residences or places of business	N=38	16	8	8	4	2	-
3. Meet with taxpayers at the revenue officer's office	N=38	9	16	9 *	3	1	-
4. Initiate enforcement actions such as tax liens, levies, garnishments, etc.	N=38	18	12	4	2	1	1
5. Collect typical, average dollar cases	N=38	13	11	9 *	2	2	1
6. Collect high dollar cases and/or cases warranting special attention (such as cases requiring accelerated collection action)	N=38	20	13	-	4	-	1
7. Collect delinquencies from problem taxpayers (such as taxpayers who are difficult to reach, nonrespondents, or historically noncompliant taxpayers)	N=37	21	10	3	2	1	-
8. Initiate action to deny, suspend, or revoke delinquent taxpayer's business and/or professional licenses/permits	N=38	14	4	6	6	3	5
9. Handle installment agreements	N=38	8	10	8	10	2	-
10. Negotiate offers-in-compromise	N=37	2	2	7 *	7	7	12
11. Other (Please specify.)	N=3	1	2	-	-	-	-

* Includes a combined response from one state which returned two questionnaires.

36. On the average, how long does a revenue officer attempt to collect a tax delinquency before the case is removed from active collection status? (Enter number of months.)

N=29

Median = 12

Range = 2 - 60

(Months)

37. How effective or ineffective do you think your state's revenue officers are in collecting the following types of delinquent taxes? (Check one box in each row.)

TAX TYPES		Very effective (1)	Generally effective (2)	Neither effective nor ineffective (3)	Generally ineffective (4)	Very ineffective (5)	No basis to judge (6)
TYPICAL CASES							
1. Individual income	N=33	8	11	3	4	1	6
2. Corporate income	N=34	5	18	5	2	1	3
3. Sales and Use	N=35	20	12	-	-	1	2
4. Employment (withholding)	N=31	13	10	-	1	1	6
HIGH DOLLAR CASES							
1. Individual income	N=29	6	12	3	3	-	5
2. Corporate income	N=30	5	17	2	4	-	2
3. Sales and Use	N=30	14	15	-	-	-	1
4. Employment (withholding)	N=27	8	12	-	1	1	5

38. During the past 3 to 5 years, has your state evaluated the role of its revenue officers in collecting delinquent taxes? (Check one.)

N=38

- 1. Yes (Continue to Question 39.) 29
- 2. No (Skip to Question 40.) 9

39. Briefly describe any changes your state made in its collection strategy as a result of the evaluation(s). (Please explain.)

N=24

VII. Installment Agreements

40. Does your state accept installment agreements as a method for collecting delinquent taxes? (Check one box in each row).

N=43

- 1. Yes (Continue to Question 41.) 43
- 2. No (Skip to Question 52, page 23.) 0

41. Under what circumstances does your state tax collection department use installment agreements as a method for collecting delinquent taxes? (Please specify.)

N=42

42. When does your state first inform taxpayers that installment agreements might be available to them as a means to pay delinquent taxes? (Check all that apply in each row.)

TAX TYPES	At time of first notice/bill (1)	At time of first phone call (2)	At taxpayer's request (3)	Other times (Specify when.) (4)	Not applicable (5)
TYPICAL CASES					
1. Individual income	N=4	N=13	N=22	N=1	N=6
2. Corporate income	N=4	N=10	N=23	N=2	N=4
3. Sales and Use	N=3	N=9	N=25	N=4	N=2
4. Employment (withholding)	N=3	N=11	N=19	N=2	N=7
HIGH DOLLAR CASES					
1. Individual income	N=2	N=9	N=21	N=1	N=6
2. Corporate income	N=3	N=8	N=21	N=1	N=4
3. Sales and Use	N=2	N=7	N=23	N=3	N=2
4. Employment (withholding)	N=2	N=9	N=18	N=1	N=7

43. To facilitate installment payment processing, does your state accept payment through electronic funds transfer? (Check one.)

N=43

- 1. Yes 4

44. For each of the following types of taxes, is there (A) a minimum down payment for instalment agreements, and (B) if yes, what is the amount or percent? (Check one box in each row under Column A. If "Yes," enter amounts or percents in Column B.)

