



Innovative Collections Techniques and Processes

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Topics

- Robotic Process Automation (“RPA”)
- “Nudge” Utilization
- Intelligent Mail Barcode (“IMB”)
- Identity Resolution Engine (“IRE”)
- Out of State Lien Enforcement

Robotic Process Automation (“RPA”)

A pilot project to test the functionality of robots to more efficiently perform redundant tax processing functions. The term “robot” refers to computer applications that are automatically initiated.

Robotic Process Automation (“RPA”)

- “Swivel Chair” functions
- Repetitive functions can be automated
- PA DOR wage garnishment pilot
- Wage garnishment was selected for the pilot due to the repetitive nature of the process



Manual Process

vs.

Automated Process

5,687 Cases processed in 2018	2,005 Backlog from assigned cases in 2018
13 Mins. Average time to review, assign, and activate a garnishment manually	1,232 Hrs. Approx. hours invested in 2018

5,687 cases If the RPA/ BOT process...	0 Backlog from assigned cases in 2018
2 Mins. Average time to review, assign, and activate a garnishment	190 Hrs. Total Projected hours to process the same amount of case

Robotic Process Automation (“RPA”)

- Key finding: The pilot was found to be successful since manual processes were able to be automated. However, we discovered that more automation has a downstream effect. For example, increased calls from employers requiring different/additional resources.
- Looking at other areas where RPA may be deployed (e.g. field audit)

“Nudge Utilization”

A pilot project to test and measure the effect of “nudges” on delinquent business account responsiveness. This initiative will gauge how behavior of taxpayers is modified by changing the form and content of notices.

“Nudge Utilization”

- Delinquent notices provide the least invasive way to collect
- Plain Language vs. Legal Language
- Content and structure changes to elicit a response at the lowest possible cost

“Nudge Utilization”

- Pilot Parameters
 - Business tax dunning notice
 - Four conditions (782 cases per condition)
 - Condition 1 – Current dunning notice
- Then after 15 days:
- Condition 2 – Current dunning notice sent a second time stamped “2nd Notice”
 - Condition 3 – “Nudge” notice
 - Condition 4 – “Nudge” notice with hand written note on envelope

Notice of Delinquency Redesign Field Experiment



Study Sample – PA Businesses



Independent Variables

Group A: No Reminder Condition
no 2nd notice

Group B: Baseline Reminder Condition
standard first notice
resent

Group C: Nudge Reminder Condition
notice with 4 nudges

Group D: Nudge Reminder + Note Condition
nudges & handwritten
note on envelope

Dependent Variables

- Response Rate
- Payment %
- Paid in Full %
- Projected Revenue

Condition 3 – “Nudge Notice”



Condition 4 – “Nudge Notice” w/Note

BUREAU OF COLLECTIONS AND TAXPAYER SERVICES
4TH AND WALNUT STREETS
HARRISBURG, PA 17128

Revenue ID 0123456789
FEIN 111111111
Notice number 999999999999
Notice date December 15, 2018
To contact us by phone 717-783-8434 or 1-800-447-3020 for special hearing and/or speaking needs

Testy McTester
999 Tester Way
Harrisburg, PA 17128-1111

Billing Summary

Tax Due	\$2,000.00
Interest Due	\$100.00
Penalty Due	\$400.00
Total amount due	\$2,500.00

What you need to do immediately

1. Pay the amount due of \$2,500.00 in full by 12/14/2018.
-or-
2. Contact the PA Department of Revenue's Delinquent Call Center, at 717-783-8434 if:

- You cannot pay the amount due immediately
- You went out of business
- You have already filed your return r made paymnt arrangements

If we don't hear from you

If you do not contact the PA Department of Revenue's Delinquent Call Center, you:

- May have a lien issued. This means that you may not be able to sell property or acquire a loan.
- May have your sales tax license revoked
- May have a citation issued which can result in fines of up to \$1500
- May have a bank account frozen and funds seized
- May be referred to:
 - A field collector
 - The Office of Attorney General
 - A third-party collection agency with an additional fee between 13% and 39% added to the amount you owe

How to pay

- Online using e-TIDES (www.etides.state.pa.us)
- By credit card (www.officialpayments.com)
- By phone using TeleFile (1-800-2PAYTAX)
- By bank using ACH credit transactions
- By express mail courier or in person using certified or cashier's check. Include the PA Account number, Entity ID (EIN/SSN or 10-digit Revenue ID) on the certified/cashier's check.

