

Revenue Distribution Training January 2026

0:00

Good morning, everyone.

0:01

Happy New Year.

0:03

Welcome to the 14th annual Revenue Distribution Training.

0:06

Thank you all for being with us this morning.

0:08

I am Maria Lira, Senior Analyst with the Judicial Council's Funds and Revenues unit.

0:12

It is my pleasure to be your host today.

0:14

Joining me as Co host and presenters, we have Don Lowrie and Nicholas Duffy.

0:19

A bit of housekeeping before we get started.

0:23

This training session is being recorded and will be posted on our website later this month.

0:27

As much as we'd like to see you, all cameras are off to save bandwidth and Nicholas has turned off your microphones to reduce background noise, but they will be on during Q&A.

0:37

We encourage everyone to participate in the discussion, however, there are 300 participants on the line, so please raise your hand if you have a question.

0:45

Don will invite you to take the floor.

0:47

If you'd rather submit questions via chat, we will try our very best to answer questions as they're received.

0:53

If your question is a hard one, however, we will acknowledge it, but we will get back to you directly once we've had a chance to research.

1:01

The presentation includes answers to most questions that were submitted through the registration form, but if your question is not addressed or if clarification is needed, we encourage you to ask us again.

1:12

Last but not least, we ask that you complete an evaluation.

1:15

Don will drop the link to the survey in chat at the end of the presentation.

1:21

In this session you will learn about current and pending bills of interest.

1:24

You'll hear about recent revisions to the uniform bail and penalty schedules and to the trial court revenue distribution guidelines, and we'll also bring you up to date on other collections and distribution related matters.

1:35

The sessions focus is on providing high level updates.

1:38

We invite you to attend the spring session for in depth hands on training.

1:43

We have more on the training schedule later in the presentation.

1:46

Today's presentation is a blend of prerecorded and live segments.

1:49

Each recorded presentation provides information, resources and technical guidance to help you perform day-to-day tasks related to the collection, distribution and reporting of quarterly debt.

2:00

At the end of each recorded segment, we will open it up for a live Q&A with the presenter.

2:07

These are today's presenters.

2:08

You'll hear directly from them during their presentation and you will see them on screen as they are on the line, but I will introduce them briefly.

2:15

Joining me again as I introduced them earlier are my co-hosts and presenters, Don Lowrie and Nicholas Duffy.

2:22

Also presenting from the Judicial Council, we have Morgan Lardizabal, Jamie Schechter and Martha Wright.

2:28

We have from the State Controller's office Henry Matthews, Erika Bosnich and Chris Ryan, and you'll also hear from Lorena Benavidez, Jennifer Jacobsen, Rikki Saldana and Andrey Ivanov of the Franchise Tax Board.

2:44

Everyone's contact information, as well as links to information and material that is covered today is available on the resources and contact sheet, which is posted online together with this PowerPoint.

2:54

And now let's hear an update on legislation from Morgan.

2:59

Good morning.

2:59

I'm Morgan Lardizabal with the Office of Governmental Affairs.

3:02

I am joined today with our Deputy Legislative Director, Tracy Kenney, who is available for any live questions.

3:08

After our recorded slides, I'm here to provide a quick update on what happened during the 2025 legislative year, which was the first year of our current year session.

3:17

So let's get into it.

3:19

Over the course of 2025, the legislature introduced over 2800 new pieces of legislation.

3:25

As the Assembly is the bigger House with more members, they introduced about 700 more bills than the Senate.

3:32

Of those, Governmental Affairs tracked about 800 bills as having some form of impact on the courts or the criminal justice system.

3:39

In a minute, we'll get into some details on the more impactful bills.

3:43

Of all the bills that made it to the governor's desk, he signed about 1100 of them into law and the majority will have gone into effect back on January 1st unless the later date was included in the legislation.

3:54

There are still over 1000 bills classified as two year bills.

3:58

As a reminder, California does have a two year legislative session and we just started the second year, so many of these bills can still move through the process this year.

4:06

Our office keeps a close eye on all bills of course, but especially in the second year when zombie bills can be resurrected with amendments that may or may not make it back to their policy committee for review.

4:17

Outside of these two options, there were about 600 bills that were either vetoed or held in committee.

4:24

As always, our office has published a summary of new laws.

4:27

This is a quick reference document to highlight the bills that were enacted into law and is broken up by different categories.

4:33

There is a fine/fee revenue collections and distribution section that may be helpful for today's audience.

