

Refund Interception Guide for Counties and Municipalities

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I. GENERAL INFORMATION

Section 71.935, Wis. Stats., permits the Wisconsin Department of Revenue (DOR) to intercept, or set off, taxpayer refunds and other refundable credits against certain county or municipality debts. This guide provides general information about the refund interception program and contains specific procedures necessary to establish and maintain accounts for debtors.

All debts certified must be identified by the debtor's name and social security number, federal identification number or operator's license number, and must have a balance of at least \$20.00. Refund interceptions for county or municipality debts will occur only after all amounts due DOR and other state agencies have been satisfied.

Debts are established and maintained through file maintenance transferred electronically between DOR and the county or municipality. Debtor information is edited and compared to the DOR income tax history file and the county or municipality is notified whether the debt has been accepted for certification.

Counties or municipalities are notified weekly of amounts set off to debts. A check is sent weekly to the county or municipality for the full amount intercepted for that period. After each calendar quarter, DOR sends a settlement report to each agency that summarizes the financial activity for their account for that quarter.

A. Qualified Debts

To be eligible for this program, debts must be at least \$20.00 and fall into one of the following categories:

- An unpaid fine, fee, restitution, or forfeiture.
- An unpaid parking ticket for which there was no court appearance by the date specified in the citation or, if no court date was specified, that is unpaid for at least 28 days.
- Any debt that has been reduced to a judgment.
- Any debt for which the county or municipality has provided the debtor reasonable notice and an opportunity to be heard, including debt related to property taxes.

If you have questions about whether your debts qualify for this program, please consult your legal counsel.

B. Common Questions And Concerns

1. Will the Wisconsin Department of Revenue (DOR) provide ID numbers for debtors?

DOR uses both the name and social security number, federal identification number or operator's license number provided by the county or municipality for the debtor to assure a proper match when a tax refund becomes available for intercept. To avoid incorrectly intercepting a refund belonging to a non-debtor taxpayer, the match is required on both the name and ID number. To insure the integrity of this identification process, DOR requires that the county or municipality provide the ID to establish a debt.

2. What kinds of debts are covered?

Section 71.935, Wis. Stats., defines eligible debts as fines, fees, restitutions, forfeitures, certain parking tickets, any debt that has been reduced to a judgment, and debts for which the debtor has been provided reasonable notice and the opportunity to be heard, including debts related to property taxes. Counties and municipalities are responsible for determining if a debt qualifies under this statute. Only qualified debts may be certified to DOR for tax intercept and the county or municipality is responsible for any appeal or legal action contesting the interception.

3. What appeal provisions apply and how are disputed claims handled?

The certifying county or municipality must notify the debtor, in writing, within five days of its certification of the debt to DOR. This notification shall include the basis of the certification and the debtor's right to appeal, if any. Appeal rights are to be established by the county or municipality.

4. What should be done in the case of bankruptcy?

Once a debtor has filed for protection under the bankruptcy code, the county or municipality's right to a refund interception may be limited. Please contact your legal advisor if this situation arises and inactivate your debts if necessary. The county or municipality is responsible for refunding any monies during a bankruptcy stay.

5. What is the priority of debts?

Tax refund intercepts are applied to debts in the following order:

- Debts owed to DOR.
- Debts certified by other state agencies under sec. 71.93, Wis. Stats., in the order certified. These include child support debts certified by the Department of Children and Families.
- Debts certified by counties and municipalities under sec. 71.935, Wis. Stats., in the order certified.
- Debts owed to the federal government under sec. 73.03(52), Wis. Stats., in the order certified.

6. When is the administrative fee charged?

The taxpayer is charged a fee, currently \$5.00, for each amount that is intercepted from their refund, at the time the interception(s) occur. For instance, if a refund is applied to three separate debts, the taxpayer is charged a total of \$15.00 (\$5.00 per debt) in administrative fees.

7. What about changes in a balance or overpayment?

The participating county or municipality uses file maintenance to reduce debt balances to reflect payments received outside this program. DOR automatically reduces the debt balance by the amount collected when a refund interception occurs.

