



Participation Guide
2017

Interagency Intercept Collection Program

CA Colleges
CA Government Agencies
CA Cities
CA Counties
Special Districts



STATE OF CALIFORNIA
Franchise Tax Board

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Interagency Intercept Collection (IIC) Program Overview

This chapter explains the following:

- Overview
- Benefits
- Cost
- Authority

Overview

Many full-year and part-year California residents do not pay delinquent debts to government agencies and California colleges. Yet, these individuals are scheduled to receive state payments that include Franchise Tax Board (FTB) personal income tax refunds, Unclaimed Property Division (UPD) claim payments, or California State Lottery winnings.

In conjunction with the State Controller's Office (SCO), our program offsets these funds and transfers them to pay the individual's debts to agencies and colleges (hereinafter referred to as "agency"). We do not offset corporation, limited liability company, or partnership funds.

Benefits

The IIC Program has been in existence since 1975, initially offsetting only Personal Income Tax refunds. We began including lottery winnings in 1984 and added unclaimed property payments in 2009. Over the past two decades, the program has redirected over \$3 billion to various state agencies, cities, and counties. In 2015, we collected \$279.3 million for over 500 agencies.

Cost

The IIC Program determines the service fee for each successful offset. SCO charges this fee to reimburse the administrative costs of the program. We base this fee on actual costs incurred, which varies each year. The cost is typically around \$2.00 per successful offset. The IIC Program will post a bulletin to advise you of the cost for the year. Agencies can add this fee to the debtor's account balance. SCO bills each agency in April for each successful offset we collect during the previous calendar year.

Authority

The government code sections in the table below provide authority for our IIC Program. These codes determine the exact debts you can submit to the IIC Program.

Reference	Description
Government Code Sections 12419.2-3, 12419.5, 12419.7-12	<ul style="list-style-type: none"> • Provides general authority for the IIC Program. • Establishes debt priorities. • Identifies authorized debts, payments, and participating agencies. • Requires administrative cost reimbursement.
California Revenue and Taxation Code Sections 19542 and 19542.1	Provides misdemeanor criminal penalty and taxpayer notification for disclosure of confidential taxpayer information.
Government Code Section 12419.8 California Revenue and Taxation Code Section 19551	Authorizes city and county tax officials pursuing property tax debts to request social security numbers (SSNs).
State Administrative Manual (SAM) 8790	<ul style="list-style-type: none"> • Outlines offsets to collect state debts. • Requires state agencies to notify the debtor prior to offset and to provide them opportunity to present any valid objection.
State Administrative Manual 8776.6	Outlines state agencies' collection procedures prior to offset.

Eligibility

This chapter explains participant eligibility, which includes:

- Qualifying Participants
- Qualifying Debts
- Debt Criteria

Qualifying Participants

To participate in the IIC Program, you must be:

- A California state, city, county agency, or special district.
- A California state college, community college district, or other post-secondary educational institution.

All agencies need to read, sign, adhere to, and maintain FTB 7904, *Confidentiality Statement*, and *Interagency Intercept Collection Program Special Terms and Conditions*. Agencies need to identify and maintain these documents for **every** employee within their agency that has access to the daily and weekly reports. This requirement includes, but is not limited to, agency/vendor IT department staff, agency/vendor management, agency/vendor fiscal staff, agency/vendor collector staff, etc. **It is the responsibility of the agency, college, or district to safeguard the data as outlined in the Intercept Collections Program Special Terms and Conditions.**

Failure to maintain FTB 7904 and *Interagency Intercept Collection Program Special Terms and Conditions* could result in unauthorized disclosure or access. Penalties for unauthorized disclosure or access could result in fines and imprisonment under California Law (R&TC Sections 19542, 19542.1, 19542.3 and Government Code Section 90005). Penalties may extend to the signature and names listed on the intent form as well as individuals listed on FTB 7904.

Contact the Interagency Intercept desk for FTB 7904 and the *Interagency Intercept Collection Program Special Terms and Conditions*. Franchise Tax Board may request a completed copy of FTB 7904 at any time.

Qualifying Debts

Many debts qualify for our IIC Program:

- State agencies can submit any type of debt owed to them.
- Counties and cities can submit debts for property taxes, delinquent fines, bails, vehicle parking penalties, court-ordered payments, or other permitted debts.
- California colleges (and other post-secondary educational institutions) can submit debts to us for delinquent registration, tuition, bad check fees, library fines, federally subsidized student loans, or other permitted debts.
- Special districts can submit debts in accordance with California Government Code Sections 12419.8, 12419.10, and 12419.12.

Consult with your legal department to determine acceptable debts. Franchise Tax Board will not advise on acceptable debt types for collection.

