



Monterey County

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Board Report

Legistar File Number: 14-1285

December 09, 2014

Introduced: 11/20/2014

Version: 1

Current Status: Agenda Ready

Matter Type: General Agenda Item

- A. Authorize the Treasurer-Tax Collector's Revenue Division to renew the Franchise Tax Board (FTB) Court-Ordered Debt collection program contract for the period of January 1, 2015 to December 31, 2017 and
- B. Direct the Chair of the Board to sign the contract renewal.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- A. Authorize the Treasurer-Tax Collector's Revenue Division to renew the Franchise Tax Board (FTB) Court-Ordered Debt Collection Program contract for the period January 1, 2015 to December 31, 2017 and
- B. Direct the Chair of the Board to sign the contract renewal.

SUMMARY:

Board approval is required to renew the contract with the Franchise Tax Board. The Board previously renewed the contract with the Franchise Tax Board on November 22, 2011, Agreement Number C1100114, Resolution No. 11-369.

DISCUSSION:

With passage of AB3343/Hannigan (Chapter 1242, Statutes of 1994) the FTB was given the authority to form partnerships with California counties for the purpose of reducing the amount of court-ordered debt owed in the state. The FTB Court-Ordered collection program is the result of this enabling legislation.

Because the FTB collects personal income, corporate franchise and income tax, they have access to income records, wage information, interest, and dividend information not available to the county. As a result, they can quickly determine debtor assets and issue administrative levies. To date, 53 counties and/or courts take advantage of this program. The FY 2013-14 collections on behalf of Monterey County were approximately \$2.6 million. The FTB charges an administrative fee of 15% of total collections for a net collection amount of \$2.3 million.

The Treasurer-Tax Collector's Revenue Division collects primarily debt ordered by the Monterey County Superior Court consisting of certain criminal fines, penalties, forfeitures and restitution orders, as well as most Vehicle Code violations. Of these court-ordered debts, it is estimated that 35% would meet FTB criteria and subsequently be eligible for referral.

A copy of the contract is on file with the Clerk of the Board of Supervisors

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved the FTB contract and the CAO's Budget office has also reviewed.

FINANCING:

This contract is projected to generate approximately \$2.6 million in net collections in FY14-15. The General Fund receives approximately 35% (\$910,000) of the net collected dollars. This revenue estimate is included in Treasurer-Tax Collector/Revenue Division's (1170-8264) FY 2014-15 budget.

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Approved by: Mary A. Zeeb, Treasurer-Tax Collector, X5015

Attachment: FTB_Contract_15-17 FY

cc: County Counsel
CAO Budget Office