



County of San Mateo

Inter-Departmental Correspondence

Department: TREASURER

File #: 16-728

Board Meeting Date: 11/7/2017

Special Notice / Hearing: None

Vote Required: Majority

To: Honorable Board of Supervisors

From: Sandie Arnott, Treasurer-Tax Collector

Subject: Agreement with the 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, 2018 to December 31, 2020.

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. FTBs 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:

The Board of Supervisors has authorized Revenue Services to enter into identical or substantially similar contracts with the FTB for approximately 15 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. 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.

County Counsel has reviewed and approved this resolution as to form.

Approval of this agreement 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 MEASURES:

Measure	FY 15-17 Contract Projection	FY 18-20 Contract Projection
FTB Dollars Collected	\$4.4 million	\$4.6 million

FISCAL IMPACT:

The amount of the contract will be based on the amount of revenue collected by the franchise Tax Board. FTBs administrative costs shall not exceed the maximum percentage authorized by Revenue and Tax Code Section 19282 of the amount collected, which is currently set at 15%. For FY 2016-17, FTB collected \$1.88M, of which FTB transferred \$1.61M to the County while retaining \$269,000 in administrative costs.