

# Fall 2012—Post-Workshop Edition

Volume 2, Issue 6

October 8, 2012

## Reminders

- Submit your online 2013 Participation Form NOW
- Submit your online Names, Email Addresses and Notification list selections NOW if any changes
- Send Notification letters to new debtors if 60 days delinquent
- Clean-up your data for the new year
- Request an excel file of all of your debts
- Call the Interactive Voice Response (IVR) and listen to the pronunciations and info, contact us for changes

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## Six Training Workshops Completed in September

382 people attended the annual September workshops:

- Canton (40)
- Hickory (81)
- High Point (50)
- Pinehurst (47)
- Raleigh (78)
- Washington (86)

Presenters:

- N.C. League of Municipalities: Rob Shepherd, Madeleine Henley & Wanda Veasey
- N.C. Association of County Commissioners: Lisa Nolen
- N.C. Dept. of Revenue: Cindy Honeycutt
- Five Star: Bill Walsh

Two sessions:

- 10:30—11:30: new attendees, new responsibilities or those needing a refresher course
- 1:00—3:00: all attendees

The new legislated group allowed to participate is Regional Solid Waste Authorities.

If you did not attend, there are four handouts in pdf format at <http://www.ncsetoff.org/training.htm>:

1. New Attendees Start-up
2. New Attendees Technical
3. All Attendees
4. All Attendees Addendum—which covers items that were not discussed due to time constraints

5. Intro—while awaiting workshop to begin

The next training workshops will be in September 2013. Dates and locations will be set by June 2013. However, if you need to set-up a conference call to discuss any issue please call us toll-free at (866) 265-1668.

Thanks to the hundreds who attended again this year. We really appreciate those who are very knowledgeable and already proficient with debt setoff but continue to attend each year. We know this program has been very important to your local government. We try to cover the changes, recent and upcoming items of interest. We will always demonstrate new enhancements to our software. If you have any comments or suggestions please send an email to [ncsetoff@ncsetoff.org](mailto:ncsetoff@ncsetoff.org)

## Recap of Important Workshop Agenda Items

- Federal Income Tax—sadly, there is no update to this highly anticipated method of collecting more delinquent debts.
- Collection against Businesses—the Dept of Revenue hopes to address this after conversion to their new computer system in late 2013. Plans are to accept an Employer Identification Number (EIN) in addition to an SSN and ITIN.
- Obtaining SSNs—the Clearinghouse hopes to have in late 2012 a recommended vendor solution in order to obtain SSNs.
- Statute of Limitations—covered on page 2
- 2013 Participation Form
  - PRINT before Submit
- Coordinator and Contact can be the same
- One form covers ALL departments
- Names, Departments and Emails
  - Only needed if updates needed
  - WAIT If use our software

**Statutes are more involved with how far BACK to submit , not going forward! Debt s may remain active if continue to send invoice/ notices.**

**If funds are requested from the Department of Revenue the local government must do so within 30 days or be subject to paying Interest.**



**Best method for verifying the Clearinghouse has only the debts you desire**

## Statute of Limitations (Debt Expiration Date)

This topic is one of the most difficult in providing exact guidance. There are differing opinions in terms of county and municipal attorneys.

There are some local government attorneys that feel that the Statutes of Limitations do not apply to state governments but not to local governments. Some agree with a 1996 N. C. Attorney General opinion that the Statutes do not apply to local government debts under the Debt Setoff program. The link to the ruling is: <http://www.ncdoj.gov/About-DOJ/Legal-Services/Legal-Opinions/Opinions/270.aspx>.

Other attorneys have opinions that if the debtor does not appeal within 30 days after receiving the required notification letter then debts do not expire. But if appealed within 30 days then the statute may apply—can go 10 years back for taxes and 3 years back for any other type of debt.

Both the N.C. Association of County Commissioners and the League of Municipalities

advise you to consult your attorney and be sure they feel comfortable defending their opinion of the Expiration Dates being submitted by your local government.

If it is determined that some of your existing debts can be extended, the Expiration Dates may need to be modified and re-submitted. Let us know if we can assist as we may be able to modify these dates programmatically or with our software.

Don't just assume you have to expire all debts after 3 years!

