



January 26, 2018

---

---

## HOUSE BILL No. 1262

---

DIGEST OF HB 1262 (Updated January 23, 2018 6:47 pm - DI 113)

**Citations Affected:** IC 5-13; IC 6-8.1; noncode.

**Synopsis:** Tax refund intercepts for debt owed to local units. Revises the procedures involved when a political subdivision seeks a set off of a tax refund from the department of state revenue for debts owed to the political subdivision by a debtor. Repeals a provision pertaining to hearings with debtors on disputed debts that are owed to political subdivisions that use the tax refund set off process.

**Effective:** January 1, 2018 (retroactive).

---

---

**Karickhoff, Mahan, Cherry, Pryor**

---

---

January 11, 2018, read first time and referred to Committee on Ways and Means.  
January 25, 2018, amended, reported — Do Pass.

---

---

HB 1262—LS 7036/DI 113





January 26, 2018

Second Regular Session of the 120th General Assembly (2018)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2017 Regular Session of the General Assembly.

## HOUSE BILL No. 1262

---

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 5-13-9-11, AS ADDED BY P.L.117-2007,  
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JANUARY 1, 2018 (RETROACTIVE)]: Sec. 11. (a) ~~As used in The~~  
4 **following definitions apply throughout** this section:  
5 (1) **"Clearinghouse" refers to the clearinghouse registered**  
6 **with the department of state revenue under IC 6-8.1-9.5-3.5.**  
7 (2) "Investment pool" means the local government investment  
8 pool established by subsection (b).  
9 (b) The local government investment pool is established within the  
10 office and custody of the treasurer of state.  
11 (c) An officer designated in section 1 of this chapter may pay any  
12 funds held by the officer into the investment pool for the purpose of  
13 deposit, investment, and reinvestment of the funds by the treasurer of  
14 state on behalf of the unit of government paying the funds into the  
15 investment pool.  
16 (d) The treasurer of state may pay state funds into the investment  
17 pool for the purpose of deposit, investment, and reinvestment of the

HB 1262—LS 7036/DI 113



1 state funds.

2 **(e) The treasurer of state shall establish an account in the**  
 3 **investment pool for the operator of the clearinghouse. The**  
 4 **treasurer shall hold amounts paid by the department of state**  
 5 **revenue for deposit in the clearinghouse operator's account in the**  
 6 **investment pool and periodically distribute the money to the**  
 7 **operator of the clearinghouse.**

8 ~~(e)~~ **(f)** The treasurer of state shall invest the funds in the investment  
 9 pool in the same manner, in the same type of instruments, and subject  
 10 to the same limitations provided for the deposit and investment of state  
 11 funds by the treasurer of state under IC 5-13-10.5.

12 ~~(f)~~ **(g)** The treasurer of state:

13 (1) shall administer the investment pool; and

14 (2) may contract with accountants, attorneys, regulated  
 15 investment advisors, money managers, and other finance and  
 16 investment professionals to make investments and provide for the  
 17 public accounting and legal compliance necessary to ensure and  
 18 maintain the safety, liquidity, and yield of the investment pool.

19 ~~(g)~~ **(h)** The treasurer of state shall establish and make public the  
 20 policies that the treasurer of state will follow to ensure the efficient  
 21 administration of and accounting for the investment pool. The policies  
 22 must provide the following:

23 (1) There is not a minimum time for which funds paid into the  
 24 investment pool must be retained by the investment pool.

25 (2) The administrative expenses of the investment pool shall be  
 26 accounted for by the treasurer of state and shall be paid from the  
 27 earnings of the investment pool.

28 (3) The earnings of the investment pool in excess of the  
 29 administrative expenses of the investment pool shall be credited  
 30 to the state and each unit of government participating in the  
 31 investment pool in a manner that equitably reflects the different  
 32 amounts and terms of the state's investment and each unit's  
 33 investment in the investment pool.

34 (4) There is not a limit on the number of accounts that the state or  
 35 a unit of government participating in the investment pool may  
 36 establish within the investment pool.

