

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 03/01/2012
POSITION: Neutral
SPONSOR: State Controller

BILL NUMBER: SB 954
AUTHOR: Liu, Carol

BILL SUMMARY: Controller: Unclaimed Property Claims offset.

Current law provides the Controller shall offset the cash payment of an unclaimed property claim against certain payments the claimant owes to the state or a local government. The Controller may, in his or her discretion, also offset refunds from the Franchise Tax Board, the Board of Equalization, and winnings in the California State Lottery against other outstanding payments.

This bill would allow the Controller discretion to offset the cash payment of an unclaimed property claim against additional outstanding payments, including delinquent property taxes.

FISCAL SUMMARY

The bill would have minor, absorbable fiscal impact on the Controller's Office to administer its provisions.

COMMENTS

We are neutral on this bill because it would improve local government finances by providing another avenue to recover certain types of unpaid and overdue amounts owed to local governments.

Analyst/Principal (0123) O.Chaves	Date	Program Budget Manager Veronica Chung-Ng	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

Liu, Carol

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SB 954

ANALYSIS

1. Programmatic Analysis

Current law does not specifically mention cash payment of an owner's claim for unclaimed property as a source of offset for certain types of payments due a city or county from the owner of the unclaimed property. Consequently, the Controller does not have authority to offset these cash payments to the property owner against the payments he or she owes a local government. This deficiency in current law raises questions about why certain payments due an individual or entity from the state, but not others, may be used to offset payments due to a city or county from the individual or entity. We agree this bill would help to remedy a deficiency in current law by clarifying that the cash payment of an owner's claim for unclaimed property is not different from his or her tax refund or winnings in the state lottery, in terms of its ability to be used to offset his or her payments due to a city or county.

Section 12419.10 of the Government Code provides the Controller shall offset, to the extent feasible, the cash payment of a claim for unclaimed property held by the state, a claim for a refund from the Franchise Tax Board under the Personal Income Tax Law or the Bank and Corporation Tax Law, and winnings in the California State Lottery, against any amount overdue and unpaid from a person or entity for a fine, penalty, assessment, bail, vehicle parking penalty, or a court-ordered reimbursement for court-related services.

Section 12419.8 of the Government Code provides the Controller may, in his or her discretion, offset any amount due a city or county from a person or entity where the amount has been reduced to a judgment, or contained in a court order, or where the amount is delinquent unsecured property taxes on which a certificate of lien has been filed for record in the office of the county recorder, against any amount owing the person or entity by a state agency on a claim for a refund from the Franchise Tax Board under the Personal Income Tax Law or the Bank and Corporation Tax Law, a claim for a refund from the State Board of Equalization under the Sales and Use Tax Law, or from winnings in the California State Lottery. This bill would add a claim filed by the owner for payment of money from unclaimed property held by the state to the other sources of discretionary offset mentioned here.

This bill would not allow offset of unclaimed property without a claim filed by the owner, and would allow only cash payments to be offset. Not yet claimed unclaimed property and owner claims for noncash forms of unclaimed property would be unaffected by this bill.

2. Fiscal Analysis

Current law provides the Controller has authority to deduct and retain from any amount offset in favor of a city or county an amount sufficient to reimburse the Controller, the Franchise Tax Board, the California State Lottery, and the Department of Motor Vehicles for their administrative costs. This bill would have minor support costs that could be absorbed or paid from the proceeds of the offsets.

Code/Department Agency or Revenue Type	(Fiscal Impact by Fiscal Year)							Fund Code
	SO	LA	CO	PROP	FC	FC	FC	
					2011-2012	2012-2013	2013-2014	
0840/Controller	SO	No			----	minor and absorbable fiscal impact	----	0001