TAX TYPES	A. MINIMUM DOWN-PAYMENT?		B. IF YES, AMOUNT OR PERCENT?	
	Yes (1)	No (2)	Amount (3)	Percent (4)
TYPICAL CASES				
1. Individual income N=34	15	19	N = 1 \$50	N = 13 Median = 20%
2. Corporate income N=33	15	18	-	N = 13 Median = 25%
3. Sales and Use N=37	17	20	-	N = 14 Median = 25%
4. Employment (withholding) N=30	14	16	-	N = 13 Median = 20%
HIGH DOLLAR CASES				
1. Individual income N=28	13	15	-	N = 12 Median = 20%
2. Corporate income N=26	12	14	-	N = 11 Median = 25%
3. Sales and Use N=31	14	17	-	N = 12 Median = 25%
4. Employment (withholding) N=24	11	13	-	N = 10 Median = 22.5%

45. For each of the following types of taxes, is there (A) a minimum monthly payment for installment agreements, and (B) if yes, what is the amount or percent? (Check one box in each row under Column A. If "Yes," enter amounts or percents in Column B.)

TAX TYPES	A. MINIMUM DOWN-PAYMENT?		B. IF YES, AMOUNT OR PERCENT?	
	Yes (1)	No (2)	Amount (3)	Percent (4)
TYPICAL CASES				
1. Individual income N=34	13	21	N = 4 Median = \$25	N = 7 Median = 8.3%
2. Corporate income N=33	11	22	N = 2 Median = \$25	N = 5 Median = 8%
3. Sales and Use N=36	11	25	N = 1 \$25	N = 6 Median = 12.3%
4. Employment (withholding) N=29	7	22	N = 1 \$25	N = 4 Median = 20.5%
HIGH DOLLAR CASES				
1. Individual income N=29	11	18	N = 3 Median = \$25	N = 6 Median = 8.3%
2. Corporate income N=27	10	17	N = 2 Median = \$25	N = 4 Median = 10.8%
3. Sales and Use N=30	10	20	N = 1 \$25	N = 5 Median = 16.7%
4. Employment (withholding) N=23	6	17	N = 1 \$25	N = 3 Median = 33%

46. For each tax type, what is the standard length of installment agreements? (Enter months. If none, enter 'N/A'.)

TAX TYPES		Standard length of installment agreements
TYPICAL CASES		
1. Individual income	N=31	Median = 12 months Range = 3 - 36 months
2. Corporate income	N=32	Median = 12 months Range = 2 - 60 months
3. Sales and Use	N=34	Median = 12 months Range = 3 - 36 months
4. Employment (withholding)	N=26	Median = 12 months Range = 3 - 36 months
HIGH DOLLAR CASES		
1. Individual income	N=26	Median = 12 months Range = 4 - 36 months
2. Corporate income	N=26	Median = 12 months Range = 3 - 60 months
3. Sales and Use	N=28	Median = 12 months Range = 3 - 36 months
4. Employment (withholding)	N=21	Median = 12 months Range = 3 - 36 months

47. For the year ending June 30, 1992, please specify or estimate (1) the total amount of delinquent taxes collected through installment agreements and (2) the number of taxpayers from whom the taxes were collected. (Enter amounts and numbers. If tax type is not applicable, check Column 3.)

TAX TYPES		Total amount collected (1)	Total number of taxpayers (2)	Not applicable (3)
1. Individual income	N=9	Median = \$3,000,000	Median = 6,211	N=10
2. Corporate income	N=6	Median = \$851,087	Median = 126	N=9
3. Sales and Use	N=10	Median = \$4,478,818	Median = 510	N=7
4. Employment (withholding)	N=6	Median = \$1,073,296	Median = 140	N=12

48. Please provide the following information: (1) the number of installment agreements in your inventory and (2) the total dollar amount. Also provide (3) the number of those agreements that were in default in the year ending June 30, 1992, and (4) the total dollar amount. (Enter numbers.)

Number of installment agreements (1)	Dollar amount (2)	Number of agreements in default (3)	Dollar amount (4)
N = 23 Median = 2,160	N = 25 Median = \$7,548,297	N = 15 Median = 230	N = 13 Median = \$1,412,697

49. How effective or ineffective do you think your state tax collection department's installment agreements are in collecting the following types of delinquent taxes? (Check one box in each row.)

