

**SUMMARY ANALYSIS OF AMENDED BILL**

Author: Keene Analyst: Darrine Distefano Bill Number: AB 2591  
 Related Bills: See Prior Analysis Telephone: 845-4142 Amended Date: April 4, 2006  
 Attorney: Patrick Kusiak Sponsor: \_\_\_\_\_

**SUBJECT:** State Agencies Submit to Department Of Finance Annual Report On Status Of Liquidated And Delinquent Accounts And Efforts By Agency To Collect Those Accounts

- DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended \_\_\_\_\_.
- AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.
- AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced February 24, 2006.
- FURTHER AMENDMENTS NECESSARY.
- DEPARTMENT POSITION CHANGED TO \_\_\_\_\_.
- REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED February 24, 2006, STILL APPLIES.
- OTHER – See comments below.

**SUMMARY**

This bill would require state agencies to submit an annual report to the Department of Finance (DOF) on the status of liquidated and delinquent accounts.

**SUMMARY OF AMENDMENTS**

The April 4, 2006, amendments require the report to identify and describe the status of liquidated and delinquent accounts at the end of the previous fiscal year.

The amendments made the following changes to the report requirements for each state agency:

- Requires the total number and aggregate dollar amount of liquidated and delinquent accounts.
- Requires the total number and aggregate dollar amount of liquidated and delinquent accounts not included in the annual report for the preceding fiscal year, instead of new liquidated and delinquent accounts added during the previous fiscal year.

Board Position:	Legislative Director	Date
<input type="checkbox"/> S	Brian Putler	5/18/06
<input type="checkbox"/> NA		
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- Requires the aggregate dollar amount paid on liquidated and delinquent accounts.
- Requires the total amount and total number of liquidated and delinquent accounts that have been discharged from accountability, instead of responsibility.
- Requires the total dollar amount of liquidated and delinquent accounts turned over to private collection agencies for the fiscal year that is the subject of the report.
- Requires a list of the liquidated and delinquent accounts that are in the following time periods after the obligation was first due to a state agency:
  - From 180 to 365 days
  - From 366 to 545 days
  - More than 545 days

The amendments define “liquidated and delinquent accounts” as any loans, accounts receivable, fines, assessments, penalties, or other monetary obligation owed to a state agency and unpaid for 180 or more days after the obligation was first due to that state agency.

The April 4<sup>th</sup> amendments partially resolve one of the department’s implementation considerations as the bill was introduced February 24, 2006. A new implementation concern is raised and the remaining “Implementation Concerns” and “Fiscal Impact” from the February 24<sup>th</sup> analysis are restated below for convenience. The remainder of the department’s analysis of this bill as introduced, February 24<sup>th</sup> is still applicable.

## **POSITION**

Pending.

## **ANALYSIS**

### **IMPLEMENTATION CONSIDERATIONS**

While the bill defines the term “liquidated,” the term needs to be further clarified. Franchise Tax Board uses the terms “discharged,” “collected,” and “written off” to describe accounts. To avoid redundancy and ambiguity, the department would like further clarification of the term “liquidated” in order to provide the identity, description, and status of the department’s accounts as required under the bill.

Below are the concerns from the February 24<sup>th</sup> analysis:

The requirement to provide the beginning and ending balance of each liquidated and delinquent account would produce an extensive list from FTB. FTB handles a large amount of individual and corporate collection accounts. It is suggested that the author clarify whether the beginning balance is the balance of the account when it was first received by the department or at the beginning of the reporting period. In addition, FTB’s Non-Tax Debt collection system can only provide a current balance; therefore, information provided from this system would be inaccurate.

It is unclear if the report requires each liquidated and delinquent account to be identified by some distinctive method. The author may wish to clarify how each account is to be identified to avoid the disclosure of sensitive or confidential information such as taxpayer name or social security number.

According to the author's office, the accounts that are to be included in this report are those that are defined in Section 8776 of the State Administrative Manual (SAM). SAM Section 8776 - Accounts *Receivable* is defined as a claim against a person, firm, corporation, or other entity for money owed to the State. The author may wish to add language that references Section 8776 of SAM to clarify the types of accounts to be listed on the report.

### **FISCAL IMPACT**

As stated in the February 24<sup>th</sup> analysis, the department anticipates that one-time programming and information technology resources will be needed to develop the report. Department costs will be developed as the bill progresses through the legislative process. The costs are expected to be minor.

### **ECONOMIC IMPACT**

This bill would not impact the state's income tax revenue.

### **LEGISLATIVE STAFF CONTACT**

Darrine Distefano  
Franchise Tax Board  
(916) 845-4142  
[darrine.distefano@ftb.ca.gov](mailto:darrine.distefano@ftb.ca.gov)

Brian Putler  
Franchise Tax Board  
(916) 845-6333  
[brian.putler@ftb.ca.gov](mailto:brian.putler@ftb.ca.gov)