4:39

You can find that over on my office's website or by searching for it from the courts.ca.gov homepage.

4:47

All right, let's get into some of the bills I've highlighted here.

4:50

AB 45 by Assemblymember Bauer-Kahan prohibits geofencing near healthcare facilities and places new protections for people's privacy for both patients and visitors.

5:00

This is a new civil cause of action and does create a new civil penalty.

5:04

If that penalty is collected, the law does require that that money be deposited into the California Reproductive Justice and Freedom Fund.

5:14

AB 1213 by Assemblymember Stefani is the latest victim restitution bill.

5:18

This one really just aims to underscore the current constitutional requirement that victim restitution orders are to be paid before any other fines, restitution, fines, or penalties collected.

5:28

Our office has gotten some questions as to how to operationalize this, and that might look different for each court and county based on how your systems are set up and communicating when victim restitution orders are still outstanding.

5:40

But the requirement is pretty clear that victim restitution does need to be paid out first, and this bill came about because it sounds like that may not always be occurring.

5:49

If you have specific questions, OGA and Budget Services are happy to try and help, but talking to your own counsel and your local counterparts will likely be the most successful way to determine how to ensure compliance with this requirement.

6:03

As I mentioned, this was already the law, so hopefully this isn't too big of a change for most courts and county collections offices.

6:11

Next up, we have AB 1376 by Assemblymember Bonta and it makes a few changes related to probation for juvenile wards of the court.

6:20

For the purposes of this presentation, that does include an amendment that removed the ability of the court to issue a restitution fine of \$250 when a ward was deemed to be able to pay it.

6:30

Now, instead, they're only allowed to order general restitution.

6:34

This change cleans up the reference as it's in line with AB 1186 requirements from last year that remove the court's ability to charge juvenile wards restitution fines.

6:45

Next, we have AB 1521 by Assembly Committee on Judiciary and this is one of their omnibus bills, meaning it does not aim to cause any large changes.

6:55

There are numerous provisions in the bill, but for today's purposes, focusing on the new ability for petitions to establish a record of birth, death or marriage to be heard in the juvenile court instead of probate court.

7:08

And it does waive those filing fees when it is being filed in the juvenile court.

7:13

These fees, however, would remain if the petitions are being filed and heard still in probate court.

7:19

So it's important to note where the petition is being filed because that will impact the charging of those filing fees.

7:26

On our next slide, we finish up with our Assembly bills with AB 1524.

7:31

This one is also by the Assembly Committee on Judiciary.

7:34

This bill authorizes the public to use their own devices with minimal intervention from court staff to make copies or take pictures of court records.

7:42

There are allowances for courts to establish use rules that are in alignment with court users who are only accessing the files.

7:49

For example, placing time limits on a kiosk and the person cannot demand too much time of the staff for any individual requests.

7:56

There still have to be available for other court users and it also has some prohibitions related to security concerns.

8:03

It does create a legislative report focused on the 26-27 fiscal year for all courts to respond to.

8:10

And it's related to cost recovery fees.

8:13

And some of the data elements, for example, are what courts have charged, what is the service that is being charged for?

8:20

And if we can calculate the actual cost incurred, they do allow for methodology to be given in place of actual costs if we are unable to provide those numbers.

8:33

So hopefully all of the courts will be able to respond and answer those questions.

8:39

Now over on the Senate side, SB 54 by Senator Umberg prohibits any military related disability payments a court user receives from being used in that income verification calculation we do for determining fee waiver eligibility.

8:56

SB 132 by the Committee on Budget and Fiscal Review increases the current authority for the Franchise Tax Board to retain up to 15% and many court related collections to instead be up to 20% to reflect rising administrative costs.

9:14

Next up, we have SB 857 by the Committee on Public Safety.

9:18

This is their omnibus bill meant to be used for code cleanup purposes.

9:21

We actually requested this inclusion to line up this statutory reference with what is actually allowable under collection program activities.

9:29

So the bill removed reference to the driver's license suspensions as being an allowable activity as that authority was removed a couple years ago.

9:39

Lastly, we have SB 673 by Senator Ochoa Bogh and this one is specific to the San Bernardino County Courthouse.

9:47

Previously, this authority was erroneously included in Sun setting some other statutes.

9:52

And so this bill corrected that error to ensure San Bernardino could continue to collect the surcharge amount through the anticipated length of the bond debt payments related to seismic retrofitting of that courthouse.

