

**Senate Study Bill 3140 - Introduced**

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
STATE GOVERNMENT BILL BY  
CHAIRPERSON SMITH)

**A BILL FOR**

1 An Act relating to the setoff procedures used by public  
2 agencies.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 8A.323, subsection 5, Code 2020, is  
2 amended to read as follows:

3 5. Any fine that remains unpaid upon becoming delinquent  
4 may be collected by the department of revenue pursuant to the  
5 setoff procedures provided for in [section 8A.504 421.65](#). For  
6 purposes of [this subsection](#), a fine becomes delinquent if  
7 it has not been paid within thirty days of the date of the  
8 issuance of the parking citation, unless a written request for  
9 a hearing is filed as provided pursuant to the rules of the  
10 department of revenue. If an appeal is filed and the citation  
11 is upheld, the fine becomes delinquent ten days after the  
12 issuance of the final decision on the appeal or thirty-one  
13 days after the date of the issuance of the parking citation,  
14 whichever is later.

15 Sec. 2. Section 8A.502, subsection 2, Code 2020, is amended  
16 by striking the subsection.

17 Sec. 3. Section 96.11, subsection 16, Code 2020, is amended  
18 to read as follows:

19 16. *Reimbursement of setoff costs.* The department shall  
20 include in the amount set off in accordance with section ~~8A.504~~  
21 [421.65](#), for the collection of an overpayment created pursuant  
22 to [section 96.3, subsection 7](#), or section 96.16, subsection  
23 4, an additional amount for the reimbursement of setoff costs  
24 incurred by the department of ~~administrative services~~ revenue.

25 Sec. 4. Section 99D.2, subsection 3, Code 2020, is amended  
26 to read as follows:

27 3. "*Claimant agency*" means a public agency as defined  
28 in [section 8A.504 421.65, subsection 1](#), or the state court  
29 administrator as defined in [section 602.1101](#).

30 Sec. 5. Section 99D.28, subsection 2, Code 2020, is amended  
31 to read as follows:

32 2. The licensee is authorized and directed to withhold  
33 any winnings of a debtor which are paid out directly by the  
34 licensee subject to the lien created by [this section](#) and  
35 provide notice of such withholding to the winner when the

1 winner appears and claims winnings in person. The licensee  
2 shall pay the funds over to the collection entity which  
3 administers the setoff program pursuant to section ~~8A.504~~  
4 421.65.

5 Sec. 6. Section 99F.1, subsection 5, Code 2020, is amended  
6 to read as follows:

7 5. "*Claimant agency*" means a public agency as defined  
8 in section ~~8A.504~~ 421.65, subsection 1, or the state court  
9 administrator as defined in section 602.1101.

10 Sec. 7. Section 99F.19, subsection 2, Code 2020, is amended  
11 to read as follows:

12 2. The licensee is authorized and directed to withhold  
13 any winnings of a debtor which are paid out directly by the  
14 licensee subject to the lien created by this section and  
15 provide notice of such withholding to the winner when the  
16 winner appears and claims winnings in person. The licensee  
17 shall pay the funds over to the collection entity which  
18 administers the setoff program pursuant to section ~~8A.504~~  
19 421.65.

20 Sec. 8. Section 99G.38, subsection 3, Code 2020, is amended  
21 to read as follows:

22 3. The state of Iowa offset program, as provided in  
23 section ~~8A.504~~ 421.65, shall be available to the authority to  
24 facilitate receipt of funds owed to the authority.

