

**SUMMARY ANALYSIS OF AMENDED BILL**

Author: Keene Analyst: Darrine Distefano Bill Number: AB 2591  
 Related Bills: See Prior Analysis Telephone: 845-4142 Amended Date: August 29, 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.

X AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as amended August 7, 2006.

\_\_\_\_\_ FURTHER AMENDMENTS NECESSARY.

\_\_\_\_\_ DEPARTMENT POSITION CHANGED TO \_\_\_\_\_.

X REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED August 7, 2006, STILL APPLIES.

X 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 August 28<sup>th</sup> and 29<sup>th</sup> 2006, amendments make the following changes:

- Identify the following agencies that must submit a report to DOF: State Board of Equalization, Franchise Tax Board (FTB), State Lands Commission, Department of General Services, Department of Motor Vehicles, Department of Real Estate, and the Department of Corporations.
- Requires the agency’s report to DOF to identify valid and collectible receivables.
  - Defines the term “valid” as due and payable and for which there is no known disagreement about the amount of the claim at the time it was established.
  - Defines the term “collectible” as due and payable and for which collection has not been deferred by any other provision of law.

Board Position:	Legislative Director	Date
_____ S	Brian Putler	9/1/06
_____ NA		
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_____ SA		
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_____ N		
_____ OUA		
_____ X PENDING		

- Requires the agencies identified and DOF to use existing resources to comply with the provisions of this bill only if sufficient resources are available for this purpose.
- Prohibits a state agency from contracting with a private non-governmental "collection agency" instead of "entity" to "perform the functions required of a state agency under this bill.

The August 28<sup>th</sup> and 29<sup>th</sup> amendments do not resolve the department's implementation considerations. The implementation considerations from the bill as amended May 26<sup>th</sup> and April 4<sup>th</sup>, and as introduced February 24<sup>th</sup>, are repeated below for convenience. The Fiscal Impact is repeated below for convenience as well.

## **POSITION**

Pending.

## **ANALYSIS**

### IMPLEMENTATION CONSIDERATIONS

*Below is the concern from the May 26, 2006, analysis:*

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 concern from the April 4, 2006, analysis:*

While the bill defines the term "liquidated," the term needs to be further clarified. 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:*

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**

Because language was added to make the provisions applicable only if sufficient resources are available, department costs may be eliminated. However, as stated in the February 24, 2006, analysis, the department would anticipate one-time programming and information technology resources to develop the report. Department costs would be minor and can be absorbed by the department.

## **LEGISLATIVE STAFF CONTACT**

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