Debt Criteria

Submit only debts where:

- The debt type qualifies under the IIC Program authority and SCO approved it.
- The Pre-Intercept Notice was mailed and the appropriate response time elapsed. Refer to the Steps for Participation section for more information on the notice requirement.
- The debtor has a valid Social Security Number (SSN). You must provide your debtor's SSN on your account submissions. For city and county tax officials who pursue property tax debts, we can research SSNs for a fee (about \$6 each). Use FTB 2284 PC, *Request for Social Security Number Search*, for this service. (California Revenue and Taxation Code Section 19551 and Government Code Section 12419.8)
- There is one debt amount for each debtor. If one debtor has multiple accounts with you, sum the debtor's total and submit it as one account balance item. If you list a debtor's multiple accounts separately, we only accept the first account.
- The debt amount is at least \$10.
- The debtor has not filed bankruptcy. Debtors in an active bankruptcy are not eligible to participate.

The IIC Process

The IIC process consists of the following steps:

- Load and Maintain Debtor Data.
- Compare State Payment Data to Debtor Data.
- Distribute Offset Payments According to Debt Priority.
- Notify Parties of Offsets.
- Update Records With Offsets.

Load and Maintain Debtor Data

Participating agencies submit delinquent debtor accounts to us. We accept up to five offset requests from separate agencies for the same debtor. We reject debtor accounts that do not meet our criteria. If we reject an account, then we send a Rejected Accounts Report/File that provides the debtor account information and the reason we rejected the account. Refer to the File Exchange Guidelines section for more information on rejected accounts.

Compare State Payment Data to Debtor Data

Payment agencies send us their payment files weekly or daily. Payment agencies include Franchise Tax Board, California State Lottery, and State Controller's Office Unclaimed Property Division. Our system compares each payee's SSN and name to the SSN and name control contained in our debtor files. We require a match on both SSN and name control to offset a payment.

Distribute Offset Payments According to Debt Priority

If a match on both SSN and name control occurs, then our system determines the amount distributed to each participating agency according to the account hierarchy below (Government Code Section 12419.3):

- Child or family support enforced by a local agency or court.
- Child or family support enforced by a nonlocal agency or court.
- Spousal support enforced by a local agency or court.
- Spousal support enforced by a nonlocal agency or court.
- Victims Compensation and Government Claims Board agency.
- Internal Revenue Service (Effective January 1, 2015).
- Benefit overpayments pursued by the Employment Development Department (if there is no signed reimbursement agreement, or if there are two consecutive delinquent reimbursement payments).
- SCO determines the priority of all other account types.

If a higher priority account is paid, then we direct funds to the next priority agency. We repeat this pattern until all accounts are paid or until all offset funds are exhausted. If there are multiple identical priority accounts, then we direct funds to the account with the largest liability.

Notify Parties of Offsets

We notify the participating agency and payment agency when an offset occurs. We also send the debtor an Intercept Notice with the following information:

- Debtor's account number with the agency.
- Original payment amount.
- Offset amount.
- Remaining refund amount.
- Agency's public contact address and phone number.
- Government code authorizing the IIC Program.

Update Records with Offsets

We update debtor records on our system with offsets to reduce the debt amounts. We send SCO a *Funds Transfer Request Letter* for the previous month's offsets. SCO credits these funds to the appropriate participating agency and sends each agency's accounting office a transaction record or a warrant for these offsets, listing the payment amount. We reduce the payment amount by any reversals that may occur during the period. Refer to *Reversals*, for more information.

Program Requirements

To participate in the IIC Program, you must:

- Certify your program participation annually and agree to meet all program and debt eligibility requirements.
- Provide updated certification and contact information when changes occur.
- Assign staff to respond to your debtor questions about their accounts. When we send the offset letter to your debtor, we provide your debtor the public contact unit information you completed on your FTB 2280 PC, *Intent to Participate*.
- Send a Pre-Intercept Notice at least 30 days prior to submitting debts to us.
- Update debts immediately upon learning:
 - A debt is paid in full.
 - Your debtor has filed bankruptcy.
- Refund debtors any amount we over collect.
- Reimburse us for erroneous offsets (reversals).
- Pay the IIC Program service fees. If you fail to pay your fees within 30 days of the billing date, then we can deduct the fees from any money we offset for you.
- Follow confidentiality guidelines:
 - Only use debtor information we provide for the requested purpose.
 - Ensure that all information we provide you is safeguarded (in accordance with the Internal Revenue Service Publication 1075, *Tax Information Security Guidelines for Federal, State, and Local Agencies*).
 - Only send confidential information in a secure environment, never through unsecured email. (California Revenue and Taxation Code Sections 19542 and 19542.1).
- Recognize unauthorized disclosure of confidential information is a misdemeanor.
 - FTB thoroughly reviews all unauthorized or suspected access, use, and/or disclosure (incidents) of the information obtained under this agreement. We comply with the incident reporting requirements, in accordance with Civil Code Section 1798.29 and SAM Chapter 5300 (Information Security). The participant shall immediately notify FTB's Information Security Audit Unit (ISAU) of any unauthorized or suspected unauthorized accesses, uses, and/or disclosure (incidents). Email ISAU at, **SecurityAuditMail@ftb.ca.gov** or call 916.845.5555. Notify the Information Security Audit Unit of all incidents involving the information obtained under this agreement as applicable, and provide the appropriate information to facilitate the required reporting to the taxpayers or state oversight agencies.
- Complete and sign FTB 7904, *Privacy Statement*.
- Follow Interagency Intercept Collection Program Special Terms and Conditions.

