



CALTRECS
A PROGRAM OF THE CSAC FINANCE CORPORATION AND NACo FSC

Talking Points for Board Consideration of Participation in CalTRECS Debt Offset Program

- CSAC FC's CalTRECS debt offset clearinghouse program allows local government agencies, including counties, cities, and special districts, to collect delinquent debt easily and efficiently through the withholding of a debtor's personal income tax refunds, lottery proceeds, or unclaimed property
- California Government Code 12419.2 - 12419.12, (the "Code"), establishes the state's offset program and authorizes cities, counties and or special districts to participate
- While California state agencies and local governments have been using debt offset for years to collect their debts, the clearinghouse concept significantly reduces staff time now needed to match debtors with social security numbers and to format debt data to meet state requirements
- There is no cost to register or participate other than debtor notification; the local government imposes a \$25 local collection assistance fee on the debtor which is collected as a part of the offset
- Merced County and Mariposa County piloted the program in 2019 and show that California counties can expect significant debt repayment
- Tax equity is ensured as more citizens are paying their fair share for services
- CalTRECS is favorable to the debtor
 - Lowered credit-rating impacts
 - Receives required pre-intercept notification letters and is allowed 30-day resolution period
 - Notification letter itself often prompts debtors to pay
 - Debtor only pays when they have a revenue event to pay
 - Potentially much lower collection penalty than alternative private collection agency
- Participating units of local government may realize significant revenue just from pre-intercept notice letters before setoffs have occurred
 - Of the 15,000, letters mailed to Marion County, IN debtors, \$2.5 Million in debt was repaid
- Easy and free method for collecting small debts of as little as \$10 or less if it can be combined with other debts to meet the \$10 threshold
- The county may also realize a side benefit of significant records clean-up in collaboration with the county assessor's office.
- Ease of administration through easy download of debt files and upload of debt reconciliation data files that integrate into currently utilized systems
- IT Helpline and clearinghouse house staff are easily accessible and available for questions and assistance