



AIC TREC's Debt Setoff Clearinghouse Requirements Checklist

1. Execute the documentation requirements:
 - Memorandum of Understanding: The MoU between participating units of local government and the AIC clearinghouse is an agreement attesting the unit of local government's desire and intention to participate in the TREC's program.
 - 2018 Registration/Participation form: The registration/participation form provides the clearinghouse with local government contact information for debtor questions and program coordination.
2. Determine the method for submitting debts
 - Debt records will need to be submitted in the appropriate file layout with two options available:
 - i. ASCII with each column-delimited by pipe(|). The file extension should be .TXT.
 - ii. Excel (version 2010 or later). The file extension should be .xlsx.

Please see the file layout requirements on the AIC website.

3. Assemble the debt information to submit to the clearinghouse
 - Any debt over \$25 is eligible excluding those under bankruptcies, settlements, litigations, or garnishments
 - Only debts to individuals and not corporations, businesses, partnerships, etc.
 - Last Name, First Name, and Middle Initial or suffix if available or a combined field that the clearinghouse will parse on behalf of the local government
 - Debtor's last known address
 - Multiple debts for the same debtor are submitted individually if at least \$25 or more
 - Multiple debts less than \$25 for the same debtor can be combined to meet the \$25 minimum or added to any single debt more than \$25

This information will be used by the clearinghouse to verify the debtor, parse combined names, flag any debtors who are deceased, and locate debtors' social security numbers. Parsed names and SSN will be used to by the Indiana Department of Revenue to match debtors against income tax refunds.

4. Send notification letters to debtors; sample debtor notification letters are available on the AIC website
 - Mailed to last known address

Statutorily, a debtor may protest a proposed tax refund set off by submitting a written objection to the fiscal officer of the unit of local government not later than thirty (30) days after the notice.

5. Register with TrustINdiana if not a member;
 - TrustINdiana will be used as the disbursement mechanism to return successful setoffs to counties so a participating county must be a member of TrustINdiana: <https://www.trustindiana.in.gov/>
 - TrustINdiana allows local units of government (e.g., counties, municipalities, school corporations, townships, and other units of local government) as well as the State of Indiana to invest in a common pool of investment assets that preserves the principal of the public's funds, remains highly-liquid, and maximizes the return on the investment.

- Once a debtor's refunds have been successfully setoff, the Indiana Department of Revenue will disperse through AIC a lump sum of funds to the Trust. The Trust will then deposit the funds into the claimant unit of local government's TrustINdiana account under the direction of the AIC TRECs clearinghouse.
6. Submit debts to the clearinghouse via the secure login and upload clearinghouse process; link is provided at the AIC website
 - Debts submitted by mid-January will benefit from the earliest refund match opportunities in the most recent tax year but files can be submitted at any time thereafter.
 - Subsequent files to refresh the initial debt files as needed may be submitted to reflect any debtor payments. Files must be received by the clearinghouse by close of business on Thursdays, in order to provide updated files to IDoR by the following Monday.
 - Each subsequent file will rewrite in its entirety the earlier file submitted so all existing and debt records should be included with each refresh.
 7. Finalize debt amounts upon notification from the clearinghouse of successful matches and resolve any debtor protest as needed.
 - IDoR will notify clearinghouse of successful matches and the clearinghouse will send a second notice to the debtor on your behalf within 15 days of IDoR notice.

Statutorily, a debtor may protest a proposed tax refund set off by submitting a written objection to the fiscal officer of the unit of local government not later than thirty (30) days after the notice.

Reminders

- The county board of commissioners should approve county participation in the program
- It is free for the unit of local government to participate, however the participating entity is responsible for the initial debtor notification letters
- The clearinghouse provides technical assistance through email and a toll-free helpline