37 (5) The state and each unit of government participating in the  
 38 investment pool shall receive electronic or paper reports,  
 39 including:

40 (A) a daily transaction confirmation, reflecting any activity in  
 41 the state's or unit's account; and

42 (B) a monthly report showing:



- 1 (i) the state's or unit's investment activity in the investment  
 2 pool; and  
 3 (ii) the performance and composition of the investment pool.  
 4 (6) The investment pool shall be audited at least annually by an  
 5 independent auditing firm, with an electronic or a paper copy of  
 6 the audit provided to the state and each unit of government  
 7 participating in the pool.  
 8 (7) No less than fifty percent (50%) of funds available for  
 9 investment shall be deposited in banks qualified to hold deposits  
 10 of participating local government entities.  
 11 ~~(h)~~ (i) A unit of government participating in the investment pool  
 12 may elect to have any funds due from the state wired directly to the  
 13 custodian bank of the investment pool for credit to the unit's investment  
 14 pool account by submitting in writing a request to the auditor of state  
 15 to wire the funds as directed. An election made by a unit of government  
 16 under this subsection may be revoked at any time by the unit by  
 17 submitting in writing a request to the auditor of state to cease wiring  
 18 the funds as previously directed by the unit.  
 19 SECTION 2. IC 6-8.1-9-14, AS AMENDED BY P.L.239-2017,  
 20 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 21 JANUARY 1, 2018 (RETROACTIVE)]: Sec. 14. (a) Except as  
 22 provided in subsection (n), the department shall establish, administer,  
 23 and make available a centralized debt collection program for use by  
 24 state agencies to collect delinquent accounts, charges, fees, loans,  
 25 taxes, or other indebtedness owed to or being collected by state  
 26 agencies. The department's collection facilities shall be available for  
 27 use by other state agencies only when resources are available to the  
 28 department.  
 29 (b) The commissioner shall prescribe the appropriate form and  
 30 manner in which collection information is to be submitted to the  
 31 department.  
 32 (c) The debt must be delinquent and not subject to litigation, claim,  
 33 appeal, or review under the appropriate remedies of a state agency.  
 34 (d) The department has the authority to collect for the state or  
 35 claimant agency (as defined in IC 6-8.1-9.5-1) delinquent accounts,  
 36 charges, fees, loans, taxes, or other indebtedness due:  
 37 (1) the state;  
 38 (2) a claimant agency that has a formal agreement with the  
 39 department for central debt collection; or  
 40 (3) a claimant agency described in IC 6-8.1-9.5-1(1)(B) that has  
 41 an ~~interlocal~~ agreement with a clearinghouse that:  
 42 (A) is established under IC 6-8.1-9.5-3.5; and



- 1 (B) has a formal agreement with the department for central  
2 debt collection.
- 3 (e) The formal agreement must provide that the information  
4 provided to the department be sufficient to establish the obligation in  
5 court and to render the agreement as a legal judgment on behalf of the  
6 state. After transferring a file for collection to the department for  
7 collection, the claimant agency shall terminate all collection procedures  
8 and be available to provide assistance to the department. Upon receipt  
9 of a file for collection, the department shall comply with all applicable  
10 state and federal laws governing collection of the debt.
- 11 (f) The department may use a claimant agency's statutory authority  
12 to collect the claimant agency's delinquent accounts, charges, fees,  
13 loans, taxes, or other indebtedness owed to the claimant agency.
- 14 (g) The department's right to credit against taxes due may not be  
15 impaired by any right granted the department or other state agency  
16 under this section.
- 17 (h) The department of state revenue may charge a debtor a fee not  
18 to exceed fifteen percent (15%) of any funds the department collects  
19 for a claimant agency. Notwithstanding any law concerning delinquent  
20 accounts, charges, fees, loans, taxes, or other indebtedness, the fifteen  
21 percent (15%) fee shall be added to the amount due to the state or  
22 claimant agency when the collection is made.
- 23 (i) Fees collected under subsection (h) shall be retained by the  
24 department after the debt is collected for the claimant agency and are  
25 appropriated to the department for use by the department in  
26 administering this section.
- 27 (j) The department shall transfer any funds collected from a debtor  
28 to the claimant agency **or clearinghouse, as applicable**, within thirty  
29 (30) days after the end of the month in which the funds were collected.
- 30 (k) When a claimant agency requests collection by the department,  
31 the claimant agency shall provide the department with:
- 32 (1) the full name;  
33 (2) the Social Security number or federal identification number,  
34 or both;  
35 (3) the last known mailing address; and  
36 (4) additional information that the department may request;  
37 concerning the debtor.
- 38 (l) The department shall establish a minimum amount that the  
39 department will attempt to collect for the claimant agency.
- 40 (m) The commissioner shall report, not later than March 1 for the  
41 previous calendar year, to the governor, the budget director, and the  
42 legislative council concerning the implementation of the centralized



1 debt collection program, the number of debts, the dollar amounts of  
 2 debts collected, and an estimate of the future costs and benefits that  
 3 may be associated with the collection program. A report to the  
 4 legislative council under this subsection must be in an electronic  
 5 format under IC 5-14-6.

