NESTOA Presentation: Automating the Levy Process

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NYSDTF has a mature program for issuing levies to financial institutions and relies on information obtained through our Financial Information Data Matching (FIDM) program to identify financial sources available for levy.

For the 2018-2019 fiscal year, NYSDTF issued over 156,000 levies, which yielded almost $145 million in revenue.

JP Morgan Chase ("Chase") is a frequent recipient of NYSDTF levies.

We and Chase have been in ongoing discussions on a pilot program which would convert our current levy process with Chase to an electronic process (E-Levy or "electronification").
Automating the Levy Process

Although we use automated processes to issue a levy document to a financial institution, the rest of the process is completed manually:

• levies are printed and mailed
• responses are received on paper and most are processed by an outside contractor
• levy releases or partial releases are faxed or mailed.

By converting the levy process from manual to E-Levy, NYSDTF will:

• create a faster turnaround time on our requests
• significantly reduce levy correspondence
• increase tax collection efficiency
• generate more accurate reporting on funds and responses received from the financial institution.
“Electronification”

The Accredited Standards Committee X9 Inc. formed a legal order processing work group and developed a legal order exchange standard to provide a format to electronically exchange legal orders between requestors and financial institutions.

The first version of the standard was approved in September 2016 and a companion document finalized in 2018. After successful pilots with federal child support match and California FTB, Chase and other financial institutions have been seeking State revenue agency partners to adopt the standard.
The X9 standard defines specific file formats to provide for electronic exchange of levy orders and maintenance records (e.g., levy, responses, releases, and holds).

The standard and companion document provide examples of how the standard accounts for the sometimes unique circumstances that arise in legal order exchange processing.

After review of the standard and discussions with Chase, NYSDTF determined that changes to the X9 standard would be required for NYSDTF to participate.
Automating the Levy Process

Based on feedback from NYSDTF and others, the X9 committee has recently approved in principle modifications to the current standard, including:

• address will be a conditional field, not required

• additional detail regarding safe deposit boxes, including new codes to indicate whether the restraint contains a safe deposit box or if a safe deposit box only is being held. Note the X9 group refused to update the standard to include the account number and location address for a safe deposit box, as that information is normally requested by subpoena.

• ability to accept an image – the X9 committee is still undecided re: whether the image would be a part of the record embedded in the X9 file or a separate file referenced in the record.
Automating the Levy Process

Here are some tips if you are considering pursuing E-levy:

• review the Agency Onboarding Questionnaire – It contains a number of questions that will be important to the set-up process (e.g., does your agency have a one- or two-step process confirmed by your legal counsel?; do your State’s laws provide for a maximum fee amount?).

• engage your agency counsel sooner than later – You will be required to sign a participation agreement, and it should memorialize all legal requirements/obligations.

• engage your IT staff early on to review the standard and provide feedback.
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