25 Sec. 9. Section 217.34, Code 2020, is amended to read as  
26 follows:

27 **217.34 Debt setoff.**

28 The investigations division of the department of inspections  
29 and appeals and the department of human services shall provide  
30 assistance to set off against a person's or provider's income  
31 tax refund or rebate any debt which has accrued through written  
32 contract, nonpayment of premiums pursuant to section 249A.3,  
33 subsection 2, paragraph "a", subparagraph (1), subrogation,  
34 departmental recoupment procedures, or court judgment and which  
35 is in the form of a liquidated sum due and owing the department

1 of human services. The department of inspections and appeals,  
2 with approval of the department of human services, shall adopt  
3 rules under [chapter 17A](#) necessary to assist the department of  
4 ~~administrative services revenue~~ in the implementation of the  
5 setoff under [section 8A-504 421.65](#) in regard to money owed to  
6 the state for public assistance overpayments or nonpayment  
7 of premiums as specified in [this section](#). The department of  
8 human services shall adopt rules under [chapter 17A](#) necessary to  
9 assist the department of ~~administrative services revenue~~ in the  
10 implementation of the setoff under [section 8A-504 421.65](#), in  
11 regard to collections by the child support recovery unit and  
12 the foster care recovery unit.

13 Sec. 10. Section 234.8, Code 2020, is amended to read as  
14 follows:

15 **234.8 Fees for child welfare services.**

16 The department of human services may charge a fee for  
17 child welfare services to a person liable for the cost of the  
18 services. The fee shall not exceed the reasonable cost of the  
19 services. The fee shall be based upon the person's ability  
20 to pay and consideration of the fee's impact upon the liable  
21 person's family and the goals identified in the case permanency  
22 plan. The department may assess the liable person for the fee  
23 and the means of recovery shall include a setoff against an  
24 amount owed by a state agency to the person assessed pursuant  
25 to [section 8A-504 421.65](#). In addition the department may  
26 establish an administrative process to recover the assessment  
27 through automatic income withholding. The department shall  
28 adopt rules pursuant to [chapter 17A](#) to implement the provisions  
29 of [this section](#). [This section](#) does not apply to court-ordered  
30 services provided to juveniles which are a charge upon the  
31 state pursuant to [section 232.141](#) and services for which the  
32 department has established a support obligation pursuant to  
33 section 234.39.

34 Sec. 11. Section 252B.5, subsection 4, Code 2020, is amended  
35 to read as follows:

1 4. Assistance to set off against a debtor's income tax  
2 refund or rebate any support debt, which is assigned to  
3 the department of human services or which the child support  
4 recovery unit is attempting to collect on behalf of any  
5 individual not eligible as a public assistance recipient, which  
6 has accrued through written contract, subrogation, or court  
7 judgment, and which is in the form of a liquidated sum due  
8 and owing for the care, support, or maintenance of a child.  
9 Unless the periodic payment plan provisions for a retroactive  
10 modification pursuant to [section 598.21C](#) apply, the entire  
11 amount of a judgment for accrued support, notwithstanding  
12 compliance with a periodic payment plan or regardless of the  
13 date of entry of the judgment, is due and owing as of the date  
14 of entry of the judgment and is delinquent for the purposes of  
15 setoff, including for setoff against a debtor's federal income  
16 tax refund or other federal nontax payment. The department  
17 of human services shall adopt rules pursuant to [chapter 17A](#)  
18 necessary to assist the department of ~~administrative services~~  
19 revenue in the implementation of the child support setoff as  
20 established under [section 8A-504 421.65](#).

21 Sec. 12. Section 261.37, subsection 7, Code 2020, is amended  
22 to read as follows:

23 7. To establish an effective system for the collection of  
24 delinquent loans, including the adoption of an agreement with  
25 the department of ~~administrative services~~ revenue to set off  
26 against a defaulter's income tax refund or rebate the amount  
27 that is due because of a default on a loan made under this  
28 subchapter. The commission shall adopt rules under chapter  
29 17A necessary to assist the department of ~~administrative~~  
30 ~~services~~ revenue in the implementation of the student loan  
31 setoff program as established under [section 8A-504 421.65](#).  
32 The commission shall apply administrative wage garnishment  
33 procedures authorized under the federal Higher Education Act of  
34 1965, as amended and codified in 20 U.S.C. §1071 et seq., for  
35 all delinquent loans, including loans authorized under section

1 261.38, when a defaulter who is financially capable of paying  
2 fails to voluntarily enter into a reasonable payment agreement.  
3 In no case shall the commission garnish more than the amount  
4 authorized by federal law for all loans being collected by the  
5 commission, including those authorized under [section 261.38](#).