If an overpayment occurs, it is the responsibility of the county or municipality to issue any refund, including the administrative fee, to the taxpayer.

8. How is the taxpayer notified that their refund was intercepted?

DOR mails a setoff notice to the taxpayer in lieu of their refund check, or in addition to any amounts that are left after setoff. This notice includes the name and contact information for each agency that received monies from the refund, and is mailed the same day that DOR mails the agency their weekly remittance.

II. PROCESSING INSTRUCTIONS

A. Applications

Counties or municipalities intending to participate in DOR's refund interception program must complete and submit an "Application for Tax Refund Intercepts for County/Municipality Debts". The application requires a contact name for operational issues and questions, and a contact name for debtor inquiries. Unless the same person performs these duties, a name and a phone number must be provided for each type of contact. An application may be found on pages 7-11 of this guide. DOR acknowledges receipt of the application and assigns the county or municipality a unique identification number to use when transmitting data to the department.

At least one county or municipality representative must also obtain a Web Access Management System (WAMS) user ID and password to access the TRIP system. Registration information for these IDs can be found at www.revenue.wi.gov/ise/trip/register.html. Once a WAMS user ID is obtained, the user must request authorization to access the agency account.

B. Certifying Debts

The county or municipality must be able to provide debtor information, including social security number, federal identification number or operator's license number using a personal computer with Internet access through the Tax Refund In-

tercept Process (TRIP). For record layouts and file maintenance specifications, see the TRIP User Guide.

Debtor information that is submitted for certification is edited and compared to DOR's income history file. Only debts that pass the department's edit process are added to the debtor database. DOR notifies the county or municipality if a debt was accepted or rejected. Accepted debts are assigned a debt number that must be referenced when transmitting future file maintenance for a debt. Error messages are sent that identify the nature of the error for rejected debts. Most often, debts are rejected because the ID number and name that is submitted does not match the ID and name in DOR's income history or debtor database.

Not later than five days after certification, the county or municipality must notify the debtor in writing that their debt was certified to DOR for refund interception and inform the debtor of their right to appeal (see Debtor Notification on page 5). A contact person for the county or municipality should be clearly identified and readily available to handle debtor inquiries.

Before they are issued, all DOR refunds are first compared to DOR's file of delinquent tax liabilities. Refunds for which no tax liability exists, or where the refund exceeds any tax liability, are matched against the debtor database for other certified debts. Once a week the name, address, ID number and current balance of debtors scheduled for refund setoff are transmitted to the appropriate agencies.

C. Adjusting Debt Balances

Adjustments to debt balances can be handled either through routine file maintenance at the time the county or municipality makes an adjustment to their records. Debt balances can be lowered at any time. However, debt balances can only be increased on the most recently established debt. File maintenance records will contain an error message indicating the balance cannot be raised if file maintenance is submitted to increase the balance of a debt when there is an intervening debt. In these cases it is necessary for the county or municipality to establish a new debt for the debtor.

This new debt should be for the amount of the additional liability, but must be at least \$20.00. The original debt will remain on file and be collected in the order in which it was established.

D. Payments

Refunds with successful matches are posted to the appropriate debts. Refund interceptions for county or municipality debts occur only after all amounts due DOR and other state agencies are satisfied. County or municipality debts are satisfied in the order they are certified to DOR.

The amounts posted to debts, along with identifying information, are transmitted to the counties or municipalities once a week.

Debtors are notified of the refund intercept by DOR. The county or municipality contact person and phone number for debtor inquiries are listed on the debtor's notice. Any amounts left after setoff are included with this notice.

DOR remits a check weekly to each county or municipality for the full amount intercepted since the last remittance. One check is issued for all funds collected for debts certified by a particular county or municipality.

E. Overpayments

In the event that a refund intercept by DOR does result in an overpayment, it is the responsibility of the county or municipality to refund any monies due to the debtor, including the administrative fee.

