

## ADDENDUM ONE QUESTIONS and ANSWERS

Date: February 28, 2020

To: All Bidders

From: Julie Schiltz, Buyer  
AS Materiel State Purchasing Bureau

RE: Addendum for Request for Information DOR-1282020 to be opened on March 13, 2020, at 2:00 P.M. Central Time

### Questions and Answers

Following are the questions submitted and answers provided for the above mentioned Request for Information. The questions and answers are to be considered as part of the Request for Information. It is the Bidder's responsibility to check the State Purchasing Bureau website for all addenda or amendments.

<u>Question Number</u>	<u>RFI Section Reference</u>	<u>RFI Page Number</u>	<u>Question</u>	<u>State Response</u>
1	CURRENT BUSINESS PRACTICES	5	How many DOR agents are currently assigned to treatment of non-resident individual and business tax accounts?	Each DOR agent is assigned approximately 1,000 accounts. DOR has found this caseload allows agents to allot the appropriate amount of time to effectively administer collection efforts for each account. The number of non-resident individual and business tax accounts in inventory approximates the typical caseload of seven (7) DOR agents.
2	CURRENT BUSINESS PRACTICES	5	Based on current business practices, are you able to elaborate on internal limitations which DOR may solve through obtaining a third-party solution?	DOR seeks information about solutions capable of helping it overcome the additional challenges (geographic, legal, etc.) inherent in nonresident collections.
3	CURRENT BUSINESS PRACTICES	5	Are you able to provide the per month estimated volume, value and average balance of non-resident individual and business tax accounts that could potentially be assigned	DOR has 4,283 non-resident accounts that are 10 years or newer with a lien value of \$10,019,779.08. DOR also has 1,551 accounts older than 10 years with a lien value of \$6,231,496.04. DOR averages 400 accounts a year with a value of \$955,000.00.

			to a third-party solution provider? If so, are you also able to provide recoveries on each batch of accounts per month?	All figures provided for informational and demonstrative purposes only. No representations are made that these amounts are guaranteed amounts available to any proposed solution. Recovery amount on each batch of accounts per month are not available at this time.
4	CURRENT BUSINESS PRACTICES	5	Are you able to provide historical liquidation numbers of non-resident individual and business tax accounts?	See State Response to Question #3.
5	CURRENT BUSINESS PRACTICES	5	Are you able to provide batch track reporting on historical recoveries?	See State Response to Question #3.
6	SCOPE OF WORK	5	What will be the term of the initial contract in place?	It is unknown at this time if there will be a term for the initial contract in place.
7	SCOPE OF WORK	5	Will the contracted third-party provider be assigned an inventory backlog at time of go-live or will the third-party provider only receive new delinquent accounts going forward? If backlog inventory is expected, are you able to provide the volume, value and age of accounts?	Yes there is a current backlog of accounts that can be assigned.  See State Response to Question #3.
8	4.7	7	Is it expected that DOR will authorize the use of credit bureau reporting	DOR Policy does not allow for this type of reporting.
9	4.8	8	Will there be any internal attempts by DOR to collect on out-of-state accounts, litigate or lien enforcement prior to	Neb. Rev. Stat. § 77-377.01 defines a "delinquent tax claim" which may be assigned to a collection agency under the Collection Agency Act as a "tax liability that is due and owing for a period longer than six months and

			<p>sending to third-party collections?</p>	<p>for which the taxpayer has been mailed at least three notices requesting payment. At least one notice shall include a statement that the matter of such taxpayer's delinquency may be referred to a collection agency in the taxpayer's home state." This would be the minimum collection effort required by Nebraska state law before assignment to third-party collections.</p>
10	6.1	8	<p>Will DOR require a discounted fee for payments sent by debtor directly to DOR?</p> <p>If so, are you able to provide the discount percentage of the base fee?</p>	<p>The RFI in Section E, Question 6.1 requests information on respondent's current policy or practice regarding the fees related to this type of transaction.</p> <p>While DOR is likely to expect discounted fees in such situations, it has not yet defined any discount parameters.</p>
11	6.2	8	<p>Under what circumstances will DOR recall an account?</p>	<p>The RFI in Section E, Question 6.2 requests information on respondent's current policy or practice regarding account recall. While it is anticipated that circumstances may arise under which an account may be recalled, DOR has no set parameters currently defined.</p>
12	9.1	9	<p>Will DOR require its own legal firm for the handling of accounts requiring legal action?</p>	<p>While DOR has no specific firm use requirement, it is expected that DOR will require a clear defining of its role in the firm selection and retention process.</p>
13	9.1	9	<p>Will DOR be required to approve collection agencies or legal firms onboarded by the third-party managing entity?</p>	<p>While DOR has no specific expectation as to its role in onboarding by third-party entities, it is expected that DOR will require a clear defining of its role in the selection and retention process.</p>