If you have questions, call us at 717-783-8434.

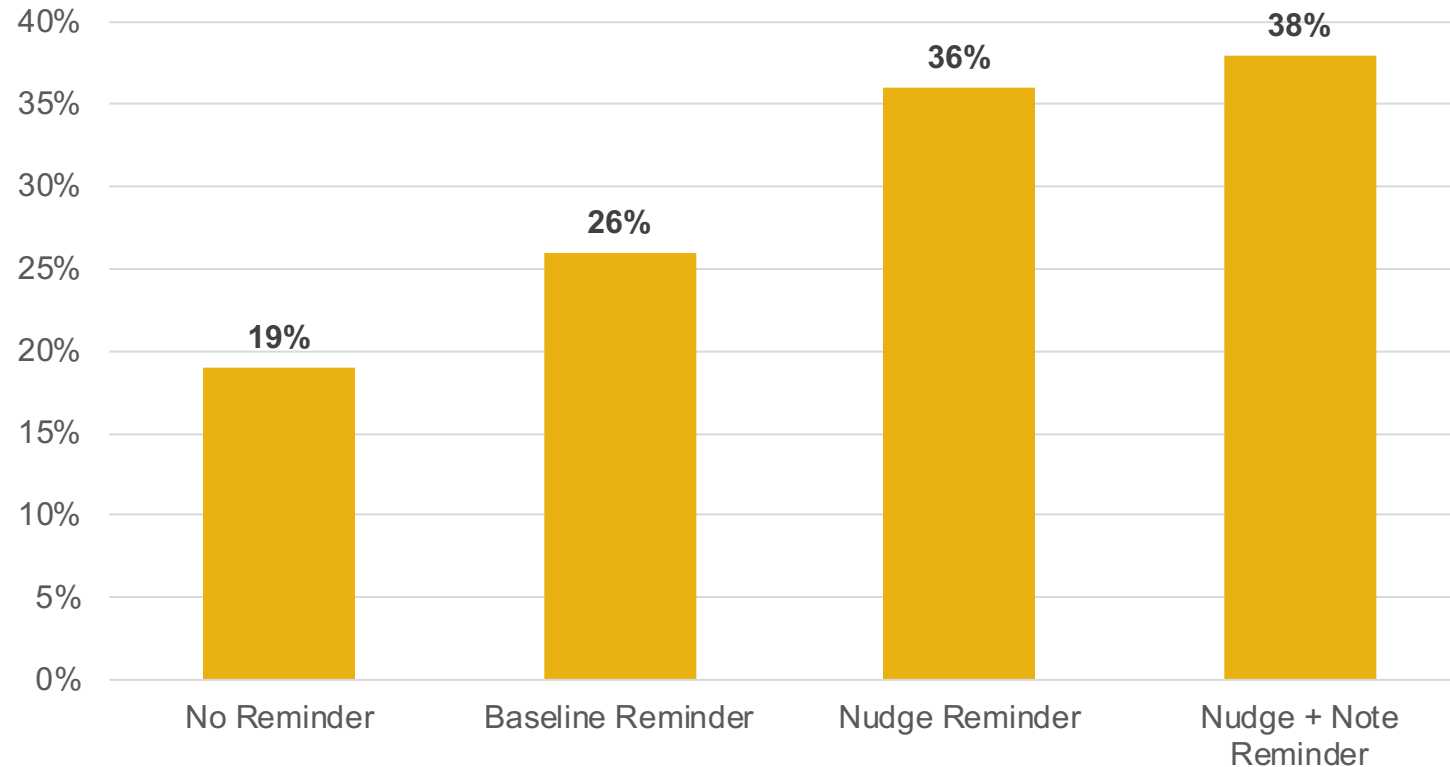
BUREAU OF COLLECTIONS AND TAXPAYER SERVICES
4TH AND WALNUT STREETS
HARRISBURG, PA 17128

Testy McTester
123 Test Way
HARRISBURG, PA 17128-0415

You really need to read this.

