

# Utah Association of Counties Tax Refund Exchange and Compliance System (UTRECS) Summary of Program

#### **UAC's Local Government Debt Offset Program**

- UTRECS is a results-oriented process to help counties, cities, towns, school districts, and other political subdivious collect outstanding debts in a timely, cost-effective manner
- UTRECS debt offset program allows participating political subdivisions to compile and submit their delinquencies for offset against pending state personal income tax refunds
- Participating entities incur little if any additional collection costs the debtor is charged the local collection assistance fee supporting program operations
- Participating entities must impose on the debtor a local collection assistance fee of \$25 for each successful offset or acceptance of a full walk-in repayment post clearinghouse submission; the clearinghouse will add the \$25 to the debt record
- To lessen local government work disruption, UAC has engaged county staff expertise early on during program development to integrate its setoff services into existing financial county revenue billing and collection processes
- UAC has worked closely with the Utah Division of Finance to meet current state offset requirements for data transmission, data security, and financial process standards
- Existing state debtor notification requirements ensure that citizens are accorded appropriate due process

#### Perspectives on Debt Offset in Utah

- Current statutory code allows Utah state agencies, Utah counties, cities, towns, school district, community reinvestment agency, special improvement or taxing district, local district, special service district, or any entity created by an interlocal agreement to submit debts of at least \$20 dollars against state personal tax refunds
- Utah Code 63A-3-301, authorizes the Division of Finance to establish an offset program and to offer the program to a county, city or town, school district, or aforementioned special district
- UAC has worked closely with the Division of Finance to be designated as a local government clearinghouse, acting as a service provider for local governments upon request

### **Program Implementation**

- Utah public collection officials confirmed that UTRECS' workflow process should include a social security number look-up service as non-court related collectors do not collect SSNs with property tax and other fees data. UTRECS would include the lookup service as a part of its functionality
- UTRECS will offer an automated data export exchange between the agency's financial systems and the clearinghouse, with a similar back-end data import feature to update county financial records
- To ensure ease of implementation, UAC is working with primary tax software vendors in Utah to generate the needed data stream with little county intervention and at little or no cost to local government units

 The Division publicly shares its data file requirements online, and an UTRECS record layout and data dictionary structure incorporating state and clearinghouse data needs was developed to standardize data submission and receipt

## **Benefits Realized by Local Governments**

- Debtors end up paying for their share of county and local services but avoid negative credit-rating impacts
- Compliant taxpayers benefit from higher collection rates for county and local taxes and fees, thereby mitigating the need for higher tax or fee rates to offset uncollectables
- UAC will regularly report the total offset dollars received per local government participant and help identify and share best practices to maximize debt offset receipts

#### The UTRECS Clearinghouse Process

"Clearinghouse" completes & submits Debt Source Form and state-required agreement for all participating political subdivision to DoF. Political subdivision signs Clearinghouse & DoF MOUs.



Participating entities submit file of delinquent records to Clearinghouse



Clearinghouse submits one consolidated file with names and SSNs to DoF through SFTP and refreshes this file daily for any releases on unmatched records and to update debt amounts



DoF sends notice to debtor, Clearinghouse admin downloads this report and also mails debtor 21-day notice at this time



Clearinghouse admin designates debts to be garnished through utilization of garnishment



DoF updates portal daily with CSV of intercepted SSN refunds



DoF provides CSV file of garnished records & provides lump sum payment to Clearinghouse approx. 3 days after clicking of garnishment button



Participating political subdivision handles any appeals, as necessary, Clearinghouse number directs debtors to claimant jurisdiction



Clearinghouse distributes funds received from DoF and provides individual customized reconciliation files to counties based on the final garnished records payment file