



Debt Setoff  
Program





# Debt Setoff Collection Program



Five Star Computing, Inc.



**A Message from NCACC Executive  
Director,  
David F. Thompson.**



During this tough economy, the North Carolina Association of County Commissioners is proud of our partnership with our counties that helps ensure tax equity and fairness for our citizens.



**A Message from  
NCLM Executive Director  
Ellis Hankins**



For many of our member cities and towns, the Debt Setoff program has been instrumental in helping them continue to provide a high quality of services to their citizens -- even in a very tough economy. We are grateful for this partnership and encourage other local governments to consider using the program.

# **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 and Education Lottery winners.**

# **PARTICIPATING AGENCIES**

- **N. C. Capital Management Trust Fund**
- **N. C. Department of Revenue**
- **N. C. Education Lottery**

# 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

# WHICH UNITS OF GOVERNMENT CAN PARTICIPATE

- Housing Authorities created under Chapter 157 of the General Statutes. Session Law 2011-365 (HB 399) which goes into effect on October 1, 2011 allows for the collection of debts which have been reduced by a final judgment in favor of the housing authority. (This doesn't apply to housing authorities created under Article 20, of Chapter 160A of the General Statutes between two or more counties, cities, or both).

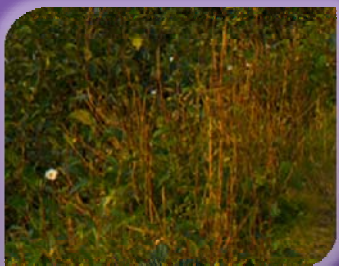
# Sample Resolution for Board Adoption



Board Approval



Name Hearing Officer



For your Files

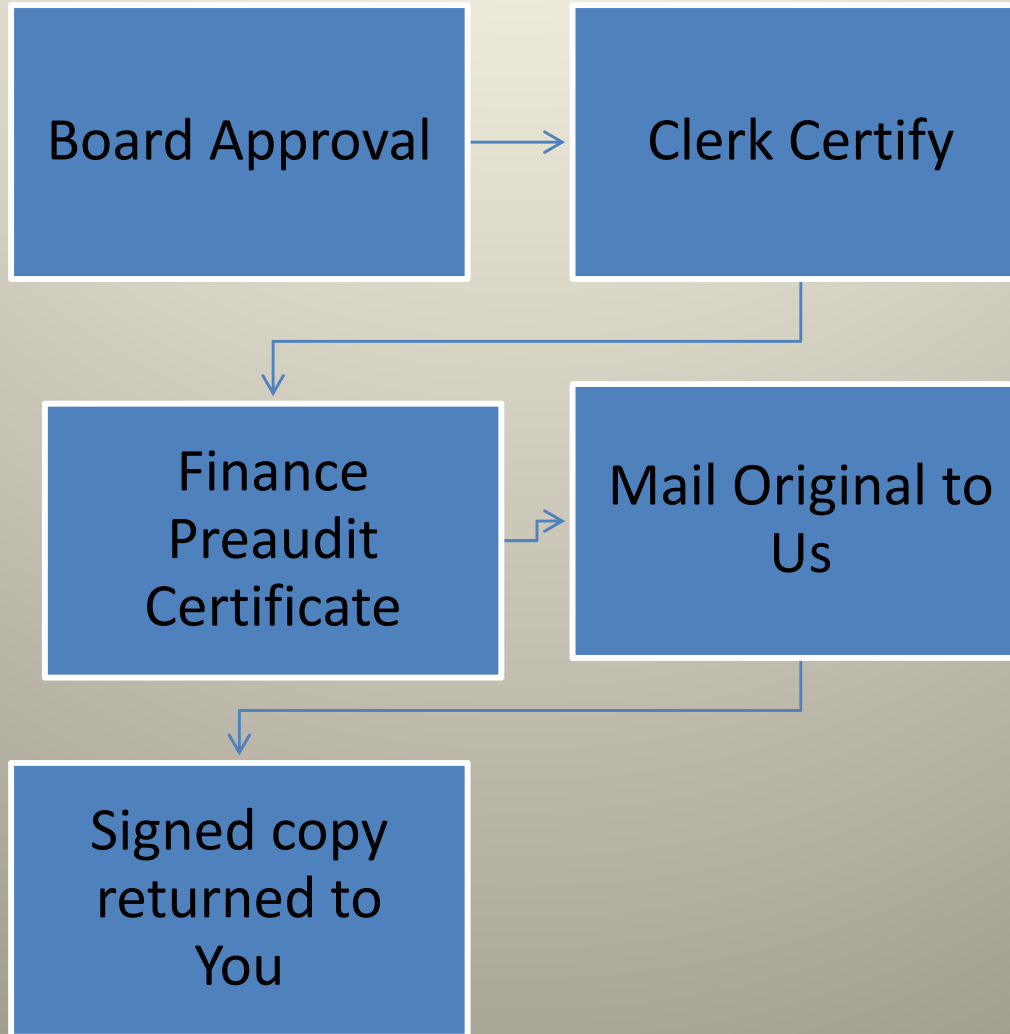
# Required Participation Form

- **Complete online**
  - **Submit to us**

- **Print out online form**
  - **Sign**
  - **Keep a Copy**
  - **Mail signed copy to us**

