

BILL ANALYSIS

Department, Board, Or Commission Franchise Tax Board	Author Senate Committee on Budget and Fiscal Review	Bill Number/Version Date SB 75
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SUBJECT

Offsets/FTB & Controller Shall Not Condition Request on SSN/FTB May Obtain SSN From DMV

SUMMARY

Under the Government Code, this bill would prohibit the Franchise Tax Board (FTB) and the Controller from requiring courts to include a Social Security Number (SSN) with accounts referred under the Interagency Intercept Collection (IIC) Program and would authorize the FTB to obtain SSNs from the Department of Motor Vehicles (DMV).

This bill would also make changes to the Code of Civil Procedures and several other Government Code sections that do not impact the department's programs, or operations and are not discussed in this analysis.

REASON FOR THE BILL

The reason for this bill is to reduce court resources that are diverted from the court system's primary mission by prohibiting the FTB and the Controller from requiring courts to provide SSNs with the accounts referred under the IIC program.

EFFECTIVE/OPERATIVE DATE

As a bill providing appropriations related to the budget bill, this bill would be effective and operative upon enactment.

ANALYSIS

FEDERAL LAW

Under federal law, the Treasury Offset Program (TOP) is administered by the Financial Management Service, a bureau of the U.S. Department of Treasury. TOP collects delinquent non-tax debts owed to federal agencies, child support owed to county and state authorities, and tax debts owed to state taxing agencies by offsetting the debts against a debtor's federal tax refund.

Gail Hall, FTB Contact Person (916) 845-6333 (Office)	Executive Officer Selvi Stanislaus	Date 6/17/13
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STATE LAW

Under state law, the California State Controller is authorized to offset money due from an individual or entity by a state agency as payment for debts due California state agencies, cities, counties, and colleges, as well as the IRS. The FTB operates the Interagency Intercept Collection (Intercept) Program on behalf of the State Controller's office. Agencies wishing to participate in the Intercept Program are subject to approval by the State Controller. Participating agencies may send accounts to the FTB for offset only after other avenues of collection have failed and the debtor has been sent a notification of the impending offset. The agency referring the debt to the Intercept Program is responsible for the accuracy of the debt.

The current Intercept administrative process requires an SSN in order for a referral to be accepted under the Intercept Program. This requirement provides additional confidence that the referred debt has been matched to the correct taxpayer account.

Current law authorizes city and county tax officials pursuing property tax debts to request SSNs. The FTB currently charges city and county tax officials six dollars per request for a property owner's SSN.

THIS BILL

The bill would prohibit the Controller and the FTB from requiring an SSN to be included with the offset request for an unpaid fine, penalty, assessment, bail, vehicle parking penalty, or court-ordered reimbursement for court-related services. The state's administrative costs for processing court referred debts would be reimbursed via deduction from the offset payments by the Controller.

This bill would allow the FTB, upon payment of any necessary fees, to obtain an SSN from the DMV for accounts submitted for offset if necessary to confirm the identity of a person before making the offset.

OTHER STATES' INFORMATION

Since this bill only relates to information sharing among California governmental agencies, a comparison to other states would not be relevant.

FISCAL IMPACT

The department's systems would require reprogramming to accept court debts referred under the Intercept Program that lack an SSN. Although the cost for reprogramming could be absorbed by the department, the absence of an SSN could require additional departmental resources to locate the SSN. In addition, the lack of an SSN reduces the ability to positively match these court debts to the proper taxpayer account which could lessen the effectiveness of the Intercept Program when collecting court referred debts.

ECONOMIC IMPACT

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

APPOINTMENTS

None.

SUPPORT/OPPOSITION

Support: None provided.

Opposition: None Provided.

VOTES

Concurrence	06/14/13	Y: 24	N: 9
Assembly Floor	06/14/13	Y: 59	N: 16
Senate Floor *	05/13/13	Y: 35	N: 1

* The bill voted on by the Senate on 05/13/13 contained legislative intent language to enact statutory changes relating to the Budget Act of 2013.

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