6 Sec. 13. Section 321.11A, subsection 1, Code 2020, is  
7 amended to read as follows:

8 1. Notwithstanding [section 321.11](#), the department, upon  
9 request, shall provide personal information that identifies  
10 a person by the social security number of the person to the  
11 following:

12 a. The department of revenue for the ~~purpose~~ purposes of  
13 collecting debt and administering the setoff program pursuant  
14 to section 421.65.

15 b. The judicial branch for the purpose of collecting court  
16 debt pursuant to [section 602.8107](#).

17 ~~c. The department of administrative services for the purpose~~  
18 ~~of administering the setoff program pursuant to [section 8A.504](#).~~

19 Sec. 14. Section 321.31, subsection 1, paragraph c, Code  
20 2020, is amended to read as follows:

21 c. The director shall maintain a records system of  
22 delinquent accounts owed to the state using information  
23 provided through the computerized data bank established in  
24 section 421.17. The department and county treasurers shall use  
25 the information maintained in the records system to determine  
26 if applicants for renewal of registration have delinquent  
27 accounts, charges, fees, loans, taxes, or other indebtedness  
28 owed to or being collected by the state as provided pursuant  
29 to [section 8A.504 421.65](#). The director, ~~the director of the~~  
30 ~~department of administrative services,~~ and the director of  
31 revenue shall establish procedures for updating the delinquent  
32 accounts records to add and remove accounts, as applicable.

33 Sec. 15. Section 321.40, subsection 6, paragraph a, Code  
34 2020, is amended to read as follows:

35 a. The department or the county treasurer shall refuse

1 to renew the registration of a vehicle registered to the  
2 applicant if the department or the county treasurer knows that  
3 the applicant has a delinquent account, charge, fee, loan,  
4 taxes, or other indebtedness owed to or being collected by the  
5 state, from information provided pursuant to sections ~~8A.504~~  
6 and 421.17 and 421.65. An applicant may contest this action  
7 by initiating a contested case proceeding with the agency  
8 that referred the debt for collection pursuant to section  
9 ~~8A.504~~ 421.65. The department of revenue and the department  
10 of transportation shall notify the county treasurers through  
11 the distributed teleprocessing network of persons who owe  
12 such a delinquent account, charge, fee, loan, taxes, or other  
13 indebtedness.

14 Sec. 16. NEW SECTION. **421.65 Setoff procedures.**

15 1. *Definitions.* As used in this section, unless the context  
16 otherwise requires:

17 a. "*Collection entity*" means the department of revenue and  
18 any other public agency that maintains a separate accounting  
19 system and elects to establish a debt collection setoff  
20 procedure for collection of debts owed to the public agency.

21 b. "*Person*" does not include a public agency.

22 c. "*Public agency*" means a board, commission, department,  
23 including the department of revenue, or other administrative  
24 office or unit of the state of Iowa or any other state entity  
25 reported in the Iowa comprehensive annual financial report,  
26 or a political subdivision of the state, or an office or unit  
27 of a political subdivision. "*Public agency*" does include the  
28 clerk of the district court as it relates to the collection of  
29 a qualifying debt. "*Public agency*" does not include the general  
30 assembly or the governor.

31 d. "*Qualifying debt*" includes but is not limited to the  
32 following:

33 (1) Any debt, which is assigned to the department of  
34 human services, or which is owed to the department of human  
35 services for unpaid premiums under section 249A.3, subsection

1 2, paragraph "a", subparagraph (1), or which the child support  
2 recovery unit is otherwise attempting to collect, or which the  
3 foster care recovery unit of the department of human services  
4 is attempting to collect on behalf of a child receiving foster  
5 care provided by the department of human services.

6 (2) An amount that is due because of a default on a loan  
7 under chapter 261.

8 (3) Any debt which is in the form of a liquidated sum due,  
9 owing, and payable to the clerk of the district court.