Interagency Intercept Collection Program Special Terms and Conditions

1. Statement of Confidentiality

All Franchise Tax Board (FTB), Internal Revenue Service (IRS), and other information provided by FTB and maintained on the contractor's or vendor's premises is confidential. It is unlawful for any state or other employee to inspect, acquire, or disclose FTB, IRS, or other confidential information under California Revenue and Taxation Code Section 19542 and 19542.1, Penal Code Section 502, California Public Contract Code Section 10426, Government Code Sections 90005 and 91000, 26 USC. (Internal Revenue Code) Sections 7213(a)(2), 7213A(a)(2) and (b)(1), and 7431(a)(2) and (c), and 18 USC Section 1030. Violations of these statutes are punishable by fines, imprisonment, and/or the costs of prosecution. Agencies or vendors and their employees will not enter any premises, access any computers, software, applications, or data not specifically required by the authorized duties, nor will they refer to or read any documents that come within their view other than those related to the authorized duties.

Each agency or vendor, and each of its employees who may have access to the confidential or sensitive data of the other agency, will be required to have on file annually a signed FTB 7904, *Confidentiality Statement* attesting to the fact that he/she is aware of the confidential data and the penalties for unauthorized disclosure thereof under applicable state and federal law. In addition, as a condition to receiving any FTB confidential data or information under this agreement, whether directly from FTB or indirectly from the participating agency, the participating agency's vendor's authorized representative shall sign an Acknowledgment and Agreement to Interagency Intercept Collection (IIC) Program – Special Terms and Conditions, which shall acknowledge awareness of the terms of IIC Program – Special Terms and Conditions, that access to FTB confidential data or information is conditioned upon agreement to those terms, and acceptance of the terms thereof.

2. Use of Information

The participating agency and its vendor agree that the information furnished or secured pursuant to the IIC Program shall be used solely for the purposes described in FTB 2645, *IIC Program Participation Guide*. The participating agency and its vendor each further agree that information obtained under this Agreement will not be reproduced, published, sold, or released in original or any other form for any purpose other than as identified in FTB 2645.

3. Data Ownership

The confidential tax information or sensitive information being provided under this Agreement remains the exclusive property of FTB. Confidential tax and sensitive data/information are not open to the public and require special precautions to protect from loss and unauthorized use, disclosure, modification, or destruction. The recipient agency and its vendor shall have the right to use and process the disclosed information for the purposes stated in FTB 2645, which right shall be revoked and terminated immediately upon termination of program participation, or as provided in paragraph 11 below.

4. Employee Access to Information

The participating agency and its vendor each agree that the information obtained will be kept in the strictest confidence and shall make information available to its own employees only on a “need to know” basis. The “need to know” standard is met by authorized employees who need the information to perform their official duties in connection with the uses of the information authorized by the IIC Program. The participating agency and its vendor each recognize their responsibilities to protect the confidentiality of the information in their custody as provided by law and ensure that such information is disclosed only to those individuals and for such purposes as are authorized by law and this agreement.

5. Protecting Confidential Information/Incident Reporting

The participating agency and its vendor, in recognizing the confidentiality of FTB information, each agree to take all appropriate precautions to protect from unauthorized disclosure the confidential information obtained pursuant to the IIC Program. The agency and its vendor each will conduct oversight of their users with access to the confidential information provided under this agreement and will immediately notify ISAU (SecurityAuditMail@ftb.ca.gov) of any unauthorized or suspected unauthorized accesses, uses, and/or disclosures (incidents). For purposes of this section, immediately is defined as within 24 hours of the discovery of the breach. The notification must describe the incident in detail and identify responsible personnel (name, title, and contact information). The agency and its vendor will provide to FTB the information necessary to comply with the incident reporting requirements provided in Civil Code Section 1798.29 and SAM Chapter 5300 and SAM Section 20080 to facilitate or fulfill the required reporting to the taxpayers or state oversight agencies.

6. Information Security

Information security is defined as the preservation of the confidentiality, integrity, and availability of information. A secure environment is required to protect the confidential information obtained by the participating agency or its vendor pursuant to the IIC Program. The participating agency and its vendor will store information so that it is physically secure from unauthorized access. The records received will be securely maintained and accessible only by the employees assigned to the IIC Program who are committed to protect the data from unauthorized access, use, or disclosure. All FTB electronic data must be encrypted when in transit using FIPS 140-2 approved encryption technology and be password protected and secure at all times when in storage. Confidential information obtained from FTB must be secured in accordance with the State Administrative Manual, including Chapters 5100 (EDP Standards) and 5300 (Information Security), National Institute of Standards and Technology (NIST) Special Publication 800-53 (moderate), and additional security requirements provided by FTB. FTB may require that a Security Questionnaire (FTB 5603) be completed by the agency receiving confidential data from FTB and its vendor, and kept on file with FTB’s Information Security Oversight Section.

