



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 9/17/2019

Agenda Placement: 6I

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: JAMES HUDAK - Treasurer-Tax Collector
Treasurer-Tax Collector
REPORT BY: Bret Prebula, Assistant Treasurer-Tax Collector - 707-299-1710
SUBJECT: CALTRECS

RECOMMENDATION

Treasurer-Tax Collector requests approval of and authorization for the Chair to sign a Memorandum of Understanding with the California State Association of Counties-Finance Corporation for the term of September 1, 2019 and continuing year to year, to act on behalf of the County as the clearing house agency to process delinquent debt related to the Tax Refund Exchange and Compliance System (CALTRECS) debt offset program.

EXECUTIVE SUMMARY

The California State Association of Counties (CSAC) Finance Corporation's CalTRECS program allows any local government agency to submit eligible delinquent debts through the California Franchise Tax Board's (FTB) debt offset program. FTB will run a match file of the debtor's name and social security number against all taxpayers to determine if a personal income tax refund, lottery winnings, or state unclaimed property payment is due. If a match is found, FTB offsets the refund for unpaid debts and submits these funds to the participating local agency.

Since unsecured property taxes are not Teetered, the receiving entities such as the schools, County, special districts, cities/town are not "made whole" for unsecured taxes as they are for secured property taxes. The entities do not receive the funds due until the taxes, penalties, and interest are paid, thus revenue received from this program will be a net collection increase to the receiving entities.

FISCAL & STRATEGIC PLAN IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No

What is the revenue source?	The additional revenue collected from the program would include a County portion (percentage depends on AB 8 rate). Additionally, the \$25 cost per successful "intercept" will be added to the total collection amount.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	The unsecured property taxes are not Teetered, therefore, the receiving entities such as the schools, County, special districts, cities/town are not "made whole" for these unsecured property taxes as they are for secured property taxes. Staff believes this is a low cost and efficient tool to increase delinquent unsecured property tax collections.
Is the general fund affected?	Yes
Future fiscal impact:	The department will use the first year of the program to project the net cost to the County each fiscal year. This cost will be budgeted accordingly in future fiscal years. Staff believes the cost of the program may be able to be absorbed within this fiscal years budget.
Consequences if not approved:	If not approved, the TTC Department will not be able to utilize this program as a means to collect on delinquent unsecured property taxes.
County Strategic Plan pillar addressed:	
Additional Information:	

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The California State Association of Counties (CSAC) Finance Corporation's CalTRECS program allows any local government agency to submit eligible delinquent debts through the CalTRECS clearinghouse to the California Franchise Tax Board's (FTB) debt offset program. FTB will run a match file of the debtor's name and social security number against all taxpayers to determine if a personal income tax refund, lottery winnings, or state unclaimed property payment is due. If a match is found, FTB offsets the refund for unpaid debts and submits these funds to the participating local agency.

California Government Code 12419.8 authorizes the California State Controller (SCO), in conjunction with the FTB, to offset personal income tax refunds, lottery winnings and unclaimed property payments to satisfy an eligible debt due a city, county or special district.

State law defines local agency delinquent debts as those amounts that have been reduced to a judgment, contained in a court order, are from a bench warrant for payment of any fine, penalty, or assessment, or for delinquent unsecured property taxes on which a certificate lien has been filed for record in the office of the county recorder. State statute also specifically allows intercepts for any amount overdue and unpaid for a fine, penalty,

assessment, bail, vehicle parking penalty, or court-ordered reimbursement for court-related services. FTB has set the minimum debt eligible for offset at \$10 dollars.

Staff believes this program will be a valuable tool in attempting to collect the delinquent unsecured debt owed to the County Treasurer. The unsecured property taxes are not Teetered, therefore, the receiving entities such as the schools, County, special districts, cities/town are not "made whole" on these taxes as they are for secured property taxes. The entities do not receive the funds due until the taxes, penalties, and interest are paid. Any revenue received from this program will be a net collection increase to the receiving entities.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Helene Franchi