

Department of Revenue Renews Contract with Collection Agency

The Montana Department of Revenue announced today that it has contracted for a second year with one of the nation's largest government debt collection agencies, GC Services (GCS).

In the past year, GCS has assisted the Department of Revenue in collecting nearly \$2.9 million in previously uncollectible taxpayer accounts. As a result, the State of Montana has received \$2.3 million in new revenue.

The Texas-based collection agency was awarded a one-year contract last October to assist the Department of Revenue in collecting outstanding individual income tax liabilities. GCS has been actively collecting on the accounts since late November 2003.

Don Hoffman, Acting Director of the Department of Revenue, says the department is eager to continue its partnership with GCS and to reduce the state's outstanding unpaid individual income tax debt even further.

"We're pleased to see these accounts being resolved. This is money that is owed to the State of Montana," he said.

Hoffman added that working with GCS helps the department hold the line on costs for collection staffing and other resources. "We're receiving a significant return on our investment. The contract specifies that GCS will be paid their fee only after the taxpayer payments actually come through the door. There are no upfront costs to the department," he said. GCS is paid 18.9 percent of the total amount collected.

Currently, the Department of Revenue has about \$54 million in total individual income tax accounts receivable. GCS is charged with trying to resolve approximately \$24.5 million of this outstanding liability. The accounts include small balance accounts of less than \$200, out-of-state accounts and accounts greater than two years old. The department will continue its active collection efforts on individual income tax accounts with liabilities less than two years old, as well as liabilities for other tax types such as withholding tax, corporation tax and lodging facility tax.

GCS provides collection services for state government agencies in 28 states, handling a variety of liabilities such as taxes, student loans and child support payments. Twelve states, including Montana, have a contract with GCS to perform tax collection services.

GCS was selected through a competitive proposal process. The department received 17 responses to its Request for Proposal with only one response coming from a Montana-based company. Procurement laws do not allow for Montana companies to receive preference in the proposal process.

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