



Accounts Receivable Management Division Business Profile Court-Ordered Debt Collections

COURT-ORDERED DEBT CLIENTS

Alameda County Central Collections
Alameda Superior
Amador Superior
Butte County Central Collections
Calaveras Superior
Colusa Superior
Contra Costa Probation
Contra Costa Superior
Del Norte Tax Collector
Dept of Corrections and
Rehabilitation
El Dorado Revenue Recovery
Fresno Revenue Reimbursement
Fresno Superior
Glenn Superior
Humboldt Revenue Recovery
Imperial Superior
Inyo Superior
Kern County Probation
Kern County Superior
Kings Superior
Lake County Tax Collector
Lassen Recovery & Reimbursement
Lassen Superior
Los Angeles Superior
Madera County Revenue
Madera Superior
Marin County Central Collections
Marin County Enhanced Collections
Mariposa Probation
Mariposa Superior
Mendocino County Collections
Merced Revenue & Reimbursement
Merced Superior
Modoc Superior
Mono Superior
Monterey Revenue Division
Napa Superior
Nevada County Collections
Nevada Superior
Orange Probation
Orange Superior
Placer County Revenue
Plumas County Treasurer
Riverside Superior
Sacramento Revenue Recovery
San Benito Superior
San Bernardino Central Collections
San Bernardino Superior
San Diego Revenue Recovery
San Diego Superior
San Francisco Superior
San Joaquin Revenue & Recovery
San Luis Obispo Probation
San Luis Obispo Superior
San Mateo Revenue
Santa Barbara Probation
Santa Barbara Superior
Santa Clara Department of Revenue
Santa Clara Superior
Santa Cruz Tax Collector
Shasta Superior
Sierra Superior
Sonoma County Central Collections
Sonoma Superior
Stanislaus Revenue
Stanislaus Superior
Sutter Collections
Sutter Superior
Tehama Superior
Trinity Probation
Tulare Probation
Tulare Superior
Tuolumne Revenue Recovery
Ventura Superior
Yolo County Collection Services
Yuba Superior
Victims Compensation & Gov't
Claims Board

Background

California courts handle thousands of cases each month, many of which conclude with a monetary penalty. According to the Administrative Office of the Courts, outstanding court-ordered debt was estimated at \$9.1 billion dollars for the 2013/2014 Fiscal Year. In an effort to reduce the amount of court-ordered debt owed in California, the State Legislature authorized the Franchise Tax Board (FTB), and county superior, municipal, and justice courts to enter into partnerships to collect delinquent court-ordered debts. In 2004, the Legislature made FTB's Court-Ordered Debt (COD) Collections program permanent and expanded it to accept cases from all 58 counties due to the program's continued success. Our clients currently include courts from 55 counties, as well as the California Victims Compensation and Government Claims Board and the California Department of Corrections and Rehabilitation.

California Revenue and Taxation Code Section (R&TC) 19280 authorizes FTB to collect court-ordered debt as if it were a tax. FTB collects the following types of debt for clients who volunteer to participate in the program: court fines and fees, court-appointed counsel costs, vehicle code violations, civil assessments, probation, and restitution. Participating clients pay administrative fees to fund the COD program. As mandated by R&TC Section 19282, COD's administrative costs cannot exceed 15 percent of collections.

Collection Process

If debtors do not pay their debt voluntarily to the client, the client issues a series of delinquent notices. If necessary, the client pursues other collection actions, which may include suspension of the debtor's California Driver License (CDL) if the debt is a result of a vehicle code violation. The client may also refer the case to FTB. As mandated by law, our collection process does not require FTB to obtain a judgment prior to enforcement action. The debt must be at least 90 days delinquent and at least \$100 in aggregate.

After FTB accepts a case, the COD program first mails a Demand for Payment notice to the debtor's last known address. If the debtor does not resolve the debt within ten days, then monetary assets identified by the automated collection system are pursued. In this effort, COD searches through income records, including wage information on all California employees and interest and dividend information on all California accounts.

Once assets are located, COD may take the following collection actions:

- Issue an Order to Withhold on bank accounts such as checking, savings, IRA and Keogh.
- Issue an Earnings Withholding Order to an employer.
- Issue a Continuous Order to Withhold to a miscellaneous payor for commissions, rents and royalties.
- Seize both real and personal property, including vacant land, cash, safe deposit boxes, and vehicles.

When a levy attaches to a bank account, the debtor has ten days to pay his debt, or the bank forwards the funds to FTB. When a levy attaches wages, the debtor has at least fifteen days from the end of the pay period after receipt of the levy to pay voluntarily before the employer begins withholding up to 25 percent of the debtor's disposable income.

COD deposits money collected for our clients into the Court Collection Account, an account created specifically for COD. FTB forwards this revenue, minus our administrative costs, to our clients.

Case Management and Workload Impacts

The referring courts own the delinquent accounts receivable items referred to FTB. Throughout the collection process, the clients retain management responsibility for all cases they refer. All debtor disputes regarding amounts owed or complaints about aspects of the case are referred back to the referring client. While the best collection remedy is selected in each case, either the client or FTB can stay or stop action on a case at any time.

FTB does not:

- Compute statutory interest on the liability.
- Enter into agreements which may compromise the liability of the case.
- Reinstate a suspended CDL (a debtor must pay the balance in full before the client will reinstate a suspended CDL).

Clients with a large number of case referrals could experience an increase in telephone calls, and in-office visits from debtors, particularly during the initial payment demand and levy phase. To address these workload shifts, FTB can control the flow of payment demands and levies, and decrease the volume of mailings when resources are overwhelmed. In turn, clients should realign resources and ensure that a sufficient number of staff is available to meet the increased number of debtor contacts. This close coordination between FTB and our clients ensures that due process requirements are met by providing rapid responses to debtor claims of financial hardship or account balance error.

2014-2015 FISCAL YEAR COLLECTION TOTALS			
<i>CASE INVENTORY</i>		<i>COLLECTION ACTIVITY</i>	
Beginning Inventory	1,754,631	Demand Notices	1,335,853
Accepted Cases	743,631	Installment Agreements	61,990
Withdrawn Cases	56,371	Bank Levies	167,325
Returned Cases	690,494	Wage Levies	1,184,621
Ending Inventory	1,690,476	Total Collection Activities	2,757,476
Total Collected			\$107,424,852