



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

November 20, 2014

Mr. John S. Roberts
Director of State Budget Office
111 S. Capitol Avenue
Lansing, MI 48933

Dear Mr. Roberts:

Sections 903(3) and 930(2) of Public Act 59 of 2013 require that the Department of Treasury report by November 30, 2014 on the collection of unpaid taxes and other accounts due to the State of Michigan for the immediately preceding fiscal year.

Section 903 authorizes the Department of Treasury to contract with private collection agencies to collect unpaid taxes and other accounts due the State of Michigan. Listed below is a schedule detailing the contracted agencies, amounts collected, and the costs of collection.

Section 903

<u>CONTRACTOR</u>	<u>TYPE OF DEBT</u>	FY 2014 <u>COMMISSION COLLECTIONS</u>	<u>COST</u>
GC Services L.P.*	TAX	\$112,826,857.65	\$ 19,471,390.26
	NON-TAX	48,659,676.03	8,300,112.48
Special Attorneys General (Contracted by Dept. of Attorney General)	TAX	15,600.00	3,144.75
	NON-TAX	00.00	00.00
GRAND TOTAL		\$161,502,133.68	\$27,774,647.49

Section 930 requires the Department of Treasury to provide accounts receivable collection services for other principal executive department and state agencies pursuant to Public Act 375 of 1927, as amended and Michigan Compiled Laws 14.131 through 14.134. Section 930 also provides that the Department of Treasury report on the agencies served, funds collected, and the costs of collection. The attached Chart B details this information. These collections and costs summarized on the next page are exclusive of the amounts collected by private agencies which are reported above.

*See the attached Chart A, Commission Collections, and Chart C, Cost Explanation.

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Section 930

	<u>FY 2014</u> <u>COLLECTIONS</u>	<u>COST</u>
GC Services L.P.	\$48,659,676.03	\$8,300,112.48
State Agency*	55,405,533.11	1,500,426.68
Special Attorneys General (Contracted by Dept. of Attorney General)	00.00	00.00
GRAND TOTAL	\$104,065,209.14	\$9,800,539.16

*See Chart B.

If you or your staff desire additional information, please contact Ann Good, Director of the Office of Collections at (517) 636-5300.

Sincerely,



Joseph L. Fielek, Deputy State Treasurer
Financial and Administrative Services

Enclosures

cc: Kevin Clinton, State Treasurer
Tom Saxton, Chief Deputy Treasurer
Ann Good, Director, Office of Collections

CHART A

MICHIGAN ACCOUNTS RECEIVABLE COLLECTION SYSTEM COLLECTIONS*

FISCAL YEAR ENDED 9/30/2014

TAX DEBT	COMMISSION COLLECTIONS
INDIVIDUAL INCOME	\$62,496,418.48
SALES	18,213,934.50
SINGLE BUSINESS	2,024,492.93
WITHHOLDING	11,549,381.71
USE	4,310,727.59
MOTOR FUEL	564,028.08
TOBACCO	265,850.75
MICHIGAN BUSINESS RETALIATORY	513,929.48
HOMESTEAD PROPERTY	473,135.56
MOTOR CARRIER	2,425.00
CAR LOANING	6,464.03
CONVENTION FACILITIES	49,618.15
ENVIRN PROTECT REG	695.22
PUBLIC UTILITIES	3,000.00
ACCOUNTS RECEIVABLE	100.81
REAL ESTATE TRANSFER	0.00
RETALIATORY	0.00
SEVERANCE	0.00
INTANGIBLES	0.00
UNCLAIMED BOTTLE DEPOSIT	4,128.63
MICHIGAN BUSINESS	10,567,087.06
UNCLASSIFIED ACQUIRER	10,554.00
HICA	27,656.97
CORPORATE INCOME	1,235,285.53
CORPORATE INCOME RETALIATORY	22,152.05
FLOW THRU WITHHOLDING	485,791.12
ESTATE	0.00
TOTAL TAX	\$112,826,857.65

<u>NON-TAX DEBT</u>	<u>COMMISSION COLLECTIONS</u>
AGRICULTURE	\$6,410.00
ATTORNEY GENERAL	1,240.91
COMMUNITY HEALTH	1,188,688.89
CORRECTIONS	1,212,506.82
EDUCATION	4,436.96
LICENSING AND REGULATORY AFFAIRS	352,639.44
HOUSING & DEVELOPMENT AUTHORITY	177,335.70
HUMAN SERVICES	232,875.38
LOTTERY	23,115.53

