



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Treasurer-Tax Collector



Date: January 6, 2015
Board Meeting Date: January 27, 2015
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Sandie Arnott, Treasurer-Tax Collector
Laura Williams, Deputy Treasurer-Tax Collector

Subject: Agreement with State of California Franchise Tax Board

RECOMMENDATION:

Adopt a Resolution authorizing an agreement with the State of California Franchise Tax Board to provide collection services for unpaid court ordered fines, forfeitures and penalties from January 1, 2015 to December 31, 2017 in an amount not to exceed \$450,000.

BACKGROUND:

The Revenue Services Division of the Treasurer-Tax Collector Department recovers funds due to the County from individuals for services rendered and for court-ordered payments. In an effort to reduce the amount of court-ordered debt owed in the state, the California legislature authorized the Franchise Tax Board (FTB) and county superior, municipal and justice courts to form partnerships to collect court-ordered debts. FTB collects criminal fines, penalties, forfeitures, and restitution orders, as well as most Vehicle Code violations. FTB's Court-Ordered Debt Collection program is authorized under Section 19280 of the California Revenue and Taxation code. As part of the County's collection effort Revenue Services refers accounts to external collection agencies when County collection efforts have been exhausted. External collectors such as the State have access to information databases for locating debtors that the County does not have. In this way, the County assures that all practical efforts at collection have been pursued.

DISCUSSION:

In locating an individual's assets, FTB has the ability to search through more than 220 million income records, including wage information on all California employees and interest and dividend information on all California accounts. Once assets are located FTB can issue levies that are not limited by intrastate jurisdictional boundaries. FTB

also has the authority to seize real and personal property, such as vacant land, cash, safe deposit boxes, vehicles and boats.

By continuing this partnership with the State, Revenue Services will broaden the scope of collection resources available for securing debts owed to the County. This agreement will assist Revenue Services in maximizing our collection efforts. Utilizing the Franchise Tax Board to assist with collections for the County was also recommended by the County auditors.

The State requires all Counties who enter into such collection partnerships to sign the State's standard contract for such matters. In reviewing the standard contract from the State, we observed that their non-discrimination clause does not speak to discrimination due to a person's sexual orientation; however, the State Attorney's office will not approve changes to the language.

County Counsel has reviewed and approved this Agreement and Resolution as to form. County Counsel has approved the waiver of the County's Contractor Employee Jury Service Ordinance, as well as all other contract provisions that are required by County ordinance and administrative memoranda, including but not limited to insurance, hold harmless, non-discrimination and equal benefits due to the fact that the County of San Mateo, in this case, is the contractor.

Approval of this agreement number C1400147 contributes to the Shared Vision 2025 outcome of a Collaborative Community by maximizing Revenue Services collection efforts in securing debts owed to the County.

PERFORMANCE MEASURE(S):

Measure	FY 2014-15 Actual	FY 2015-16 Projected
Dollars Collected	\$17,747,060 M	\$16.5 M

FISCAL IMPACT:

The amount of the contract will be based on the amount of revenue collected by the Franchise Tax Board. Their collection fee is 15%. This contract will be for an amount not to exceed \$450,000 over a period of three years.