TAX TYPES		Very effective (1)	Generally effective (2)	Neither effective nor ineffective (3)	Generally ineffective (4)	Very ineffective (5)	No basis to judge (6)
TYPICAL CASES							
1. Individual income	N=36	9	22	-	-	-	5
2. Corporate income	N=37	3	25	2	2	-	5
3. Sales and Use	N=39	7	27	1	-	-	4
4. Employment (withholding)	N=34	5	23	-	-	1	5
HIGH DOLLAR CASES							
1. Individual income	N=30	6	19	-	-	-	5
2. Corporate income	N=29	2	19	2	1	-	5
3. Sales and Use	N=30	6	19	2	-	-	3
4. Employment (withholding)	N=26	4	14	2	-	1	5

50. During the past 3 to 5 years, has your state evaluated its use of installment agreements as a collection method? (Check one.)

N=42

- 1. Yes (Continue to Question 51.) 25
- 2. No (Skip to Question 52.) 17

51. Briefly describe any changes your state made in its collection strategy as a result of the evaluation(s). (Please explain.)

N=22

VIII. Offers-in-Compromise

52. Does your state accept offers-in-compromise for delinquent taxes? (Check one.)

N=43

- 1. Yes (Continue to Question 53.) 33
- 2. No (Skip to Question 59, page 24.) 10

53. Under what circumstances does your state accept offers-in-compromise? (Check all that apply.)

- 1. Financial hardship N=26
- 2. First-time delinquent N=4
- 3. Bankruptcy N=14
- 4. Probate N=9
- 5. Other (Please specify.) N=16

54. For the year ending June 30, 1992, how many offers-in-compromise were received and how many were accepted? (Enter totals.)

Offers-in-Compromise

N=17
Median = 80

1. Number received

N=21
Median = 35

2. Number accepted

55. Of the total amount of delinquent taxes where offers-in-compromise were accepted in the year ending June 30, 1992, about what percentage of the amount owed was actually collected? (Enter percentage.)

N=14
Median = 52.5%

_____%
(Percent collected)

56. For the year ending June 30, 1992, please specify or estimate (1) the total amount of delinquent taxes collected through offers-in-compromise and (2) the number of taxpayers from whom the taxes were collected. (Enter totals. If tax type is not applicable, check Column 3.)

TAX TYPES	Total amount collected (1)	Total number of taxpayers (2)	Not applicable (3)
1. Individual income	N = 11 Median = \$125,900	N = 8 Median = 41	N = 6
2. Corporate income	N = 12 Median = \$15,049	N = 8 Median = 2	N = 4
3. Sales and Use	N = 10 Median = \$162,230	N = 9 Median = 30	N = 3
4. Employment (withholding)	N = 11 Median = \$26,351	N = 7 Median = 8	N = 6

57. During the past 3 to 5 years, has your state evaluated its use of offers-in-compromise as a collection method? (Check one.)

N=31

- 1. Yes (Continue to Question 58.) 13
- 2. No (Skip to Question 59.) 18

58. Briefly describe any changes your state made in its collection strategy as a result of the evaluation(s). (Please explain.)

N=13

IX. Collection Agencies

59. Does your state tax collection department refer cases to collection agencies? (Check one.)

N=43

- 1. Yes (Skip to Question 62.) 32
- 2. No (Continue to Question 60.) 11

60. Are there any specific reasons why collection agencies are not currently being used by your state tax collection department? (Check one.)

N=12

- 1. Yes (Continue to Question 61.) 7
- 2. No (Skip to Question 70, page 27.) 5

61. Please specify the reasons collection agencies are not currently being used. (Briefly explain and then skip to Question 70, page 27.)

N=7

62. Under what circumstances does your state tax collection department refer cases to a collection agency? (Check all that apply.)

N=2 1. For locator services only

N=29 2. For collection action (Check all that apply.)

N=14 A. Based on the age of case (Specify age in months.)

N = 13
 Median = 12 months
 Range = 3 - 24 months
 _____ months

N=13 B. Routinely referred for tax delinquencies under a certain dollar amount (Specify dollar amount.)

N = 11
 Median = \$400
 Range = \$100 - \$10,000
 \$ _____ 00

N=9 C. Based on the number of prior telephone contacts and attempts made, and written bills sent to taxpayers (Specify number of contacts/attempts/bills.)

N = 2
 Median = 5.5
 _____ Telephone contacts

N = 3
 Median = 3
 _____ Telephone attempts

N = 8
 Median = 4.5
 _____ Written bills

N=19 3. Other (Please specify.)

63. What percentage of your state's total delinquent taxes collected were collected by private collection agencies during the year ending June 30, 1992? (Enter percent and check one.)

