



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 21-080

Board Meeting Date: 1/26/2021

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Michael P. Callagy, County Manager
Rochelle Kiner, Director of Revenue Services

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, for the term of January 1, 2021 to December 31, 2023.

BACKGROUND:

The County's Revenue Services Division ("Revenue Services") 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 efforts, 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:

This Board has authorized Revenue Services to enter into identical or substantially similar contracts with the FTB for approximately 18 years. In locating an individual's assets, FTB has the ability to search through 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.

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.

County Counsel has reviewed and approved the resolution and agreement as to form, including the waiver of otherwise-standard County contract provisions.

FISCAL IMPACT:

The cost of the contract for the three-year term is fully offset with revenues collected and there is no net County Cost associated with this contract. FTB's administrative costs shall not exceed the maximum percentage authorized by Revenue and Tax Code Section 19282 of the amount collected.