



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?

No, the county may send a courtesy letter notifying the debtor of their intent, but it is not required.

5. What if a debt is submitted to Indiana Department of Revenue (IDoR) and a refund is setoff?

At the time a setoff is held by IDoR, the county must send a notice to the debtor informing them that their refund is being held and they have 30 days to contest the debt.

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

No. The program is free for counties to participate. However, counties are responsible for any postage for mailing of required notices.

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
Assessments
Cemetery

Demolitions
Dental
Environmental Health

False Alarms
Fines (Library/other)
EMS

Health	Ordinance Violations	Room Occupancy
Hydrant Usage	Parking Tickets	Sewer Tap
Insurance Premiums	Property Taxes (real, mobile- home, Agricultural)	Solid Waste
Judgments	Privilege License	Stormwater
Maintenance (Lawns/trees)	Rental/lease agreements	Utilities
Nuisance		

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.

For further questions, please reach out to Jacquie Clements, jclements@indianacounties.org , (317) 684-3655