

**STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF TAXATION
REQUEST FOR INFORMATION
ON TAX DEBT ADMINISTRATION AND RESOLUTION**

Purpose

The Department of the Treasury, Division of Taxation (Taxation) is seeking information to assist it in developing requirements to procure a contractor to provide deficient and delinquent tax debt administration and account resolution services including efforts to contact individuals and business entities and work vigorously to recover monies owed to the State. Taxation considers that engaging a contractor, or multiple contractors, to serve as tax debt collectors and agents for recoveries in accordance with State and federal requirements is one way to enhance the cost effectiveness of these functions for taxpayers and Taxation.

As a preliminary step in this process, this RFI seeks responses from entities that perform tax debt administration, resolution and recovery services on a state or county scale and from other interested, relevant parties that may have information helpful to the upcoming procurement. This includes information on administration and recovery services pricing and/or payment methodologies, such as payments based on increases to recoveries using enhanced administration and recovery methods rather than task-specific payments for the contractor's services. In addition, a response is requested about methods to ensure that the resolution services are completed correctly and within the stated time period specified by Taxation (3-5 business days). Respondents may be entities that provide some or all of the proposed services.

This RFI provides a brief background, a listing of the proposed types of services expected to be provided by the contractor and a list of questions to be answered by respondents. While the ideal response would include an answer to each question, with the exception of a few required answers, a respondent may choose which questions to answer. Those entities that procure or provide deficient and delinquent tax debt administration and resolution services through other methods are urged to provide supplemental information on alternative methods on how such services are accomplished and paid or provided and reimbursed.

Please email responses with the heading **TAX DEBT ADMINISTRATION AND RESOLUTION** to: jonathan.wallace@treas.state.nj.us.

Responses are requested by **July 12, 2010**.

Background

New Jersey State government (State) levies a variety of taxes, the collection of which is largely dependent upon voluntary compliance by citizens and businesses. Principal responsibility for collection of State taxes lies with Taxation. The State believes that despite several collection and enforcement programs operated by Taxation, there are significant gaps between the amount of taxes owed and the amount collected by Taxation. This may be a consequence of purposeful evasion strategies employed by some taxpayers or the unawareness of taxpayers that tax obligations have been incurred. Due to the nature of the problem, the State lacks a precise estimate of the dollar amount of such uncollected taxes. The State has developed a variety of strategies to address this problem. Interstate information exchange agreements, as well as agreements with the federal government that are intended to identify persons and firms with unpaid tax liabilities have also been used quite extensively.

Nevertheless, the State assumes that some number of persons and firms with legitimate tax obligations do not file required tax returns and do not remit taxes owed. As a consequence, significant potential revenues are lost to the State.

In general, civil cases of uncollected tax liabilities may be categorized as follows:

Tax Debt Administration and Resolution

6/21/2010

Audit Assessments – additions to tax, penalty or interest imposed by Taxation as a result of information developed through examinations of the taxpayer's books and records, tax returns, or information obtained from a variety of other sources.

Deficiency – amount owed to the State as reported by the taxpayer on a previously filed but unpaid return. Penalties, interest and other fees are added as appropriate.

Delinquency – the absence of a filed return when information from Taxation's records, the taxpayer or other sources, indicates that a return is due. A delinquent return, when filed, may not actually result in a tax liability to the taxpayer. A delinquency might also be satisfied with satisfactory proof that the taxpayer was not liable for filing a tax return.

The primary concentration of this contract is on deficiency matters involving Gross Income Tax (both Employer Withholding and Individual Tax Returns), Sales and Use Tax and Corporation Business Tax. The Director of Taxation may also identify tax deficiencies for some of the smaller miscellaneous taxes or fees administered by Taxation for collection under this contract.

The State currently uses two (2) separate contracts; one, (1) T-1272, that procures for tax debt deficiency and another, T-1426, for tax debt delinquency. Respondents to this RFI interested in the current contract specifications and pricing information may review the current contracts (Enter T #____) at the following url:
<http://www.state.nj.us/treasury/purchase/pricelists.shtml>.

Proposed Requirements

Taxation has developed specifications required from a contractor as a baseline for future procurement of Tax Debt Administration and Resolution, including, but not limited to, the following:

