



County of Monterey

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

Board Report

File #: 22-026, Version: 1

Approve and authorize the Treasurer-Tax Collector, on behalf of Monterey County, to sign and execute an Amendment to the Memorandum of Understanding (Amendment) Between the California State Association of Counties - Finance Corporation (CSAC FC) Tax Refund Exchange and Compliance System (Cal-TRECS) and the County of Monterey and sign all necessary related documents that add clarifying language to Section IV of the existing MOU subject to review and approval by the Office of the County Counsel as to form.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Approve and authorize the Treasurer-Tax Collector, on behalf of Monterey County, to sign and execute an Amendment to the Memorandum of Understanding (Amendment) Between the California State Association of Counties - Finance Corporation (CSAC FC) Tax Refund Exchange and Compliance System (Cal-TRECS) and the County of Monterey and sign all necessary related documents that add clarifying language to Section IV of the existing MOU subject to review and approval by the Office of the County Counsel as to form.

SUMMARY/DISCUSSION:

On October 15, 2019, the Board of Supervisors authorized the Treasurer-Tax Collector to enter into Agreement No. A-14535, a Memorandum of Understanding (Agreement) with Cal-TRECS, (Exhibit A). The Cal-TRECS debt offset clearinghouse program allows counties to collect delinquent debt easily and efficiently through the withholding of a debtor's personal income tax refunds, lottery proceeds or unclaimed property. California Government Code §12419.2-§12419.12 authorizes the California State Controller (SCO), in conjunction with the California Franchise Tax Board (FTB), to establish the state's offset program, and authorizes counties to participate.

After entering into the Memorandum of Understanding (MOU) in 2019, (Exhibit B), intercept offsets received by the county have dramatically increased despite the program being temporarily suspended during the height of the COVID-19 pandemic. Unfortunately, the original MOU included fixed fee provisions to offset the cost of services rendered by the program. Section IV, (A) specifies a fixed fee of \$2.25 per successful offset. However, at 2020-21 year end, the SCO/FTB invoiced the fee based on their actual costs of \$3.00 per claim. This resulted in a difference of approximately fifty-eight dollars (\$58) and more importantly, an amount that differed from the fixed fee in the MOU. In order to provide flexibility for the actual varying costs in future years, CSAC FC and the Cal-TRECS program have proposed the Amendment, (Exhibit C), that removes the fixed fee and specifies that actual costs will be charged to the county. It is not anticipated this variance will be significant and TTC expects to be able to cover the slight increases through its approved budget each year.

Authorizing the TTC to sign and execute the Amendment will result in continued efficient collection of debt at a lower County cost through the Cal-TRECS program and should, therefore, be implemented.

OTHER AGENCY INVOLVEMENT:

The Office of the County Counsel has reviewed and approved the Amendment as to form.

FINANCING:

Recommended actions have no material impact on the General Fund. It is the opinion of the Treasurer-Tax

Collector's Office that the requested Amendment authorizing the FTB/SCO to bill Monterey County at actual costs will not have any significant financial impact on the TTC and will be offset by the processing fee imposed on each taxpayer submitted to the Cal-TRECS program.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This program will assist in collecting outstanding debts in a timely, cost-effective manner, reducing staff time with the opportunity for an increase in the number of successful intercepted tax refunds, lottery winnings or unclaimed property to pay existing unsecured debt.

Mark a check to the related Board of Supervisors Strategic Initiatives
X Administration

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Approved by: Mary Zeeb, Treasurer-Tax Collector

Attachments:

Agreement A-14535, Exhibit A

Memorandum of Understanding, Exhibit B

Amendment to Memorandum of Understanding, Exhibit C