6 (n) The department may not assess a fee to a state agency or a  
 7 custodial parent for seeking a set off to a state or federal income tax  
 8 refund for past due child support.

9 SECTION 3. IC 6-8.1-9.5-1, AS AMENDED BY P.L.239-2017,  
 10 SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 11 JANUARY 1, 2018 (RETROACTIVE)]: Sec. 1. The following  
 12 definitions apply throughout this chapter:

13 (1) "Claimant agency" means:

14 (A) any state department, institution, commission, committee,  
 15 board, division, bureau, authority, officer, official, or clerk of  
 16 a circuit court; or

17 (B) a ~~unit of local government~~ **political subdivision** that has  
 18 an ~~interlocal~~ agreement with a clearinghouse established under  
 19 section 3.5 of this chapter.

20 **(2) "Clearinghouse" refers to a clearinghouse registered with**  
 21 **the department under section 3.5(c) of this chapter.**

22 ~~(2)~~ **(3) "Debtor"** means any person or legal entity that is  
 23 delinquent in paying a debt to a claimant agency that has not been  
 24 adjudicated, satisfied by court order, set aside by court order, or  
 25 discharged in bankruptcy.

26 ~~(3)~~ **(4) "Debt"** means any liquidated amount owed and due to a  
 27 Title IV-D agency of another state, or to any claimant agency  
 28 which has accrued through contract, subrogation, assignment for  
 29 purposes of collection, tort, operation of law, or any other legal  
 30 theory, regardless of whether there is an outstanding judgment for  
 31 that sum.

32 ~~(4) "Unit of local government" means a county, city, town,~~  
 33 ~~township, and any other political subdivision, commission, or~~  
 34 ~~agency created under Indiana law. The term includes a school~~  
 35 ~~corporation under IC 20.~~

36 **(5) "Investment pool" has the meaning set forth in**  
 37 **IC 5-13-9-11.**

38 **(6) "Political subdivision" has the meaning set forth in**  
 39 **IC 36-1-2-13.**

40 SECTION 4. IC 6-8.1-9.5-3, AS AMENDED BY P.L.239-2017,  
 41 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 42 JANUARY 1, 2018 (RETROACTIVE)]: Sec. 3. (a) To obtain a set off



1 by the department, a claimant agency **described in section 1(1)(A) of**  
 2 **this chapter** must

3 (1) ~~in the case of a claimant agency described in section 1(1)(A)~~  
 4 ~~of this chapter~~, file an application for the set off or

5 (2) ~~in the case of a claimant agency described in section 1(1)(B)~~  
 6 ~~of this chapter~~, direct the clearinghouse with which the claimant  
 7 agency has an interlocal agreement under section 3.5(d) of this  
 8 chapter to file an application for the set off on behalf of the  
 9 claimant agency;

10 with the department before November 30 of the year preceding the  
 11 calendar year in which a tax refund is payable by the department.

12 **(b) To obtain a set off by the department, a claimant agency**  
 13 **described in section 1(1)(B) of this chapter must direct the**  
 14 **clearinghouse with which the claimant agency has an agreement to**  
 15 **file an application for the set off on behalf of the claimant agency**  
 16 **before a date determined by the department and published on the**  
 17 **department's Internet web site.**

18 (c) The department shall prescribe the form of and the contents of  
 19 the application.

20 ~~(b)~~ (d) An application filed pursuant to **under** this section is  
 21 effective only for the purpose of set off of tax refunds that are payable  
 22 ~~in for~~ the calendar year ~~that succeeds the calendar year in for~~ which an  
 23 application is filed.