7. Destruction of Records

All records received by the participating agency and its vendor from FTB, and any database created, copies made, or files attributed to the records received, will be returned or destroyed upon completion of the business purpose for which it was obtained. The records shall be destroyed in a manner to be deemed unusable or unreadable, and to the extent that an individual record can no longer be reasonably ascertained.

8. Safeguard Review

FTB retains the right to conduct on-site safeguard reviews of both the participating agency and its vendor's use of FTB information and security controls established. FTB will provide a minimum of seven (7) days notice of a safeguard review being conducted by FTB staff.

9. Cloud Computing Environment

A Cloud Computing Environment cannot be used to receive, transmit, store, or process FTB's confidential data without prior approval from FTB's Chief Security Officer.

10. Dispute Resolution

In the event of a dispute, the participating agency shall file a "Notice of Dispute" with the Chief Financial Officer of Franchise Tax Board within ten (10) days of discovery of the problem. Within ten (10) days the Chief Financial Officer, or their designee, shall meet with the participating agency and its vendor for purposes of resolving the dispute. The decision of the Chief Financial Officer shall be final.

11. Denial of Access to Vendor

FTB reserves the right to deny access to agency's vendor immediately in the event FTB determines, in its sole discretion, that vendor is not in compliance with, or at any time in the past has not complied with, any terms or conditions of this IIC Program – Special Terms and Conditions, or that the results of an FTB safeguard review of the vendor's use of FTB information or security controls established are not satisfactory to FTB. FTB will provide written notice to agency upon termination of the vendor's access. Unless terminated earlier, the vendor's access shall be terminated automatically upon termination of this agreement, without further notice to vendor. The vendor's obligations to protect the confidentiality of FTB's data and information, including the destruction of records, shall survive the termination of the vendor's access to FTB data and information under this agreement and the termination of this agreement.

12. Vendor and Potential Subcontractors

With the sole exception of the terms and conditions for the vendor to be permitted conditional access to FTB data and information on behalf of the agency, including the vendor's obligations to protect the confidentiality of FTB data and information, nothing contained in FTB 2645 or otherwise shall create any contractual relationship between FTB and the participating agency's vendor, or any other vendors or subcontractors of the participating agency or vendor, and no subcontract shall relieve the participating agency or vendor of their responsibilities and obligations hereunder. The agency agrees to be as fully responsible to FTB for the acts and omissions of its vendor, other vendors and subcontractors, and of persons either directly or indirectly employed by any of them, as it is for the acts and omissions of persons directly employed by the agency. Without relieving the agency of its foregoing responsibilities to FTB, the agency's vendor also agrees to be as fully responsible to FTB for the acts and omissions of its vendors or subcontractors, and of persons either directly or indirectly employed by any of them, as it is for the acts and omissions of persons directly employed by the vendor. The agency and vendor shall be solely responsible for the payment of their vendors and subcontractors, and FTB shall have no obligation to pay or to verify the payment of any monies to any vendor or subcontractor.

All agencies must adhere to the *Interagency Intercept Collection Program Special Terms and Conditions* and maintain FTB 7904 for their records.

Participation Overview

You can participate in the IIC Program at any time. However, since we process most refunds during the first three months of the calendar year, your agency will benefit most by following FTB 2646, *IIC Program Yearly Time Line*. A description of the steps in the time line follows below.

- Request to Participate
- Intent to Participate/Agency Certification
- Pre-Intercept Notice
- All Agencies
- Annual Debtor Accounts
- Modified Debtor Accounts
- Weekly Offset Reports
- Fund Disbursement
- Reversals
- Administrative Costs

Request to Participate

The executive officer or director for your agency signs and submits FTB 2282 PC, *Initial Request to Participate*, to SCO. Only new agencies must submit this form to SCO. After SCO approves your request to participate, they mail an approval notice to us and a copy to you.

You can submit FTB 2280 PC, *Intent to Participate/Agency Certification*, to FTB while awaiting approval from SCO.

Intent to Participate/Agency Certification

Your agency's executive officer or director signs and submits an FTB 2280 PC annually. For new agencies: once we receive approval for your participation from SCO and your completed FTB 2280 PC, we send you a welcome letter with your two-digit agency code.

Pre-Intercept Notice

We require you send your debtors a *Pre-Intercept Notice*, refer to sample FTB 2288. Allow the debtor 30 days to resolve or dispute the liabilities, prior to submitting their debts to us. We will not accept submissions until this due process requirement is met.

All Agencies

Prior to sending debts to Franchise Tax Board, the participating agency must send the debtor a *Pre-Intercept Notice* allowing 30 days to resolve or dispute the liability before submitting the debt to the Interagency Intercept Collection Program. Submit a copy of the *Pre-Intercept Notice* with your completed FTB 2280 PC to the Interagency Intercept Collection group.