10:05

Now let's talk about a few general impact bills for the courts.

10:10

AB 136 was a budget trailer bill that focused on court administrative tasks, such as providing the Judicial Council with the authority to sell three different courthouses and updating some legislative report requirements That may help reduce some of the workload for both the council and the courts who respond with information.

10:28

The bill eliminated 3 legislative reports, specifically the Standards of Timely Disposition Report, Standards and Measures that Promote the Fair and Efficient Administration of Justice Report, and State Trial Court Improvement and Modernization Fund Expenditure report.

10:42

These were all either outdated or duplicative of other reporting requirements.

10:47

It also changed our date from September 30th out to February 1st for the Allocation and Reimbursement to Trial Court Report and clarifies a report is only required for the cash flow loans made to trial courts when there is activity to report.

11:01

It also repealed the Jury Duty Compensation and Mileage Reimbursement Pilot Program Report as the funding for that program was removed in the last budget cycle.

11:11

A couple of high profile bills we had this year were AB 1071 and SB 27.

11:17

AB 1071 by Assemblymember Kalra made some changes to the Racial Justice Act to allow the claimant to seek discovery for any relevant evidence, as well as SB 27 by Senator Umberg that expanded care Court to include persons experiencing bipolar 1, specifically when psychotic features are present.

11:36

The last bill to highlight today is SB 245 by Senator Reyes, which requires CDCR to now proactively send to the courts a notice that an inmate has successfully completed a fire camp program upon their release, rather than the current process of the court seeking validation upon receiving a petition for resentencing.

11:57

So those are all the bills I want to highlight for you all today.

11:59

Please remember if you have any specific questions on any of these bills or ones I did not highlight to go ahead and throw those into the chat and we'll be able to assist or get back to you with an answer.

12:09

Now let's quickly look over this year's calendar and timelines.

12:15

Again, just as a reminder, we are entering the second year of the two year session.

12:19

This means we have to be aware as any amendment could lead to a bill moving from where it was held last year, potentially with or without going back into committee for a new analysis and vote.

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They can also be what we call gut and amended at this point where the amendments are entirely unrelated to the original bill and depending on the calendar, could skip going back to policy

12:38

committees or being wrongly keyed as not having a fiscal impact.

12:43

These definitely keep us on our toes in the second year and we stay aware to make sure we flag for the appropriate legislative staff any potential issues or impacts.

12:52

So what are our exact dates for this year?

12:55

So as you can see here, the legislature returned this past Monday and they have until the end of this month to move any bills from last year that did not get out of their House of origin.

13:05

If the legislators are introducing any new bills, they will have until February 20th to do so.

13:11

Many may be what we call spot bills for at least the first month where there's not much included other than it's saying it is the intent of the legislature to do something about something.

13:21

However, by May 8th, all policy committees will be done hearing those House of Origin bills and will not hear any new bills other than fiscal committees after that date.

13:33

There's been one week for the fiscal committees to wrap up their hearings and two weeks for fuller session to get all House of Origin bills voted out and into the 2nd house.

13:45

Next up we have our budget deadline on June 15th.

13:48

As a reminder, the legislators in California do not get paid after that date if they don't have an enacted budget.

13:54

So while they may amend the budget at a later date, we generally have some form of a Budget Act by that night.

13:59

Next up we have July 2nd, which is the last day for all policy committees to meet and then the legislature goes on a month long recess back in their home districts.

14:10

When they come back to Sacramento, they have about two weeks to wrap up with fiscal committee hearings and then only two more weeks after that, a floor session with the final deadline of August 31st to get bills to the Governor's desk.

14:21

As this will be the end of the second year of the two year session, anything held on that date will officially be dead.

14:28

The legislators then go back to their home districts for their final election pushes and the Governor has until the end of September to take any official actions on bills.

14:37

Anything not signed or vetoed will become law as of October 1st.

14:43

We always get the question every year what to expect for the coming year.

14:47

I have not yet seen anything specifically related to any court fines, fees, or penalties for this year, but that doesn't mean there won't be any legislation on that topic.

14:57

In an ideal world, an author's office will reach out to our office prior to introducing legislation so we can discuss it and work through any issues prior to there actually being language, but that often doesn't happen.

15:09

The real thing we say is our director's favorite saying of there's no new bill ideas, just new bill numbers, but they always end up surprising us with something.

15:19

However, we do have some best guesses for areas that are likely to have legislation, such as the ongoing court reporter shortage.