24 SECTION 5. IC 6-8.1-9.5-3.5, AS ADDED BY P.L.239-2017,  
 25 SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 26 JANUARY 1, 2018 (RETROACTIVE)]: Sec. 3.5. (a) As used in this  
 27 section, "claimant agency" refers only to a claimant agency described  
 28 in section 1(1)(B) of this chapter.

29 (b) The department may enter into a contract with a nonprofit entity  
 30 organized in Indiana that represents ~~units of local government~~  
 31 ~~exclusively in Indiana~~ **political subdivisions** to establish a  
 32 clearinghouse for the following purposes:

33 (1) To compile and consolidate debts of claimant agencies in a  
 34 format that is consistent with the department's requirements for  
 35 the set off of tax refunds under this chapter.

36 (2) To act as an intermediary on behalf of a claimant agency with  
 37 respect to the department for purposes of this chapter.

38 (3) To submit an application for the set off of tax refunds with the  
 39 department on behalf of a claimant agency under section ~~3(a)(2)~~  
 40 **3(b)** of this chapter.

41 (4) To provide any other assistance to a claimant agency or the  
 42 department that the department considers appropriate. Assistance





1 under this subdivision may include authorization for the  
 2 clearinghouse to establish and maintain a toll free telephone  
 3 number that enables a debtor to make inquiries concerning a tax  
 4 refund set off under this chapter.

5 (c) A clearinghouse ~~established under subsection (b)~~ must register  
 6 with the department. **The department may recognize** only one (1)  
 7 clearinghouse ~~may be registered~~ to represent ~~units of local government~~  
 8 **political subdivisions** at any given time.

9 (d) A ~~unit of local government~~ **political subdivision** may enter into  
 10 an ~~interlocal~~ agreement under ~~IC 36-1-7~~ with a clearinghouse  
 11 ~~established~~ **registered** under subsection ~~(b)~~ **(c)** to carry out activities  
 12 on behalf of the ~~unit of local government~~ **political subdivision** as  
 13 authorized in a ~~contract under subsection (b): the agreement.~~

14 (e) The department may adopt rules under IC 4-22-2 that set forth  
 15 the procedures and format requirements that must be included in an  
 16 ~~interlocal~~ agreement entered into under subsection (d).

17 SECTION 6. IC 6-8.1-9.5-3.7 IS REPEALED [EFFECTIVE  
 18 JANUARY 1, 2018 (RETROACTIVE)]. ~~Sec. 3-7. (a) A unit of local~~  
 19 ~~government may not submit a debt for a set off of a tax refund under~~  
 20 ~~section 3(a)(2) of this chapter unless the unit of local government first~~  
 21 ~~complies with the requirements of this section:~~

22 (b) ~~A unit of local government must send written notice to a debtor~~  
 23 ~~that the unit of local government intends to submit the debt owed by~~  
 24 ~~the debtor for the tax refund set off under this chapter. The notice must~~  
 25 ~~state substantially the following:~~

26 (1) ~~The unit of local government's basis for the claim to the debt~~  
 27 ~~and set off.~~

28 (2) ~~The unit of local government intends to submit the debt owed~~  
 29 ~~by the debtor for the tax refund set off under this chapter.~~

30 (3) ~~The debtor has the right to contest the matter by filing a~~  
 31 ~~protest and request for hearing with the fiscal officer of the unit~~  
 32 ~~of local government.~~

33 (4) ~~The time limits and procedures for protesting and requesting~~  
 34 ~~the hearing.~~

35 (5) ~~A statement that the failure to protest and request a hearing~~  
 36 ~~within the required time will result in the debt being submitted for~~  
 37 ~~the tax refund set off under this chapter.~~

38 (6) ~~A statement that in addition to the amount of the debt owed by~~  
 39 ~~the debtor, the total amount of the set off of the debtor's tax refund~~  
 40 ~~may include the following fees for processing the set off of the~~  
 41 ~~debtor's tax refund; as applicable:~~