14	10.1	9	In addition to DOR providing an electronic file with information needed to assign collections to a third-party provider, will there also be an electronic file sent capturing payments received inhouse by DOR? If so, is there an expected frequency on how often the file will be sent to the third-party provider?	It is expected that the balance file will be available to be sent on a daily basis.
15	10.1	9	When the collection agency receives payment on a delinquent account, what are the expectations around reporting payments to DOR, i.e., Daily, Weekly, Monthly?	Neb. Rev. Stat. § 77-377.02 requires that "all funds collected, less the fees for collection services as provided in the contract, shall be remitted to the Tax Commissioner within forty-five days from the date of collection from a taxpayer."
16	10.1	9	Is the collection agency expected to handle payment reversals or should payment reversals be reported to DOR?	Respondents should expect to report reversals but send payment net of the fee/reversals.
17	10.1	9	Are you able to provide the type of taxpayer information sent in the electronic file?	DOR could include the following information in the referral: Name, SSN, Phone, and a comment section. Additional information may be available as allowed, needed, and implementable.
18	10.1	9	In this event taxpayer information is updated within the DOR ACS platform, will this information be transmitted to the third-party provider?	It is expected that DOR will make information updates available.
19	10.1	9	Is DOR open to utilizing third-party industry	DOR is open to discussing the use of different standard file formats.

			standard file formats to receive/send information between DOR and third-party provider?	Respondents are free to suggest specific formats which may be utilized. DOR will require a secure method of transmission.
20	10.1	9	Are you able to provide example files and formats that could be utilized to receive/send data?	DOR is willing to discuss file format options. A CSV file or a fixed length file are both possible. Other options may be acceptable if proposed.
21	10.1	9	Does DOR have a preferred file format they would like to utilize in order to receive/send data?	DOR is willing to discuss file format options. A CSV file or a fixed length file are both possible. Other options may be acceptable if proposed.
22	12.1	9	Is DOR looking for managed services to act as an extension of DOR in any particular area of account recovery?	DOR is seeking information about the existence and capabilities of managed services available to act on DOR's behalf in the collection of delinquent non-resident individual and business tax accounts.
23	13.1	9	How are collection activities monitored inhouse today?	The department utilizes an Automated Collection System (ACS) which has various functions including a number of monitoring capabilities.
24	14.1	9	How does DOR calculate interest on accounts today?	Interest is currently calculated at 5% on the unpaid tax balance (not including penalty or interest) from the statutory due date of a filed return or the assessment date from an internal assessment to a taxpayers account. The interest rate is calculated based upon the requirements of Neb. Rev. Stat. § 45-104.02.
25	17.1	9	Does DOR permit use of settlements on accounts? If so, what are the parameters?	All settlements will require DOR approval.

26	18.1	10	What types of information could DOR provide to third-party?	DOR could include the following information in the referral: Name, SSN, Phone, and a comment section. Additional information may be available as allowed, needed, and implementable.
27	19.1	10	If the collection agency receives information from taxpayers that may change the collection amount, does DOR expect the collection agency to adjust the amount due, or report the adjustment to DOR adjustment?	The information from the taxpayer must be reported to DOR to determine if there is any change in the amount due.
28	20.1	10	Outside of reporting payments to DOR received by collection agencies, are you able to elaborate on updates which may be required by DOR?	Along with the updated balances provided, there must be a direct contact to communicate any potential information which may affect the collection efforts. A log of communications with taxpayers is likely to be expected.
29	21.1	10	Are collection agencies able to utilize net remittance? For example, If the agency realizes \$100 in recoveries and (\$20) in reversals, then deposit amount to DOR would be \$80. Collection agency would still report all payments and reversals to DOR.	Yes, this would be the preferred method.
30	22.1	10	Are you able to provide the information on remittances required by DOR and preferred format?	See State Response to Questions #15 and #29.
31	23.1	10	Are there any reports required by DOR that are mandatory?	The RFI in Section E, Question 23.1 requests information on responder's current or proposed capabilities in providing

				informational reports about performance measures. While DOR believes such reporting may lead to a more successful outcome, it has not yet determined any report type as mandatory.
32	24.1	10	What are the expectations around handling debtor/customer document requests?	Taxpayers or their representatives would need to contact DOR directly.
33	24.1	10	Will DOR authorize third-party to refer Bankruptcy or Deceased accounts to a specialty vendor?	It is possible, within clearly defined parameters, that DOR may allow such referrals if supported by a proposed solution.
34	24.1	10	Can Email addresses be provided? If so, will DOR authorize the use of Email address to contact debtor?	While email addresses may be available and potentially beneficial to collection efforts, DOR does not currently solicit written expressed consent from taxpayers for such communications. Proposed solutions will be expected to operate within the FDCPA, TCPA, DOR confidential information security policies, and any other applicable laws as these are currently interpreted by the courts.
35	24.1	10	Is there expressed consent for mobile phone numbers if provided?	DOR does not currently solicit written expressed consent from taxpayers. Proposed solutions will be expected to operate within the FDCPA, TCPA, DOR confidential information security policies, and other applicable laws as these are currently interpreted by the courts.
36	24.1	10	If treatment efforts are exhausted, will DOR consider accounts for a debt sale?	The potential for sale of delinquent tax debt by the State of Nebraska is beyond the scope of this RFI.
37	Section II, Item F	Page 3	The formatting of the DOR's question and response section will	Yes, the State will accept responses in any type of format.

			<p>make it difficult for agencies to adequately answer in the given space.</p> <p>Will the DOR allow for agencies to respond in their own format, removing the table?</p>	<p>The response must reference what question it relates to.</p>
38			<p>I am working through the RFI and wanted to reach out and see if there was any additional registration information required of our company prior to the RFI deadline on 3/13?</p>	<p>No registration information is needed at this time.</p>

This addendum will become part of the RFI and should be acknowledged with the Request for Information response.