10 2. *Setoff procedure.* The collection entity shall establish  
11 and maintain a procedure to set off against any claim owed to  
12 a person by a public agency any liability of that person owed  
13 to a public agency, a support debt being enforced by the child  
14 support recovery unit pursuant to chapter 252B, or such other  
15 qualifying debt. The procedure shall only apply when at the  
16 discretion of the director it is feasible. The procedure shall  
17 meet the following conditions:

18 a. Before setoff, a person's liability to a public agency  
19 and the person's claim on a public agency shall be in the form  
20 of a liquidated sum due, owing, and payable.

21 b. Before setoff, the public agency shall obtain and forward  
22 to the collection entity the full name and social security  
23 number of the person liable to the public agency or to whom  
24 a claim is owing who is a natural person. If the person is  
25 not a natural person, before setoff, the public agency shall  
26 forward to the collection entity the information concerning the  
27 person as the collection entity shall, by rule, require. The  
28 collection entity shall cooperate with other public agencies in  
29 the exchange of information relevant to the identification of  
30 persons liable to or claimants of public agencies. However,  
31 the collection entity shall provide only relevant information  
32 required by a public agency. The information shall be held in  
33 confidence and used for the purpose of setoff only. Section  
34 422.72, subsection 1, does not apply to this paragraph.

35 c. Before setoff, a public agency shall, at least annually,



1 submit to the collection entity the information required  
2 by paragraph "b" along with the amount of each person's  
3 liability to and the amount of each claim on the public agency.  
4 The collection entity may, by rule, require more frequent  
5 submissions.

6 *d.* Before setoff, the amount of a person's claim on a public  
7 agency and the amount of a person's liability to a public  
8 agency shall constitute a minimum amount set by rule of the  
9 collection entity.

10 *e.* Upon submission of an allegation of liability by a public  
11 agency, the collection entity shall notify the public agency  
12 whether the person allegedly liable is entitled to payment from  
13 a public agency, and, if so entitled, shall notify the public  
14 agency of the amount of the person's entitlement and of the  
15 person's last address known to the collection entity. Section  
16 422.72, subsection 1, does not apply to this paragraph.

17 *f.* (1) Upon notice of entitlement to a payment, the public  
18 agency shall send written notification to that person of the  
19 public agency's assertion of its rights to all or a portion  
20 of the payment and of the public agency's entitlement to  
21 recover the liability through the setoff procedure, the basis  
22 of the assertion, the opportunity to request that a jointly  
23 or commonly owned right to payment be divided among owners,  
24 and the person's opportunity to give written notice of intent  
25 to contest the amount of the allegation. A public agency  
26 shall provide the person with an opportunity to contest the  
27 liability. A public agency subject to chapter 17A shall give  
28 notice, conduct hearings, and allow appeals in conformity with  
29 chapter 17A.

30 (2) However, upon submission of an allegation of the  
31 liability of a person which is owing and payable to the  
32 clerk of the district court and upon the determination by the  
33 collection entity that the person allegedly liable is entitled  
34 to payment from a public agency, the collection entity shall  
35 send written notification to the person which states the

1 assertion by the clerk of the district court of rights to all  
2 or a portion of the payment, the clerk's entitlement to recover  
3 the liability through the setoff procedure, the basis of the  
4 assertions, the person's opportunity to request within fifteen  
5 days of the mailing of the notice that the collection entity  
6 divide a jointly or commonly owned right to payment between  
7 owners, the opportunity to contest the liability to the clerk  
8 by written application to the clerk within fifteen days of the  
9 mailing of the notice, and the person's opportunity to contest  
10 the collection entity's setoff procedure.

11 *g.* Upon the timely request of a person liable to a public  
12 agency or of the spouse of that person and upon receipt of the  
13 full name and social security number of the person's spouse,  
14 a public agency shall notify the collection entity of the  
15 request to divide a jointly or commonly owned right to payment.  
16 Any jointly or commonly owned right to payment is rebuttably  
17 presumed to be owned in equal portions by its joint or common  
18 owners.

