



# COUNTY OF HUMBOLDT

For the meeting of: 7/7/2026

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File #: 26-685

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**To:** Board of Supervisors

**From:** Treasurer/Tax Collector

**Agenda Section:** Consent

**Vote Requirement:** Majority

**SUBJECT:**

Request for Discharge of Accountability of Revenue Recovery and Unsecured Tax Accounts

**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 for Fiscal Year 2025-26; and
2. Approve an Authorization of Discharge of Accountability for county unsecured tax assessments, penalties and costs deemed uncollectable pursuant to Revenue and Taxation Code Section 2611.1.

**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 is requesting approval of annual discharges of accountability for both Revenue Recovery accounts and unsecured property tax accounts that have been determined to be uncollectable under applicable state law.

**Revenue Recovery**

Revenue Recovery operates a Comprehensive Collection Program pursuant to Penal Code Section 1463.007 and serves as the collection agent for court-ordered debt, county departments and victims of crime. Annual discharge of accountability for qualifying accounts is a recommended best practice established by the Judicial Council of California and supports the effective administration of county collection programs.

Government Code Sections 25257 through 25259 authorize county departments to apply to the Board of Supervisors for discharge of accountability when the amount owed is too small to justify collection efforts or when the likelihood of collection does not warrant the expense involved. Revenue Recovery has reviewed eligible accounts and identified debts that meet statutory discharge criteria, including accounts that exceed applicable collection timeframes, accounts associated with deceased debtors who have no attachable assets, and accounts with balances too small to justify collection costs.

Discharging these accounts allows Revenue Recovery to focus collection efforts on more recent and collectable debt while ensuring compliance with Judicial Council performance measures and benchmarks.

**Unsecured Tax Accounts**

The Tax Collector has identified unsecured tax accounts that are deemed uncollectable and recommends they be placed on inactive/discharge status within the county's property tax collection system. The majority of these accounts are associated with defunct corporations, bankrupt entities, deceased taxpayers or taxpayers whose whereabouts cannot be determined despite exhaustive collection efforts.

Maintaining these accounts as active receivables overstates the amount of taxes reasonably expected to be collected and requires the expenditure of staff time and county resources on collection activities that have proven unsuccessful.

Revenue and Taxation Code Section 2611.1 authorizes the Tax Collector to request discharge of accountability for such accounts. Pursuant to Revenue and Taxation Code Section 2611.4, discharge of accountability does not release any person from liability for amounts due and owing should collection become possible in the future.

Approval of these discharges is a prudent fiscal practice that supports the Board's direction to manage resources effectively and ensure sustainability of county services.

**FINANCIAL IMPACT:**

The Revenue Recovery discharge consists of accounts determined to be uncollectable under applicable statutory requirements and collection standards. The total amount requested for discharge of accountability is \$2,018,059.03. Although the discharged balances will no longer be reported as active receivables, discharge of accountability does not release debtors from liability, and any future collections received will continue to be credited to the appropriate accounts.

The Tax Collector has identified 440 unsecured tax accounts deemed uncollectable after all reasonable collection efforts have been exhausted. The total amount requested for discharge is \$274,851.66, consisting of \$248,844.84 in taxes, \$24,146.82 in penalties and \$1,860.00 in costs. Discharging these accounts will reduce reported tax receivables and appropriately recognize bad debt expense, ensuring that county financial records more accurately reflect amounts reasonably expected to be collected.

The combined amount requested for discharge of accountability under this item is \$2,292,910.69.

Additional operational savings will be realized through reduced postage, supplies, system-generated notices and staff time associated with continued collection efforts on accounts determined to be uncollectable.

**OTHER AGENCY INVOLVEMENT:**

- Humboldt County Superior Court
- Auditor-Controller

The Auditor-Controller will process the approved discharges and make any necessary accounting adjustments in accordance with applicable law and county procedures.

**ALTERNATIVES TO STAFF RECOMMENDATIONS:**

The Board may choose not to approve the requested discharges. Doing so would require the affected accounts to remain active within county receivable systems, resulting in continued reporting of amounts deemed uncollectable and ongoing expenditure of resources on collection efforts that are unlikely to be successful.

**ATTACHMENTS:**

1. Discharge of Accountability - Revenue Recovery FY 2025-26
2. Discharge of Accountability - Unsecured Tax Accounts FY 2025-26

**PREVIOUS ACTION/REFERRAL:**

Meeting of: 6/18/19, 3/18/25

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File No.: 19-803, 25-325