

BILL ANALYSIS

Department, Board, Or Commission	Author	Bill Number
Franchise Tax Board	Pavley	SB 1197

SUBJECT

FTB Collect Restitution Orders Referred by Counties

SUMMARY

This bill would among other things, allow Counties to submit restitution debts to the Franchise Tax Board (FTB) for collection.

REASON FOR THE BILL

The reason for the bill is to assist counties that have additional restitution debts to collect as a result of the prison realignment.

EFFECTIVE/OPERATIVE DATE

This bill would be effective January 1, 2015, and operative for certain delinquent amounts referred by the counties on or after January 1, 2015.

STATE LAW

Under current state law, fees, penalties, forfeitures, restitution orders, fines, or certain amounts imposed by a superior or municipal court or governmental entity in California and delinquent for 90 days or more can be referred by the court or government entity to the FTB for collection.

Restitution orders may be referred by a government entity under the following conditions:

- The government entity has the authority to collect on behalf of the state or victim.
- The government entity is responsible for the distribution of the amounts collected from the restitution orders.
- The government entity ensures that in making the referral and distribution that it coordinates with any other related collection activities that may occur by superior courts, counties, or other state agencies.
- The government entity ensures compliance with the laws relating to reimbursement of the State Restitution Fund.

Current state law authorizes the FTB to use administrative collection tools to collect delinquent tax and non-tax debt liabilities referred to the FTB for collection. Collection actions include, but are not limited to, attaching bank accounts and garnishing wages.

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After issuing a preliminary notice to the debtor, the FTB is authorized to collect the referred restitution orders in the same manner as authorized for collection of a delinquent personal income tax liability. The FTB's costs attributable to this collection program are reimbursed through the amount the FTB collects for the program. The department has followed legislative intent language under the court-ordered debt collection program limiting the FTB reimbursement to 15 percent of the amounts collected. In general, the county or state fund originally owed the debt receives the net collection proceeds after reduction by the amount of the FTB's departmental collection costs.

THIS BILL

This bill would authorize counties that elect to collect restitution fines or penalties to refer the debts to the FTB for collection.

Section 2.5, of this bill would only become operative if both this bill and Senate Bill SB 419 are enacted, in which case Section 2 would not become operative.

LEGISLATIVE HISTORY

AB 2928 (Spitzer, Chapter 752 of the Statutes of 2008) authorized the California Department of Corrections and Rehabilitation (CDCR) to refer restitution orders owed by persons who are or have been under CDCR jurisdiction to the FTB for collection and allow the person who is owed the restitution to decline the collection assistance.

FISCAL IMPACT

This bill would not impact the department's costs because the cost to the FTB to collect these restitution orders would be deducted from any amounts collected prior to being distributed.

ECONOMIC IMPACT

This bill would not impact state income tax revenues.

APPOINTMENTS

None.

SUPPORT/OPPOSITION¹

Support: Los Angeles County District Attorney's Office (sponsor), California Law Enforcement Association of Records Supervisors, Inc, California Police Chiefs Association, Chief Probation Officers of California, Crime Victims United of California.

Opposition: Taxpayers for Improving Public Safety.

¹ According to the Senate Floor Analyses [sic] dated August 27, 2014.

VOTES

	Date	Yes	No
Concurrence	08/27/14	35	0
Assembly Floor	08/26/14	79	0
Senate Floor	05/23/14	31	0

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