

CITY OF HARTFORD, ALABAMA
DEBT SETOFF AND APPEALS PROCEDURE
ORDINANCE NUMBER 01-19-16

In accordance with the authority as required by Ala. Code § 40-18-100 *et. seq.*, by which the City of Hartford (the "City") may collect delinquent debts through Municipal Intercept Services, LLC ("MIS") and to establish procedures by which individual debtors may contest the setoff of a debt against their Alabama State income tax refund, the following procedures are hereby adopted, entered and established:

Section 1. Definitions

(a) DEBTOR. Any individual owing money or having a delinquent account with any claimant agency, which obligation has not been adjudicated, satisfied by court order, set aside by court order, or discharged in bankruptcy.

(b) DEBT. Any liquidated sum due and owing any claimant agency which has accrued through contract, subrogation, tort, or operation of law regardless of whether there is an outstanding judgment for that sum, or any liquidated sum of child or spousal support, or both child and spousal support, due and owing any individual eligible for and receiving child support enforcement services through the Alabama Department of Human Resources.

(c) DEPARTMENT. The Department of Revenue of the State of Alabama.

(d) REFUND. The Alabama income tax refund which the department determines to be due any individual taxpayer.

Section 2. Procedure for setoff and notification of taxpayer.

(a) The City may submit a debt of at least \$25 owed to it for collection under this chapter. Provided, however, that the City must submit the debt to the department through MIS. MIS which submits a debt on behalf of the City may assess a reasonable fee, which shall be twenty-five dollars (\$25) for submitting the debt. This fee may be assessed against the debtor and collected as the first amount set off against any tax refund.

(b) Within a time frame specified by the department, the City seeking to collect a debt through setoff shall supply the information necessary to identify each debtor whose refund is sought to be set off and certify the amount of debt or debts owed by each such debtor.

(c) If a debtor identified by the City is determined by the department to be entitled to a refund of at least \$25 the department shall transfer an amount equal to the refund owed, not to exceed the amount of the claimed debt certified, to the City. When the income tax refund owed exceeds the claimed debt, the department shall send the excess amount to the debtor within a reasonable time after such excess is determined.

(d) At the time of the transfer of funds to the City, Municipal Intercept Services, on behalf of the City, shall notify the taxpayer or taxpayers whose refund is sought to be set off that the transfer has been made. Such notice shall clearly set forth the name of the debtor, the manner in which the debt arose, the amount of the claimed debt, the transfer of funds to the City and the intention to set off the refund against the debt, the amount of the refund in excess of the claimed debt, the taxpayer's opportunity to give written notice to contest the setoff within 30 days of the date of mailing of the notice, the name and mailing address of the City to which the application for a hearing must be sent, and the fact that the failure to apply for such a hearing, in writing, within the 30-day period will be deemed a waiver of the opportunity to contest the setoff. In the case of a joint return or a joint refund, the notice shall also state the name of the taxpayer named in the return, if any, against whom no debt is claimed, the fact that a debt is not claimed against such taxpayer, the fact that such taxpayer is entitled to receive a refund if it is due him or her regardless of the debt asserted against his or her spouse, and that in order to obtain a refund due, such taxpayer must apply, in writing, for a hearing with the City within 30 days of the date of the mailing of the notice. If a taxpayer fails to apply in writing for such a hearing within 30 days of the mailing of such notice, the taxpayer will have waived the opportunity to contest the setoff.

(e) Upon receipt of funds transferred from the department, the City shall deposit and hold such funds in an escrow account until a final determination of the validity of the debt.

Section 3. Hearing procedure.

(a) When the City receives a protest or application in writing from a taxpayer within 30 days of the notice issued by Municipal Intercept Services, on behalf of the City, the Mayor shall set a date to hear the protest and give notice to the taxpayer by registered or certified mail of the date so set. The time and place of such hearing shall be designated in such notice and the date set shall not be less than 15 days from the date of such notice. If, at hearing, the sum asserted as due and owing is found not to be correct, an adjustment to the claim may be made. The City shall give notice to the debtor of the Mayor's final determination and inform the debtor of his right to appeal such final determination.

(b) No issues shall be reconsidered at the hearing which has been previously litigated.

(c) If any debtor is dissatisfied with the final determination made at the hearing by the Mayor, he may appeal the final determination to the Hartford City Council by filing notice of appeal with the administrative head of the City within 30 days from the date notice of final determination was given by the City.

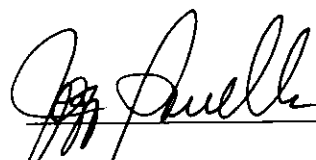
Section 4. Finalization and notice of setoff.

(a) Upon final determination of the amount of the debt due and owing by means of a hearing provided by Section 3 or by the taxpayer's default through failure to comply with Section 3 mandating timely request for review, the claimant agency shall remove the amount of the debt due and owing from the escrow account established and credit such amount to the debtor's obligation.

(b) Upon transfer of the debt due and owing from the escrow account to the credit of the debtor's account, the City shall notify the debtor in writing of the finalization of the setoff. Such

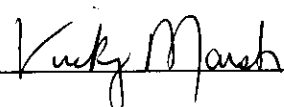
notice shall include a final accounting of the refund which was set off including the amount of the refund to which the debtor was entitled prior to the setoff, the amount of the debt due and owing, the amount of the refund in excess of the debt which was returned to the debtor by the department, and the amount of the funds transferred to the City in excess of the debt determined to be due and owing at a hearing held, if such a hearing was held. At such time, the City shall refund to the debtor the amount of the claimed debt originally certified and transferred to it by the department in excess of the amount of the debt finally found to be due and owing.

DONE and ORDERED on this the 19th day of January, 2016.



Mayor, City of Hartford, Alabama

Attest:



City Clerk