



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: 20-997, **Version:** 1

- a. Authorize the County of Monterey, by and through the County Treasurer-Tax Collector's Revenue Division to renew the Franchise Tax Board (FTB) Court-Ordered Debt Collection Program State Standard Contract for the period of January 1, 2021 to December 31, 2023;
- b. Authorize the Treasurer-Tax Collector to execute the State Standard Contract renewal on behalf of the County for January 1, 2021 to December 31, 2023; and
- c. Authorize the Treasurer-Tax Collector to execute up to two similar tri-annual future renewals on behalf of the County under similar terms and conditions through December 2029.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Authorize the County of Monterey, by and through the County Treasurer-Tax Collector's Revenue Division to renew the Franchise Tax Board (FTB) Court-Ordered Debt Collection Program State Standard Contract for the period of January 1, 2021 to December 31, 2023;
- b. Authorize the Treasurer-Tax Collector to execute the State Standard Contract renewal on behalf of the County for January 1, 2021 to December 31, 2023; and
- c. Authorize the Treasurer-Tax Collector to execute up to two similar tri-annual future renewals under similar terms and conditions on behalf of the County through December 2029.

SUMMARY:

Board approval is required to renew the State Standard Contract with the Franchise Tax Board in order to participate in debt collection activities for the State. The Board previously renewed the State Standard Contract with the Franchise Tax Board on November 07, 2017, Agreement Number C1700115, Resolution No. 17-415, and it is appropriate to renew the agreement at this time. Authorizing the Treasurer-Tax Collector to renew the agreement at this time and renew two more similar extensions/renewals will facilitate seamless continued services.

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 initial enabling legislation. Since 1994 the law has been expanded to include additional collection activities and obligations

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, 55 counties and/or courts take advantage of this program. The FY 2019-20 collections on behalf of Monterey County were approximately \$2.5 million. The FTB charges an administrative fee of 15% of total collections for a net collection amount of \$2.1 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 45% would meet FTB criteria and subsequently be eligible for referral.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved the FTB State Standard Agreement as to form and the CAO's Budget office has also reviewed it.

FINANCING:

This State Standard Agreement is projected to generate approximately \$1.3 million in net collections in FY 2020-21. The General Fund and specific statutorily mandated County programs receive approximately 35% (\$455,000) of the net collected dollars. This revenue estimate is included in Treasurer-Tax Collector/Revenue Division's (1170-8264) FY 2020-21 budget. The remaining funds collected are distributed to public entities other than the County, including but not limited to the State, Cities, other jurisdictions, and/or the Courts, as mandated by law.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Increase County Resources through a collaborative effort with the State Franchise Tax Board's Court Ordered Debt program to collect delinquent Court imposed fines and fees.

Mark a check to the related Board of Supervisors Strategic Initiatives

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

Prepared by: Kathleen C. Mauzey, Finance Manager I, x5142

Approved by: Mary Zeeb, Treasurer-Tax Collector, x5474

Attachments: Franchise Tax Board State Standard Contract