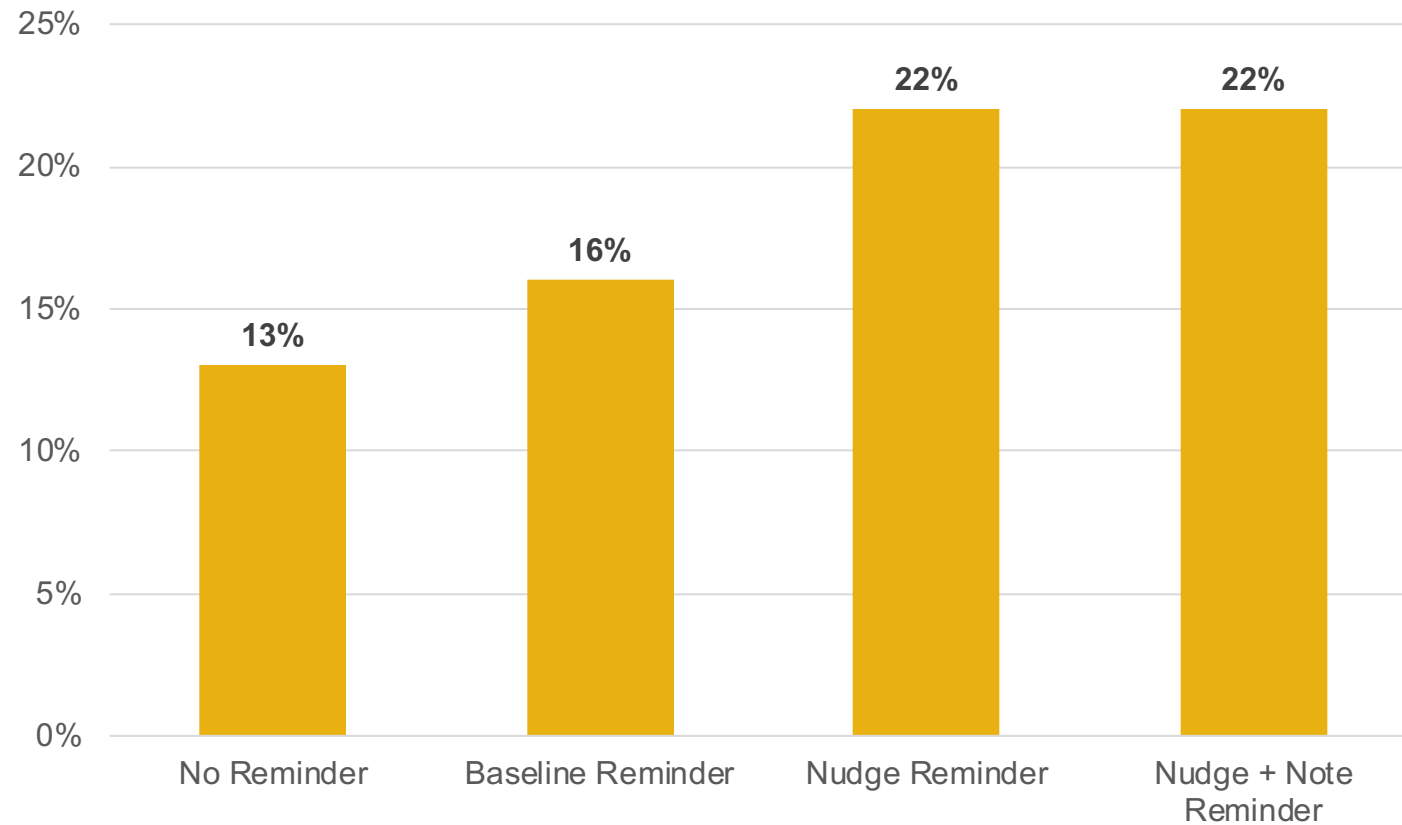
“Nudge Utilization”

