

ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Escutia Analyst: Rachel Coco Bill Number: SB 246

Related Bills: See Legislative History Telephone: 845-4328 Amended Date: January 22, 2004

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Court Ordered Debt/Allows Superior Court To Refer Delinquent Amounts To FTB For Collection

SUMMARY

This bill would give California superior courts the authority to refer restitution orders to the Franchise Tax Board (FTB) for collection.

SUMMARY OF AMENDMENTS

The January 22, 2004, amendments removed legislative intent language that court-imposed fines, fees, penalties, surcharges, and assessments be promptly collected and replaced it with statutory language that would allow superior courts to refer restitution orders directly to FTB for collection.

This is the department's first analysis of the bill.

PURPOSE OF THE BILL

According to the author's office, the purpose of the bill is to clarify an existing statute.

EFFECTIVE/OPERATIVE DATE

This bill would be effective and operative beginning January 1, 2005.

POSITION

Pending.

ANALYSIS

FEDERAL/STATE LAW

Under current state law, the state or county may refer past due court-ordered debts to FTB for collection. Superior courts are not specifically authorized to refer court-ordered debts to FTB for collection. Referral is accomplished through the state or county. FTB collects the debt in the same manner authorized under the laws for collection of delinquent personal income tax liabilities.

FTB's costs attributable to this collection program are reimbursed through the amount FTB collects for the program, not to exceed 15%. In general, the county or state fund originally owed the debt receives the net collections after reduction by the amount of FTB's departmental costs.

Board Position:

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<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

Department Director

Date

Gerald H. Goldberg

2/24/04

THIS BILL

This bill would explicitly allow California superior courts to refer delinquent fines, penalties, and restitution directly to FTB for collection.

IMPLEMENTATION CONSIDERATIONS

Since the department currently receives indirect referrals from superior courts, implementing this bill would not significantly impact the department's programs and operations.

LEGISLATIVE HISTORY

SB 1660 (Scott, Stats. 2002, Ch. 487) would have eliminated the sunset date for the court-ordered debt collection program. This bill was chaptered out by AB 2388.

AB 2388 (La Suer, Stats, 2002, Ch. 776) extended the sunset date of the court-ordered debt collection program from January 1, 2003, to January 1, 2006.

AB 3343 (Hannigan, Stats. 1994, Ch. 1242) established FTB's court ordered debt collection program.

PROGRAM BACKGROUND

FTB's court-ordered debt collection program began in 1995 and has collected approximately \$100 million since the program's inception.

OTHER STATES' INFORMATION

Since this bill is clarifying an existing California statute, a comparison with other states is unnecessary.

FISCAL IMPACT

Because the department already receives these referrals indirectly from superior courts, it is not anticipated that this bill would affect departmental costs.

ECONOMIC IMPACT

Collections Estimate

By allowing superior courts to refer court-ordered debts directly to the department, this bill would result in a more expedient case referral process. As a result, collection of the debts may accelerate accordingly. However, since these debts collected are disbursed to the county or state fund originally owed, this bill would have no impact on the General Fund.

LEGISLATIVE STAFF CONTACT

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