



COUNTY OF HUMBOLDT

For the meeting of: 12/7/2021

File #: 21-1716

To: Board of Supervisors

From: Treasurer/Tax Collector

Agenda Section: Consent

SUBJECT:

Amendment to MOU with CSAC Finance Corporation for CalTRECS Intercept Program

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve and execute the attached amendment (Attachment 1) to the Memorandum of Understanding (MOU) with the California State Association of Counties (CSAC) - Finance Corporation Tax Refund Exchange and Compliance System (CalTRECS) in conjunction with the Franchise Tax Board (FTB).

SOURCE OF FUNDING:

General Fund (1100)

DISCUSSION:

On Aug. 20, 2019, your Board approved the MOU with CSAC Finance Corporation for county participation in the CalTRECS program (Attachment 2). This amendment makes changes to Section IV. 'Understanding of Parties' which currently states:

- A. To recover the costs incurred by SCO and FTB in collecting debts, the Code authorizes SCO to charge Claimant Agency a fee on each successful offset that FTB collects for a claimant agency. The 2019 fee is established at two dollars (\$2.25) per successful offset. Clearinghouse will add this fee to each debt for payment by the debtor prior to its submission to FTB. SCO bills Claimant Agency in April or May for each successful offset collected during the previous calendar year.
- B. To recover the costs incurred by Clearinghouse in submitting debts for collection, a local collection assistance fee of twenty-five dollars (\$25.00) is imposed by Claimant Agency on each delinquent debt submitted to FTB and collected through offset. This fee may be assessed as part of California Government Code GOV code 54985(a). On behalf of Claimant Agency, Clearinghouse will add this fee to each debt for payment by the debtor prior to its submission to FTB. Claimant Agency will remit the local collection assistance fee upon monthly billing by Clearinghouse for each successful offset collected during the previous month.

This amendment changes section A. (above) to as follows:

“AMENDING SECTION IV UNDERSTANDING OF PARTIES (A)

1. To recover the costs incurred by SCO and FTB in collecting debts, the Code authorizes SCO to charge Claimant Agency a fee on each successful offset that FTB collects for a claimant agency. The fee is based on the program’s actual cost and will vary each year. To offset costs to the claimant agency, CalTRECS will establish this fee annually depending on most recent publications of forecasts by the SCO and FTB. Clearinghouse will add this fee to each debt for payment by the debtor prior to its submission to FTB. SCO bills Claimant Agency in April or May for each successful offset collected during the previous calendar year”.

The reason for this amendment is because the FTB has published the latest guide for 2022 in which it states that the State’s administrative cost may be up to \$10.00 per successful offset. After communication with the FTB they stated that they believe the cost for 2022 will be around \$3.00 and that the \$10.00 is a reference to what the fee could be if also utilizing some of their other additional services. CalTRECS will charge \$3.00 for the FTB’s offset fee for 2022 but that fee may vary in the future as FTB costs change. This amendment will allow for those increased costs.

FINANCIAL IMPACT:

None to the county. All fees are added to the debt owed by the delinquent taxpayer by CalTRECS during processing within the program, and included in the amount owed by the taxpayer. There will be a \$25 fee added for work done by CalTRECS and an additional \$3 fee added for the FTB. Going forward this amendment will allow the FTB fee to vary depending on costs for the program.

STRATEGIC FRAMEWORK:

This action supports your Board’s Strategic Framework by facilitating public/private partnerships to solve problems; and managing our resources to ensure sustainability of services.

OTHER AGENCY INVOLVEMENT:

California State Association of Counties - Finance Corporation
California Franchise Tax Board

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board could decide not to agree to amend the MOU, but this is not recommended because the CalTRECS program has proven to be a cost effective program in which to participate for Treasurer-Tax Collector operations; and for the county.

ATTACHMENTS:

1. MOU and Agreement with CSAC Finance Corporation dated August 20, 2019
2. Amendment to MOU (dtd 8.20.2019) with CSAC Finance Corporation

PREVIOUS ACTION/REFERRAL:

Board Order No.: [Click or tap here to enter text.](#)

Meeting of: August 20, 2019

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File No.: 19-1114