42 (A) ~~The collection fee described in section 10(a) of this~~



1 chapter.  
 2 (B) One (1) or more local collection assistance fees described  
 3 in section 10(b) of this chapter.  
 4 The notice required under this subsection must be made in the same  
 5 manner as set forth in IC 4-21.5-3-1 for adjudicative proceedings.  
 6 (c) A debtor may protest a proposed tax refund set off by submitting  
 7 a written objection to the fiscal officer of the unit of local government  
 8 not later than thirty (30) days after the notice under subsection (b) was  
 9 served on the debtor. The rules for computing a period of time under  
 10 IC 4-21.5-3-2 apply.  
 11 (d) The fiscal officer of the unit of local government shall hold a  
 12 hearing on a debtor's protest that is timely filed under subsection (c).  
 13 The hearing must be conducted in an informal manner without recourse  
 14 to the technical, common law rules of evidence applicable to civil  
 15 actions in the courts. The debtor must be afforded the opportunity to  
 16 respond to the written notice provided under subsection (b), present  
 17 evidence and argument, cross-examine witnesses, and submit rebuttal  
 18 evidence. At the conclusion of a hearing, the fiscal officer of the unit  
 19 of local government shall issue a written decision on the debtor's  
 20 protest that includes findings of fact and conclusions of law for all  
 21 aspects of the decision.  
 22 (e) A debtor that disagrees with a written decision of the fiscal  
 23 officer of a unit of local government may file an action in the circuit or  
 24 superior court of the county in which the unit of local government is  
 25 located to stay the submission of the debt owed by the debtor for the  
 26 tax refund set off under this chapter. The court has jurisdiction in such  
 27 an action and shall determine the matter de novo, with the burden of  
 28 proof on the unit of local government to sustain its written decision.  
 29 (f) A unit of local government that fails to comply with the  
 30 requirements of this section before submitting a debt for a tax refund  
 31 set off under this chapter is liable to the debtor for the amount of any  
 32 tax refund set off applied by the department for the debt to the claimant  
 33 agency, including any collection fee.  
 34 SECTION 7. IC 6-8.1-9.5-5 IS AMENDED TO READ AS  
 35 FOLLOWS [EFFECTIVE JANUARY 1, 2018 (RETROACTIVE)]:  
 36 Sec. 5. (a) After a claimant agency receives notice that a debtor is  
 37 entitled to a tax refund from the department, the claimant agency **or the**  
 38 **clearinghouse, as provided in subsection (b)**, must within fifteen (15)  
 39 days of the receipt of the notice of a tax refund send written notice to  
 40 the debtor and the department of its intent to have the tax refund set  
 41 off. This notice must clearly set forth the basis for the claim to the debt  
 42 and set off.



1           **(b) An agreement described in section 3.5(d) of this chapter may**  
 2 **provide that the clearinghouse is responsible for sending written**  
 3 **notice to the debtor described in subsection (a) on behalf of a**  
 4 **claimant agency described in section 1(1)(B) of this chapter.**

5           SECTION 8. IC 6-8.1-9.5-6 IS AMENDED TO READ AS  
 6 FOLLOWS [EFFECTIVE JANUARY 1, 2018 (RETROACTIVE)]:  
 7 Sec. 6. A debtor who receives written notice pursuant to section 5 of  
 8 this chapter is entitled to contest the claimant agency's right to the debt  
 9 and set off at a hearing only if the debtor within thirty (30) days of ~~his~~  
 10 **the debtor's** receipt of notice mails to the claimant agency written  
 11 notice that ~~he~~ **the debtor** intends to contest the claimant agency's right  
 12 to the debt.

13           SECTION 9. IC 6-8.1-9.5-7, AS AMENDED BY P.L.239-2017,  
 14 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 15 JANUARY 1, 2018 (RETROACTIVE)]: Sec. 7. (a) This subsection  
 16 applies to a claimant agency described in section 1(1)(A) of this  
 17 chapter. If a claimant agency receives written notice that a debtor  
 18 intends to contest its claim to a debt and set off, the claimant agency  
 19 shall hold a hearing under IC 4-21.5-3.