Note: Percent of taxes collected by collection agencies = $\frac{\text{Total delinquent taxes collected by collection agencies}}{\text{Total delinquent taxes collected by all methods}}$

<u>Collected by Collection Agencies</u>	ACTUAL	ESTIMATED	
N = 23 Median = 1% Range = .001% - 27.5% _____ %	N = 10 <input type="checkbox"/>	N = 13 <input type="checkbox"/>	OR

64. For all tax delinquency cases sent to private collection agencies, please provide the gross recovery rate for the year ending June 30, 1992. (Enter percent and check one.)

Note: The gross recovery rate = $\frac{\text{Delinquent taxes collected by collection agencies}}{\text{Amount of delinquent taxes referred for collection}}$
--

<u>Gross Recovery Rate</u>	ACTUAL	ESTIMATED	
N = 24 Median = 5.9% Range = .5% - 45% _____ %	N = 14 <input type="checkbox"/>	N = 10 <input type="checkbox"/>	OR

65. For the year ending June 30, 1992, please specify or estimate (1) the total amount of delinquent taxes collected by collection agencies and (2) the number of taxpayers from whom the taxes were collected. (Enter amounts and numbers. If tax type is not applicable, check Column 3.)

TAX TYPES	Total amount collected (1)	Total number of taxpayers (2)	Not applicable (3)
1. Individual income	N = 15 Median = \$505,800	N = 9 Median = 4,000	N = 3
2. Corporate income	N = 9 Median = \$2,139	N = 6 Median = 48	N = 6
3. Sales and Use	N = 13 Median = \$177,176	N = 10 Median = 566	N = 2
4. Employment (withholding)	N = 10 Median = \$37,683	N = 7 Median = 200	N = 3

66. Please specify your state's method of payment to the three collection agencies used most frequently. (Enter percents and/or amounts.)

MOST FREQUENTLY USED	METHODS OF PAYMENT		
	Percent of dollars collected (1)	Flat fee (2)	Other (Please specify) (3)
1. Collection agency 1	N = 25 Median = 25%	-	N = 7
2. Collection agency 2	N = 13 Median = 25%	-	N = 2
3. Collection agency 3	N = 6 Median = 22%	-	-

67. How effective or ineffective do you think collection agencies are in collecting the following types of delinquent taxes? (Check one box in each row.)

TAX TYPES		Very effective (1)	Generally effective (2)	Neither effective nor ineffective (3)	Generally ineffective (4)	Very ineffective (5)	No basis to judge (6)
TYPICAL CASES							
1. Individual income	N=29	3	11	8	5	1	1
2. Corporate income	N=28	-	6	6	8	4	4
3. Sales and Use	N=31	2	10	3	10	2	4
4. Employment (withholding)	N=27	2	7	5	8	1	4
HIGH DOLLAR CASES							
1. Individual income	N=24	1	8	6	6	1	2
2. Corporate income	N=21	-	3	4	7	4	3
3. Sales and Use	N=25	1	7	2	9	2	4
4. Employment (withholding)	N=21	1	4	3	8	1	4

68. During the past 3 to 5 years, has your state evaluated the use of collection agencies as a tax collection method? (Check one.)

N=30

- 1. Yes (Continue to Question 69.) 19
- 2. No (Skip to Question 70.) 11

69. Briefly describe any changes your state made in its collection strategy as a result of the evaluation(s). (Please explain.)

N=18

X. License Denial, Suspension, or Revocation

70. Does your state's tax collection department recommend to the state or take action to deny, suspend, or revoke business and/or professional licenses/permits for nonpayment of delinquent state taxes? (Check one box in each row.)

TAX TYPES		Yes (1)	No (2)
1. Individual income	N=35	14	21
2. Corporate income	N=36	22	14
3. Sales and Use	N=38	32	6
4. Employment (withholding)	N=33	20	13

If you responded "No" to all types of tax, skip to Question 79, page 29. Otherwise, continue to Question 71.

71. Does your state deny, suspend, or revoke business and/or professional licenses/permits for nonpayment of delinquent federal taxes? (Check one.)

N=40

- 1. Yes (Skip to Question 73.) 5
- 2. No (Continue to Question 72.) 33
- 3. Don't know (Skip to Question 73.) 1

72. If no, is your state willing to consider including federal tax delinquencies as part of its license/permit enforcement programs? (Check one.)

N=33

- 1. Definitely yes -
- 2. Probably yes 4
- 3. Uncertain 11
- 4. Probably no 3
- 5. Definitely no 2
- 6. No basis to judge 12

73. Under what circumstances does your state deny, suspend, or revoke business and/or professional licenses/permits for nonpayment of delinquent state taxes? (Please explain.)

