



AIC TRECS Debt Setoff FAQ's

1. What is the AIC TRECS debt setoff program?

The Association of Indiana Counties' TRECS program allows any local government to submit unpaid debts through the AIC clearinghouse to the Indiana Department of Revenue to match the debtor's name and social security number against those taxpayers due a personal income tax refund. If a match is found between the debtor and the debtor's personal income tax refund, IDoR offsets the refund for repayment of the debt. The state's debt setoff program has been used successfully for years by state agencies to recover unpaid state debts, university debts, child support in arrears and misapplied state payments such as unemployment insurance.

2. What authorizes counties to participate in the Indiana Department of Revenue's personal income tax debt setoff program?

The Indiana General Assembly enacted legislation in its 2017 session to allow local governments to use the state's debt setoff program to recover unpaid local government debts. The enabling legislation is codified in the Indiana Code's *Set Off of Refunds* IC 6-8.1-9.5.

3. How does a county sign up to participate?

Each county's governing body approves its county's participation in the AIC TRECS program. Counties execute the MoU and participation form available on the AIC website to register for the program. Please send executed documents to Jacque Clements – jclements@indianacounties.org.

4. Is a local government required to notify the debtor in writing about their intent to submit debt(s) against their tax refund?

Counties must inform each debtor through a written notification letter sent to the debtor's last known address of its intent to submit the debt for collection through the state's offset program should the debt remain unpaid. Included in the letter is an explanation of the unpaid debt and the collection fees incurred if a successful offset is sought and made. Within 30 days of receipt of the county notification letter, debtors may pay the outstanding debt or contest the debt in writing by filing a protest and request for hearing with the local government.

If the debt remains unpaid or uncontested within the 30-days, the county submits the debt to the clearinghouse.

If a refund is due and payable, the clearinghouse will work with the county to notify the debtor in writing that a refund is being withheld and that the debtor has a second 30-day period to contest the debt.

5. Can a debt be submitted to the clearinghouse BEFORE the 30-day hearing request period has passed?

No. Only certified debt may be submitted to the clearinghouse.

6. Is there any cost for participation in the AIC TRECS debt setoff clearinghouse?

No. The program is free for counties to participate. However, a county does need to be a member of TrustINDiana. <https://www.trustindiana.in.gov/> and the county is responsible for the initial debtor notification and hearing process should there be a contestation.

7. Can or should a local government publicize its intent to participate in the AIC TRECS debt setoff program?

Yes, counties are encouraged to "get the word out" with press releases, websites or other means so local debtors will be aware of the potential that their tax refund may be setoff in the event of delinquent local government debts. If you would like a sample press release template, please email Jacque Clements – jclements@indianacounties.org.

8. What are some of the types of debts eligible for submission by local governments?

Animal Violations	Health	Property Taxes (real, mobile-home, Agricultural)
Assessments	Hydrant Usage	Privilege License
Cemetery	Insurance Premiums	Rental/lease agreements
Demolitions	Judgments	Room Occupancy
Dental	Maintenance (Lawns/trees)	Sewer Tap
Environmental Health	Nuisance	Solid Waste
False Alarms	Ordinance Violations	Stormwater
Fines (Library/other)	Parking Tickets	Utilities
EMS		

9. Do the types of debts have to be in the above list?

No, any certified delinquent debt owed to a unit of local government is valid.

10. How often can a local government entity send data files (debtors/debts) to the AIC TRECS debt setoff clearinghouse?

If there are changes or new debts, the participating entity must update their file via a complete refresh by the Thursday COB of the week of change. This will enable the clearinghouse to get an updated file to the IDOR by Monday of the following week.

11. Does a county need a debtor’s social security number to submit debtors to the AIC TRECS clearinghouse?

No, this is provided by TRECS.

12. Can a county submit debts for business owners?

Not at this time. There may be opportunities in the future for this.

13. What is the statutory order for debt satisfaction?

IC 6-8.1-9.5-12 establishes priority in multiples claims to refunds allowed to be set off. Local government debts come after those of state agencies. In the case of multiple claims to refunds by local government agencies, the priority order of claims is processed on a first-request basis.

14. How will a county be able to reconcile the debts?

A file will be generated for easy upload into the county’s existing software system.

15. How are debtors notified that their tax refund has been setoff?

The debtor receives an official letter from the Indiana Department of Revenue listing the amount that was setoff for indebtedness to a local government and a toll-free number to call for information. Thereafter, a county will receive information from the clearinghouse on successful setoffs with the money deposited into the county’s TrustINDiana account.

For further questions, please reach out to Jacque Clements, jclements@indianacounties.org , (317) 684-3710