20           (b) This subsection applies to a claimant agency **that is a political**  
 21 **subdivision** described in section 1(1)(B) of this chapter. If a claimant  
 22 agency receives written notice that a debtor intends to contest the claim  
 23 to a debt and set off following the notice provided under section 5 of  
 24 this chapter, the claimant agency shall **send written notice of and** hold  
 25 a hearing ~~under section 3.7(d) of this chapter. If a hearing was~~  
 26 ~~previously held on the debtor's protest under section 3.7(d) of this~~  
 27 ~~chapter, the hearing under this subsection shall be conducted as a~~  
 28 ~~rehearing of the unit of local government's written decision. as~~  
 29 **provided in subsection (c).**

30           (c) A notice issued by a political subdivision under subsection  
 31 **(b) must state substantially the following:**

32           (1) **The political subdivision's basis for the claim to the debt**  
 33 **and set off.**

34           (2) **The date on which the political subdivision submitted the**  
 35 **debt owed by the debtor for a tax refund set off under this**  
 36 **chapter.**

37           (3) **The date, time, and place at which the political subdivision**  
 38 **will conduct the hearing.**

39           (4) **The procedures under which the hearing will be**  
 40 **conducted.**

41           (5) **A statement that in addition to the amount of the debt**  
 42 **owed by the debtor, the total amount of the set off of the**



1           debtor's tax refund may include the following fees for  
2           processing the set off of the debtor's tax refund, as applicable:

3           **(A) The collection fee described in section 10(a) of this**  
4           **chapter.**

5           **(B) One (1) or more local collection assistance fees**  
6           **described in section 10(b) of this chapter.**

7           SECTION 10. IC 6-8.1-9.5-8 IS AMENDED TO READ AS  
8           FOLLOWS [EFFECTIVE JANUARY 1, 2018 (RETROACTIVE)]:  
9           Sec. 8. After a final determination of the validity of a debt due a  
10          claimant agency pursuant to sections 6 and 7 of this chapter, the  
11          claimant agency shall certify to the department the amount owed by the  
12          debtor to the claimant agency that is subject to set off. Upon receipt of  
13          certification of a debt, the department shall set off the appropriate  
14          amount and pay it to:

15          **(1) the appropriate claimant agency; or**

16          **(2) the clearinghouse for deposit in the clearinghouse's**  
17          **account in the investment pool established under**  
18          **IC 5-13-9-11(e).**

19          SECTION 11. IC 6-8.1-9.5-10, AS AMENDED BY P.L.239-2017,  
20          SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
21          JANUARY 1, 2018 (RETROACTIVE)]: Sec. 10. (a) The department  
22          of state revenue may charge a debtor a fee of fifteen percent (15%) of  
23          any debts collected under this chapter as a collection fee for the  
24          department's services, not including any local collection assistance fees  
25          charged under subsection (b).

26          (b) This subsection applies to a debt collected for a claimant agency  
27          **that is a political subdivision** described in section 1(1)(B) of this  
28          chapter. A local collection assistance fee not to exceed twenty dollars  
29          (\$20) shall be imposed on each debt submitted by the claimant agency  
30          and collected through a set off under this chapter. The board of the  
31          nonprofit organization that operates the clearinghouse registered under  
32          section 3.5 of this chapter shall determine the amount of the fee by  
33          resolution. Notwithstanding any law concerning delinquent accounts,  
34          charges, fees, loans, taxes, or other indebtedness, the local collection  
35          assistance fee shall be added to the amount due the claimant agency  
36          when the collection is made, not including any fee charged by the  
37          department of state revenue under subsection (a). A fee collected under  
38          this subsection shall be distributed by the department to:

39          **(1) the nonprofit entity with which the department has entered**  
40          **into a contract under section 3.5(b) of this chapter; or**

41          **(2) at the direction of the nonprofit entity, the nonprofit**  
42          **entity's account held by the investment pool.**



1           SECTION 12. [EFFECTIVE JANUARY 1, 2018  
2 (RETROACTIVE)] (a) Notices to debtors that were issued by a unit  
3 of local government (before the elimination of the term by  
4 IC 6-8.1-9.5-1, as amended by this act) before January 1, 2018, in  
5 anticipation of the effective date of IC 6-8.1-9.5-3.7 (as added by  
6 P.L.239-2017, SECTION 27, and repealed by this act) on January  
7 1, 2018, are legalized and validated to the extent that the notices to  
8 debtors conformed with the requirements of IC 6-8.1-9.5-3.7 (as  
9 added by P.L.239-2017, SECTION 27, and repealed by this act).  
10           (b) Notices to debtors that are legal and valid under subsection  
11 (a) shall be construed as legal and valid notices to debtors under  
12 IC 6-8.1-9.5-7, as amended by this act.  
13           (c) This SECTION expires January 1, 2019.  
14           SECTION 13. An emergency is declared for this act.



## COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1262, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 5, delete lines 9 through 37, begin a new paragraph and insert:

"SECTION 3. IC 6-8.1-9.5-1, AS AMENDED BY P.L.239-2017, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018 (RETROACTIVE)]: Sec. 1. The following definitions apply throughout this chapter:

(1) "Claimant agency" means:

(A) any state department, institution, commission, committee, board, division, bureau, authority, officer, official, or clerk of a circuit court; or

(B) a ~~unit of local government~~ **political subdivision** that has an ~~interlocal~~ agreement with a clearinghouse established under section 3.5 of this chapter.

**(2) "Clearinghouse" refers to a clearinghouse registered with the department under section 3.5(c) of this chapter.**

~~(2)~~ **(3) "Debtor"** means any person or legal entity that is delinquent in paying a debt to a claimant agency that has not been adjudicated, satisfied by court order, set aside by court order, or discharged in bankruptcy.

~~(3)~~ **(4) "Debt"** means any liquidated amount owed and due to a Title IV-D agency of another state, or to any claimant agency which has accrued through contract, subrogation, assignment for purposes of collection, tort, operation of law, or any other legal theory, regardless of whether there is an outstanding judgment for that sum.

~~(4)~~ **"Unit of local government"** means a county, city, town, township, and any other political subdivision, commission, or agency created under Indiana law. The term includes a school corporation under IC 20.

**(5) "Investment pool" has the meaning set forth in IC 5-13-9-11.**

**(6) "Political subdivision" has the meaning set forth in IC 36-1-2-13."**

Page 6, delete lines 22 through 42.

Page 7, delete lines 1 through 14, begin a new paragraph and insert:

"SECTION 5. IC 6-8.1-9.5-3.5, AS ADDED BY P.L.239-2017, SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



JANUARY 1, 2018 (RETROACTIVE)]: Sec. 3.5. (a) As used in this section, "claimant agency" refers only to a claimant agency described in section 1(1)(B) of this chapter.

(b) The department may enter into a contract with a nonprofit entity organized in Indiana that represents ~~units of local government exclusively in Indiana~~ **political subdivisions** to establish a clearinghouse for the following purposes:

(1) To compile and consolidate debts of claimant agencies in a format that is consistent with the department's requirements for the set off of tax refunds under this chapter.

(2) To act as an intermediary on behalf of a claimant agency with respect to the department for purposes of this chapter.

(3) To submit an application for the set off of tax refunds with the department on behalf of a claimant agency under section ~~3(a)(2)~~ **3(b)** of this chapter.

(4) To provide any other assistance to a claimant agency or the department that the department considers appropriate. Assistance under this subdivision may include authorization for the clearinghouse to establish and maintain a toll free telephone number that enables a debtor to make inquiries concerning a tax refund set off under this chapter.

(c) A clearinghouse ~~established under subsection (b)~~ must register with the department. **The department may recognize** only one (1) clearinghouse ~~may be registered~~ to represent ~~units of local government~~ **political subdivisions** at any given time.

(d) A ~~unit of local government~~ **political subdivision** may enter into an ~~interlocal~~ agreement ~~under IC 36-1-7~~ with a clearinghouse ~~established~~ **registered** under subsection ~~(b)~~ (c) to carry out activities on behalf of the ~~unit of local government~~ **political subdivision** as authorized in a ~~contract under subsection (b): the agreement.~~

(e) The department may adopt rules under IC 4-22-2 that set forth the procedures and format requirements that must be included in an ~~interlocal~~ agreement entered into under subsection (d).".

Page 10, delete lines 5 through 16, begin a new paragraph and insert:

"SECTION 10. IC 6-8.1-9.5-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018 (RETROACTIVE)]: Sec. 8. After a final determination of the validity of a debt due a claimant agency pursuant to sections 6 and 7 of this chapter, the claimant agency shall certify to the department the amount owed by the debtor to the claimant agency that is subject to set off. Upon receipt of certification of a debt, the department shall set off the appropriate



amount and pay it to:

- (1) the appropriate claimant agency; or
- (2) the clearinghouse for deposit in the clearinghouse's account in the investment pool established under IC 5-13-9-11(e)."**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1262 as introduced.)

BROWN T

Committee Vote: yeas 22, nays 0.

