Revenue Distribution Training
An Overview of FTB's Non Tax Debt Collection Programs

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Denise Azimi, Interagency Intercept Collection Program
Court-Ordered Debt (COD)

Program Overview

FTB Program Basics

- Background
- Program Eligibility/Enrollment
- How the Program Works
- How Much It Costs You
- Program Statistics
- On-Line Services
- Case Highlight
- Program Support
FTB Court-Ordered Debt Program
COD Background

• In 1994, the State Legislature authorized the FTB to collect delinquent court-ordered debt as a pilot program.
• In 2004, the Legislature made the program permanent and expanded it statewide. (California Revenue and Taxation Code Sections 19280–19282).
• Funding is provided by the participating courts and agencies. These costs cannot exceed 15 percent of the amount FTB-COD collects (RTC Section 19280) on behalf of their clients.

FTB Court-Ordered Debt
Program Eligibility and Enrollment

Eligibility
• State Agencies:
  • Any type of Restitution Orders and fines imposed by juvenile or superior court of the State of California.
• Courts:
  • Any type of fines, state or local penalties, bail and forfeitures.
  • All offenses involving a violation of the Vehicle Code, and any amounts due pursuant to Section 903.1 of the Welfare and Institutions Code.

Enrollment
• Court-Ordered Debt Client Services
• Phone: 916.845.7503
• Email: CODClientServices@ftb.ca.gov
FTB Court-Ordered Debt Program

How the Program Works

- Our clients issue a series of delinquent notices.
- We validate the essential collection information: National Change of Address (NCOA), DMV, & Social Security Number (SSN) validation.
- We create an account for the case and begin the collection cycle:
  - Issue Demand Notice
  - After 45 days we send a wage garnishment or bank levy
  - If no payment received, we repeat the process
  - We keep the case up to 24 months
- We will return the case sooner if:
  - We are unable to locate a good address or SSN
  - Case is deemed uncollectable
  - Client withdraws the case

FTB Court-Ordered Debt

MYCOD
FTB Court-Ordered Debt Program

Case Highlight

- In 2001, the debtor rented a motel room and set up a methamphetamine lab that caused more than $25,000 worth of damage to the motel.
- Since 2002, debtor's payments totaled less than $3,000.
- In June 2015, we sent the debtor a Demand Notice.
- Debtor paid the entire balance.

14 years after the motel was badly damaged, they received full restitution and were made whole.
FTB Court-Ordered Debt Program

Program Support

FTB services and support
- Answer questions regarding the COD Program

Court-Ordered Debt Client Services
- Phone: 916.845.7503
- Email: CODClientServices@ftb.ca.gov

Carrie Deterding, Program Manager
- Phone: 916.845.5326
- Email: Carrie.Deterding@ftb.ca.gov

Interagency Intercept Collection

Program Overview
FTB Intercept Program

Background

-Began in 1975 (Govt. Code Sections 12419.2-3, 12419.5, 12419.7-12).
-FTB redirects state:
  - Tax refunds
  - Lottery winnings
  - Unclaimed property disbursements
-FTB administers the Program on behalf of the State Controller's Office.
-In Fiscal Year 2014/2015, the Intercept Program:
  - Redirected more than 850,000 refunds/winnings/funds
  - Collected more than $274 million

FTB Intercept Program

Program Eligibility

- State agencies:
  - Any type of debt such as delinquent vehicle registration, sales, and employment taxes.
- Counties and cities:
  - Property taxes, delinquent fines, bails, vehicle parking penalties, court-ordered payments, or other permitted debts.
- California colleges:
  - Delinquent registration, tuition, bad check fees, library fines, federally subsidized student loans, or other permitted debts.
- Special districts:
  - Water bills, waste disposal fees, and fire inspection fees.
FTB Intercept Program

How to Participate

Additional Information
Weekly Transaction Error Reports and Denial Payment Reports are produced and sent to agencies. Monthly, FTB delivers payments to agencies through the State Controller.

Anytime during the year, agencies may update or correct agency contact information.
For example, agencies may change phone numbers or addresses.
Requests for changes during the year, agencies must send the information to the Change of Information System.

**Note: FTB fields. Interagency Intercept Collection Program Participation Guide. Not more than 80 characters.**

FTB Intercept Program

How the Program Works

- Participating agencies submit debtor accounts via Secure Web Internet File Transfer.
- We flag accounts with an offset indicator.
- We reject debtor accounts that do not meet our criteria.
- Other considerations:
  - Debt type must qualify under program authority.
  - Pre-Intercept Notice mailed at least 30 days prior to submission.
  - Debt amount is at least $10.
FTB Intercept Program
How the Program Works

- FTB notifies you when offset occurs.
- FTB sends the debtor an Intercept Notice with:
  - Debtor’s account number with the agency.
  - Original payment amount.
  - Offset amount.
  - Remaining refund amount.
  - Agency’s public contact address and telephone number.
  - Government code authorizing the Intercept Program.

FTB Intercept Program
How Much It Costs You

- State Controllers Office charges a fee
  - Reimburse the administrative costs of the program.
  - Based on actual costs incurred.
  - Varies each year.
  - In 2015, the fee was approximately $2 per offset.
- Annual bill each April
  - You get billed only for each successful offset we collect during the previous calendar year.
FTB Intercept Program

Program Support

FTB services and support
- Answer client questions.
- Provide copies of missing reports.
- Reconcile weekly reports to monthly fund transfer.
- Register for Secure Web Internet File Transfer (SWIFT).

Phone: 916.845.5344
Fax: 916.843.2460
Email: iicgroup@ftb.ca.gov

IIC Program

2014-2015 Fiscal Year Collection Totals

<table>
<thead>
<tr>
<th>Case Inventory</th>
<th>PIT Intercept</th>
<th>Intercept Dollars</th>
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<tr>
<td>PIT Intercepts</td>
<td>846,487</td>
<td>$260,592,315</td>
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<tr>
<td>Lottery Winnings</td>
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<td>Unclaimed Property</td>
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<td>BOE</td>
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<tr>
<td>EDD</td>
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<tr>
<td>Total Intercepted</td>
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<td>$274,342,611</td>
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</tbody>
</table>
Case Highlight

IIC Program

- In January 2016, we intercepted $160,900 IIC from unclaimed property.
- The intercept was applied to an FTB account.

Non Tax Debt Collection Contact Information

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Phone: 916.845.5326

Denise Azimi, Program Manager Interagency Intercept Collection
Phone: 916.845.6896

Non Tax Debt Collection Program Mailbox
Nontaxdebtcollections@ftb.ca.gov
Questions

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