



COUNTY OF HUMBOLDT

For the meeting of: 6/11/2024

File #: 24-952

To: Board of Supervisors

From: Treasurer/Tax Collector

Agenda Section: Consent

Vote Requirement: Majority

SUBJECT:

Request Discharge of Accountability for Treasurer Tax Collector and Revenue Recovery accounts

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve an Authorization of discharge of accountability for unsecured county tax assessments, penalties and costs deemed uncollectable by the Treasurer-Tax Collector pursuant to Revenue and Taxation Code 2611.1.
2. Approve Revenue Recovery's application for discharge of accountability for specified debt collection accounts, pursuant to Government Code Sections 25257, 25258 and 25259.

STRATEGIC PLAN:

This action supports the following areas of your Board's Strategic Plan.

Area of Focus: Core Services/Other

Strategic Plan Category: 9999 - Core Services/Other

DISCUSSION:

The Treasurer-Tax Collector recommends unsecured tax assessments be placed on inactive discharge status on the county's tax collection software. The accounts are deemed uncollectable as all reasonable collection efforts have been exhausted or because the assessed is a defunct corporation, filed bankruptcy or deceased. By keeping these uncollectable accounts active, the department is overestimating the amount of unsecured taxes that are collectable and expends money and staff time in efforts that have been proven unsuccessful.

This action is authorized by Revenue and Taxation Code Section 2611.1 and is a prudent way to help ensure the sustainability of all other services provided. Per Revenue and Taxation Code Section 2611.4, the discharge does not release the person(s) named in the verified application (Attachment 1) from the payments of any amounts which are due and owing.

Annual discharge of accountability for defendant court fine accounts, falling under the correct statutory timeframes, is a requirement for all county Revenue Recovery programs by the Judicial Council of California. Under the provisions of Penal Code Section 1463.007, Revenue Recovery operates a Comprehensive Collection Program to collect court-ordered debt (COD) for the Superior Court of Humboldt County. Penal Code § 1463.010 (c) states that the Judicial Council shall develop performance measures and benchmarks to review the effectiveness of the cooperative Superior Court and county collection programs operating pursuant to this section. This section goes on to say that the Judicial Council shall report to the legislature annually on the extent to which each court or county is following best practices for its collection program.

One of the best practices recommended is the implementation of a process to discharge accountability for uncollectable court-

ordered debt.

It is a prudent practice for Revenue Recovery to take steps to discharge uncollectable debts. Under Government Code § 25259, the Board may make an order discharging the department from further accountability (Attachment 2) is the list of 'Application for Discharge of Accountability' accounts.

SOURCE OF FUNDING:

General Fund Contribution, Unsecured Property Taxes (105110), Tax Penalties Unsecured (106020), Court fines

FINANCIAL IMPACT

This item would authorize the Treasurer-Tax Collector to discharge accountability of \$271,044.94 of unsecured taxes, penalties, and interest tax year 2018 and older.

It also authorizes the Treasurer-Tax Collector Revenue Recovery Team to discharge accountability of \$4,406,599.58 court fines 2014 and older, \$1,582,926.01 traffic fines 2018 and older, \$234,593.19 deceased and \$10,998.84 less than \$25

Narrative Explanation of Financial Impact:

Budgetary savings will result due to collection software for both departments no longer generating bills and letters for the discharged accounts. The savings will be realized in reduced supplies, postage and staff time.

STAFFING IMPACT:

Narrative Explanation of Staffing Impact:

Revenue and Tax Technicians will be able to focus time and collection efforts on accounts where potential collections are still possible. Liens still exist on unsecured tax account and discharging court-ordered fines from the system is a requirement for a county comprehensive collection program. Although active collection efforts will cease, annually through the Franchise Tax Board attempts at tax intercept funds may still be remitted to the county for the amounts owed.

OTHER AGENCY INVOLVEMENT:

Humboldt County Superior Court

Humboldt County Auditor-Controller. The Auditor-Controller's office will finalize the discharge process on the tax system at a stage during the annual rollover. When the rollover is complete, those accounts will no longer be included as active tax charges, so collection efforts will cease.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board could choose to keep the attached list of unsecured tax accounts active on the tax system.

The alternative would be to leave the court fine accounts in an active status, where they would be reported as part of active accounts receivable statistics. For COD accounts it would mean that Revenue Recovery is not meeting one of the performance measures established for comprehensive collection programs.

ATTACHMENTS:

1 - 2023-24 Discharge of Accountability Tax Collector

2 - 2023-24 Discharge Revenue Recovery

PREVIOUS ACTION/REFERRAL:

Meeting of: 6/27/2023, 6/22/2021

File No.: 23-838, 21-774