N=35

74. Please indicate the type of licenses/permits your state may deny, suspend, or revoke for nonpayment of delinquent state taxes. (Check all that apply.)

- 1. Professional N=12
- 2. Business (other than sales tax permits) N=13
- 3. Sales tax permits N=28
- 4. Driver's license/vehicle registrations N=1
- 5. Municipal and local government licenses and permits N=7
- 6. Other (Please specify.) _____ N=18

75. For the year ending June 30, 1992, please specify or estimate (1) the amount of delinquent taxes collected from the denial, suspension, or revocation of licenses/permits and (2) the number of taxpayers from whom the taxes were collected. (Enter amounts and numbers. If tax type is not applicable, check Column 3.)

TAX TYPES	Total amount collected (1)	Total number of taxpayers (2)	Not applicable (3)
1. Individual income	N=2 Median = \$89,125	N=1 1	N=13
2. Corporate income	N = 4 Median = \$1,545	N=3 Median = 2	N=8
3. Sales and Use	N = 5 Median = \$600,000	N=5 Median = 47	N=5
4. Employment (withholding)	N = 3 Median = \$3,273	N=2 Median = 1	N=12

76. How effective or ineffective do you think the denial, suspension, or revocation of licenses/permits by the state is in collecting the following types of delinquent taxes? (Check one box in each row.)

TAX TYPES		Very effective (1)	Generally effective (2)	Neither effective nor ineffective (3)	Generally ineffective (4)	Very ineffective (5)	No basis to judge (6)
1. Individual income	N=27	5	5	1	1	1	14
2. Corporate income	N=30	6	6	4	1	1	12
3. Sales and Use	N=34	14	11	2	2	1	4
4. Employment (withholding)	N=25	9	5	-	-	2	9

77. During the past 3 to 5 years, has your state evaluated the use of its license/permit enforcement program as a collection method? (Check one.)

N=39

- 1. Yes (Continue to Question 78.) 15
- 2. No (Skip to Question 79.) 23

78. Briefly describe any changes your state made in its collection strategy as a result of the evaluation(s). (Please explain.)

N=12

X. Payments by Credit Cards

79. Does your state accept tax payments by credit card for current or delinquent taxes? (Check one box under "Current taxes" and one box under "Delinquent taxes" in each row.)

		CURRENT TAXES		DELINQUENT TAXES	
		Yes (1)	No (2)	Yes (1)	No (2)
1. Individual income	N=35	4	31	N=36	11 25
2. Corporate income	N=36	2	34	N=37	8 29
3. Sales and Use	N=39	1	38	N=40	6 34
4. Employment (withholding)	N=33	1	32	N=34	7 27

80. If you checked "No" for any of the tax types in Question 79, please specify the reason(s) your state does not currently accept tax payments by credit card? (Please explain.)

N=35

If you responded "No" to all items in Question 79, skip to Question 91, page 32. Otherwise, continue to Question 81.

81. In what year did your state begin accepting credit card payments for current and/or delinquent taxes? (Enter years. If not applicable, enter "N/A.")

Year began accepting
credit card payments
N=4
Range = 1986 - 1991

1. Current taxes 19 _____

N=11
Range = 1985 - 1992

2. Delinquent taxes 19 _____

82. Who is the merchant accepting the credit card tax payments from taxpayers? (Check one.)

N=11

- 1. State 8
- 2. Other (Please specify) 3

83. Is a fee charged for making credit card tax payments? (Check one.)

N=11

- 1. No (Skip to Question 85.) 2
- 2. Yes (Specify amount and continue to Question 84.) 9

N=1
\$2.40
\$ _____

84. Who pays the fee? (Check one.)

N=9

- 1. Taxpayer 4
- 2. State 4
- 3. Other (Please specify) 1

85. What kind of transaction is the credit card tax payment? (Check one.)

N=11

- 1. Cash advance 2
- 2. Purchase transaction 9

86. For the year ending June 30, 1992, please specify or estimate (1) the total amount of taxes collected by credit cards and (2) the number of taxpayers from whom the taxes were collected. (Enter numbers and amounts. If not applicable, enter "N/A.")

TAXES PAID BY CREDIT CARDS	Total amount collected (1)	Number of taxpayers (2)
1. Current taxes	-	-
2. Delinquent taxes	N = 7 Median = \$321,000	N=6 Median = 547

87. What percent of delinquent taxes collected were collected by credit cards during the year ending June 30, 1992? (Enter percent and check one.)