19 *h.* The collection entity shall, after the public agency  
20 has sent notice to the person liable or, if the liability is  
21 owing and payable to the clerk of the district court, the  
22 collection entity has sent notice to the person liable, set  
23 off the amount owed to the agency against any amount which a  
24 public agency owes that person. The collection entity shall  
25 refund any balance of the amount to the person. The collection  
26 entity shall periodically transfer amounts set off to the  
27 public agencies entitled to them. If a person liable to a  
28 public agency gives written notice of intent to contest an  
29 allegation, a public agency shall hold a refund or rebate until  
30 final disposition of the allegation. Upon completion of the  
31 setoff, a public agency shall notify in writing the person who  
32 was liable or, if the liability is owing and payable to the  
33 clerk of the district court, shall comply with the procedures  
34 as provided in paragraph "j".

35 *i.* The department of revenue's existing right to credit

1 against tax due or to become due under section 422.73 is not  
2 to be impaired by a right granted to or a duty imposed upon  
3 the collection entity or other public agency by this section.  
4 This section is not intended to impose upon the collection  
5 entity any additional requirement of notice, hearing, or appeal  
6 concerning the right to credit against tax due under section  
7 422.73.

8 *j.* If the alleged liability is owing and payable to the  
9 clerk of the district court and setoff as provided in this  
10 section is sought, all of the following shall apply:

11 (1) The judicial branch shall prescribe procedures to  
12 permit a person to contest the amount of the person's liability  
13 to the clerk of the district court.

14 (2) The collection entity shall, except for the procedures  
15 described in subparagraph (1), prescribe any other applicable  
16 procedures concerning setoff as provided in this subsection.

17 (3) Upon completion of the setoff, the collection entity  
18 shall file, at least monthly, with the clerk of the district  
19 court a notice of satisfaction of each obligation to the  
20 full extent of all moneys collected in satisfaction of the  
21 obligation. The clerk shall record the notice and enter a  
22 satisfaction for the amounts collected and a separate written  
23 notice is not required.

24 *k.* If the alleged liability is owing and payable to a  
25 community college and setoff pursuant to this section is  
26 sought, both of the following shall apply:

27 (1) In addition to satisfying other applicable setoff  
28 procedures established under this subsection, the community  
29 college shall prescribe procedures to permit a person to  
30 contest the amount of the person's liability to the community  
31 college. Such procedures shall be consistent with and ensure  
32 the protection of the person's right of due process under Iowa  
33 law.

34 (2) The collection entity shall, except for the procedures  
35 prescribed pursuant to subparagraph (1), prescribe any other

1 applicable procedures concerning setoff as provided in this  
2 subsection.

3 1. If the alleged liability is owing and payable to a school  
4 district for school meals and the school district has made  
5 reasonable efforts to collect the debt, setoff pursuant to  
6 this section may be sought by the school district. However,  
7 this paragraph shall not be interpreted to limit any other  
8 options for school meal debt collection available to the school  
9 district by law.

10 3. In the case of multiple claims to payments filed under  
11 this section, priority shall be given to claims filed by  
12 the child support recovery unit or the foster care recovery  
13 unit, next priority shall be given to claims filed by the  
14 clerk of the district court, next priority shall be given  
15 to claims filed by the college student aid commission, next  
16 priority shall be given to claims filed by the investigations  
17 division of the department of inspections and appeals, and  
18 last priority shall be given to claims filed by other public  
19 agencies. In the case of multiple claims in which the priority  
20 is not otherwise provided by this subsection, priority shall be  
21 determined in accordance with rules to be established by the  
22 director.

23 4. The director shall have the authority to enter into  
24 reciprocal agreements with the departments of revenue of other  
25 states that have enacted legislation that is substantially  
26 equivalent to the setoff procedure provided in this section  
27 for the recovery of an amount due because of a default on a  
28 loan under chapter 261. A reciprocal agreement shall also be  
29 approved by the college student aid commission. The agreement  
30 shall authorize the department to provide by rule for the  
31 setoff of state income tax refunds or rebates of defaulters  
32 from states with which Iowa has a reciprocal agreement and to  
33 provide for sending lists of names of Iowa defaulters to the  
34 states with which Iowa has a reciprocal agreement for setoff of  
35 that state's income tax refunds.