**FiveStar Will Contact You**

# Memorandum of Agreement



# Other Forms to be Completed

- **Local Agency Certification \***
  - Only if not municipality or county
- **Multiple Unit Collection Rider \***
  - Only if collect for other agency (Counties only)
- **Business Associate Agreement \***
  - Only if you will submit Health and or EMS data (any entity that is handling health information)
- **Inter Transfer Fund**
  - Fax to Capital Management

\* Mail to us

# DELINQUENT DEBT



# Debts Being Submitted

<b>Name</b>	<b>Number</b>
Utilities	261
Property Tax	202
Fines/Loans (Employee, Library, Inspection, etc)	156
Sewer Tap/Solid Waste	110
Vehicle Tax	105
Maintenance/Ordinance Violations	102
Returned Checks	102
Parking Tickets/Traffic Citations	98
Emergency Medical Services	64
Assessments	62
Privilege License	61
Health Department Fees	59
Animal Violations	37
Storage Rental	3

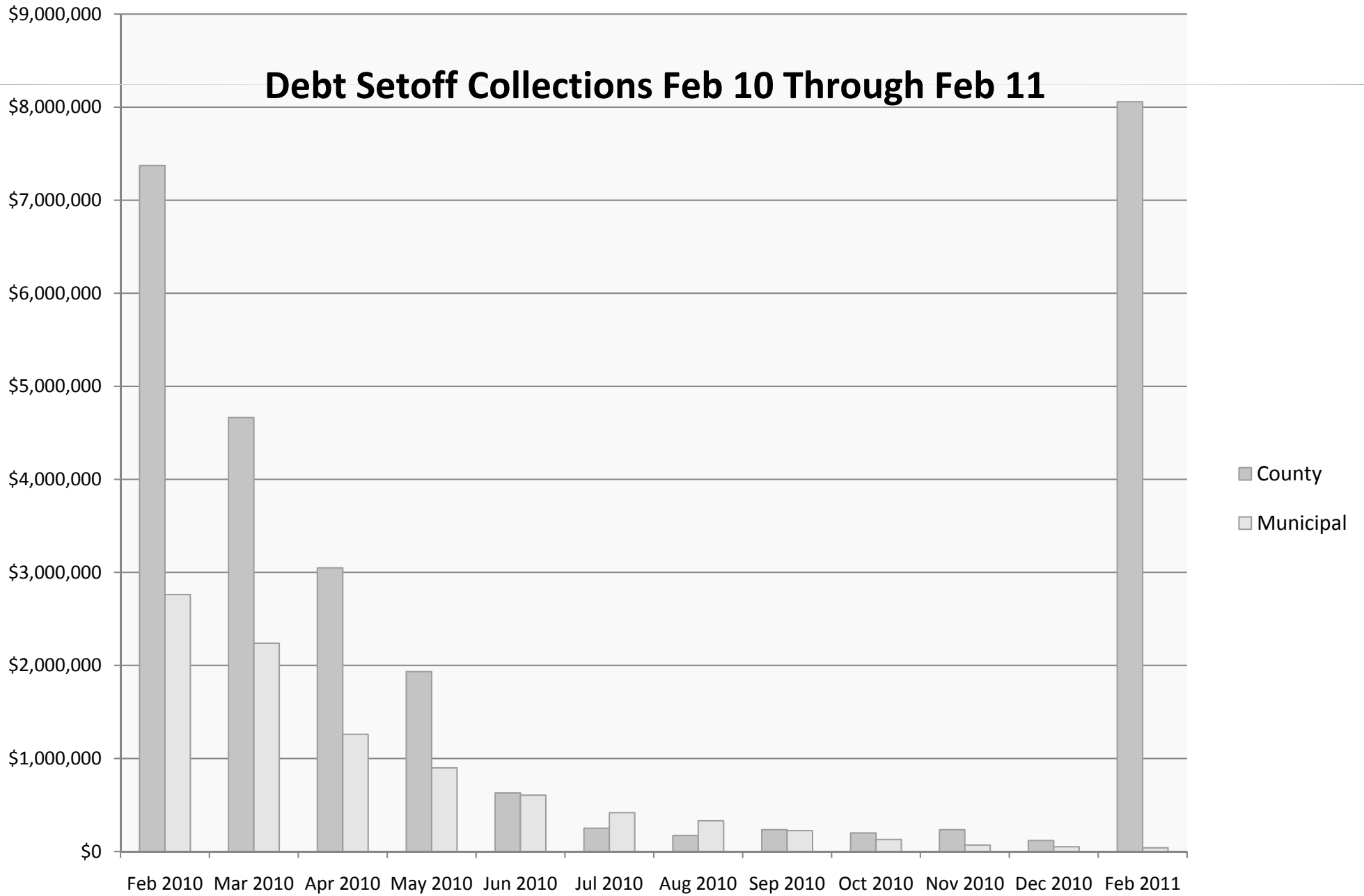
# MINIMUM DEBT

- 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

# 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

# Debt Setoff Collections Feb 10 Through Feb 11



# DEBTOR NOTICE AND PROCEDURE

- Written notice of intent – Sample Notification letters to debtors:

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

- Written request for hearing within 30 days

<http://www.ncsetoff.org/SampleNotification-Appeals-Tracking.pdf>

- Must determine if and how much is owed.
- Publicize in newspapers, TV, etc.

## Contact information



- [www.nclm.org](http://www.nclm.org)

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- [www.ncacc.org](http://www.ncacc.org)

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