Note: Percent of taxes collected by credit cards = $\frac{\text{Total delinquent taxes collected by credit cards}}{\text{Total delinquent taxes collected by all methods}}$

<u>Collected by Credit Cards</u>	ACTUAL	ESTIMATED	
N = 7 Median = .3% Range = .01% - 1.00% _____ %	N = 3	N = 4	<input type="checkbox"/> OR <input type="checkbox"/>

88. How effective or ineffective do you think your state tax collection department's credit card program is in collecting the following types of delinquent taxes? (Check one.)

TAX TYPES		Very effective (1)	Generally effective (2)	Neither effective nor ineffective (3)	Generally ineffective (4)	Very ineffective (5)	No basis to judge (6)
1. Individual income	N=10	-	2	5	2	-	1
2. Corporate income	N=9	-	-	2	4	-	3
3. Sales and Use	N=8	-	-	1	3	-	4
4. Employment (withholding)	N=10	-	-	2	4	-	4

89. During the past 3 to 5 years, has your state evaluated its use of credit cards as a tax collection method? (Check one.)

N=11

- 1. Yes (Continue to Question 90.) 4
- 2. No (Skip to Question 91.) 7

90. Briefly describe any changes your state made in its collection strategy as a result of the evaluation(s). (Please explain.)

N=4

XI. Federal and State Cooperation

91. Does your state offset state tax refunds for delinquent federal taxes? (Check one.)

N=42

- 1. Yes 23
- 2. No 19

92. Other than allowing state refund offsets for delinquent federal taxes, does your state tax collection department currently assist IRS in collecting delinquent federal taxes? (Check one.)

N=42

- 1. Yes (Continue to Question 93.) 6
- 2. No (Skip to Question 94.) 35
- 3. Don't know (Skip to Question 96.) 1

93. If yes, what type(s) of federal taxes does your state assist the IRS in collecting, and how are they collected? (Please specify.)

N=6

94. Other than offsetting state tax refunds for delinquent federal taxes, in your opinion, would your state tax collection department consider collecting delinquent federal taxes if your state were paid by IRS to collect them? (Check one.)

N=40

- 1. Definitely yes -
- 2. Probably yes 15
- 3. Uncertain 7
- 4. Probably no 3
- 5. Definitely no 1
- 6. Don't know/no basis to judge (Skip to Question 96.) 14

95. Why do you think your state would or would not consider collecting delinquent federal taxes? (Please explain.)

N=21

96. Please describe any obstacles that need to be overcome before your state tax collection department can increase cooperation with the IRS in collecting delinquent taxes.

N=32

97. Please describe any special programs, methods, or unique approaches your state has implemented that are effective in collecting delinquent state taxes.

N=23

XII. Comments

98. If you have additional comments regarding any previous questions or general comments regarding the collection of delinquent taxes, please use the space provided below. If necessary, attach additional sheets.

N=8

For follow-up purposes, please provide the following:

Individual Income Tax:

Name: _____

Title: _____

Address: _____

Telephone Number: _____
(Area code) (Number)

Corporate Income Tax:

Name: _____

Title: _____

Address: _____

Telephone Number: _____
(Area code) (Number)

Sales and Use Tax:

Name: _____

Title: _____

Address: _____

Telephone Number: _____
(Area code) (Number)

Employment (withholding):

Name: _____

Title: _____

Address: _____

Telephone Number: _____
(Area code) (Number)

If one is readily available, please attach a flow chart of your state's tax collection process and any other documentation (e.g., reports, evaluations) that you believe would assist us in better understanding the process and methods used by your state tax department in collecting delinquent taxes.

Thank you very much for your assistance!

GGD/VC-11/92

MAJOR CONTRIBUTORS TO THIS FACT SHEET

GENERAL GOVERNMENT DIVISION, WASHINGTON D.C.

Bob McAarter, Assistant Director, Tax Policy and Administration
Issues
Charlie W. Daniel, Senior Evaluator-in-Charge
Valerie J. Caracelli, Senior Social Science Analyst
Elwood D. White, Evaluator
George Quinn, Computer Programmer Analyst
Dorothy Maxwell, Secretary

CHICAGO REGIONAL OFFICE

Thomas D. Venezia, Regional Management Representative
David E. Jakab, Senior Evaluator

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