Annual Debtor Accounts

Submit your annual debtor accounts by **December 1**. Refer to the *File Exchange Guidelines* section for more information on how to submit accounts. Once you submit an annual load, you cannot make changes until the first week of January. Between December and February, we complete the following actions during our annual process:

- Purge all debts the last week in December.
- Process your annual debtor accounts for the upcoming calendar year the first week in January.
- Send you a listing of accounts received and rejected by mid-February.

If you are a new agency we approved after November 1, then use the modified debtor account method below for your first submission of records.

Modified Debtor Accounts

Submit your modified debtor accounts to add, delete, or change an account at any time during the process year. The middle of December is the deadline to submit modified accounts for the current process year before annual processing for the upcoming process year. You are not required to update the balance for offsets during the year, but you should modify the balance for voluntary payments or deletions to avoid over collection. Refer to the *File Exchange Guidelines* section for more information about how to submit accounts.

Weekly Offset Reports

We provide you the following reports:

- Weekly detailed report of offset activity for each payment type (one each for personal income tax refunds, lottery winnings, and unclaimed property claim payments). The reports include the name of the debtor, offset amount, offset date, and your debtor's account number.
- Daily or weekly error report of rejected accounts including the debtor's account information you submitted to us and the reason we rejected the account.
- Monthly reversal report of erroneous offsets including debtor's account information and amount of reversal. We can only provide this report on paper.

We only send these reports if there is offset, reject, or reversal activity.

Fund Disbursement

SCO disburses offset payments to you each month through a fund transfer or warrant. If you cannot reconcile this amount with your weekly offset reports, please call the IIC Program staff at 916.845.5344.

Reversals

Occasionally, we intercept funds in error resulting from misapplied payments that cause a credit on the wrong account. If we determine your agency received funds in error, then we will reduce your monthly payment amount by the reversal amount. We send you a weekly/monthly Reversal Notice advising you of these reversals, including the following information:

- Agency name
- Agency code
- Individual's name
- SSN
- Dollar amount of intercept
- Date of intercept
- Your account number (if given)

You can adjust your records and your intercept requested amount(s) to reflect the change. If the reversal amount is higher than the current offset payment amount, then we will continue to reduce the amount of your offset payments until the reversal amount is satisfied. However, if after six months we cannot make an adjustment for the full reversal, we will send your agency a letter requesting payment remittal.

Administrative Costs

In May, SCO sends you a billing invoice for the previous year's IIC program service fees.

To determine this fee, SCO, California State Lottery, and FTB calculate the program's annual cost. SCO divides the program's costs by the number of successful offsets for that year. As a result, the program fee can vary year to year.

If you fail to pay your fees within 30 days of the billing date, we may deduct the fees from any money we offset for you.

Exchange Files Through Secure Web Internet File Transfer (SWIFT)

Agencies must submit accounts to us through SWIFT. This chapter explains:

- SWIFT Overview
- SWIFT Process
- Benefits
- Registration
- Create Files
- Record Layouts
- File Exchange Guidelines (from FTB)
 - Annual Accounts Received
 - CD Encryption for Annual Load
 - Weekly Offset Reports
 - Rejected Accounts
- Modified Account Files: 50 characters

>> Chapter 6 Exchange Files Through SWIFT

SWIFT Overview

SWIFT is our only method for file exchange. Contact the IIC Program staff to request an Excel spreadsheet template to help you convert your paper requests to a SWIFT format.

The following represents the IIC Program files exchanged:

File	Type	Frequency
Annual listing of accounts	ToFTB	Annually
Modification listing of accounts	ToFTB	As needed
Annual accounts received	FromFTB	Annually
Rejected accounts	FromFTB	As processed
Personal income tax offsets	FromFTB	Weekly
Lottery offsets	FromFTB	Weekly
Unclaimed property offsets	FromFTB	Weekly

If your agency has multiple agency codes, you must separately identify each agency code and its accompanying accounts. We request a separate SWIFT file folder and transmittal for each agency code.

SWIFT Process

SWIFT is the secure file transfer system all our external customers use for submitting confidential information to us through the Internet. Submit your debtor's accounts to us with this method. To obtain a user guide for SWIFT, go to ftb.ca.gov and search for **swift**. This part of the guide explains the following about SWIFT:

- Benefits
- Registration
- Creating Files

Benefits

SWIFT allows:

- Us to process the file the same day if we receive it between the hours of 8 a.m. and 5 p.m., weekdays. If we receive the file after 5 p.m., then we process it the next business day.
- You to update your files daily.
- You to receive an email notification when we receive your file.