## N.C. Department of Revenue (NCDOR) Report

For the past few years, Cindy Honeycutt from the Department of Revenue attended all of the workshops to give a presentation. Some highlights:

- Remember to enter accurate Social Security Numbers and Names. The match is on SSN and first four characters of last name. Any discrepancy requires manual review which can slow down the setoff for those persons
- Refund Requests— if requested that a local government return funds the NCDOR cannot disclose the reason(s) due to privacy issues. Return the funds within 30 days or interest may be required.
- Plans to convert to a new computer system in last half of 2012 has been delayed and hopes are for summer 2013. Once done, they intend to do SSN/ name check of all debtors submitted PRIOR to the new tax year in order to allow for review/update.
- Some additional information shared is in the 'Great Questions' section on page 3.

## Need an Excel File of All Debts? Just Make A Request

1) How would an excel file of all of your debts help?

It can be reviewed to ensure that all desired debts are included and those no longer needed can be deleted.

2) What information is included?

SSN, First Name, Middle Initial, Last Name, Address, City, State, Zip, Debt Amount, Compliance Date, Expiration Date, Account Number, Unique ID,

Agency Code, Department, Setoff Amount and Setoff Date.

3) Is it in a format that can be re-submitted back to the Clearinghouse once edited?

It has all of the information but is in a different order and needs to be modified with simple copy and insert functions.

4) Can an excel file of just one department be created?

Yes, just let us know how to

identify the department. Account Number may be able to determine it.

5) Can the excel file be emailed?

No, it will be placed in your secure folder.

6) How to Request an Excel File?

Send an email request to: [ncsetoff@ncsetoff.org](mailto:ncsetoff@ncsetoff.org)

## Great Questions from the 2012 Training Workshops

1. Can a local government send a letter to a debtor even if no SSN available to submit and collect on the debt? *Yes, a letter can be sent to a debtor regardless of an SSN.*
2. Can you send a letter to someone when you know the address is incorrect and will be returned? *Yes, by law just send to the last known address, even if you know it will be returned.*
3. Is public notice required before a local government can start implementing the Debt Setoff program? *No, it is not required. But suggested so that some debtors may pay as they will expect their refund to be setoff.*
4. Is it allowable for a local government to require a Social Security Number? *No, services cannot be denied for failure to provide an SSN. It is suggested that a statement in writing list that "an SSN will only be used in the collection of a debt for non-payment".*
5. If someone files for Bankruptcy do you have to remove their debt(s)? *Yes, but debt(s) AFTER a bankruptcy are valid to submit. Still, consult your attorney.*
6. If someone dies during the tax year and funds are setoff, does that money have to be returned to the taxpayer, spouse or estate? *No, the debt was still owed. But the Department of Revenue may get involved and request the funds be returned.*
7. How long should returned letters be kept? *There is no identifiable notation in the State of N.C. retentions records which may mean that the retention is unlimited. The Clearinghouse suggests that when letters are generated that an electronic version be created and saved to a long-term retention method such as CD, DVD or an offsite rotation. It is most important to prove the letters were sent.*
8. If a debt is partially setoff and the balance becomes less than \$50.00 will it be continued to be setoff? *No, once it drops below \$50 it is no longer sent each week to the Dept. of Revenue.*
9. Does the Clearinghouse send any information to credit agencies? *No, the only agency of any kind the Clearinghouse sends information to is the N.C. Dept. of Revenue.*
10. If a Purge and Reload is requested is the priority on those debts lost? *No, as long as the new file submitted uses the same Unique IDs then the original time and date stamp is retained.*
11. Can a local government add it's own fee to a debt? *No, unless when someone signs up for service and are presented with documentation stating that fees will be added for collection. For taxes, publication fees and interest can be added. But a specific fee for the collection of the debt is not allowed unless stated in writing up-front.*
12. Can returned check charges be added to a debt? *Yes, this can be added to the debt.*
13. How often should debts be submitted during the year? *As often as new debt becomes 60 days delinquent or when direct payments are made to the local government reducing an outstanding balance. The Clearinghouse sends EVERY Tuesday morning to the Dept. of Revenue.*
14. If a debtor is a minor, for a medical issue, should the patient or the parent/guardian SSN be used? *The parent/guardian is advised as the minor probably will not submit a tax return.*
15. How could a debt be submitted to the Clearinghouse and the debtor have a N.C. tax refund and not be setoff? *There could be several reasons: 1) the name associated with the SSN did not match the Dept. of Revenue records; 2) the debtors tax refund was submitted improperly with a spouse on a joint return; 3) the Dept. of Revenue in a manual review choose not to setoff or made a mistake.*
16. A setoff from the Dept. of Revenue was not enough to pay off the debt in full and the debtor still received a tax refund, how did this happen? *It could be a joint return and the Dept. of Revenue uses a pro-rata on the amount of the debtor's refund compared to the total refund for both spouses.*
17. A husband and wife share a debt, which SSN and name should the debt be submitted with? *This is difficult to answer unless specific details are known such as if just one or both spouses work. The SSN and name can be submitted in one or both. Both if both are submitted and if the entire amounts are submitted, you could recover twice as much and fees on both which need to be funded. You could split the debts and see which SSN/name is setoff and then adjust afterwards.*