- a) having a physical worksite located in New Jersey within a 40-mile radius of Trenton;
- b) ensuring Taxation access to the physical worksite and physical case files along with access to phone monitoring capacity during operating hours;
- c) use of the State's TAXNET Systems for all information pertaining to the debt/debtor of all cases referred. (The confidentiality of the debt referred precludes upload of information onto a system for use with a predictive-dialer system.);
- d) provision of toll-free call center operations;
- e) assurance of compliance with State and federal taxpayer confidentiality requirements and Taxpayer Bill of Rights;
- f) review within the State's TAXNET/TULIPS System to determine any conflicts regarding contact with a specific taxpayer;
- g) performing pre-contact activity such as researching name and address information, skip tracing, deficient taxpayer (tax) eligibility history, monetary account activity and filing/payment history;
- h) contacting taxpayers through written notices and by telephone;
- i) collection of all tax due from the taxpayer with all appropriate penalties, interest and fees, along with any tax returns due but not filed;
- j) processing of all checks received from the taxpayer in accordance with established Taxation policy (all checks must be forwarded daily to Taxation for deposit by the State into a State bank account.);
- k) performing account adjustments, master cash transfers, edits, abatements and other miscellaneous account correction or update of taxpayer information, when uncovered, while working on taxpayer accounts and establishing and administering deferred payment plans;
- l) addressing all correspondence received within a time period required within the Taxpayer Bill of Rights or by Taxation;
- m) file Certificates of Debt with the Superior Court for cases when the deficient balances or delinquent, unfiled returns remain due after the specified notification process established by Taxation (dunning of account, notice and demand for payment) and as required for deferred payment plans; and
- n) provide data metrics and reports to Taxation on a monthly basis at a minimum.

Tax Debt Administration and Collection RFI Questionnaire

Respondent Questionnaire Page 1		
1.	Firm Name:	
2.	Firm Street Address:	
3.	Firm City, State, Zip:	
4.	Firm Primary Business:	
5.	Contact Person Name:	
6.	Contact Person Title:	
7.	Contact Person Voice:	
8.	Contact Person Fax:	
9.	Contact Person Email:	
10.	Are you willing to make a presentation in Trenton, New Jersey at your company's expense, if requested? Yes <input type="checkbox"/> No <input type="checkbox"/>	
11.	Parent Company Name:	
12.	Parent Company Street Address:	
13.	Parent Company City, State, ZIP:	
14.	Parent Company Primary Business:	
15.	Does your firm (<i>check those that apply</i>) Tax debt administration and collections <input type="checkbox"/> Collections <input type="checkbox"/> Other <input type="checkbox"/>	
16.	If Other, please describe (<i>Please attach additional pages, if necessary</i>): <div style="border: 1px solid black; height: 200px; margin-top: 10px;"></div>	

Respondent Questionnaire Page 2

17.	Volume of tax debt administration and collection services currently provided (<i>Please provide as Annual gross amount \$</i>)		
18.	Number of tax debt administration and collection services clients (<i>Please attach list of clients with volumes in gross dollars and number of referrals, locations of client and dates of contracts/service provision</i>).		
19.	Form in which you are compensated (<i>Please check those that apply</i>): hourly rates <input type="checkbox"/> contingency fee <input type="checkbox"/> other <input type="checkbox"/>		
20.	If Other, please describe:		
21.	Do your contracts include non-tax collections? Yes <input type="checkbox"/> No <input type="checkbox"/>		
22.	If Yes, please provide the gross dollar volume and number of referrals, by contract and total:		
23.	Form in which you are compensated (<i>Please check those that apply</i>): hourly rates <input type="checkbox"/> contingency fee <input type="checkbox"/> other <input type="checkbox"/>		
24.	Does the contingency fee remain the same for all years of the contract or does it increase/decrease each year based on performance?	Same <input type="checkbox"/>	Increases <input type="checkbox"/> Decreases <input type="checkbox"/>
25.	If you are compensated through a contingency fee, is your firm subject to a financial penalty for failure to comply with contract guidelines or excessive customer service complaints?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
26.	If Yes, please provide details of the penalty process. (<i>Please attach</i>)		
27.	Is the contingency fee paid subject to adjustment for dishonored payments?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
28.	After the fee is paid, if the entity engaging you determines that the debt collected was an erroneous balance and subsequently issues a refund to the debtor, is the fee paid for the next billed period adjusted for the original collection that was refunded?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
29.	Are receivables paid directly to your firm or are they made payable/processed by the entity engaging your firm?	Paid to firm <input type="checkbox"/>	Payable by entity <input type="checkbox"/>
30.	If paid directly to your firm, is the fee retained by your firm upfront or are all receivables remitted to your hiring entity and you submit a monthly billing invoice to the entity for payment of the fee?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
31.	Taxation would expect certain customer service levels/review of case handling prior to payment of the contingency fee. Please explain what quality assurance steps your firm would take to ensure resolution processes are completed correctly and within the given timeframe. (<i>Please attach</i>)		
32.	Some account adjustments/filed delinquent returns may not result in any balance due. Would your firm seek compensation for accounts with zero receivables?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
33.	Please provide an explanation of how your firm would attempt to collect a minimum of \$5 million monthly for Taxation. (<i>Please attach</i>)		

Respondent Questionnaire Page 3

34.	Are any bonuses included in your current contract for exceeding the contract expectations?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
35	Is there a guaranteed debt placement on your current contract?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
36.	If so, does this factor in to the compensation your firm receives, i.e., large value of referred debt, so lower compensation rate?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

Thank you for your providing a response and completed Questionnaire to Taxation and the State of New Jersey.