Registration

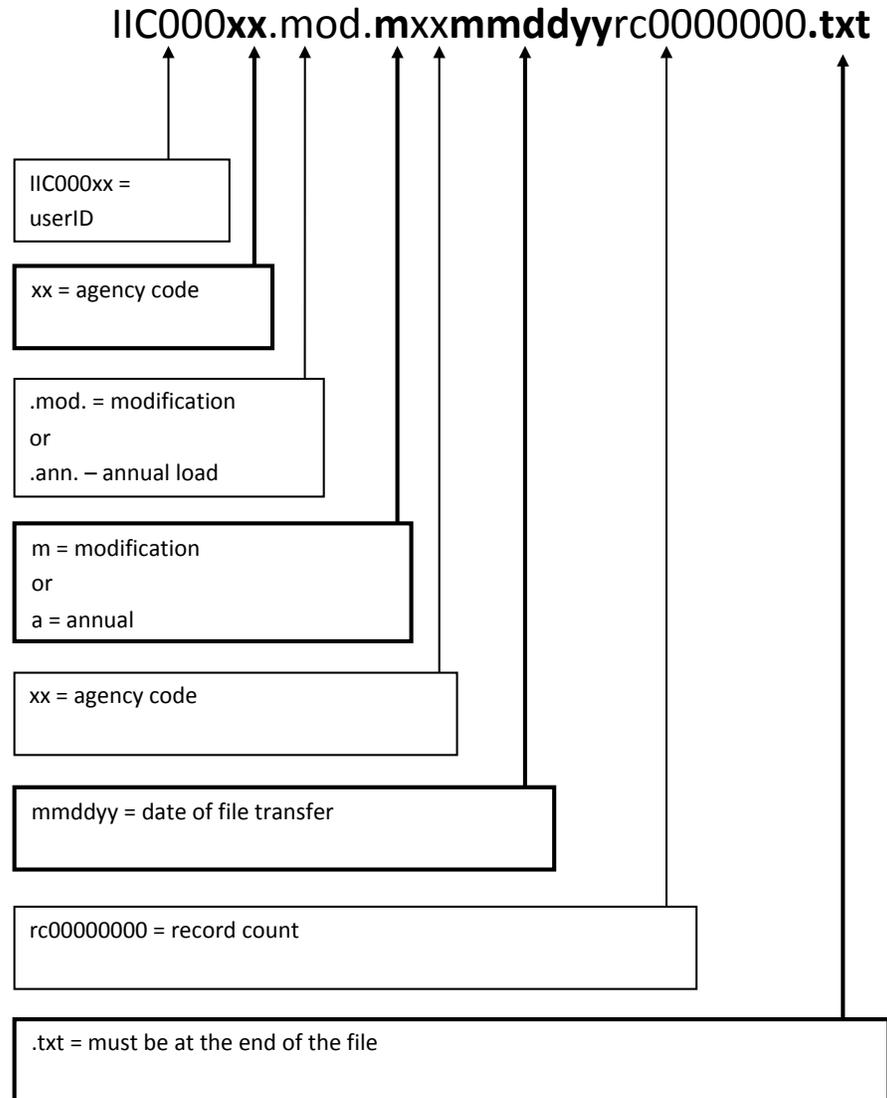
To register for SWIFT:

1. Establish contact(s) for file transfer notification. If your contact is more than one person, obtain a group email ID.
2. Contact the IIC Program staff to request a user name and password.
3. We will email you your login name and temporary password within 48 hours. You must change the temporary password once you receive it and update your password once a year. **SWIFT will not prompt you before your password expires.**

Create Files

Create your SWIFT files:

1. Create a text file using the record layouts for *Annual or Modification Listing of Accounts*. Save the file in a text format with the following file name structure. You can do this by writing your accounts in the “notepad” program located under the “accessories” tab in Windows.



Example:

IIC000ba.mod.mba050411rc0001020.txt
Modification Listing for Agency Code BA on 5/4/11 of 1,020 records

2. Log into SWIFT and copy the file into the appropriate folder (ToFTB Annual Files or ToFTB Modification Files).

For assistance with formatting your files, call the IIC Program staff at 916.845.5344.

Record Layouts

Annual Account Files: 45 characters

Example:

Agency Code: AC

Debtor SSN: 123456789

Last Name: Smith

Debt Amount: \$50.16

Account Number: 222222222

Layout: 'AC123456789SMIT000005016000000000222222222 '

(Return after each line, including last line).

Field Name	Description	Instructions	Field Length	Character Position
Agency Code	Two-digit code we assign to your Agency.		2	1-2
Debtor SSN	Debtor's nine-digit identification number.	Cannot begin with an "8"	9	3-11
Name Control	First four letters of a debtor's last name, all CAPS.	Left justified, space filled on the right side. Example: Lee, McCord, and O'Neal should be written LEE, MCCO, and ONEA.	4	12-15
Debt Amount	The amount you want offset. Nine numeric characters, right justified, zero filled on left. We reject amounts less than \$10.	Numeric, right justified, zero filled on left. Example: \$50.16 would be 000005016.	9	16-24
Account/ Case Number	The number your agency assigns accounts to distinguish each one.	Use blanks or zeros to fill field.	20	25-44
Placeholder/ Filler		Blank space as placeholder; press enter after each record.	1	45

File Exchange Guidelines (fromFTB)

Annual Accounts Received

When you send us annual accounts during year-end processing, we will return a file that includes accounts we accepted and rejected.