TECHNOLOGY, MANAGEMENT AND BUDGET	445,503.39
NATURAL RESOURCES	159,292.36
STATE	41,322,504.66
TRANSPORTATION	14,733.01
TREASURY	1,372,131.42
CENTRAL MICHIGAN UNIVERSITY	264,993.70
EASTERN MICHIGAN UNIVERSITY	268,530.93
FERRIS STATE UNIVERSITY	566,779.26
GRAND VALLEY STATE UNIVERSITY	261,176.31
LAKE SUPERIOR STATE UNIVERSITY	39,308.67
MICHIGAN TECHNOLOGICAL UNIVERSITY	1,515.53
NORTHERN MICHIGAN UNIVERSITY	11,597.95
OAKLAND UNIVERSITY	123,373.06
SAGINAW VALLEY STATE UNIVERSITY	5,311.10
5th DISTRICT COURT	21,530.74
37C DISTRICT COURT	46,321.28
37W DISTRICT COURT	415,701.04
42-1 DISTRICT COURT	9,116.00
42-2 DISTRICT COURT	21,253.78
43A DISTRICT COURT	74,292.96
43B DISTRICT COURT	0.00
50th DISTRICT COURT	7,972.00
54A DISTRICT COURT	7,487.25
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TOTAL NON-TAX	\$48,659,676.03

*OPERATED BY GC SERVICES LIMITED
PARTNERSHIP UNDER CONTRACT WITH THE
DEPARTMENT OF TREASURY AS ORIGINALLY
AUTHORIZED BY SECTION 61 OF PUBLIC ACT 104 OF
1985.

**CHART B
DEPARTMENT OF TREASURY
STATE AGENCY COLLECTIONS
FOR FISCAL YEAR ENDED 9/30/2014**

AGENCY	COLLECTIONS*	COSTS*
AGRICULTURE	\$10,294.33	\$169.22
ATTORNEY GENERAL	400.31	0.00
COMMUNITY HEALTH	703,520.71	51,570.19
CORRECTIONS	1,144,417.74	213,508.15
EDUCATION	1,477.00	0.00
INSURANCE AND FINANCIAL SEVC	1,054.14	0.00
LICENSING AND REGULATORY AFFAIRS	97,327.88	30,624.08
MICHIGAN STATE HOUSING & DEVELOPMENT AUTHORITY	183,294.15	7,118.46
HUMAN SERVICES	278,234.39	15,404.47
LOTTERY	13,385.31	3,312.69
MICHIGAN STATE POLICE	0	0
TECHNOLOGY, MANAGEMENT AND BUDGET	112,786.65	50,668.48
NATURAL RESOURCES & ENVIRONMENTAL QUALITY STATE	49,740,342.78	737,193.47
TRANSPORTATION	5,284.81	1,816.75
TREASURY	1,273,997.44	15,995.47
CENTRAL MICHIGAN UNIVERSITY	254,276.88	47,127.22
EASTERN MICHIGAN UNIVERSITY	354,693.45	56,561.71
FERRIS STATE UNIVERSITY	400,781.10	87,812.46
GRAND VALLEY STATE UNIVERSITY	116,566.37	34,282.63
LAKE SUPERIOR STATE UNIVERSITY	49,679.63	8,076.27
MICHIGAN TECHNOLOGICAL UNIVERSITY	3,939.61	495.09
NORTHERN MICHIGAN UNIVERSITY	20,927.31	2,951.88
OAKLAND UNIVERSITY	211,608.79	30,401.80
SAGINAW VALLEY STATE UNIVERSITY	6,657.85	1,086.26
5th DISTRICT COURT	10,147.29	2,874.99
37C DISTRICT COURT	36,417.44	7,509.08
37W DISTRICT COURT	254,466.68	60,822.12
42-1 DISTRICT COURT	2,530.00	1,056.95
42-2 DISTRICT COURT	8,935.24	2,739.85
43A DISTRICT COURT	31,940.81	9,641.41
50th DISTRICT COURT	10,721.61	1,696.57
54A DISTRICT COURT	32,371.80	3,617.47
TOTAL	\$55,405,533.11	\$1,500,426.68

*Net of amounts reported in the letter. The "Collections" column represents the amount all non-MARCS State Agency collections (commissionable and non-commissionable) and includes adjustments, credits, or refunds. Adjustments, credits, and refunds can include collection amounts from a prior fiscal year. The costs above reflect the overhead expense of Collection Division on all commissionable collections and non-commissionable Driver Responsibility Fee (DRF) collections.

CHART C

COST EXPLANATION

MICHIGAN ACCOUNTS RECEIVABLE COLLECTION SYSTEM

The costs associated with the Michigan Accounts Receivable Collection System are as stipulated in contract 071B0200101. This contract is between the State of Michigan and GC Services, Limited Partnership.

Costs associated with this contract for FYE 14 are included in the GC Services costs. The costs incurred by the Michigan Accounts Receivable Collection System are as follows:

Operating Expenses – These expenses are incurred in operating the computer system and related software. Expenses include, but are not limited to, computer maintenance agreements, computer supplies and office supplies of IT staff.

Commissions – This cost is based on the actual collections made by GC Services on behalf of the State of Michigan. Commission costs are incurred on the status of the account at the time of collections. The collections on accounts are subject to a commission between 12.81% and 13.40%. The commission percentage decreases as annual collections increase.