



Talking Points for Board Consideration of Participation in AIC TRECs Debt Setoff Program

- AIC's TRECs debt setoff clearinghouse program allows local units of government to easily and efficiently collect delinquent debt through the withholding of a debtor's personal income tax refunds
- Senate Bill 515 amended the Indiana Code in April 2017 to grant units of local government authority to participate in the state's existing debt setoff program from incoming state tax refunds. Please see Indiana Code IC 6-8.1-9.5
- Indiana state agencies have been using debt setoff to collect their debts for years
- No cost to register or participate other than debtor notification
- A pilot based on Marion County's debts showed that Indiana counties can expect significant debt repayment
 - Marion County pilot results from just 4 different types of old debts, revealed over \$1,000,000 eligible for collection
- Participating units of local government will receive analysis reports on debts owed to the county and on the amounts of monies returned
- Tax equity is ensured as more citizens are paying their fair share for services
- AIC TRECs is favorable to the debtor
 - Lowered credit-rating impacts
 - Receives required notification letters and allowed 30-day contestation period
 - From other state models, very few debtors contest the debt
 - Notification letter itself often prompts debtors to pay
- Participating units of local government may realize significant revenue just from pre-intercept notice letters before setoffs have occurred
 - From a little over 15,000 letters mailed to Marion County debtors, \$2.5 Million in debt was repaid
 - Of those 15,000 letters, only 5 contestations resulted in legitimate claim for a hearing
- Easy and free method for collecting small debts of as little as \$25 or less if it can be combined with other debts to meet the \$25 threshold
- The county may also realize a side benefit of significant records clean-up in collaboration with the county assessor's office.
- Ease of administration through easy download of debt files and upload of debt reconciliation data files that integrate into currently utilized systems
- IT Helpline and clearinghouse house staff easily accessible and available for questions and assistance
- Debtor has two notification and contestation periods and benefits through lowered credit-rating impacts