F. Reversals

Occasionally a refund that has been intercepted is determined to have been issued in error, or is otherwise adjusted. In these instances, DOR will reverse the credit posted in error and notify the county or municipality immediately via a fax recall request. In instances where the entire setoff amount is reversed, DOR will be responsible for refunding the administrative fee to the taxpayer.

G. Record Keeping

To ensure that TRIP retains optimum performance, old information is regularly deleted from view. For this reason, it is the responsibility of the county or municipality to keep accurate records independently of what is posted on TRIP. Debt balances should be verified, and corrected if necessary, before refunds are posted. Posting records should be retained to match with the payments issued weekly.

H. Debtor Inquiries

The county or municipality must provide a contact person and telephone number to handle debtor inquiries. Debtors are given the name and phone number of the contact person when they are notified by DOR that their refund was intercepted. The contact person is responsible for insuring that correspondence and telephone inquiries from debtors are handled in a timely manner.

I. County/Municipality Responsibilities

County or municipality representatives are responsible for the following:

- Check TRIP at least once a week. New files are posted weekly.
- Receive posting records and payments of intercepted refunds.
- Manage debtor balance and identity information provided to DOR.
- Apply intercepted refunds to debtor's account.
- Respond to debtor inquiries regarding debt accounts.
- Refund any overpayment of debtor's account to debtor.
- Balance quarterly settlement report.
- Maintain confidentiality of all information obtained from or furnished by DOR.

J. Appeal Rights

No later than five days after certification, the county or municipality must notify the debtor in writing of the certification of the debt to DOR. This notifica-

tion shall include the basis of the certification and the debtor's right to appeal, if any.

DOR does not handle any appeal arising from this notification. Appeals must be handled at the county or municipality level.

Any legal action contesting the interception shall be brought against the county or municipality, not DOR.

K. Debtor Notification

The following is an example of a form letter that could be used to notify debtors of certification:

date

name

address

NOTICE OF INTENT TO CERTIFY DEBT

Pursuant to section 71.935 Wisconsin Statutes, you are hereby notified that *county or municipality (C/M)* has certified to the Wisconsin Department of Revenue (DOR) that you are indebted to *C/M* for *source of debt*, as follows:

DATE ISSUED

AMOUNT

LEGAL COSTS

SUB TOTAL

LESS PAYMENT

TOTAL DUE

The purpose of the certification is to make a claim for the total due *C/M* against refunds or overpayments owed you by DOR. If your debt is not settled by the time you file your Wisconsin State Income Tax return, all or part of your refund may be intercepted to pay your debt. Any remaining amount that is due to you will be delayed an additional 4-8 weeks on top of normal processing time. The debt will remain certified to DOR until it is paid in full.

You have the right to appeal this action.

An appeal must be submitted in writing, must state the specific grounds for objection, and must be postmarked or received within *number of days* after mailing date of this notice at *address and physical location for appeals*.

Sincerely,

L. Electronic Requirements

The data necessary to certify and maintain debts is transmitted between DOR and the counties or municipalities primarily via the Tax Refund Intercept Process (TRIP). TRIP is an Internet-based application that is available seven days a week, 24 hours per day. TRIP is managed by DOR's Refund Interception Coordinator, who is responsible for authorizing new users and accounts, monitoring system upgrades, trouble-shooting problems, and handling correspondence. Each county or municipality is required to have an Internet browser that supports HTML 4.0 or higher (HTML 6.2 or higher if using Netscape Navigator), supports Secure Sockets Layer (SSL) 128 bit encryption, and has JavaScript enabled. Once your application is accepted and you are assigned a unique county or municipality identification number and a WAMS logon ID and password, you are authorized to begin uploading and downloading files via TRIP.

M. Data Processing Schedule

Data that is uploaded to DOR is stored throughout the week until 5:00 p.m. on Fridays when it is uploaded to the mainframe for processing. New file maintenance records are available for retrieval later that night. Posting notices are available for retrieval the following Monday night.

