

BILL ANALYSIS

Analyst: Deborah Barrett
Work Phone: 845-4301

| | | |
|----------------------------------|-----------|-------------|
| Department, Board, Or Commission | Author | Bill Number |
| Franchise Tax Board | Torlakson | AB 1175 |

SUBJECT

Offsets/Nonpayment Of Bridge Toll Or High Occupancy Toll Lane Fees

SUMMARY

This bill would allow debts owed for nonpayment of bridge tolls or high occupancy toll lane fees to be referred for the Interagency Offset Program that Franchise Tax Board (FTB) administers on behalf of the State Controller.

This bill contains provisions related to seismic retrofit projects for specified bridges that do not impact the department and are not discussed in this analysis.

PURPOSE OF BILL

According to the author's office, the purpose of this bill is to assist in the recovery of unpaid bridge toll and high occupancy lane fees for local bridges.

EFFECTIVE/OPERATIVE DATE

This bill would be effective January 1, 2010, and would be operative as of that date.

ANALYSIS

STATE LAW

Under state law, the State Controller is authorized to collect money that is due to one state agency by an individual by deducting the amount owed from credits due to such individual by another state agency. This procedure is called an interagency intercept.

FTB operates the Interagency Intercept Collection program on behalf of the State Controller. Annually, FTB's intercept process receives requests from state agencies, local governments, and the IRS to intercept tax refunds or lottery winnings of individuals or business entities that owe delinquent amounts to those federal, state, and local agencies. Refunds are available for intercept after all existing tax debts have been satisfied. If there is more than one agency-offset request, the priority is as follows:

1. Delinquent child or family support cases enforced by a district attorney.
2. Delinquent child or family support cases enforced by someone other than a district attorney.
3. Delinquent spousal support cases enforced by a district attorney.
4. Delinquent spousal support cases enforced by someone other than a district attorney.
5. Unemployment benefits overpayment cases.
6. All other state agencies.
7. Cities and counties.
8. Private and post secondary education.
9. IRS.

| | | |
|-------------------------------------------------------------|---------------------------------------|-----------------|
| Brian Putler, FTB Contact Person (916) 845-6333 (Office) | Executive Officer Selvi Stanislaus | Date 9/10/09 |
|-------------------------------------------------------------|---------------------------------------|-----------------|

When there are multiple requests for offsets within the same class of requesters, the larger dollar value requests are paid before the smaller dollar amount requests.

THIS BILL

This bill would authorize the Controller to offset any state income tax refund or state lottery winnings to pay any amount owed for overdue and unpaid bridge toll or high-occupancy toll lane fee, including any interest, fine, penalty, bail, or collection fee due to a government entity from a person or entity.

The bill would provide that the Controller shall set the standards and procedures for submission of requests for offset. The bill would provide that the debt referred by the government entity would rank with cities and counties in the priority of agency offset requests if insufficient funds are available to satisfy all offset requests.

The bill would require any request for offset under these provisions to be submitted within three years of the date the bridge toll or high-occupancy toll lane fee was due.

The bill would authorize the Controller to deduct and retain from any amount offset an amount sufficient to reimburse the Controller, the FTB, the California State Lottery, and the Department of Motor Vehicles for their administrative costs of processing the offset payment.

LEGISLATIVE HISTORY

SB 92 (Aanestad, 2009/2010) would, among other things, provide for refund offsets for unreimbursed medical expenses incurred by a physician. This bill has not passed the Senate Committee on Health.

SB 314 (Calderon, 2009/2010) would revise the priority for refund offsets to place the nonpayment of penalties owed to the Restitution Fund in a higher priority than benefit overpayment accounts administered by the Employment Development Department and amounts owed to other state agencies. SB 314 was sent to enrollment on August 24, 2009.

FISCAL IMPACT

This bill would require reprogramming of the existing accounting system to add this class of debts to the offset program for Personal Income Tax refunds. Corporation tax refunds are not subject to the requirements of the Controller's offset program. These changes can be made in the course of the department's annual updates; the costs would be absorbable.

ECONOMIC IMPACT

The provisions of this bill would not impact state income tax revenues.

Appointments

None.

Support/Opposition

According to the Senate Transportation and Housing Committee Analysis of July 7, 2009, the following support and opposition are noted:

Support: Metropolitan Transportation Commission (sponsor)

Opposition: None received.

VOTES

Assembly Floor – Ayes: 49, Noes: 29

Senate Floor – Ayes: 30, Noes: 5

Concurrence – Ayes: 77, Noes: 0

LEGISLATIVE STAFF CONTACT

Deborah Barrett
Franchise Tax Board
(916) 845-4301
Deboarh.barrett@ftb.ca.gov

Patrice Gau-Johnson
Franchise Tax Board
(916) 845-5521
Patrice.Gau-Johnson@ftb.ca.gov