



Council Communication

Office of the City Manager

Date February 26, 2007

Agenda Item No. 63
Roll Call No. 07-
Communication No. 07-121
Submitted by: Diane Rauh, City Clerk

AGENDA HEADING:

Approving Memorandum of Understanding with the Iowa Department of Administrative Services (DAS), State Accounting Enterprise for participation in the Income Offset Program.

SYNOPSIS:

The State of Iowa Department of Administrative Services (DAS), under authority of Section 8A.504 of the Code of Iowa, provides a process that allows a city to place a "HOLD" against an individual's state income tax refund if that individual has a debt owed to the city. The City Clerk's Office has worked with the DAS and is prepared to send \$450,425 in outstanding parking violations to this program. City records currently indicate that 4,861 individuals owe at least \$50 in delinquent parking fines. The largest amount owed is \$705.

The process requires a 15-day period during which the taxpayer is notified of the HOLD and is made aware of the process to clear the HOLD. If the debt remains unpaid at the end of the 15-day period, the debt amount will be held out of the tax refund and will be forwarded to the City. The balance of the refund will then be transmitted to the individual. The State will keep \$7 for each account in which they hold/transmit the funds. If the individual pays directly to the City during the 15-day period, the \$7 fee is not retained by the State.

FISCAL IMPACT:

Amount: \$450,425 (potential revenue – current delinquent parking fines)

The following factors will affect the amount of revenue generated by the Income Offset Program:

- The individual owes additional state tax and does not receive a refund;
- The individual no longer lives in Iowa;
- The individual receives a refund that is less than the amount owed to the City;
- The individual has already received his or her refund for this year.

Funding Source: All proceeds from the program will be deposited in 2006-07 Operating Budget, pg. 51, Parking Violations Collections, GE001, CCL040000 457030

ADDITIONAL INFORMATION:

In recent years, the City Clerk's Office has been very active in attempting to collect outstanding parking fines. In March 2004, during the "It's Not Too Late To Pay" program, the department collected almost \$300,000 in 15 days. With the conclusion of the program, the department forwarded delinquent accounts

to the City's collection agency - Professional Account Management. Prior to 2004, the City Clerk's Office received payment for 77% of all parking tickets issued. Through use of the collection agency, the City receives payment for 86.5% of all tickets issued.

The individuals who will be included in the Income Offset Program have had multiple opportunities to pay. They have received the original ticket and a reminder from the Clerk's Office prior to collection efforts. Further, they have not responded to the collection agency's attempts to collect. This program will not affect people who are currently appealing their tickets through our regular appeals processes.

The City Clerk's Office will work with the media in order to inform the public about the new process and limit tax refund delays. Payment via the City's website will be encouraged. The Epayment section of the website is very easy to navigate and allows payments 24 hours a day. In January 2007, this on-line service reached a milestone: \$1,000,000 in parking ticket revenue collected on-line.

Other cities and counties have participated in an Income Offset pilot program and report great success. Currently, the City of Marshalltown is the only city that is utilizing the process for unpaid parking tickets; up to 70% of its accounts match with state refunds. The Cedar Falls Utilities Department has submitted \$500,000 in claims and reports a match of 10%.

The next step for the City's Offset process will be collection of outstanding ambulance bills. Staff will continue to look for other ways to use this program.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE