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## FISCAL TOPICS

Fiscal Services Division

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## Court Debt Collection System

The following provides an overview of the current Court Debt Collection System in Iowa. For a historical overview of the system, see the *Issue Review* [Court Debt Collection](#).

### Definition of Court Debt

Court debt consists of all unpaid fines, penalties, court costs, fees, forfeited bail, criminal surcharges under Iowa Code chapter [911](#), restitution as defined in Iowa Code section [910.1](#), court-appointed attorney fees, or expenses for a public defender ordered pursuant to Iowa Code section [815.9](#). Restitution and all other fines, penalties, fees, court costs, and surcharges are paid to the Clerk of the District Court. The payments are applied in the following priority order:

- 1) Pecuniary damages as defined in Iowa Code section [910.1](#)(3)
- 2) Fines or penalties and the crime services surcharge
- 3) Crime victim compensation program reimbursement
- 4) Court costs, court-appointed attorney fees, or public defender expenses

### Court Debt Collection Agencies

Court debt may be collected by either the county attorney or the Centralized Collection Unit (CCU) within the Department of Revenue (DOR). (Iowa Code section [602.8107](#))

#### County Attorney

In order to collect court debt after the debt is deemed delinquent, the county attorney must first file with the Clerk of the District Court on or before July 1 of the first fiscal year the county plans to collect debt a notice of full commitment to collect, and a Memorandum of Understanding (MOU) with the State Court Administrator for all cases assigned to the county for collection. The county attorney is only required to file the initial notice. In order to stop collecting, the county attorney must file a notice of intent to cease collection of delinquent court debt at the start of the next fiscal year with the Clerk of the District Court on or before May 15.

#### CCU

The CCU is housed in the DOR and is a self-supporting, centralized debt collection program for State agencies. It charges for all direct and indirect costs that are permissible for CCU activities. The CCU also collects debt for the DOR tax receivables, the Department of Human Services Child Support Recovery Unit, and the Department of Natural Resources.

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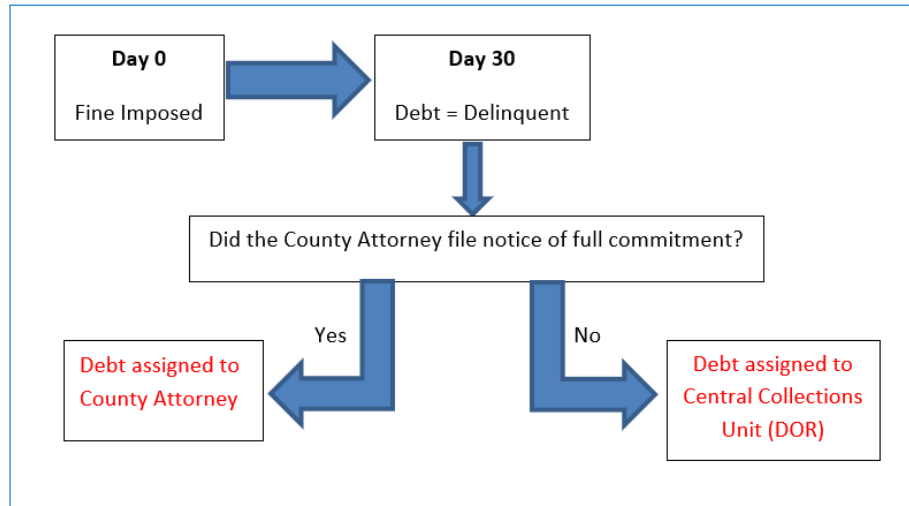
### More Information

Iowa Judicial Branch: [iowacourts.gov](http://iowacourts.gov)  
LSA Staff Contact: Isabel Waller (515.281.6561) [isabel.waller@legis.iowa.gov](mailto:isabel.waller@legis.iowa.gov)

**Court Debt Collection Timeline**

Court debt is deemed delinquent if it is not paid or entered into a payment plan within 30 days after the date it is assessed. At the time of delinquency, the debt is either placed with the county attorney or the CCU, depending on whether the county attorney has filed a notice of full commitment to collect. The current court debt collection system is outlined in **Figure 1**.

**Figure 1**



**Distribution of Collections**

CCU

The DOR receives 15.0% of each court debt payment collected on cases assigned to the CCU for processing costs. The remaining 85.0% is paid to the Clerk of the District Court and distributed as required under Iowa Code section [602.8108](#). The DOR collection fee is not assessed on the amount of court debt collected for pecuniary damages, the Victim Compensation Fund, the crime services surcharge, the domestic and sexual abuse crimes surcharge, the agricultural surcharge, and the sex offender civil penalty.

