



CalTRECS Debt Offset Requirements Checklist

1. Complete and execute the documentation requirements.

State of California Documentation:

CalTRECS will assist in the completion and submission of these forms as needed.

- FTB Form 2282 PC *Initial Request to Participate*: Local government agencies must receive initial, one-time approval from the California State Controller in order to participate in the state's offset program. This form is sent to the SCO, and upon its approval, is shared with the FTB. To maximize collection opportunities, the form should be submitted in September of the preceding tax cycle for participation in the upcoming tax year but can be submitted at any time.
- FTB Form 2280 PC, *Intent to Participate and Agency Certification*: This form notifies the FTB of the local government agency's annual plans to participate in the debt offset program, and provides with the FTB local agency contacts, debt type identification, and certification that the pre-intercept notice requirements will be followed
- FTB Form FTB 7904 *Vendor / Contractor Confidentiality Statement*: This form certifies the local agency's compliance with state security and confidentiality requirements. This form also designates CalTRECS as the participating local government's service provider for debt offset operations.

CalTRECS Documentation:

- Memorandum of Understanding: The MoU between participating local government agencies and the CSAC-FC clearinghouse is an agreement attesting the local government's desire and intention to participate in the CalTRECS program.
 - Please attach your submitted FTB forms to the CSAC-FC MoU
- 2018 Registration/Participation form: The registration/participation form provides the clearinghouse with local government contact information for debtor questions and program coordination.

2. Determine the method for submitting debts.

- Debt records will need to be submitted in the appropriate file layout with two options available:
 - i. ASCII with each column-delimited by pipe(|). The file extension should be .TXT.
 - ii. Excel (version 2010 or later). The file extension should be .xlsx.

Please see the file layout requirements on the CSAC website.

3. Assemble the debt information to submit to the clearinghouse.

- Eligible debts must meet the statutory definitions of debt and be at least \$10
- Debts under bankruptcies, settlements, litigations, or garnishments are excluded
- Only debts to individuals and not corporations, businesses, partnerships, etc.
- Last Name, First Name, and Middle Initial or suffix if available or a combined field that the clearinghouse will parse on behalf of the local government
- Debtor's last known address
- Any additional information such as date of birth that may help with increased match rates

- Multiple debts for the same debtor are submitted individually if at least \$10 or more
- Multiple debts less than \$10 for the same debtor can be combined to meet the \$10 minimum or added to any single debt more than \$10

This information will be used by the clearinghouse to verify the debtor, parse combined names, flag any debtors who are deceased, and locate debtors' social security numbers. Parsed names and SSN will be used to by the Franchise Tax Board to match debtors against income tax refunds and lottery proceeds.

4. Send pre-intercept notification letters to debtors; sample debtor notification letters are available on the CSAC-FC website.
 - Mailed to last known address

Pre-intercept notices must provide the Government Code Sections that authorize a local government claimant agency to submit debts for intercept, provide local government agency contact information where the debtor can dispute the liability, and allow debtors 30 days to resolve or dispute the debts. No debts may be submitted to CalTRECS until these requirements are met.

5. Submit debts to the clearinghouse via the secure login and upload clearinghouse process; link is provided on the CSAC-FC website
 - Debts submitted by mid-November will benefit from the earliest refund match opportunities in the most recent tax year, but files can be submitted at any time thereafter.
 - Subsequent files to refresh the initial debt files as needed may be submitted to reflect any debtor payments. Files must be refreshed at least on a weekly basis, to provide updated files to the FTB as soon as possible.
 - Each subsequent file will rewrite in its entirety the earlier file submitted so all existing debt records should be included with each refresh, included those with \$0 balances.
6. Finalize debt repayments upon notification from the clearinghouse of successful matches and receipt of SCO debt offset funds.
 - FTB will notify clearinghouse of successful matches and the clearinghouse will send the claimant agency a file of updated records for reconciliation.
 - The FTB will also send a notice to the debtor informing them of the offset action. The FTB notice will include the CalTRECS automated voice response system number to connect the debtor to the local government.

Reminders

- The CalTRECS local collection assistance fee of \$25 per successful offset imposed on the debtor may need the local government agency's governing board's approval.
- It is free for the local government to participate; however, the participating entity is responsible for the debtor pre-intercept notification letters.
- The clearinghouse provides technical assistance through email and a toll-free helpline.