



Summary Analysis of Amended Bill

Author: Harper

Sponsor:

Bill Number: AB 2730

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Amended: March 22, 2018

Attorney: Bruce Langston

Related Bills: See Prior Analysis

Subject: Restrict Authority of FTB to Collect Unpaid Tolls & Toll Evasion Penalties

Summary

This bill would restrict the collection actions for delinquent unpaid tolls and toll evasion penalties that the Franchise Tax Board (FTB) can use to collect on behalf of the Department of Motor Vehicles (DMV).

Recommendation – No position.

Summary of Amendments

The March 22, 2018, amendments removed the provision that would have prevented the DMV from referring unpaid tolls and toll evasion penalties to the FTB for collections and replaced it with language limiting the collection action that the FTB can utilize to collect these debts. As a result of the amendments, the “This Bill,” “Implementation Considerations,” and “Fiscal Impact” sections of the department’s analysis of the bill as introduced February 15, 2018, have been revised. A “Program Background” section has been added and the “Economic Impact” section is restated for convenience.

Effective/Operative Date

This bill would become effective and operative for collections referred to the FTB on or after January 1, 2019.

Program Background

The FTB administers the Interagency Intercept Collection (IIC) program on behalf of the State Controller’s office. This program allows a participating agency to intercept tax refunds, lottery winnings, or unclaimed property from individuals or business entities who owe delinquent amounts to state and local agencies.

The FTB’s Vehicle Registration Collection (VRC) program collects debts on behalf of the DMV by wage garnishment, bank levy, and by participating in the IIC.

This Bill

This bill would, as of January 1, 2019, prohibit the FTB from utilizing a wage garnishment or bank levy to collect unpaid toll or toll evasion penalties.

Implementation Considerations

The department has identified the following implementation concerns. Department staff is available to work with the author's office to resolve these and other concerns that may be identified.

This bill would require significant reprogramming of the VRC system to identify and separate the delinquent unpaid tolls and toll evasion penalties that would no longer be subject to collection via wage garnishment or bank levy leaving only VRC participation in the IIC. Additionally, the DMV and local agencies are also allowed to participate in the IIC.

As stated above, the DMV and local agency that assessed the unpaid tolls or toll evasion penalties may itself participate in the FTB's IIC to intercept tax refunds, lottery winnings, or unclaimed property to collect these debts. Therefore, the author may wish to amend the bill to remove unpaid tolls and toll evasion penalties as a debt type that the DMV may transfer to the FTB for collection.

Fiscal Impact

The department's costs to implement this bill have yet to be determined. As the bill moves through the legislative process, costs will be identified.

Economic Impact

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

Support/Opposition

Support: None provided.

Opposition: None provided.

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