

Bulk Bank Levy Project

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Bulk Electronic Bank Levies

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Concept introduced in 2017:

Bulk file electronically transmitted to banks. Files to include cases that meet a set criteria and deemed eligible for bank levy. The electronic file is considered the legal order, eliminating the paper letter order. Response file to be transmitted back to IDOR, and payment remitted.

Manual Paper Levy Process

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- Manual levies require a qualifying letter to be issued to taxpayer, to insure due process.
- Staff must monitor account for required number of days prior to levy being issued.
- Staff manually issue a single paper levy order for each separate SSN or FEIN.
- Staff monitor levy response from bank, along with payment received if applicable.

Manual Paper Levy Concerns

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- Separate orders traveling by mail to and from same bank resulting in large amounts of paper in transit with sensitive information.
- Postage and processing costs.
- Delays in levy response time due to location of individuals assigned to accounts.
- Inconsistent issuance and monitoring of levies between staff.

Development in 2018

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- Revenue began programming according to ANSI X-9 programming standard coordinated with JP Morgan Chase.
- Meetings with Chase continued to discuss specifics of programming as issues were presented.
- Revenue continued internal meetings to address process and procedures, impact on workflow, and potential impacts on other enforcement.

Implementation in 2019

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- Chase and Revenue entered into an Electronification Agreement and continued discussion on expectations.
- Weekly project meetings between Chase and Revenue representatives began in February, and continued until implementation. First levies sent May 2, 2019.
- Testing scenarios were developed, issues discussed, and file transfer processes implemented.

Unanticipated Changes and Issues

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- Volume of levy file
 - Revenue has the ability to issue far greater number of levies on electronic file than by paper due to time savings and automated processes.
 - Strain on Chase's levy order processing area due to increased volume and manual review.
 - Discussion of entering into agreement for data match to narrow the number of levies on file to those with known accounts with Chase
 - Test data match file prepared and issued to Chase

Unanticipated Changes and Issues

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- Data Match Programming
 - Upon successful transmission of data match file, additional programming and testing necessary within implementation timeframe.
 - Initial data match results
 - ✦ 324,842 SSN's/FEIN's sent, 69,549 account hits.
 - ✦ 21% of accounts had accounts with Chase
 - ✦ Successful “hits” loaded into Gentax to include in bulk bank levy process
 - Parties agreed to a monthly data match file to be sent 9 working days prior to the end of each month.

Revised Levy Process

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- On the first of each month, cases will be included on the electronic levy file if the proper business rules are met. Correct staging, proper notice to taxpayer, and “hit” indicator present from Chase data match.
- The levy file will include a maximum of 4,000 levies each month.

Cases eligible for the bulk levy files

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- Letters determine the initial eligibility for the bulk bank levy files. Once a notice of enforcement is issued, the case becomes eligible and a bulk bank levy eligible indicator is set.
- Indicator set regardless of type, stage, and balance due.
- 35 days from the date of the indicator, the case may be included in the bulk bank levy file that is transmitted.

Eligible Cases

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The bulk bank levy file transmits monthly on the first work day of the month. The file to include all collections with

- ✦ “Eligible” Bulk Bank Levy Eligible indicator, AND a Chase levy match indicator
- ✦ In a Collect Type and Stage that is on the eligibility table
 - Collect types and stages vary by unit.
- ✦ Must have a balance due.
- ✦ If included on the electronic levy file, a note will be placed on the account (Example: Bulk Bank Levy Issued to JP MORGAN CHASE for \$1,419.53).

Eligible Cases

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- Supervisors have the ability to cease the bulk bank levy eligible indicator, which will effectively exclude the case from the levy file.
- The indicator will automatically cease when the collection case closes.
- If the file has already been sent and included the case, ceasing the indicator will release the levy if ceased timely.

Responses

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- On the 15th day after the file is sent to Chase, an additional file is systemically created that is considered an “update” file and does the following:
 - Send a balance update if the balance of the collection is less than the amount sent on the original levy (partial release)
 - Send a balance update of \$0 if the Bulk Bank Levy Eligible indicator has been ceased (full release)
- At the end of the levy period, Chase transmits a file listing a resolution for each collection that was levied. It indicates whether money was sent or not sent. If no money is sent it a “reason” is provided.
- Individual checks issued for levies, with EFT payments anticipated in next phase of programming.

Impact of First Levy File

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- 2,597 levies, with a total balance due of \$6,137,616.47, were included on the first file in May 2019
- Results: The Department realized an impact resolution of \$2,562,538. This includes adjustments, prior to levy payments, and levy payments themselves.

- Through July:
 - 7,409 levies issued.
 - \$30 million liability
 - \$8.3 million impact
 - 5,887 collection cases

Benefits for Revenue

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- Reduced paper, payment processing time, and workload.
- Decrease postage costs for levy orders – fewer manual levies.
- Increases the number of levies issued on eligible accounts.
- “Force” case owners to actively work accounts by including cases in the levy files, or moving stages and work dates if being actively worked.

Lessons Learned

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- Program indicators to set only if there are balances on the case to avoid levies being issued on new debt
- Spouse SSNs – additional programming needed to include in process
- 100% penalty recipients – additional programming needed to include in process

Lessons Learned

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- Timing and processing of levy payments
 - Ensure payments received at end of levy process are posted to accounts to avoid levying same accounts and balances
 - Programming put in place to allow sufficient payment processing time by not allowing levies in consecutive months
- EFT payments to replace paper checks
- Levy releases – nightly files for levy releases transmitted to Chase rather than waiting for single update file. Provides timely response and reduces manual paper levy releases