

Debt Setoff Program

Administered By



**NORTH CAROLINA ASSOCIATION
OF COUNTY COMMISSIONERS**



**North Carolina
League of Municipalities**

Debt Setoff Program

PURPOSE

A Program approved by the NC Legislature for the purpose of collecting county and municipal delinquent debts by seizing North Carolina Individual Income Tax Refunds.

Debt Setoff Program

Program Statistics

Year	Amount Returned	Setoffs
2007	\$11,803,782.38	75,647
2006	\$ 10,581,992.81	69,235
2005	\$ 8,555,754.32	57,190
2004	\$ 5,801,032.96	37,020
2003	\$ 1,062,874.85	6,447
2002	\$ 234,248.89	1,520
Total:	\$38,039,686.21	247,059

Debt Setoff Program

Program Statistics

#	County	2002	2003	2004	2005	2006	2007	Totals
1	Gaston County	0	0	484,823	1,058,709	1,407,495	815,008	\$ 3,766,035
2	Cleveland County	0	70,053	431,223	508,461	522,218	604,798	\$ 2,136,753
3	Wake County	0	0	508,648	557,490	373,629	488,182	\$ 1,927,949
4	Durham County	0	156,228	308,319	261,041	334,000	366,953	\$ 1,426,541
5	Wayne County	12,884	136,487	192,958	269,924	325,028	322,750	\$ 1,260,031
6	Rowan County	0	0	158,281	435,209	316,054	231,945	\$ 1,141,489
7	Lincoln County	0	26,627	152,231	175,256	543,874	170,662	\$ 1,068,650
8	Rockingham County	0	3,517	172,320	270,265	189,974	196,933	\$ 833,009
9	Robeson County	0	0	0	74,001	543,874	374,609	\$ 992,484
10	Vance County	0	0	0	290,458	285,199	290,020	\$ 865,677

Debt Setoff Program

Program Statistics

#	Municipality	2002	2003	2004	2005	2006	2007	Totals
1	Durham, City of	0	0	143,031	163,629	191,272	169,039	\$ 1,954,311
2	High Point, City of	79,178	96,451	91,643	131,557	186,857	173,358	\$ 1,943,064
3	Winston Salem, City of	0	7,016	83,717	144,692	184,225	254,555	\$ 674,205
4	Asheville, City of	10,157	71,602	86,927	134,941	130,236	169,546	\$ 603,409
5	Lexington, City of	0	22,786	152,346	129,195	121,949	110,321	\$ 536,597
6	Charlotte, City of	0	0	1,197	45,632	150,721	309,941	\$ 507,491
7	New Bern, City of	8,027	14,499	125,186	125,123	99,926	80,387	\$ 453,148
8	Raleigh, City of	0	0	0	38,812	148,382	209,780	\$ 396,974
9	Rocky Mount, City of	0	4,946	55,647	73,975	84,177	75,111	\$ 293,856
10	Albemarle, City of	0	8,510	77,167	69,905	62,176	54,911	\$ 272,669

AUTHORITY TO ESTABLISH CLEARINGHOUSE

◆ Legislation

N.C.G.S. 105A-1 through 105A-16

- ◆ North Carolina Association of County Commissioners
- ◆ North Carolina League of Municipalities

WHICH UNITS OF GOVERNMENT CAN PARTICIPATE

- ◆ A county, to the extent it is not considered a State agency
- ◆ A municipality
- ◆ A water and sewer authority created under Article 1, of Chapter 162A of the General Statutes
- ◆ A public health authority created under Part 1B, of Article 2, of Chapter 130A of the General statutes


(CONTINUED)



WHICH UNITS OF GOVERNMENT CAN PARTICIPATE

- ◆ A regional joint agency created by inter-local agreement under Article 20, of Chapter 160A of the General Statutes between two or more counties, cities, or both
- ◆ A metropolitan sewerage district created under Article 5, Chapter 162A of the General Statutes
- ◆ A sanitary district created under Part 2, of Article 2, of Chapter 130A of the General Statutes

PARTICIPATING AGENCIES

- ◆ N. C. Capital Management Trust Fund
 - ◆ N. C. Department of Revenue
 - ◆ N. C. Education Lottery
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- A stylized silhouette of a mountain range in shades of teal, located in the bottom right corner of the slide.

APPLICATION

- ◆ Memorandum of Understanding and Agreement
- ◆ Local Agency Certification
- ◆ Participation Form (**must be submitted ANNUALLY**)
<http://www.ncsetoff.org/2008ParticipationForm.htm>

(continued)

APPLICATION

- ◆ Inter-fund Transfer Authorization Form
(Must have an account with the N. C. Capital Management Trust Fund)
- ◆ Multiple Unit Collection Rider (County)
- ◆ Board Resolution (Cities & Towns)
- ◆ Business Associate Agreement (Public Health Authorities and EMS – **HIPAA Requirement**)

MINIMUM DEBT

- ◆ Delinquent at least 60 days
- ◆ Must be an individual debt, not corporate, etc.
- ◆ Must be \$50 or greater
- ◆ Debts can be combined to meet the \$50 minimum
 - ◆ same debtor
 - ◆ same social security number
 - ◆ same type of debt (i.e. water bills, electric, EMS billings, parking tickets) (not taxes, each tax bill must stand alone)

DELINQUENT DEBT



WHAT IS THE COST

- ◆ No cost to the local agency
- ◆ Two fees charged to debtor
 - \$15 added to the debt for Clearinghouse cost
 - \$5 added to the debt for State cost

DEBTOR NOTICE AND PROCEDURE

- ◆ Written notice of intent


<http://www.ncsetoff.org/SampleLetters.htm>

- ◆ Written request for hearing within 30 days

<http://www.ncsetoff.org/HearingDocuments.htm>

- ◆ Must determine if and how much is owed

DEBTOR INFORMATION FOR EACH DEBT

- ◆ Must furnish debtor's name
 - ◆ Must furnish debtor's Social Security Number
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REPORTING PROCESS

- ◆ Debt is transmitted to the Clearinghouse
- ◆ Clearinghouse transmits to
N. C. Department of Revenue
Education Lottery
- ◆ Clearinghouse sets up IVR information

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REPORTING PROCESS

- ◆ N. C. Department of Revenue and Education Lottery runs a program matching any debts against individual tax refunds.
- ◆ Hits (matches) accumulated and funds sent to N. C. Capital Management Trust

(continued)


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REPORTING PROCESS

- ◆ N. C. Department of Revenue and Education Lottery sends Clearinghouse match information
- ◆ Clearinghouse sends an allocation file to N.C. Capital Management Trust
- ◆ N. C. Capital Management Trust transfers funds to local agencies accounts

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REPORTING PROCESS

- ◆ Clearinghouse transfers an itemized data file to local agency
 - ◆ Clearinghouse sends email notification to each local agency
 - ◆ Local agency has funds available
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REQUEST FOR REFUND

- ◆ Request are made by the NC Department of Revenue
- ◆ Various reasons to create a request for a refund
- ◆ Notifications sent to NCACC and NCLM
- ◆ Request made to applicable entity
- ◆ “Response as quickly as possible”



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www.ncacc.org

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