N. Data Retention

Data is available from TRIP for only a specified length of time. Do not rely on TRIP to be a permanent source of your agency's information. You must regularly print or download these records.

**WISCONSIN DEPARTMENT OF REVENUE
COUNTY AND MUNICIPALITY AGENCY AGREEMENT FOR
TAX REFUND INTERCEPTION**

This agreement between the INSERT NAME OF AGENCY (hereafter referred to as “agency”) and the Wisconsin Department of Revenue (hereafter referred to as “department”) is to effect the setoff of tax refunds and refundable credits when such refunds or credits exceed the debtor’s Wisconsin tax liability or any other liability owed the department, against debts owed to the agency as provided in secs. 71.935, Wis. Stats.

The agency and the department agree that:

1. Any debt certified to the department must be greater than \$20.00 and shall be reduced to a judgment prior to certification unless the debtor has been afforded reasonable notice and an opportunity to be heard with regards to the debt.
2. The agency will send notice to the debtor of the agency’s intention to certify the debt to the department, and of the debtor’s right to appeal, not later than 5 days after such certification.
3. Information as to each debt will be furnished by the agency in an electronic format prescribed by the department.
4. The agency debtor information will be edited and compared to the department’s “history file” to determine correctness. Notification will be given to the agency whether such data was accepted or rejected in the same medium as originally submitted by the agency. If the data is accepted by the department, the department will transmit the debt number for each debt accepted to the agency.
5. The agency is responsible to maintain an accurate debt balance with the department. The agency may update the balance monthly for interest accrual, and shall update the balance as needed to reflect payments received directly from the debtor, or credits made by the agency.
6. Once a setoff has been posted, the agency will be notified of such postings.
7. Postings will be done weekly and remittances will be sent to the agency weekly. The remittance (a check) will be sent to the agency approximately 7 days after the setoff and will include all postings for that period.
8. The remittance to the agency will be the full amount of the setoff. Quarterly, the department will issue a settlement report that summarizes the financial activity for the agency’s account for the previous calendar quarter.
9. If a setoff has been posted to a debt and it is later determined that the setoff was in excess of the debt owed to the agency, it will be the agency’s responsibility to refund such excess to the debtor, including the administrative fee, when appropriate.
10. Interceptions that occur because of erroneous identification information provided by the agency may be corrected by the department and the amounts involved may be reversed and added to the department’s quarterly settlement report.
11. If a refund or refundable credit is determined to be in error or is otherwise adjusted after posting to an agency debt, the department may reverse the credit with that agency.
12. Correspondence and telephone inquiries received for any debtor relative to debts certified will be forwarded to the agency for response. Contact persons for the agency and the department will be identified.

13. The agency shall be responsible and liable for, and handle any claims or lawsuits made against the department arising from an alleged wrongful or improper setoff.
14. The agency agrees to maintain the confidentiality of all accounts, correspondence, documents and any other related information, which may be obtained from or furnished by the department, to the same extent as information is protected from disclosure by the state pursuant to section 71.78, Wis. Stats., and other Wisconsin laws. Any unauthorized use or disclosure of such information, or inadequate procedures for safeguarding the confidentiality of such information, constitutes grounds for immediate termination of this agreement.
15. If the agency hires or enters into a contract to hire a 3rd party to manage the set-off program, the agency must have a confidentiality agreement, approved by the department, and signed by the 3rd party. No information obtained from the department may be shared with the 3rd party unless such an approved agreement has been signed and a copy provided to the department. The 3rd party may not use information obtained from the department, either directly, or through the agency, for any purpose other than administration of the department's refund setoff program.
16. The Secretary of the Department of Revenue shall be the final authority in the resolution of any interagency disputes in regard to certification of debts.

This agreement is effective upon the signing below of the agency and department's representatives. Amendments mutually agreed to by authorized representatives of the agency and the department shall become effective when signed and dated as an ADDENDUM to this agreement. The terms of the agreement may be renegotiated upon 60 days notice by either party.