15:26

AB 882 from last year related to electronic recording is still in the Senate as a two year bill, so that may come back in some form this year.

15:34

Restraining orders have also been a big topic the last couple of years, and we may see more legislation on that.

15:40

Immigration issues will be ongoing.

15:42

A great place to look to see what may be coming up in the next year is to read the headlines as many legislators get ideas from what's been reported as going incorrectly throughout the state.

15:53

For example, a hot button issue lately has been the use in reporting a vehicle ignition interlock devices and the courts versus DMV responsibilities associated with those.

16:03

But only time will tell and over the next six weeks, we'll see what we see.

16:07

Lastly, it's important to consider that we are still in a budget deficit.

16:11

So we'll likely continue to see the governor and Department of Finance pushing back on spending.

16:16

But the governor did still sign a kind of surprising number of bills with fiscal impacts this past year.

16:22

It's also his last year as governor and in an election year.

16:25

So we'll see if that changes in new behaviors within the legislature.

16:29

We have Monique Limon taking over as President Pro Tem of the Senate.

16:32

So we're anticipating some committee leadership changes associated with that, which can then change committee agendas and how they function and what they allow through their committees.

16:43

So we'll see as we get closer to our introduction deadline in February and start hearing more from the offices as this legislative year really gets underway.

16:51

Lots to keep in mind as we go into the new legislative year.

16:55

And that concludes my presentation for today.

16:57

Like I mentioned, Tracy is here to take any questions while I'm out of the office.

17:01

Thank you all and see you next time.

17:05

Since we're on the subject, we do have a few reminders related to victim restitution.

17:09

Per statute, before any portion of a payment received is distributed to the outstanding fines, fees and assessments, victim restitution must be fully satisfied.

17:19

Also, as far as we know, victim restitution cannot be discharged from accountability nor written off through bankruptcy.

17:27

Costs associated with a collection of victim restitution are not recoverable under Penal Code section 1463.007. As it relates to reporting victim restitution under Collection Reporting template,

17:41

you want to report victim restitution related information in the victim restitution section only, that is at the very bottom of the annual financial report.

17:51

If you have any questions related to victim restitution orders, we encourage you to consult with your Court or County Counsel.

18:00

Hello, my name is Jamie Schechter.

18:02

I'm an attorney in the Criminal Justice Services Unit with the Judicial Council.

18:07

I staff the Traffic Advisory Committee for the Judicial Council and advise courts on traffic related matters.

18:15

I'm here today to talk to you about the uniform bail and penalty schedules.

18:23

When folks hear the word bail, they usually think of the amount used to secure a defendant's appearance in court, commonly known as a bail bond.

18:33

Traffic bail is a legal concept that allows a defendant to pay bail, which is really what most people think of as a traffic fine for Vehicle Code infractions and then have the case resolved and the bail is forfeited.

18:48

Once the defendant pays bail for Vehicle Code infraction and it is forfeited then no further court proceedings are necessary.

18:58

It should be noted at this time there is no universal cash bail schedule.

19:05

The Judicial Council is statutorily required to have a uniform penalty schedule for all non parking Vehicle Code infractions and in the Vehicle Code all offenses are infractions by default.

19:20

Misdemeanors, felonies, parking toll violations, even some new non-criminal speeding and red light offenses are also in the Vehicle Code, but by default all crimes in the Vehicle Code are infractions.

19:34

The 2026 Uniform Bail and Penalty Schedules was adopted on December 12th, 2025 at a Judicial Council meeting.

19:43

Here is the front page of the 2026 Uniform Bail and Penalty Schedules.

19:53

Annual changes to the Uniform Bail and Penalty Schedules are based primarily on new legislation, but also an important source of changes is recommendations from stakeholders like courts, law enforcement organizations or members of the public.

20:11

A third type of changes are also technical changes for things like typos or formatting issues or other errors.

20:20

Every year, the Traffic Advisory Committee will go over all of the new laws and determine whether those laws change anything in the Uniform Bail and Penalty Schedules by adding a crime, eliminating a crime, changing a fine or fee, adding a subdivision, etcetera.

20:36

The committee will also review comments, if any, from stakeholders about recommended changes.

20:42

Finally, the committee will recommend a Uniform Bail and Penalty Schedules to go out for public comment.

20:48

After the Uniform Bail and Penalty schedules goes out for public comment, the committee reviews the comments and recommends a final Uniform Bail and Penalty Schedules to go to the Judicial Council.

