



Monterey County

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Board Report

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Current Status: Consent Agenda

Matter Type: General Agenda Item

- a. Approve and authorize the Treasurer-Tax Collector - Revenue Division Application for Discharge from Accountability for the collection of delinquent court-ordered criminal and traffic fines, fees, penalties, and assessments deemed uncollectible due to age of debt and/or lack of value where the cost of recovery exceeds the cost of collection efforts, per Government Code Section 25257; and
- b. Authorize the Treasurer-Tax Collector or her designee to take all necessary and appropriate action to discharge the accountability of delinquent court-ordered accounts pursuant to Government Code Section 25259.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and authorize the Treasurer-Tax Collector - Revenue Division Application for Discharge from Accountability for the collection of delinquent court-ordered criminal and traffic fines, fees, penalties, and assessments deemed uncollectible due to age of debt and/or lack of value where the cost of recovery exceeds the cost of collection efforts, per Government Code Section 25257; and
- b. Authorize the Treasurer-Tax Collector or her designee to take all necessary and appropriate action to discharge the accountability of delinquent court-ordered accounts pursuant to Government Code Section 25259.

SUMMARY:

In compliance with the County's Memorandum of Understanding (MOU) with the Superior Court of Monterey County, the Treasurer-Tax Collector's Revenue Division collects delinquent criminal and traffic fines, fees, penalties and assessments. To support these responsibilities, the Revenue Division maintains a large database of accounts for funds owed to the courts, county, and local cities. The ages of these accounts range from recently delinquent to more than 25 years in delinquent status. A significant number of these accounts have been deemed uncollectible pursuant to Government Code Sections 25257-25259.95, which authorizes and establishes the eligibility criteria for discharging court-ordered debt, including infractions, misdemeanors, and felonies. The discharge from accountability relieves the Revenue Division from any further responsibility for collecting the discharged debt. It does *not* constitute a release of any person from liability for payment of any amount.

DISCUSSION:

California Government Code Section 25257(b) authorizes and establishes that any collection program that is operated by a county may apply to the Board of Supervisors for a discharge from accountability for the court-ordered debt or bail that it would otherwise be responsible for collecting, if the amount is too small to justify the cost of collection or the likelihood of collection does not warrant the expense involved. Government Code Sections 25257-25259.95 are silent with regard to a recommended time period for discharging court-ordered debt, but the State Judicial Council's Revenue and Collections Unit recommends discharging infraction cases at least five years from the date of last payment or the date the account became delinquent; and at least ten years for misdemeanor and felony cases. The Revenue and Collections Unit also recommends that applicable debt be discharged on an annual basis.

The debts included with this application meet the discharge of accountability criteria in that the amounts owed are either less than the estimated cost of collection or the likelihood of collection does not warrant the expense. The Treasurer-Tax Collector's Revenue Division is requesting discharge of accountability for collection of 7,691 infraction (traffic) cases at an estimated total value of \$6.6 million. These accounts, received from the local Superior Court between 2008 and April 30, 2010, have had no payment activity for at least five years. The list of misdemeanor and felony cases recommended for discharge includes 19,886 accounts with an estimated combined value, if collectible, of \$12.6 million. These cases entered delinquent status between October, 1989 and April 30, 2005, and have had no payment activity for at least ten years. All reasonable collection efforts, in accordance with collections standards, have been exhausted for these accounts.

As Monterey County has not previously submitted this type of request for discharge of accountability for the collection of delinquent court-ordered debt, the total number and value of accounts included in this request is unusually high. The Treasurer - Tax Collector's Revenue Division has been engaged over the past several years with State and local Court representatives to identify a mutually acceptable process - leading up to this request. County staff has continued to endeavor to collect on these debts throughout that process. Effective with this application, it is the intent of the Treasurer-Tax Collector - Revenue Division to make such requests annually, in accordance with State Judicial Council Revenue and Collections Unit recommendations.

Pursuant to Government Code Section 29259, within 45 days after the end of the month in which any discharge from accountability is approved, the Revenue Division shall report to the Superior Court of Monterey County the discharge from accountability for related court-ordered debt that the Division would otherwise have been responsible for collecting. Government Code Section 25259.9(a) provides that upon making an order of discharge, the presiding judge shall direct the clerk of court to enter record of the discharge in the court case file for each debt and

to post a copy of the order of discharge on the court's internet website for a period of not less than three weeks.

The discharge from accountability relieves the Revenue Division from any further responsibility for collecting the discharged debt. It does *not* constitute a release of any person from liability for payment of any amount. The related records of accounts are on file with the Revenue Division of the Treasurer - Tax Collector's Office, and include for each debt discharged: the case number, the nature of the case (infraction, misdemeanor, or felony), the name(s) of the persons liable, the dollar amount of the debt, and the date of last payment.

OTHER AGENCY INVOLVEMENT:

Revenue Division staff have discussed the pending Application for Discharge from Accountability with the Monterey County Superior Court. County Counsel concurs with the recommended action.

FINANCING:

Recommended actions include discharge of accountability of 27,577 accounts with an estimated combined value, if collectible, of \$19.3 million. This equates to an average of \$699.36 per account. As accounts that meet the criteria for Discharge of Accountability, the cost of continued collections activities and file storage is not justified by any potential value of return. Approval of these actions has no financial impact to the General Fund. These accounts are not considered "receivables" in the County's financial statements and therefore do not represent revenue loss. Approval of the application will allow the Revenue Division to remove these accounts from collections, resulting in system and operational efficiencies and allowing staff to focus time and efforts on those accounts that are collectible.

Prepared by: Mari Beraz, Deputy Treasurer - Tax Collector, Ext 5112

Approved by: Mary A. Zeeb, Treasurer - Tax Collector, Ext 5015

cc: Monterey County Superior Court

Attachments:

Attachment A - Application for Discharge from Accountability
Attachment B - Discharge from Accountability Information Sheet
Attachment C - Draft Board Order