



Setoff Debt Program

A program of the Municipal Association of SC

Steps Required to Participate in the Municipal Association of SC's 2025 Setoff Debt Program

1. Complete the *2025 Participation Form*. The form is due to the Association by **August 25, 2025**.
2. Participants must enter contact, user, and fee information into the system by **August 25**.
3. The participant must use the application developed by the Municipal Association to administer the Setoff Debt Program.
 - The participant will enter outstanding debt information into the software application. Debt information includes each debtor's social security number, name, last known address, the amount owed, and the date the debt was delinquent.
4. At the end of the 2024 Setoff Debt Program tax year (August 2025), the Association performs New Year Processing to start up the 2025 tax year. All records with a current debt greater than zero will be set up for the 2025 tax year. Then, participants can add, delete, and modify debtors for the 2025 tax year
5. All information for Accurant to research Social Security Numbers must be entered into the system no later than 5:00 p.m. on **September 22**.
6. The participant must notify each debtor by postage-prepaid mail of its intention to submit the debt to the Department of Revenue for setoff. The notice must explain how the debtor can prevent the setoff, including payment of the debt or filing a written protest within 30 days.
 - The Association's software application will generate these letters for each debtor in the system.
 - To meet the Association's October 13, 2025 deadline and adhere to the 30-day notice requirement, **letters must be mailed no later than Monday, September 22**.
 - After mailing the initial letters, complete and upload the *Initial Letter Certification* form into the Setoff Debt application. The form is due by 5:00 p.m. on **September 29, 2025**.
7. After sending the initial letters to debtors (no later than September 22), you cannot increase the debt amount or add new accounts. The Association will forward this information to DOR weekly, so a debtor's refund is not reduced by more than is currently owed.
8. Once debtors receive their notifications, some will begin to make payments. Enter these payments into the application. The system will automatically recalculate the balance due.
9. All information received from SSN research must be entered into the system no later than **5:00 p.m. on October 13**.
 - By **October 13**, the Association must receive the *Agreement and Resolution to Participate*. Also, the Association must receive a copy of either the *Ordinance* (municipalities only) or *Resolution* (all other entities) regarding the recovery of collection costs. It is not necessary to resubmit these documents if they are already on file with us.
 - A *Resolution* must be passed authorizing the Municipal Association to collect debts on behalf of the participant. The resolution authorizes the chief executive officer (i.e. mayor, city manager, special purpose district manager, chairman or commissioner) to sign an agreement setting forth the terms of the program.
 - Municipalities must pass an *ordinance* related to the recovery of collection costs as a part of the delinquent debts collected pursuant to the Setoff Debt Collection Act.
 - Non-municipalities must pass a *resolution* related to the recovery of collection costs as a part of the delinquent debts collected pursuant to the Setoff Debt Collection Act.

10. Add the *Customer Agreement/Service Contract Addendum* to documents involving customer financial transactions, such as your customer agreement/service contract, customer bills, parking tickets, payment agreement, Website, Student Handbook, etc. A copy of the Addendum is due to the Association by **October 13, 2025**.
11. Complete the *Direct Deposit Authorization Form*. The form is due to the Association by **October 13**.
12. By 5:00 p.m. on **October 13, 2025**, the participant must release initial data to the Association.
 - The application will release all debtors whose current debts are greater than zero. By releasing the initial data to the Association, you are certifying that the information is correct and you have followed all setoff debt procedures.
 - The individual listed in the application as the supervisor must release the initial data.
 - The Association will forward all claims to DOR between **November 1, 2025 - December 1, 2025**.
13. DOR will match debts owed to tax refunds using social security numbers. DOR will periodically send the Association funds along with a listing of claims which have been setoff. The Association will upload this information into the application and periodically send each participant an electronic transfer for all debtors who have been setoff. The system will show all DOR setoffs by the debtor and whether the participant has received a check to cover this setoff.
14. After receiving notification through the software application, the participant must notify the debtor of the setoff. Each participant will be responsible for periodically checking the application to see if letters need to be printed. The software application will generate letters for all debtors whose debts have been reduced or fully satisfied.
15. DOR will also notify the debtor of the setoff. The participant's name and address to whom the debt is owed and the debtor contact's name and telephone number are included in this notification, so the debtor can call for more information.
16. Each participant must establish an administrative appeal process.
 - You must appoint a hearing officer with the authority to decide a protest in favor of either the debtor or the participant. The hearing officer should not be a person associated with the Setoff Debt Program. Each participant must certify the hearing officer's name, address, and telephone number using form DOR 1A. Upload this form to the Setoff Debt Website by 5:00 p.m. **Monday, August 25, 2025**.
 - Based on the opinion of the Advisory Committee on Standards of Judicial Conduct (Opinion No. 18-1999 dated February 9, 2000) a magistrate nor a municipal judge may serve as a hearing officer for the Setoff Debt Program.
 - If a debtor wishes to contest a debt, he must notify the participant in writing within 30 days of the date of the initial letter. The protest letter must include the debtor's name, address, social security number, type of debt in dispute, and a detailed statement of all the reasons he disagrees or disputes the debt.
 - Participants must notify DOR (using form *DOR 1B*) when a protest letter is received.
 - Participants must notify the debtor of the date, time, and location of the informal hearing.
 - If the hearing officer rules in favor of the participant and wants DOR to proceed with the setoff, the hearing officer must notify DOR (using form *DOR 1C*) of the outcome of the hearing. The hearing officer only needs to notify the DOR using form *DOR 1C* once the debts have been sent to them in December.
 - Whenever a debtor protests a debt and an informal hearing is conducted, give forms *DOR 1C and DOR 1D* to the debtor.
 - If the hearing officer determines the setoff to be excessive, the participant must refund the appropriate amount to the taxpayer. If the participant determines it is not entitled to any of the setoffs, it must refund the entire amount including the DOR and Municipal Association's fee. The participant must refund fees from its own funds and must pay interest to the taxpayer.