

GEAR COLLECTION PROGRAM STEP BY STEP

1. The governing body of your county, hospital, special purpose district, or other political subdivision must **pass a resolution** authorizing the Association of Counties to act as your claimant agent in the collection of delinquent debts. Please fax or mail a copy of this resolution to SCAC. Also, you must send a letter from your attorney addressing the claimant agency's eligibility to participate in these debt collection programs
2. Sign a **Memorandum of Understanding and Agreement** between your county, hospital, special purpose district, or other political subdivision and the S.C. Association of Counties.
3. Complete the **Participation Form** for your county, hospital, special purpose district, or other political subdivision. Complete the **Appointment of Hearing Officer form**, which identifies the Hearing Officer who will fulfill the duties outlined in §12-56-65. All entities must submit these forms in order to participate in the coming year.
4. Begin gathering your list of delinquent debts for the initial load: **all debts submitted must include social security numbers**. The minimum debt total submitted should be \$300. **Only new GEAR accounts should be included in the initial load**. Multiple debts may be submitted for the same SSN but the DATE OF DEFAULT must be different. The Association will provide each participant with a computer software program for preparing its debt file, or the entity may submit data in an ASCII format or Excel format as specified by SCAC.

Current participants in GEAR will **receive an inventory report** in early September with a listing of debts already in the system. We recommend you review this listing and send SCAC an adjustment file to reduce or zero anyone, as necessary.

5. **YOU NO LONGER NEED TO PROVIDE ENVELOPES TO RENOTIFY DEBTORS ALREADY IN THE SYSTEM.**

For new accounts entities must notify debtors by letter of outstanding debts, using the language set forth in the Setoff Debt Collection, as amended, Title 12, Chapter 56 of the South Carolina Code. The letter includes the appeals process a debtor should follow to dispute a debt. . SCAC also recommends adding a sentence to the letter relating to administrative fees as authorized by §12-56-60 and §12-56-63 of the Setoff Debt Collection Act.

We recommend that these notices be mailed no later than October 5 (earlier, if possible, to allow the debtors the 30 days required by the statute to satisfy their debts, and to allow entities time for administrative processing of any payments or protests).

6. If a written protest is received from a debtor, **you must complete and send the Notice of Protest form to SCAC. All collection efforts will cease until ample time for an appeal has been given.** Please notify the debtor of the date, time, and location of the informal hearing using the address provided by the debtor in his notice of protest. After hearing the protest, the Hearing Officer should notify SCAC of the decision by sending the Certification Hearing form. If the decision is appealed by the debtor, the Hearing Officer should notify SCAC of any contest before the Administrative Law Judge (ALJ) and the ALJ ruling.
7. The **debt file must be submitted to the Association of Counties NO LATER THAN NOVEMBER 21.** If pulling data from more than one system, entities may submit multiple files with different formats (SCAC Software, ASCII, Excel). SCAC will compile all the files to prepare software for the entity, as requested. A copy of the **completed certification form must be faxed or mailed to SCAC before we can process the initial load.** Files should be submitted using electronic transfers through SCAC's secure SSL software.
8. SCAC will send a **Confirmation Report** to each entity showing the total number and dollar amount of

records in the initial load file, as well as a listing of records with errors. Entities may review this listing and provide SCAC an adjustment file with corrections within two weeks after receiving the confirmation. **SCAC will not load your initial load until we have received verification of the totals in the confirmation report.**

9. All **adjustments to new accounts received before December 10th are guaranteed to be included in the initial load sent to DOR.** If you have adjustments after December 10th please continue to send them to us and we will attempt to include them in the initial load before we send the final file to DOR. If we cannot process these adjustments before we prepare the final file for DOR, we will send the adjustments to DOR as soon as we receive confirmation that DOR has loaded our data file into their system.

Once the accounts are sent to DOR, **any payment received by the Entity must be forwarded to the Department of Revenue.** Debtors should make checks payable to the S.C. Department of Revenue.

10. SCAC's technical staff will assist you with **downloading the new year's version of the software** beginning January 1, if you are using our software. You will be able to download this version through SCAC's secure SSL web transfer. This will allow you to download the 2008 changes to the software on your system with the new accounts submitted and the rollover accounts. To use the upgraded software, you must have Internet access and have a currently supported Microsoft Operating System (2000, XP,ect.).
11. Once the 2008 software upgrade is complete, you may **continue entering adjustments** (or Balance Updates) that zero accounts based on bankruptcies or charitable reductions. Reductions based on payments should not be included in an adjustment file since all payments should be forwarded to DOR. These adjustments will be reflected in the match reports. SCAC will send a confirmation report to you for all adjustment files showing the total number and dollar amount of adjustments received. If the amount differs from your records, please contact SCAC immediately.
12. After DOR loads the debts into the GEAR system, the **Department will generate a letter** to the debtor notifying that the debt has been submitted for collection through GEAR.
13. Payments not resolved within 45 days will move to a second stage. **All accounts with levy sources may be levied.** DOR will mail updated balance notices to debtors after each payment is posted with the Department.
14. Upon receipt of the monthly GEAR data, SCAC will process the data and **send to each entity a letter, checks or electronic deposit notification, detailed report and file of transactions.** With the debt software, you will be able to download the data file and detailed report to your computer through the Debt Software Transfer (SSL) Module. The new Transfer module will download the information directly to the debt folder allowing you to easily update your data file. The Report Module allows you to print the detailed report. If you are using Electronic Funds Transfer, you will receive an automatic deposit to your bank account and an email notifying you of the deposit.
15. SCAC will provide entities **Address updates** from the DOR tax return system in January. We will send you data files and reports showing differences between the DOR system and the SCAC system. Please update your data as necessary.

All notices and forms mentioned above should be sent to: Melinda Suddes, South Carolina Association of Counties, P.O. Box 8207, Columbia, SC 29202-8207. If you have questions, please contact Melinda at 1-800-922-6081 or email her at melinda@scac.state.sc.us.