



COUNTY OF HUMBOLDT

Legislation Text

File #: 21-776, **Version:** 1

To: Board of Supervisors

From: Treasurer/Tax Collector

Agenda Section: Consent

SUBJECT:

Revenue Recovery Discharge of Accountability

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve Revenue Recovery's application for discharge of accountability for specified debt collection accounts pursuant to Government Code sections § 25257, 25258, and 25259.

SOURCE OF FUNDING:

Not Applicable

DISCUSSION:

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. In addition, Revenue Recovery serves as the collection agent for County departments and victims of crime. 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 that accumulate over time and one that supports the Board's strategic framework of managing resources to ensure sustainability of services. Discharging debt that meets the qualifications for discharge allows Revenue Recovery to focus on enforcing laws and regulations through the collection of more recent and more collectable debt.

Government Code § 25257 authorizes a county department, officer, or employee to apply to the Board of Supervisors for a discharge of accountability for the collection of both county debts and court ordered debts. To qualify for discharge, the amount of the debt must be too small to justify

the cost of collection or the likelihood of collection thereof does not warrant the expense involved. Government Code § 25258 sets forth the elements of the application: the names of the debtors (unless disclosure of the name is proscribed by law), the amounts of the debts, the grounds for the discharge and a verified application for discharge. Provided these elements are met, under Government Code § 25259, the Board of Supervisors may make an order discharging the department from further accountability and direct the county auditor to adjust any charge against the department in a like amount.

Un-collectability is determined by a review of each account according to the following criteria:

- The account was established more than 10 years ago;
- The NON COD Account is beyond the 4 year statute of limitations for collection;
- The defendant/debtor is deceased and there are no attachable assets;
- The balance of the account is too small (less than \$ 25) to justify the cost of collection;

Attachment 1 is the list of ‘Application for Discharge of Accountability’ accounts and identifies a total of 18, 227 accounts with a total balance of \$ 12,280,232.64. The breakdown according to the above criteria of each type of discharge is as follows:

COD Over 10 years old	8,671,731.08
COD Deceased	2,780,793.96
COD Under \$25	1,482.13
NON COD Over 5 years old	784,008.53
NON COD Deceased	39,495.49
NON COD Under \$25	2,721.45
Total	12,280,232.64

While this is a significant amount the discharge from accountability does not constitute a release of the debtor’s liability for payment of any amount and any money received will be continue to credited to the individual accounts. In addition, following this discharge the balance of remaining actively collectable accounts will be approximately 48 million dollars.

FINANCIAL IMPACT:

There is negligible financial impact anticipated.

STRATEGIC FRAMEWORK:

This action supports your Board’s Strategic Framework by managing our resources to ensure sustainability of services .

OTHER AGENCY INVOLVEMENT:

Humboldt County Superior Court

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The alternative would be to leave the account 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:

Discharge of Accountability TTC Revenue Recovery Division 2019 - 2021

PREVIOUS ACTION/REFERRAL:

Board Order No.: N/A

Meeting of: 6.26.2018

File No.: 18-764