

**AB 2487**

**(Berg)**

**As Amended May 23, 2008**

**Allow FTB to Collect Domestic Violence Civil Judgments**

This bill would, beginning on January 1, 2010, allow a court to refer final judgments awarded for the tort of domestic violence to FTB for collection under the existing court ordered debt collection statutes. The court may refer the civil judgments at the time awarded or upon petition by the victim at a later date.

The bill would establish the Domestic Violence Tort Claims Collection Fund (Fund) for the deposit and distribution of final judgment amounts collected under the provisions of the bill. FTB would administer this Fund.

The bill would require that an amount not to exceed 10% of the amount collected be subtracted from the amounts collected to reimburse the costs incurred by FTB to make system changes to implement the provisions of this bill. Once the Controller determines that the costs incurred are fully reimbursed, this subtraction would cease. In addition, as for court ordered debt collections, FTB would subtract its actual costs for collecting a judgment not to exceed 15%. The balance after FTB amounts are subtracted would be deposited into the Fund.

If the same person owes a final judgment for the tort of domestic violence and a debt to a government entity that are both referred to FTB for collection, FTB must stay collection on the final tort judgment until the debt owed the government entity is satisfied in full.

The provisions added by this bill would be repealed by its own terms on January 1, 2016, and current law would be restored as of that date.

**Fiscal Impact:**

In October of 2008, FTB is scheduled to launch an expanded Court Ordered Debt collection system. The enhanced system will fully automate court ordered debt collections undertaken by FTB. The new system lacks the ability to implement the provision of this bill that would stay collections of tort judgments until debts owed government entities are satisfied. To implement this requirement, the system would be re-programmed to distinguish between debts owed to a government entity and civil tort judgments.

FTB estimates costs of approximately \$1.7 million would be incurred to modify the new system to implement provisions of this bill. Incorporating this new workload into the automated processes is consistent with department efforts to leverage technology for long-term gains in efficiencies and functionality. As stated above, these costs would be reimbursed from the amounts collected before distribution to the Fund. Suggested language to fund FTB's costs is included in this analysis.

As an alternative, FTB could collect this new workload on a manual basis. The volume of cases expected to be referred for collection under this bill's provisions is unknown, but expected to be a small. The start up costs could be absorbable; however, based on existing manual workloads, the collection results would be low because manually collecting accounts would not benefit from the efficiencies of the automation. Current automated collection efforts yield a collection rate of approximately 5% to 9.5%, depending on the type and age of a particular debt. FTB estimates that collection rates on manual workloads would yield significantly less.

**Revenue Impact:** This bill would not impact state income tax revenues.

**Staff Recommendation:** Neutral.

**Status:** Assembly