COUNTY OF HUMBOLDT

For the meeting of: 10/22/2024

File #: 24-1327

To: Board of Supervisors

From: Treasurer/Tax Collector

Agenda Section: Consent

Vote Requirement: 4/5th

SUBJECT:
Agreement with American Financial Credit Services, Inc. (AFCS) for Supplemental Delinquent Tax Skip Tracing, Billing and Recovery Services Pursuant to Government Code 26220 (4/5 Vote Required)

RECOMMENDATION(S):
That the Board of Supervisors:

1. Authorize Treasurer Tax Collector to sign the agreement with AFCS (Attachment 1) for supplemental delinquent tax skip tracing, billing and recovery services (4/5 Vote Required); and
2. Authorize the Tax Collector to assign accounts to AFCS for the purpose of collecting delinquent taxes for any or all delinquent unsecured taxes 90 days after the date upon which they are due and delinquent, pursuant to Government Code 26220 (4/5 Vote Required).

STRATEGIC PLAN:
This action supports the following areas of your Board's Strategic Plan.

Area of Focus: Workforce & Operational Excellence
Strategic Plan Category: 9999 - Core Services/Other

DISCUSSION:
Government code and Revenue and Taxation code provides the Tax Collector with a variety of collection tools to collect unsecured property taxes. The main tools utilized in the office are liens placed on unsecured property, the Department of Motor Vehicles boat hold program and the Franchise Tax Board intercept program. There are other tools available that, due to current staffing levels and resources, the office is not able to utilize. These include bank levies and property seizure and sale.

Government Code section 26220 (Attachment 2) allows your Board, by a four-fifths vote, to authorize the use of an outside collection agency for collection of delinquent unsecured taxes 90 days after the date upon which they are due and delinquent. The agreement before your board today is with AFCS for supplemental delinquent tax skip tracing, billing and recovery services.

AFCS is a collection agency with 30 plus years of experience working exclusively with government entities and has contracts with 188 counties across eight states. The collection agency will be able to track down taxpayers with delinquent taxes that have moved from the area or have otherwise slipped through the cracks. AFCS will primarily be locating delinquent taxpayers and sending collection letters, complying with all California debt collection laws. There is no cost to the county for these services as AFCS charges a delinquent personal property tax placement fee of 25% of the total principal on all delinquencies directly to the taxpayer and a net payment of the total amount due in taxes, penalties and interest is remitted directly to Humboldt County.

Narrative Explanation of Financial Impact:
The 2024 tax year holds $2,401,788 in delinquent unsecured taxes that will be transferred in batches to AFCS for collections. There is no cost to the county for these services, the AFCS fee is charged directly to the taxpayer and a net payment of the total amount due in taxes, penalties and interest is remitted directly to Humboldt County.

OTHER AGENCY INVOLVEMENT:
NA

ALTERNATIVES TO STAFF RECOMMENDATIONS:
Your board could choose not to approve and authorize the agreement with AFCS, which is allowable pursuant to Government Code 26220. That is not recommended as there is no cost to the county for these services and all collections will be remitted directly to Humboldt County.

ATTACHMENTS:
1. AFCS Agreement with Humboldt County
2. Government Code Section 26220

PREVIOUS ACTION/REFERRAL:
Meeting of: NA
File No.: NA