

## Franchise Tax Board

## ANALYSIS OF ORIGINAL BILL

Author: Chiu, et al. Analyst: Janet Jennings Bill Number: AB 342  
Related Bills: See Legislative History Telephone: 845-3495 Introduced Date: February 7, 2017  
Attorney: Bruce Langston Sponsor: \_\_\_\_\_

**SUBJECT:** FTB to Collect San Jose & San Francisco Automated Speed Enforcement Penalties

### SUMMARY

This bill would, among other things, authorize the Franchise Tax Board (FTB) to collect the penalties for offenses detected by an automated speed enforcement system operated by the City of San Jose or the City and County of San Francisco.

This analysis only addresses the provisions of the bill that impact the department's programs and operations.

### RECOMMENDATION - NO POSITION

### REASON FOR THE BILL

The reason for the bill is to evaluate if using Automated Speed Enforcement (ASE) systems improves traffic safety and would be a reliable, cost-effective means to prevent further traffic fatalities and injuries.

### EFFECTIVE/OPERATIVE DATE

This bill would become effective and operative on January 1, 2018, with respect to referrals of specified ASE penalties and associated delinquency fees referred to the FTB for collection on or after January 1, 2018, and before January 1, 2024.

### STATE LAW

The Legislature transferred the responsibility for collecting delinquent vehicle registration, transfer and license fees, use tax, and penalties for offenses relating to the standing or parking of a vehicle from the Department of Motor Vehicles (DMV) to the FTB in 1993.<sup>1</sup>

As the DMV's collection agent, the FTB forwards all monies collected to the DMV for disbursement to various state and county agencies.

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<sup>1</sup> California Revenue and Taxation Code (R&TC) section 10878.

## **THIS BILL**

This bill would add ASE penalties and related delinquency fees from the City of San Jose and the City and County of San Francisco to the debts that the FTB collects on behalf of the DMV.

The bill would be repealed by its own terms on January 1, 2024, unless a later enacted statute that is enacted before January 1, 2024, deletes or extends that date.

## **IMPLEMENTATION CONSIDERATIONS**

Implementing this bill would not significantly impact the department's programs and operations.

## **TECHNICAL CONSIDERATIONS**

This bill would result in the duplication of R&TC section 10878. To avoid duplicate code sections while preserving the changes that the two sections would make, it is suggested that the bill be amended to remove Section 5 in its entirety and in Section 4, replace "This section" with "The amendments made to this section by the act adding this subdivision" (page 7, line 38).

Subdivision (i) of Section 4 of this bill needs to be amended where the phrase "act adding this subdivision" appears, as the updated reference is "Chapter 25 of the Statutes of 2015". Additionally, the phrase "the effective date of the act adding this subdivision" can be updated to read "June 24, 2015."

## **LEGISLATIVE HISTORY**

SB 84 (Committee on Budget and Fiscal Review, Chapter 25, Statutes of 2015) added unpaid tolls, toll evasion penalties, and any related administrative or service fees to the list of delinquent accounts that the FTB is authorized to collect on behalf of the DMV.

## **OTHER STATES' INFORMATION**

Since this bill would allow specified debts to be referred to the department for collection, a review of other states' income tax laws would not be relevant.

## **FISCAL IMPACT**

This bill would not significantly impact the department's costs.

## **ECONOMIC IMPACT**

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

## **SUPPORT/OPPOSITION**

Support: None on file.

Opposition: None on file.

## **ARGUMENTS**

Proponents: Some may argue that the FTB is the state agency best equipped to efficiently and effectively collect the specified debts.

Opponents: Some may argue that increasing the non-tax debts that the FTB is required to collect could divert tax administration resources from its core function.

## **LEGISLATIVE STAFF CONTACT**

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