We include the following information in this file:

- Agency code
- Debtor's SSN
- Debtor's name control
- Offset requested amount
- Agency's debtor account number
- Error message (rejected accounts only)

CD Encryption for Annual Load

Contact the IIC Program staff for your password. Use the following instructions for CD encryption.

1. Insert CD.
2. Open My Computer.
3. Open CD/DVD drive; the FT.PI.P file will appear.
4. Open the file; the 7-Zip Self extracting Archive window will appear.
5. In the Extract to field, key in a different drive and folder (cannot open file at archive); Example: C:\Temp (do not extract to CD/DVD drive).
6. Click on Extract.
7. Enter password window will appear; enter your assigned password and select OK.
8. Locate the drive and folder you entered in step 5; open the file.
9. A Windows box will appear; select the program from a list option and select OK.
10. An Open With window will appear; scroll down until WordPad appears; open WordPad.

Weekly Offset Reports

These files provide the successful offset information you need to post payments to your debtor's accounts and reconcile your receivables. We provide separate reports for each payment type: personal income tax, lottery, and unclaimed property. If there isn't any offset activity, we will not generate a report.

We include the following information on this report/file:

- Agency code
- Debtor's SSN
- Debtor's name
- Offset amount
- Your agency's debtor account number

Rejected Accounts

If we reject any accounts, we send you a Rejected Account Report/File, including the reason the account was rejected. Refer to the detailed descriptions of our error messages below.

Account Error Messages and Corrective Steps:

Error Noted	Steps
SSN must contain nine numbers.	Verify data – Resubmit in modification format as “A” if a new account, “C” if an existing account, or “D” if deleting the account.
	Reference – Modified Account File Record Layout, character positions 2-10.
Last name not in alpha characters.	Verify data – Resubmit a modification format as “A” if a new account or “C” if an existing account.
	Reference – Modified Account File Record Layout, character positions 11-14.
	Example – O'SHAY submit as OSHA VOY-EGAN submit as VOYE BAY submit as BAY.
Offset amount must be numeric.	Verify data – Resubmit in modification format as “A” if a new account or “C” if an existing account.
	Reference – Modified Account File Record Layout, character positions 17-25. Ensure the field is right justified and zero filled on left.
SSN submissions.	Note: The SSN must match the actual debtor SSN.
	Verify data – Resubmit a modification format as “A” if a new account, “C” if an existing account, or “D” if deleting the account.
	Reference – Modified Account File Record Layout, character positions 2-10.
Duplicate data on tape for SSN.	Locate the duplicate SSN and Name Control. If multiple account submissions exist for the same debtor, and we approved one of the account submissions, then sum the debtor’s balances. Next, resubmit the account in modification format, coding it “C” (change existing account), and list the combined balance.
Account balance below \$10.	Verify data – If the balance is less than \$10, then we cannot accept the account.
	Reference – Modified Account File Record Layout, character positions 17-25.

Rejected Accounts

Account Error Messages and Corrective Steps (Continued):

Error Noted	Steps									
Exceeds maximum number of requests.	Five higher priority debts exist for this account (the maximum allowed). We cannot accept this account submission during the current process year.									
Multiple SSN matches found.	Multiple individuals use this account's SSN, preventing us from identifying the correct debtor. We cannot accept a resubmission for this account.									
Your agency previously added this account.	You submitted an existing account as a new account, which we cannot accept. To modify the account, resubmit it in modification format "C" to change existing account or "D" to delete existing account.									
No agency liability to change or delete. "C"/"D" request is less than offset amount.	<p>You submitted this account as a modification or deletion request, but we have no record of the account. Resubmit it in modification format as "A" if you wish to add this account.</p> <p>To delete this account, resubmit it in modification format as "D" and list the balance as \$0. To update the current balance, resubmit it in modification format as "C" (this balance must exceed \$10). Include any offsets-to-date in your revised amount because we will continue to deduct these offsets from your revised amount.</p>									
	<p>Example –</p> <table border="0" style="width: 100%;"> <tr> <td style="padding-right: 20px;">Agency requested/revised amount</td> <td style="text-align: right;">\$150</td> </tr> <tr> <td>Voluntary payments to date</td> <td style="text-align: right;">(\$50)</td> </tr> <tr> <td>Offsets-to-date amount</td> <td style="text-align: right;">(\$75)</td> </tr> <tr> <td>Agency current balance</td> <td style="text-align: right;">\$25</td> </tr> <tr> <td>Revised offset amount</td> <td style="text-align: right;">\$100 (\$75 + \$25)</td> </tr> </table>	Agency requested/revised amount	\$150	Voluntary payments to date	(\$50)	Offsets-to-date amount	(\$75)	Agency current balance	\$25	Revised offset amount
Agency requested/revised amount	\$150									
Voluntary payments to date	(\$50)									
Offsets-to-date amount	(\$75)									
Agency current balance	\$25									
Revised offset amount	\$100 (\$75 + \$25)									
No Name Control and/or SSN match.	The Name Control and SSN provided must match our records. Verify your data, then resubmit the account in modification format as "C" (to change information) or "D" (to delete the account).									

