

421C.3 Debt settlement program.

1. As used in this section, “*eligible debt*” means all delinquent court debt obligations defined pursuant to section 602.8107 and owed the state, except as provided in subsection 3. “*Eligible debt*” includes any interest and penalties assessed against such debt obligations.

2. The state debt coordinator, in consultation with the other branches of state government, shall establish a debt settlement program.

3. The following debt obligations are ineligible for the program:

a. Delinquent debt obligations that were imposed less than four years prior to the date of the application.

b. Victim restitution as defined in section 910.1.

c. Civil penalties assessed pursuant to section 321.218A, 321A.32A, or 321J.17.

d. Jail fees charged pursuant to section 356.7.

4. The following persons are ineligible for the program:

a. A person whose income level exceeds two hundred percent of the United States poverty level as defined by the most recently revised poverty income guidelines published by the United States department of health and human services.

(1) The coordinator may determine that a person whose income is at or below two hundred percent of the United States poverty level as defined by the most recently revised poverty income guidelines published by the United States department of health and human services, is ineligible for the program if the debt coordinator determines the person is able to pay the full amount of the delinquent debt.

(2) In making the determination of a person’s ability to pay the full amount of the delinquent debt, the state debt coordinator shall consider not only the person’s income, but also the availability of any assets subject to execution, including but not limited to cash, stocks, bonds, and any other property which may be applied to the eligible debt.

b. A person who is in jail, prison, or who is under supervision during the period of incarceration or supervision.

c. A person who has previously participated in the program.

5. A person paying a delinquent court debt obligation through an established payment plan with the clerk of the district court, with the centralized collection unit of the department of revenue or its designee, with a county attorney or the county attorney’s designee, or with a private collection designee, is eligible for the debt settlement program if the person and debt are eligible and if the collecting entity is a debt settlement collection designee as provided in section 421C.4. The distribution of any moneys collected by the debt settlement collection designee shall be as provided in section 421C.4.

6. Under the program the state debt coordinator is authorized to forgive not more than fifty percent of all eligible debt obligations due.

7. Payment to the state debt coordinator under the program shall be provided in a lump sum.

8. The program shall provide that upon written application and payment of the agreed upon percentage of eligible debt obligation due to the state, the state shall forgive any remaining balance of eligible debt obligation due and shall not seek any contempt or civil action or criminal prosecution against the person related to the eligible debt obligation forgiven under the program. Upon the forgiveness of the remaining balance of the eligible debt pursuant to the program, the eligible debt shall be considered by the state as paid in full.

9. The written application shall contain all case numbers associated with the eligible debt obligation due and a general description of such debt.

10. Failure to pay the amount agreed upon by the date specified shall bar the person’s participation in the program for life.

11. A person who participates in the program shall relinquish all administrative and judicial rights to challenge the imposition and the amount of the eligible debt obligation owed.

12. If a driver’s license is reinstated as a result of participating in the program, the person shall be required to pay a reinstatement fee as provided in section 321.191, any civil penalty assessed pursuant to section 321.218A, 321A.32A, or 321J.17, and provide proof of financial responsibility pursuant to section 321A.17, if otherwise required by law.

13. Upon paying the amount required under subsection 6, the state debt coordinator shall

provide the person with a certified document detailing the case numbers paid in full under the program. Any state department, agency, or branch shall, upon the filing of a certified document detailing the cases paid in full under the program, indicate in the records of the department, agency, or branch that the case is in fact paid in full with respect to the eligible debt obligations paid under the program.

14. The coordinator shall prepare and make available debt settlement application forms which contain requirements for approval of an application. The coordinator may deny an application that is inconsistent with this section.

15. Any department, agency, or branch shall cooperate with the state debt coordinator in administering the program.

16. *a.* The director of revenue shall establish an account and shall deposit in the account all receipts received under the program established by the state debt coordinator. Not later than the fifteenth day of each month, the director shall deposit amounts received with the treasurer of state for deposit in the general fund of the state.

b. Of the amount of debt actually collected pursuant to the program, the department of revenue shall retain an amount, not to exceed the amount collected, that is sufficient to pay for salaries, support, maintenance, services, advertising, and other costs incurred by the coordinator relating to the program. Revenues retained by the office pursuant to this lettered paragraph shall be considered repayment receipts as defined in section 8.2.

17. The state debt coordinator shall submit an annual report by January 1 to the chairpersons and ranking members of the joint appropriations subcommittee on justice systems and the legislative services agency, detailing the amount of debt obligations settled under the program, including the classification of the debt settled and the county of residence of persons who had debt settled under the program or with a debt settlement designee as provided in section 421C.4.

2010 Acts, ch 1146, §11, 26; 2010 Acts, ch 1193, §125, 141; 2011 Acts, ch 34, §160

[T] 2010 enactment of this section takes effect January 1, 2011; 2010 Acts, ch 1146, §26; 2010 Acts, ch 1193, §141; 2011 Acts, ch 34, §160

[T] Section not amended; section history and footnote updated