701—26.10(421) Fees.

26.10(1) A fee of $7 shall be paid by participating public agencies to the department for each setoff. The public agency shall be charged the fee each time a public payment is set off and applied to the public agency's qualifying debt. The fee shall be taken by the department out of the setoff funds before the department transfers such funds to the public agency.

26.10(2) The fee shall not be collected by the public agency via the setoff program unless it is a qualifying debt as defined in Iowa Code section 421.65(1)*"d."*

26.10(3) The department shall retain the fee regardless of the outcome of any challenge or requests for division of public payments.

26.10(4) Examples.

EXAMPLE 1: Setoff fee is not qualified debt: Debtor A owes $100 of qualified debt to Public Agency Z and $200 of qualified debt to Public Agency Y. Public Agency Z submits $100 to the setoff program, and Public Agency Y submits $207 to the setoff program ($200 of qualified debt and $7 for the setoff fee). The department would accept the placement from Public Agency Z and would try to match public payments for setoff. The department would reject the placement from Public Agency Y and not match it with public payments. Additionally, the department would grant any challenges for setoff fees that were rolled up and resubmitted to the setoff program.

EXAMPLE 2: Setoff fee is not refundable: Debtor A successfully challenges a setoff placed by Public Agency Z for $100. Public Agency Z will return $100 to Debtor A. The department will not return the fee to Public Agency Z.

EXAMPLE 3: Setoff fee is credited against qualified debt: Debtor A owes $100 of qualified debt to Public Agency Z. Public Agency Z submits $100 to the setoff program. The setoff program matches a $50 public payment with Debtor A. The department will distribute $43 to Public Agency Z and keep $7 for the setoff fee, and Debtor A will have a remaining balance of $50.

EXAMPLE 4: Setoff fee is taken per distribution:

Public Agency Z places $100 for Debtor A. The setoff program matches one public payment. The department would take one setoff fee when it distributes the funds to Public Agency Z.

Public Agency Z places $100 for Debtor A. The setoff program matches two public payments from two different sources. The department would take two setoff fees when it distributes the funds to Public Agency Z.

Public Agency Z places $100 for Debtor A and $100 for Debtor B. The setoff program matches one public payment for Debtor A and one public payment for Debtor B. The department would take two setoff fees when it distributes the funds to Public Agency Z.

This rule is intended to implement Iowa Code section 421.65.

[**ARC 7080C**, IAB 10/4/23, effective 11/13/23]