


COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	23-480	Meeting:	October 23, 2023
	Agenda Item:	43	Roll Call:	23-1441
	Submitted by:	Nickolas Schaul, Finance Director		

AGENDA HEADING:

Approving Memorandum of Understanding (MOU) with the Iowa Department of Revenue (IDR) for participation in the Income Setoff Program.

SYNOPSIS:

IDR, under authority of Section 421.65 of the Code of Iowa, provides a process that allows a city to receive funds from an individual's state income tax refund or other State payment if that individual has a qualifying debt owed to the city.

The City currently uses a similar Offset Program through the Iowa Department of Administrative Services (DAS). That program is ending on November 12, 2023, and being replaced with the Iowa Setoff Program through IDR.

Debts will be submitted to IDR electronically and funds will be sent electronically to the City when appropriate for unpaid Parking Tickets and Ambulance bills. The City is required to maintain an accurate debt listing with IDR, including removing debts timely due to payments and bankruptcy filings.

FISCAL IMPACT:

Amount: \$3,806,000 (potential revenue – current delinquent ambulance bills)
\$1,864,000 (potential revenue – current delinquent parking fines)

Current Collection Average from the existing Income Offset Program

\$ 150,000 annually for Ambulance Bills
\$ 45,000 annually for Parking Tickets

The following factors affect the amount of revenue generated by the Income Setoff 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.

Funding Source: Deposited to the current year operating budget when the funds are received.

Ambulance bills: G001, FD041000, 461110

Parking Tickets: G001, CC040000, 457030

ADDITIONAL INFORMATION:

The individuals who will be included in the Income Setoff Program have had multiple opportunities to pay. They have received the original ticket or bill and a reminder from the Clerk's Office or Treasury prior to collection efforts. This program will not affect people who are currently appealing their ticket or bill through our regular appeals processes.

PREVIOUS COUNCIL ACTION(S):

Date: February 26, 2007

Roll Call Number: [07-400](#)

Action: [Memorandum](#) of Understanding with the DAS, State Accounting Enterprise, for participation in the Income Offset Program regarding collection of outstanding parking violations. ([Council Communication No. 07-121](#)) Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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