Response Rates



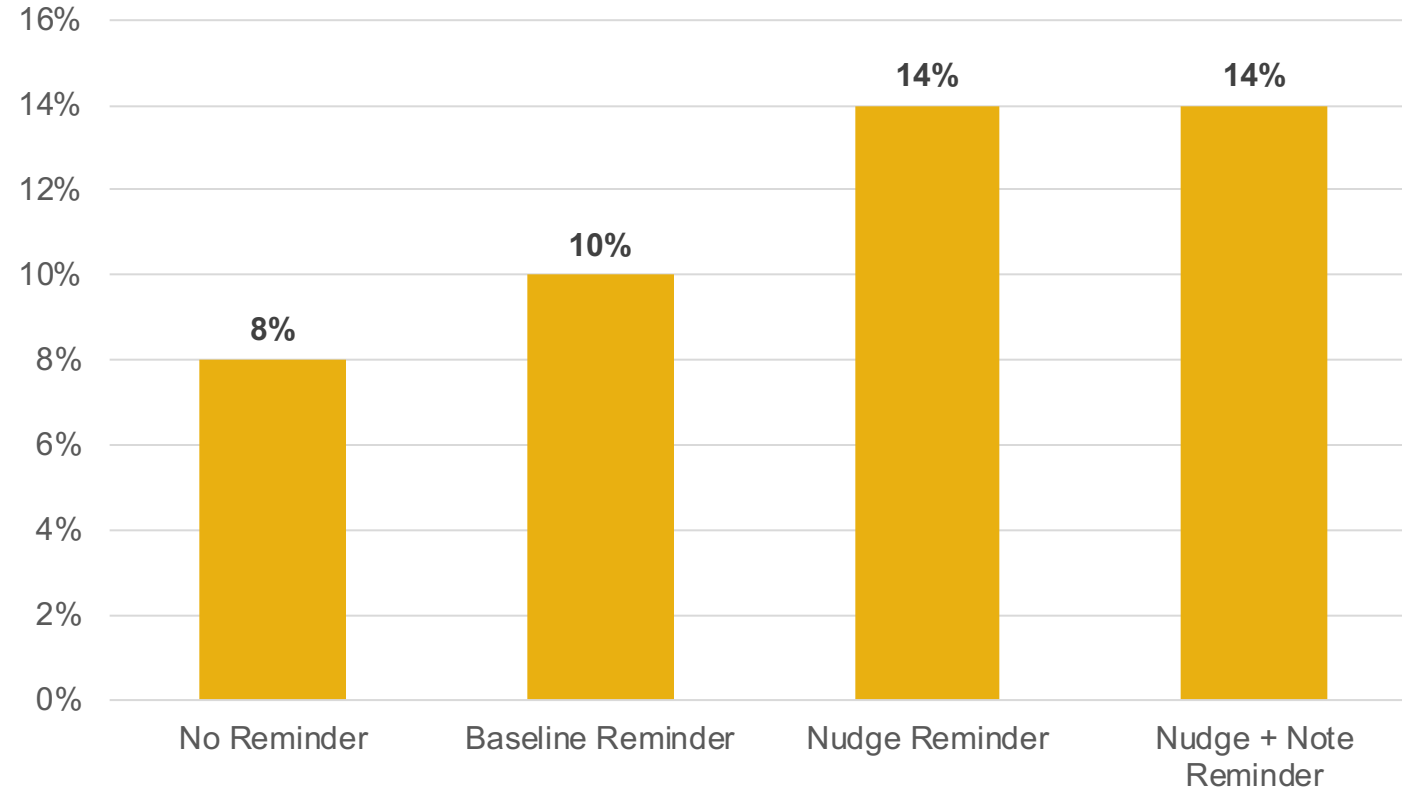
“Nudge Utilization”

Payment Rates



“Nudge Utilization”

Paid In Full Rates



Intelligent Mail Barcode (“IMB”)

A new program to reduce costs and accurately deliver notices to taxpayers. Notices have specific bar code information listed above the taxpayer’s name and address. When the notice is sent to the Post Office for mailing, the DOR is notified of any address issues that are present.

Intelligent Mail Barcode (“IMB”)

- The IMB is a 65-bar Postal Service barcode used to sort and track letters
- Implemented in November 2016 for personal income tax and inheritance tax notices and expanded to business tax system (sales, employer withholding and corporation taxes) in March 2019

Intelligent Mail Barcode ("IMB")



JOE TAXPAYER
654 BILL RD
HARRISBURG PA 17128-6543

Intelligent Mail Barcode (“IMB”)

- Post Office notifies electronically of any address issues are present
- DOR systems are automatically updated
- Key point – FTI notices are returned to the DOR. Non-FTI notices that are not deliverable are destroyed by the USPS via secure destruction

A: ATTEMPTED, NOT KNOW

E: IN DISPUTE

G: POST OFFICE BOX HAS BEEN CLOSED- CREATED FROM USPS- FILED COA- NO NEW ADDRESS PRESENT

I: INSUFFICIENT ADDRESS

K: CUSTOMER HAS MOVED AND LEFT NO FORWARDING ADDRESS- CREATED FROM USPS- FILED COA- NO NEW ADDRESS PRESENT

L: ILLEGIBLE

M: NO MAIL RECEPTACLE

N: NO SUCH ADDRESS

P: DECEASED

Q: NOT DELIVERABLE AS ADDRESSED/ UNABLE TO FORWARD/ FORWARDING ORDER EXPIRED

R: REFUSED

S: NO SUCH STREET

U: UNCLAIMED

V: VACANT

W: TEMPORARY COA- NO NEW ADDRESS PRESENT- TEMPORARILY AWAY IS PROVIDED IN PARSED NEW ADDRESS FIELD.

Intelligent Mail Barcode (“IMB”)

- Results
 - \$1.4MM collections on approximately 2,500 accounts
- Methodology
 - USPS had to send to new address
 - Payment within three months of mailing to new address

Identity Resolution Engine (“IRE”)

A pilot project to use a social analytic tool to identify the connection of entities attempting to register as new businesses with previously delinquent business tax accounts.

Identity Resolution Engine (“IRE”)

- Long standing delinquent account challenge for state tax administrators (e.g. the pizza shop that never closes but keeps changing hands)
- Key attributes, such as address, email, phone number, tax professional, IP address, officers, financial institutions, etc., of businesses will be modeled to determine the likelihood of affiliation or association of one business with another

Identity Resolution Engine (“IRE”)

- Identifying connections between a new registrant and an existing delinquent account provides a tax agency with information necessary for an early and successful compliance intervention
- May also lead to bulk sale assessment if applicable
- FICO is leading the pilot
- Implementation is slated for the near future



Out of State Lien Enforcement

A program to collect from individuals and entities that are located outside of Pennsylvania via legal enforcement of tax liens.

Out of State Lien Enforcement

- All legal actions must be taken by the PA Office of Attorney General (“OAG”) unless the OAG delegates authority
- April 2016, OAG delegates the authority to enforce upon our liens for taxpayers located outside of PA

Out of State Lien Enforcement

- Competitive procurement conducted under the auspices of the Governor's Office of General Counsel
- RFP was issued twice since the first issuance did not yield significant interest
- Second issuance resulted in a contract award to Wong Fleming

Out of State Lien Enforcement

- Parameters
 - Out of state
 - Lien filed
 - Liability greater than \$50,000
 - No current bankruptcies, deferred payment plans or liability under appeal

Out of State Lien Enforcement

- Process
 - Final warning letter
 - Sent on the first of the month
 - Provides 15 days to respond
 - If no response, case referred at the end of the month



May 1, 2019

John Taxpayer
123 Main St
Harrisburg, PA 17128

Dear Mr. Taxpayer:

The Pennsylvania Department of Revenue ("PA DOR") has made multiple attempts to collect your delinquent personal income tax liability. To date, these attempts have not been successful despite the PA DOR filing a lien against any real and tangible property that you own. Therefore, the PA DOR will soon take progressive collection actions to collect this liability.

Based upon a delegation from the Pennsylvania Office of Attorney General dated April 22, 2016, the PA DOR has the authority to take legal enforcement actions on liens filed against individuals and entities that are out of state. The PA DOR has retained the law firm of Wong Fleming to assist us with this process. Wong Fleming is operating under contract number 4000022028 and a copy of which may be found on the Pennsylvania Treasury website.

The PA DOR will initiate legal enforcement of PA DOR liens filed against you unless you respond to this letter within fifteen (15) days of the date at the top of this letter. You must contact Cindy Peterson via telephone at 717-772-2981 or via email at cipeterson@pa.gov. Failure to respond to this letter will result in further enforcement proceedings whereby your real and tangible property may be legally seized and sold to pay your delinquent liability.

Sincerely,

Radee Skipworth
Deputy Secretary for Compliance & Collections
Pennsylvania Department of Revenue

Out of State Lien Enforcement

- Process
 - Referrals include a copy of the lien(s) and final warning letter
 - Spreadsheet is sent that includes demographic information and liability information (tax type, period, tax due, interest due, etc.)

Out of State Lien Enforcement

- Process
 - Wong Fleming conducts conflict review
 - Demand notices sent
 - If no response, judgement is filed in taxpayer's state
 - Litigation process commences

Out of State Lien Enforcement

- Key finding – Once the taxpayer has to go to a debtor's exam, the taxpayer usually wants to quickly settle the case

Out of State Lien Enforcement

- Results (as of August 30, 2019)
 - 70 cases received final warning letter (\$22MM liability)
 - 38 cases referred to Wong Fleming (\$7MM liability)
 - Collections:
 - \$3.6MM from final warning letter
 - \$1.5MM from Wong Fleming efforts
 - \$5.1MM total

Questions

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