

SUMMARY ANALYSIS OF AMENDED BILL

Author: Keene Analyst: Darrine Distefano Bill Number: AB 2591
 Related Bills: See Prior Analysis Telephone: 845-4142 Amended Date: May 26, 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 DEPARTMENT'S CONCERNS stated in the prior analysis of bill as amended April 4, 2006.
- FURTHER AMENDMENTS NECESSARY.
- DEPARTMENT POSITION CHANGED TO _____.
- REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED April 4, 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 May 26, 2006, amendments would make the following changes:

- Requires each state agency to submit to DOF no later than October 31 of each year, instead of October 1, a report that identifies and describes the status of liquidated and delinquent accounts.
- Requires the report to include a summary of the total dollar amount of each report item.
- Requires DOF to submit to the Legislature a report by February 28 of each fiscal year, instead of by December 31 of each fiscal year.
- Adds language that this section becomes inoperative on July 1, 2010, and repeals this section as of January 1, 2011, unless a later enacted statute deletes or extends those dates.

Board Position:	Legislative Director	Date
<input type="checkbox"/> S		
<input type="checkbox"/> SA	Brian Putler	6/28/06
<input type="checkbox"/> N		
<input type="checkbox"/> NA		
<input type="checkbox"/> O		
<input type="checkbox"/> OUA		
<input type="checkbox"/> NP		
<input type="checkbox"/> NAR		
<input checked="" type="checkbox"/> PENDING		

The May 26, 2006, amendments result in a new implementation consideration. The new concern, along with the unresolved implementation considerations from the bill as amended April 4, 2006, and as introduced February 24, 2006, are repeated below for convenience. In addition, the "Fiscal Impact" from the previous analyses is provided below.

The remainder of the department's analysis of this bill as introduced February 24, 2006, is still applicable.

POSITION

Pending.

ANALYSIS

IMPLEMENTATION CONSIDERATIONS

According to the author's staff, the intent of the phrase "a summary of the total" is a report to DOF with the combined total of all liquidated and delinquent accounts. The phrase appears to conflict with the bill's requirement to report each individual item to DOF. Department staff is available to assist the author with language if requested.

Below is the concern from the April 4, 2006, analysis:

While the bill defines the term "liquidated," the term needs to be further clarified. Franchise Tax Board (FTB) 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, 2006, 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 in the report.

FISCAL IMPACT

As stated in the February 24, 2006, analysis, the department anticipates that one-time programming and information technology resources will be needed to develop the report. Department costs would be minor and can be absorbed by the department.

LEGISLATIVE STAFF CONTACT

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

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