1 5. Under substantive rules established by the director, the  
2 department shall seek reimbursement from other public agencies  
3 to recover its costs for setting off liabilities.

4 Sec. 17. Section 422.12G, subsection 2, Code 2020, is  
5 amended to read as follows:

6 2. The director of revenue shall draft the income tax form  
7 to allow the designation of contributions to the veterans trust  
8 fund and to the volunteer fire fighter preparedness fund as  
9 one checkoff on the tax return. The department of revenue,  
10 on or before January 31, shall transfer one-half of the total  
11 amount designated on the tax return forms due in the preceding  
12 calendar year to the veterans trust fund and the remaining  
13 one-half to the volunteer fire fighter preparedness fund.  
14 However, before a checkoff pursuant to [this section](#) shall be  
15 permitted, all liabilities on the books of the department of  
16 ~~administrative services~~ and accounts identified as owing under  
17 section ~~8A.504~~ [421.65](#) shall be satisfied.

18 Sec. 18. Section 422.12I, subsection 2, Code 2020, is  
19 amended to read as follows:

20 2. The director of revenue shall draft the income tax form  
21 to allow the designation of contributions to the foundation  
22 fund on the tax return. The department, on or before January  
23 31, shall transfer the total amount designated on the tax  
24 form due in the preceding year to the foundation fund.  
25 However, before a checkoff pursuant to [this section](#) shall be  
26 permitted, all liabilities on the books of the department of  
27 ~~administrative services~~ and accounts identified as owing under  
28 section ~~8A.504~~ [421.65](#) shall be satisfied.

29 Sec. 19. Section 422.12K, subsection 2, Code 2020, is  
30 amended to read as follows:

31 2. The director of revenue shall draft the income tax form  
32 to allow the designation of contributions to the child abuse  
33 prevention program fund on the tax return. The department of  
34 revenue, on or before January 31, shall transfer the total  
35 amount designated on the tax return forms due in the preceding

1 calendar year to the child abuse prevention program fund.  
2 However, before a checkoff pursuant to [this section](#) shall be  
3 permitted, all liabilities on the books of the department of  
4 ~~administrative services~~ and accounts identified as owing under  
5 section ~~8A.504~~ [421.65](#) shall be satisfied.

6 Sec. 20. Section 422.20, subsection 3, paragraph a, Code  
7 2020, is amended to read as follows:

8 a. Unless otherwise expressly permitted by ~~section 8A.504~~,  
9 [section 8G.4](#), [section 11.41](#), [section 96.11](#), subsection 6,  
10 section 421.17, subsections 22, 23, and 26, section 421.17,  
11 subsection 27, paragraph "k", [section 421.17](#), subsection 31,  
12 section 252B.9, [section 321.40](#), subsection 6, sections [321.120](#),  
13 [421.19](#), [421.28](#), [421.65](#), [422.72](#), and [452A.63](#), [this section](#), or  
14 another provision of law, a tax return, return information, or  
15 investigative or audit information shall not be divulged to any  
16 person or entity, other than the taxpayer, the department, or  
17 internal revenue service for use in a matter unrelated to tax  
18 administration.

19 Sec. 21. Section 422.72, subsection 3, paragraph a, Code  
20 2020, is amended to read as follows:

21 a. Unless otherwise expressly permitted by ~~section 8A.504~~,  
22 [section 8G.4](#), [section 11.41](#), [section 96.11](#), subsection 6,  
23 section 421.17, subsections 22, 23, and 26, section 421.17,  
24 subsection 27, paragraph "k", [section 421.17](#), subsection 31,  
25 section 252B.9, [section 321.40](#), subsection 6, sections [321.120](#),  
26 [421.19](#), [421.28](#), [421.65](#), [422.20](#), and [452A.63](#), [this section](#), or  
27 another provision of law, a tax return, return information, or  
28 investigative or audit information shall not be divulged to any  
29 person or entity, other than the taxpayer, the department, or  
30 internal revenue service for use in a matter unrelated to tax  
31 administration.

