

Addendum C

Interagency Intercept Collection Program Overview

Franchise Tax Board (FTB) administers the Interagency Intercept Collection (IIC) Program on behalf of the State Controller's Office (SCO). The program intercepts refunds from FTB and transfers them to pay an individual's debts to agencies/colleges.

How IIC Works

1. An agency sends FTB information about a debt;
2. FTB collects the money from tax refunds, lottery winnings, or unclaimed property;
3. SCO sends the agency the money collected; and
4. The agency applies the money to that debt.

How Agencies Participate in IIC

Agencies request to participate in the IIC program. They must meet program requirements and be approved by SCO. Agencies can include California schools, cities, counties, and other state agencies.

The types of debts included in the program vary by type of entity:

- State agencies can submit any type of debt owed to them.
- Counties and cities can submit debts for property taxes, delinquent fines, bails, vehicle parking, penalties, court-ordered payments, or other permitted debts.
- California colleges (and other post-secondary educational institutions) can submit debts for delinquent registration, tuition, bad check fees, library fines, federally subsidized student loans, or other permitted debts.
- Special districts can submit debts in accordance with Government Code (GC) Sections 12419.8, 12419.10, and 12419.12.

Participating entities are required to send their debtors a Pre-Intercept Notice that contains specific due process language. The notice should be sent via U.S. mail, unless the debtor previously elected to receive electronic correspondence. The notice must:

- Specify the GC sections that authorize the participating agency to submit debts for intercept.
- Allow the debtor 30 days to resolve or dispute the debt before the debt is submitted to FTB.
- Provide contact information where the debtor can dispute the liability with the entity.

Participating entities submit accounts to FTB using a Secure Web Internet File Transfer Process. The participating agencies will provide the debtor's SSN, last name, debt amount, and account number.