**Here is a compilation of some of the best questions from our 2012 training workshops. If you still have any questions, send an email to [ncsetoff@ncsetoff.org](mailto:ncsetoff@ncsetoff.org) or just call and we will answer directly and possibly include in a future newsletter for others to be aware of.**

**There are more Frequently Asked Questions (FAQs) at <http://www.ncsetoff.org/faqs.htm>**

NORTH CAROLINA LOCAL GOVERNMENT

# DEBT SETOFF CLEARINGHOUSE

Website:  
<http://www.ncsetoff.org>  
Toll-free Support:  
(866) 265-1668  
Interactive Voice Response  
(IVR): (877) 843-0330  
E-mail: [ncsetoff@ncsetoff.org](mailto:ncsetoff@ncsetoff.org)

N.C. Clearinghouse Staff:  
Bill Walsh  
(President/Operations Manager)  
Fran McClary  
(Customer Services)  
Brandon Walsh  
(Customer Services)  
Drew Bryant  
(Software Developer)



North Carolina Association of  
County Commissioners  
Website: <http://www.ncacc.org>  
Contact: Lisa Nolen  
Phone: (919) 715-4362  
E-mail: [lisa.nolen@ncacc.org](mailto:lisa.nolen@ncacc.org)



North Carolina League of  
Municipalities  
Website: <http://www.nclm.org>  
Contact: Wanda Veasey  
Phone: (919) 715-2218  
E-mail: [wveasey@nclm.org](mailto:wveasey@nclm.org)

N. C. Department of Revenue  
Tax Care Assistance  
(877) 252-3052

N. C. Capital  
Management Trust  
(800) 222-3232

## Client Software Version 2011/2012 Update

### Reminders:

- We can assist you in printing your letters and saving a pdf version
- Users of version 2007 need to upgrade to the new software by mid-December 2012

### Upgrade Status:

- Number of Local Governments Converted: 184
- Number of Local Governments that MUST convert: 47

### New Version Available by Wednesday November 7 (2012.11):

- Debtors will show the Date Added, Date Edited and Date Letter Printed
- Create a default Expiration Date by Account Code/Dept. — now set to three for all
- Set each Account Code/Dept as Interest Accruing or not
- Users can maintain Department, Title, Phone Number, Email Address and the four different email groups desired: 1) Funds Received, 2) Upload File Confirmation, 3) Reminder of Setoff File Not Downloaded, 4) Information Newsletters; and upload to the Clearinghouse, eliminates the Names, Departments, Email Address online form
- All reports now have selection for a specific Account Code/Department
- Export to Excel with multiple selections:
  - By Account Code/Department
  - By User
  - Include All Debtors Added/Edited between a Date Range
  - Include All Debts Added/Edited between a Date Range
  - Include Setoffs between a Date Range

### Implementation of Updated version:

- Email will be sent with simple, detailed instructions for upgrading
  - All users should upgrade, not just the administrator or specific departments
  - Users who print letters, need the old PDF creator uninstalled and the new one installed
  - Easy enough to do yourself, but notify your I.T. if necessary before attempting
  - Contact us if unsuccessful, we will remote to your computer and complete
  - The online help system will be updated to reflect all changes

### Changes for Future Versions (2013.xx):

- Maintain all setoff history, back to 2002 or when started
- System Setting for each Account Code/Department
- Allow for Comments on debtors