32 Sec. 22. Section 456A.16, subsection 7, Code 2020, is  
33 amended to read as follows:

34 7. The department shall adopt rules pursuant to [chapter 17A](#)  
35 to implement [this section](#). However, before a checkoff pursuant

1 to [this section](#) shall be permitted, all liabilities on the  
2 books of the department of ~~administrative services~~ revenue and  
3 accounts identified as owing under ~~section 8A-504~~ [421.65](#) shall  
4 be satisfied.

5 Sec. 23. Section 602.8102, subsection 58A, Code 2020, is  
6 amended to read as follows:

7 58A. Assist the department of ~~administrative services~~  
8 revenue in setting off against debtors' income tax refunds  
9 or rebates under ~~section 8A-504~~ [421.65](#), debts which are due,  
10 owing, and payable to the clerk of the district court as  
11 criminal fines, civil penalties, surcharges, or court costs.

12 Sec. 24. Section 602.8107, subsection 4, paragraph a, Code  
13 2020, is amended to read as follows:

14 a. [This subsection](#) does not apply to amounts collected for  
15 victim restitution, the victim compensation fund, the criminal  
16 penalty surcharge, sex offender civil penalty, drug abuse  
17 resistance education surcharge, the law enforcement initiative  
18 surcharge, county enforcement surcharge, amounts collected as  
19 a result of procedures initiated under [subsection 5](#) or under  
20 ~~section 8A-504~~ [421.65](#), or fees charged pursuant to section  
21 356.7.

22 Sec. 25. Section 642.2, subsection 4, Code 2020, is amended  
23 to read as follows:

24 4. Notwithstanding [subsections 2, 3, 6, and 7](#), any  
25 moneys owed to the child support obligor by the state, with  
26 the exception of unclaimed property held by the treasurer  
27 of state pursuant to [chapter 556](#), and payments owed to the  
28 child support obligor through the Iowa public employees'  
29 retirement system are subject to garnishment, attachment,  
30 execution, or assignment by the child support recovery unit  
31 if the child support recovery unit is providing enforcement  
32 services pursuant to [chapter 252B](#). Any moneys that are  
33 determined payable by the treasurer pursuant to section 556.20,  
34 subsection 2, to the child support obligor shall be subject to  
35 setoff pursuant to ~~section 8A-504~~ [421.65](#), notwithstanding any

1 administrative rule pertaining to the child support recovery  
2 unit limiting the amount of the offset.

3 Sec. 26. REPEAL. Section 8A.504, Code 2020, is repealed.

4 Sec. 27. TRANSITION PROVISIONS. Any rule, regulation,  
5 form, order, or directive promulgated by the department of  
6 administrative services as required to administer and enforce  
7 the provisions of section 8A.504 prior to the effective date of  
8 this Act shall continue in full force and effect until amended,  
9 repealed, or supplemented by the department of revenue.

10 EXPLANATION

11 The inclusion of this explanation does not constitute agreement with  
12 the explanation's substance by the members of the general assembly.

13 This bill relates to the setoff procedures used by public  
14 agencies.

15 The bill repeals the setoff procedures administered by the  
16 department of administrative services and contained in Code  
17 section 8A.504 and reestablishes the setoff procedures under  
18 the purview of the department of revenue. The bill updates  
19 references to the setoff procedures accordingly throughout the  
20 Code.

21 Pursuant to new Code section 421.65, the department of  
22 revenue, along with any other public agency that maintains a  
23 separate accounting system and elects to establish a setoff  
24 procedure, is required to establish and maintain a procedure to  
25 set off against any claim owed to a person by a public agency  
26 any liability of that person owed to a public agency, a support  
27 debt being enforced by the child support recovery unit, or any  
28 other qualifying debt.

29 The bill provides that any rule, regulation, form, order,  
30 or directive the department of administrative services adopted  
31 prior to the effective date of the bill to administer Code  
32 section 8A.504 is to continue in full force or effect until  
33 the department of revenue amends, repeals, or supplements such  
34 rule, regulation, form, order, or directive.