Agency: _____

Wisconsin Department of Revenue:

By _____

By _____

Dated _____

Dated _____

Agency Information

Please provide the following information after reading the instructions on page 11. You may also need to obtain a WAMS User ID to exchange debtor information with DOR. Incomplete applications will not be processed. If you have any questions about this process, please contact the Refund Interception Coordinator at 'trip@revenue.wi.gov'

SECTION 1 -- AGENCY INFORMATION – This is the debtor contact information. The agency name, contact name and phone number will be public.

- 1. Agency Name _____
- 1a. Agency FEIN _____
- 2. Contact Name for Debtor Inquiries _____
- 3. Debtor Contact Phone Number --
- 4. Proration (required) (not required)

SECTION 2 -- AGENCY ADDRESS – This is the contact information for the government agency for DOR use only.

- 5. Contact Name _____
- 6. Phone Number --
- 7. Fax Number --
- 8. Mailing Address _____
- 9. City _____ State _____ Zip -
- 10. E-Mail Address _____

SECTION 3 – 3rd PARTY PROVIDER CONTACT INFORMATION

Note – If using a 3rd Party Provider, a copy of the confidentiality agreement between the Agency and the 3rd Party Provider must accompany this application.

- 11. 3rd Party Provider Name _____
- 12. 3rd Party Provider address _____
- 13. 3rd Party Provider contact name for administrative issues _____
- 14. 3rd Party Provider phone number for administrative issues _____
- 15. 3rd Party Provider contact name for debtor inquiries _____
- 16. 3rd Party Provider telephone number for debtor inquiries _____
- 17. 3rd Party Provider fax number _____
- 18. 3rd Party Provider E-Mail Address _____

SECTION 4 -- CHECK ADDRESS

- 19. Contact Name _____
- 20. Phone Number - -
- 21. Mailing Address _____
- 22. City _____ State _____ Zip -

SECTION 5 -- DEPARTMENT OF REVENUE USE ONLY

Date Received: _____ ID Number Assigned: _____

INSTRUCTIONS

- Line 1 (Agency Name and FEIN): Provide the name and FEIN of the state agency that is enrolling in the program.
- Line 2 (Contact Name for Debtor Inquiries): Provide the name of the person that debtors are to call with questions regarding the debt. A position name (e.g., receptionist, collections specialist, etc.) may be substituted in place of a person's name.
- Line 3 (Phone Number): Provide the phone number for the debtor contact (above).
- Line 4 (Proration): Indicate whether the agency requires joint refunds are to be prorated between both spouses prior to application to the debt.
- Line 5 (Contact Name): Provide a contact name for the agency listed in Line 1 (above).
- Line 6 (Phone Number): Provide the phone number of the person listed in Line 8 (above).
- Line 7 (Fax Number): Provide the fax number of the person listed in Line 8 (above).
- Lines 8 – 9 (Mailing Address): Provide the mailing address of the agency listed in Line 1 (above).
- Line 10 (E-Mail Address): Provide the E-Mail address of the person listed in Line 8 (above).
- Lines 11 – 18 (3rd Party Collection Agency): This information must be completed by the agency if using a 3rd Party Collection Agency.
- Line 11 Provide the name of the provider.
- Line 12 Provide the address of the provider, not the agency address.
- Line 13 Provide the provider contact name for administrative issues.
- Line 14 Provide the provider phone number for administrative issues.
- Line 15 Provide the provider contact name for debtor inquiries.
- Line 16 Provide the provider telephone number for debtor inquiries.
- Line 17 Provide the provider fax number, typically used by DOR for recalls.
- Line 18 Provide the provider email address.
- Lines 19 – 22 (Check Address Information): Provide the information in this section for the check address that will be sent from the Wisconsin Department of Revenue.

Mail or Fax Completed Form and Agreement to:

Wisconsin Department of Revenue
Attn: Setoff Coordinator
P. O. Box 8901
Madison, WI 53708-8901
Fax: 608-261-6226