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STATE FTB COLLECTS NON-TAX DEBTS

By Victor Sy, CPA, MBA

The California legislature has given the Franchise Tax Board the job of collecting non-tax debts including [child support](#), [vehicle registration](#), [court ordered debt](#), and [Department of Industrial Relations debts](#).

[Child support](#) collections have been requested from the Department of Social Services and district attorneys from all 58 counties of California.

The [Department of Motor Vehicles \(DMV\)](#) has also transferred a number of vehicle registration collection activities to the FTB. FTB is now responsible for collecting money owed for some delinquent registration, transfer and vehicle license fees, used taxes and parking violation penalties. The FTB collected more than \$20 million in delinquent DMV fees just for last year.

[Court-ordered debts](#) such as fines, penalties, forfeitures, and orders imposed by superior and municipal courts for criminal offenses are also collected by the FTB. This collection activity has just begun and there are no data on how successful it has been.

An interagency agreement with the [Department of Industrial Relations \(DIR\)](#) has also transferred some responsibilities to the FTB for collecting civil monies, penalty assessment, and unpaid wages.

These have never been traditional functions of the FTB that, up to then, has been responsible only for administering income tax laws of the State. Apparently, somebody came up with the idea that a taxpayer should not receive refunds if that person owes delinquent child support and parking tickets. They tried it. It worked. It is disturbing though to wonder what the FTB would do next considering that they have tasted success in their initial endeavor of using the expertise and facilities of the FTB.