Modified Account Files: 50 characters

Example:

Type: Change

Debtor SSN: 123456789

Last Name: Smith

Agency Code: AC

Account Number: 222222222

Layout: 'C123456789SMITAC0000025160000000002222222222

(Return after each line, including last line.)

Field Name	Description	Instructions	Field Length	Character Position
Type Code	Defines the account change you request.	A = Add new debtor account. D = Delete debtor account (you must also indicate a zero balance to delete a debtor's account). C = Change the account balance or change a debtor's account/case number.	1	1
Debtor SSN	Debtor's nine-digit identification number.		9	2 - 10
Name Control	First four letters of a debtor's last name, all CAPS.	Left justified, space filled on the right side. Example: Lee, McCord, and O'Neal should be written LEE, MCCO, and ONEA.	4	11-14
Agency Code	Two-digit code we assign to your agency.		2	15-16

Modified Account Files: 50 characters
(Continued)

Field Name	Description	Instructions	Field Length	Character Position												
Revised Amount	<p>The new/current account balance minus all voluntary payments. We will deduct any offset payments.</p> <p>Example:</p> <table border="0"> <tr> <td>Agency requested/</td> <td>\$150</td> </tr> <tr> <td>revised amount</td> <td></td> </tr> <tr> <td>Voluntary payments</td> <td>(\$50)</td> </tr> <tr> <td>Offsets</td> <td>(\$75)</td> </tr> <tr> <td>Agency current balance</td> <td>\$25</td> </tr> <tr> <td>Revised Offset Amount</td> <td>\$100</td> </tr> </table> <p>We reject amounts less than \$10, except zero balances which delete accounts (when accompanied by a type-code "D").</p>	Agency requested/	\$150	revised amount		Voluntary payments	(\$50)	Offsets	(\$75)	Agency current balance	\$25	Revised Offset Amount	\$100	<p>Numeric, right justified, zero filled on left.</p> <p>Example \$50.16 would be 000005016</p>	9	17-25
Agency requested/	\$150															
revised amount																
Voluntary payments	(\$50)															
Offsets	(\$75)															
Agency current balance	\$25															
Revised Offset Amount	\$100															
Account/ Case Number	The number your agency assigns accounts to distinguish each one.	Use spaces or zeros to fill fields.	20	26-45												
Placeholder/ Filler		Blank spaces as placeholder; press enter after each record.	5	46-50												

Contact Information

Use the following information to contact us and SCO. List your agency name, Agency Code, and the words Interagency Intercept Collection Program on all submissions and correspondence sent to us.

FTB only works with agencies. Debtors and third parties must contact the agency directly.

- FTB IIC Program
- FTB's Data Exchange Unit
- State Controller's Office Contacts

>> Chapter 7 **Contact Information**

FTB IIC Staff

Our IIC Program staff can answer your program questions or provide services/support, including:

- Help your staff answer debtor questions.
- Provide copies of missing reports.
- Help you reconcile your weekly reports to monthly fund transfer.
- Register you for SWIFT.
- Answer your billing questions.

Address:

STATE OF CALIFORNIA
INTERAGENCY INTERCEPT COLLECTIONS MS A116
FRANCHISE TAX BOARD
PO BOX 2966
RANCHO CORDOVA CA 95741-2966

Phone: 916.845.5344

Fax: 916.843.2460

Email: iicgroup@ftb.ca.gov

Confidential account information should not be sent through email.

State Controller's Office Contacts

You can contact SCO about questions pertaining to their involvement in the IIC Program.

Address:

OFFICE OF THE STATE CONTROLLER
DIVISION OF ACCOUNTING & REPORTING
TAX ADMINISTRATION SECTION
ATTN: OFFSET COORDINATOR
PO BOX 942850
SACRAMENTO CA 94250-5880

Phone: 916.322.4632

Fax: 916.327.2563

List of Forms

Use the following forms to participate in the IIC Program. Go to ftb.ca.gov and search for **intercept** to get the most recent version.

Form Name	Intended Use	Form Number
<i>Initial Request to Participate</i>	New agencies or debt type changes.	FTB 2282 PC
<i>Intent to Participate and Agency Certification</i>	New agencies and returning agencies (annually).	FTB 2280 PC
<i>Pre-Intercept Notice Sample</i>	Use as model for your intercept notice.	FTB 2288
<i>Request for Social Security Number Search</i>	County and city tax officials can use to request SSNs.	FTB 2284 PC *Not available online. Contact the IIC Program staff.
<i>Interagency Intercept Collection (IIC) Program Yearly Timeline</i>	Annual intercept process.	FTB 2646
<i>Vendor/Contract Confidentiality Statement</i>	All agencies must maintain this privacy requirement.	FTB 7904

Go to **ftb.ca.gov**