County Attorney

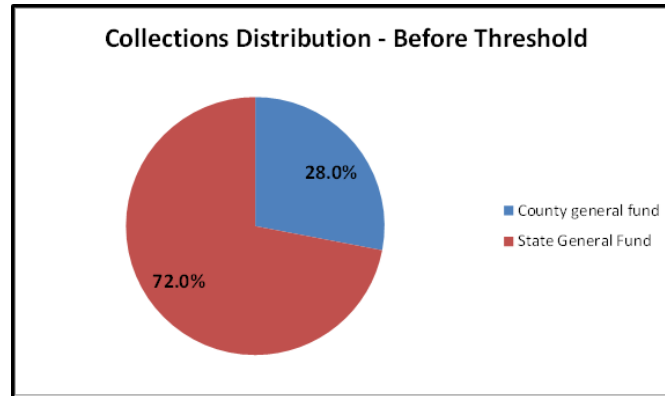
When a county attorney elects to collect court debt, they must meet a certain collection threshold as determined by the county’s population and Iowa Code section [602.8107\(2\)](#). **Figure 2** outlines the threshold requirements by county population.

**Figure 2**

<b>Collection Thresholds</b>	
<b>Population</b>	<b>Threshold</b>
150,001 and above	\$1,000,000
100,001 – 150,000	600,000
50,001 – 100,000	300,000
26,001 – 50,000	100,000
15,001 – 26,000	50,000
Less than or equal to 15,000	25,000

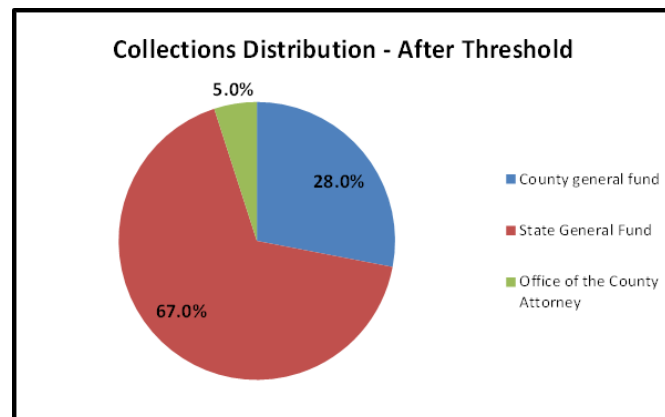
Once the county surpasses that collection threshold, the excess is distributed between the county and the Clerk of the District Court according to Iowa Code section [602.8107\(4\)\(d\)](#). In order to qualify, any county in a 28E agreement must collect an amount of debt that originated in its own jurisdiction that is equal to its applicable population threshold. **Figure 3** shows the current distribution of county attorney collections before the county meets its collection threshold. A portion of the funds is paid to the county general fund and the remainder is paid to the Clerk of the District Court and deposited in the State General Fund.

**Figure 3**



After the county has collected its threshold amount, all additional moneys collected beyond that amount are divided as shown in **Figure 4**.

**Figure 4**



In order for a county attorney to remain eligible to collect, the county attorney must collect 100.0% of the applicable collection threshold within two years of beginning to collect delinquent court debt. If the county attorney collects more than 80.0% but less than 100.0% of the applicable threshold, the State Court Administrator must provide notice to the county attorney specifying that in order to remain eligible to collect, the county attorney must collect at least 125.0% of the applicable threshold by the end of the next fiscal year. If the county attorney fails to meet the threshold, the State Court Administrator must provide notice to the county attorney that the county is ineligible to collect for the next two fiscal years, and all existing and future cases are assigned to the CCU.

## Other Debt Collection Programs

### Judicial Offsets

The Department of Administrative Services (DAS) operates the Offset Program. Moneys recovered through this Program are returned to the respective department or agency and applied to the various funding sources. The DAS collects funds monthly through income tax offset, vendor offset, lottery winnings, and casino and racetrack winnings. Anyone with winnings of at least \$1,200 is verified prior to

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payout to determine that the person does not have any outstanding debt owed to the State of Iowa. The DAS charges an additional \$7 fee to the debtor for each offset held and the fee is used to cover expenses for the Offset Program.

#### County Treasurer Restitution Through Vehicle Registration

State law requires a county treasurer to refuse to renew a vehicle registration when the owner owes unpaid fines and court fees (Iowa Code section [321.40](#)). Once the debt is paid, the county treasurer allows renewal of the registration. Payment may be made at the county treasurer's office. An optional \$5 processing fee may be charged by and paid to the county treasurer and deposited in the county general fund. This Program includes all debt, including civil cases such as dissolutions, probate, small claims, and other unpaid court costs owed the State.

#### Professional Licensing

If an individual owes at least \$1,000 in debt collected by the CCU, the CCU can request that the professional license of the individual be suspended, revoked, denied issuance, or denied renewal, unless the individual's court debt is paid or placed in a payment plan. The procedure for license sanctions is set out in Iowa Code chapter [272D](#).

#### Driver's License Sanctions

If an individual has delinquent court debt, the Clerk of the District Court sends a notification letter requesting payment or entrance into a payment plan within 60 days from the date of the mailing. If the individual does not comply, the Clerk of the District Court will notify the Department of Transportation (DOT) of the individual's failure to pay. Once the DOT has been notified of the delinquency, the DOT sends an official notice of driver's license suspension to that individual. After notification, the individual may enter a payment plan with the county attorney or CCU to prevent the license suspension.

If the license is suspended, an individual may only have a license reinstated once the DOT receives proof that the fine or debt has been paid in full or placed in a payment plan. Once the suspension for failure to pay has ended, the person may reinstate his or her driver's license by paying a \$20 reinstatement fee.