



November 14, 2008

Honorable Mayor and
Common Council

Dear Honorable Mayor and Common Council:

The TRIP Program is a program offered by the State of Wisconsin Department of Revenue to assist municipalities in the collection of unpaid fees from tax refunds. From the Refund Interception Guide for Counties and Municipalities:

GENERAL INFORMATION

Sec. 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. When a refund successfully matches a certified debt, the county or municipality will be notified and requested to verify the debt balance.

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.

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.



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?

Sec. 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 Workforce Development.
- 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. In addition, when a refund or refundable credit becomes a candidate for interception, DOR will notify the county or municipality to enable them to update or verify a balance. 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.

Unpaid Emergency Medical Services (Rescue Squad) billings are eligible for collection under TRIP as are billings for Personal Vehicle Accidents where assistance is rendered.

At this time we are unable to estimate revenues for the program however we annually send a number of unpaid bills to an outside collection agency.

The Fire Department is requesting permission for the Mayor to sign the TRIP Agreement.

Respectfully submitted

Steve Hansen, Fire Chief