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Legislative Update

The budget bill contains provisions that will impact the agency setoff program. The following link will take you to the entire budget bill for review: <http://www.legis.state.wi.us/2009/data/AB-75.pdf>

Change to Balance Verification Requirement – Section 1806 of the budget bill contains an amendment to sec. 71.93 (3) (a), Wis. Stats., which removes the requirement for a verification of the debt balance for state agency debts. There is no requirement in sec. 71.935, Wis. Stats., to verify balances for county or municipal debts.

IMPACT: Balance verification files will no longer be sent. It is essential that all state agencies, counties and municipal partners keep debt balances current.

What this means is that agencies will receive their distribution sooner. In addition, debtors will be less confused about the process because their refunds, along with a setoff explanation, will be disbursed sooner.

To Do List:

- Mark your calendars for the date that the change will be implemented: October 1st, 2009.
- Review your summary files to make sure that all balances are current.
- Implement measures to ensure balances are updated as payments or adjustments occur. Interest updates may be made to a debt on a monthly or quarterly basis only.

Balance verification files will no longer be sent. In the event that a debt balance is not accurate the agency will be responsible for refunds of overpayments to the taxpayer, including setoff fees, if appropriate.

Name Mismatch & Zero Debt Clean-up Project

We have identified two problems in the agency setoff system that require immediate action.

1. **Name Mismatches** - There have been approximately 15,000 name mismatches so far this year in the agency setoff system that required manual review prior to releasing the refund proceeds. In the review process we determined that approximately 9,000 were invalid debtors. What has happened is that a name has been submitted with the wrong SSN, and we accepted the debt because there was no record of that debtor in the DOR income history at the time of certification. When the actual owner of the SSN files an income tax return, the refund is held pending an agency setoff review – even though they do not owe any debt.

In an effort to correct this situation, the DOR is working to zero out the debts that have been submitted with an incorrect SSN. Once the debts have been set to zero, a job will systematically delete the individuals from the setoff system.

2. **Zero Debts** – The agency system has grown significantly in the last few years – more than anticipated. We are finding that the system is quickly reaching its limitations. Each debtor has a 200 debt limit and a 500 transaction limit. In addition, some of the larger agencies are having trouble downloading summary reports due to the sheer size of their debt portfolios.

The solution to alleviate some of the stress on the system is to run a purge of all debts that have a zero balance.

File Maintenance reports will show debts that are set to zero by DOR. These debts will have a code of 'R' under the 'Source' field. Agencies will be notified by email prior to running the delete job.

[Our newest agency partner...](#)

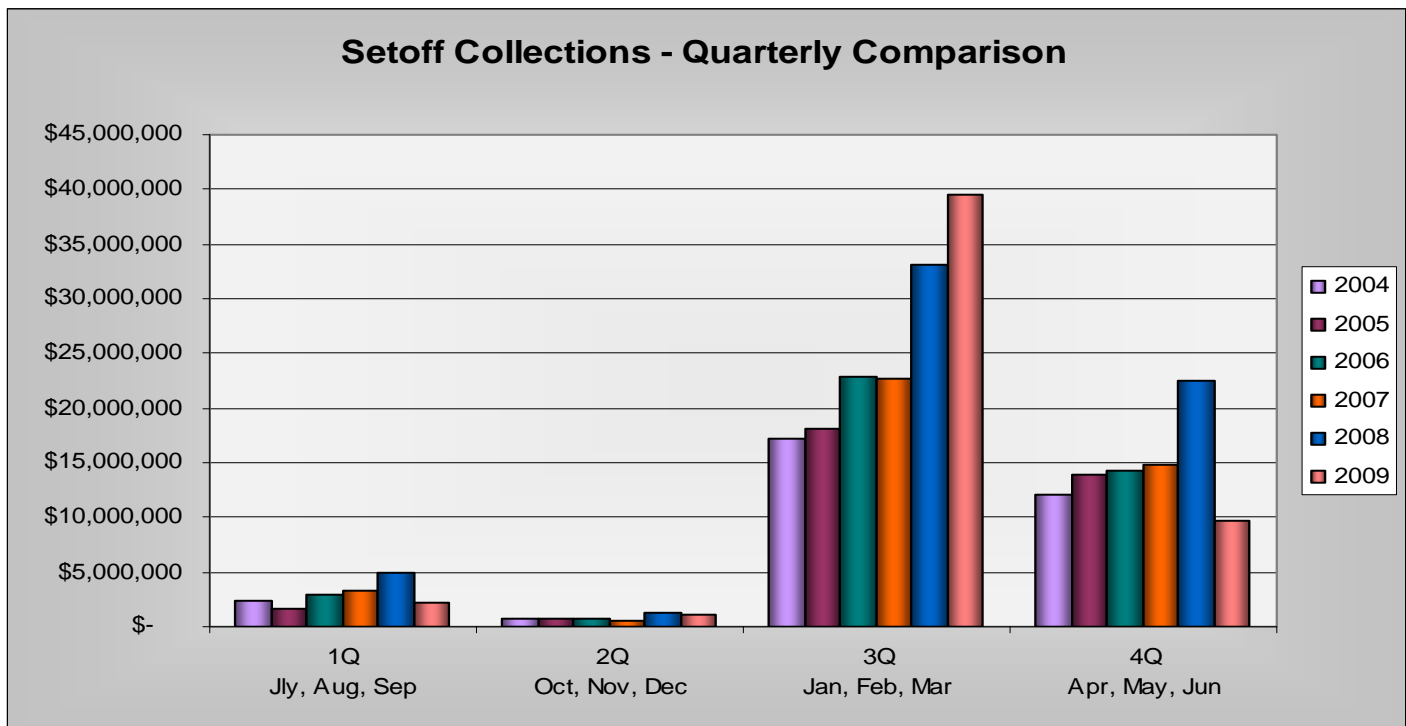
DOR has recently welcomed the Minnesota Department of Revenue (MN-DOR) as our newest agency partner. MN-DOR is the first state to enter into a reciprocal state intercept agreement. State to state intercepts are authorized by sec. 73.03 (52) (m) Wis. Stats. On February 17, 2009, WI-DOR and MN-DOR signed a reciprocal agreement to begin setting off tax debts through refund setoff programs. The Minnesota Department of Revenue has already begun submitting debts to the agency setoff system. The debt setoff priority is in the following order:

1. Debts to DOR
2. Debts to State Agencies
3. Debts Counties and Municipalities
4. Debts to the IRS
5. Debts to federally recognized tribes located within the state
6. Debts to other states – MN

The Department of Revenue has, in turn, referred tax debts to the MN-DOR for intercept. This agreement only covers the exchange of tax debts and is between WI-DOR and MN-DOR. We do not have the authority to refer other agency debts for MN intercept, nor does MN-DOR refer their other agency debts for WI intercept.

[Collections by Quarter](#)

The chart below represents collections through 4/23/09. The reason for higher collections in the 1Q FY2008 (BLUE) is that DOR was still processing 2006 tax returns in July and August. The bulk of timely filed 2007 returns were processed by the end of June-2008. DOR anticipates completing the processing of 2008 returns by the end of June this year as well.



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www.revenue.wi.gov/ise/trip/index.html

[Contact Information](#)

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