21:02

As I said earlier, generally courts are statutorily required to follow the amounts in the traffic infraction schedule, but the Uniform Bail and Penalty Schedules actually has seven other schedules in it: traffic misdemeanors, boating, forestry, Fish and Game, Public Utilities, Parks and Recreation, and business licensing.

21:26

These different schedules were added over the years for standardization and based on the requests of different agencies and stakeholders.

21:35

Something worth noting, not all crimes are listed in the Uniform Bail and Penalty Schedules.

21:41

For instance, there are no Penal Code offenses at all except for regarding fines or Health and Safety Code violations at all.

21:50

And the seven non-traffic infraction schedules are not comprehensive.

21:56

So for example, why there while there is a public utility schedule, not all potential crimes are in there.

22:03

So it's very important to note the non-traffic schedules are not comprehensive.

22:10

The amounts in the non-traffic schedules serve as guidelines for courts in developing their own schedules.

22:17

They are advisory only, so this year was actually a fairly light year as far as changes the Uniform Bail and Penalty Schedules based on legislation.

22:30

For example, they're in the boating schedule.

22:33

The definition of mussel was expanded from only quagga or zebra to invasive generally, and there seemed to be a decent amount of new legislation surrounding E bikes, but other than that, most of the recommended changes to the Uniform Bail and Penalty Schedules were minor.

22:51

I'm happy to answer any questions.

22:53

Thank you very much.

23:01

Hi, my name is Henry Matthews and I'm a policy analyst at Local Government Policy Unit with the State Controller's Office.

23:10

The State Controller's Office publishes Trial Court Revenue Distribution Guidelines, and we just published Revision 36 on January 1st of this year.

23:23

This revision incorporates codes that have been added or amended or repealed in 2025, resulting in new or changed guidance to court revenues from new legislations.

23:35

Included in this presentation is a brief overview of these updates.

23:41

For specific questions pertaining to the code sections and distributions within the guidelines, we highly prefer that you contact our unit mailbox at local.gov.policy@sco.ca.gov so that we can get back with more specific answers after our research.

24:02

The code sections that are listed on these slides are in order of the tables within the guidelines.

24:08

Penal Code 647(L)5 and 653.25 includes penalties and fines for prostitution related crimes.

24:20

WIC 730 is removed as the fine portion is removed.

24:25

BPC 16755 and 16755.1 includes fines and penalties related to conspiracy against trade.

24:35

BPC 22948.32 includes civil penalties for violations related to connected devices.

24:44

CIV 1798.155 is removed because the fines are changed to administrative fines.

24:52

CIV 1798.99.92 includes civil penalties for health data related violations.

25:00

CIV 1798.199.90 Includes amendments to the percentage of distributions.

25:09

CIV 52.6 and 52.65 Includes penalties and fines for prostitution related crimes.

25:21

Government Codes 65098.2.8 I and 65302.02(J) Includes civil penalties for violations of planning and zoning rules for logistics use developments for truck routes.

25:37

Government Code 65912.157(M) includes penalties for violations of Housing Accountability Act by local governments.

25:47

HSC 108985.6 involves penalties for the unlawful manufacturing and selling of cosmetic products containing restricted ingredients.

25:59

HSC 121022 involves penalties for willful, negligent, or malicious disclosure of cases of HIV infection reporting.

26:07

Labor Code 238.05 includes civil penalties for non payment of wages for work performed within the state,

26:19

Penal Code 33700(F) includes fines for violations of firearms and firearms bearer laws.

26:25

Water Code 1551 is updated from State Board of Equalization to CDTFA.

26:33

Government Code 68926.2 includes a \$65 fee collected in a civil case pursuant to Government Code 68926(A).

26:44

Government Code 70615 involves \$25 in fees added for appeals under Vehicle Codes 22445.3 and 21455.9.

27:00

Government Code 70631 has an amendment which is made to reflect the amount of fee, not to exceed cost to the court, of providing the services.

27:11

HSC 103625 has fee changed from \$3 to \$5 for certified copy of documents pursuant to HSC 103625(F).

27:26

Here are some recommended steps on researching trial court revenue distribution related topics.

27:32

Starting point is to search the code section or keywords on the PDF version of the guidelines posted on the SCO website.

27:41

Secondly, you may get additional confirmation of the statute by performing a code search on the California LegInfo website for further clarification.

27:51

You may also check the FAQs available on the Judicial Council website to see if the question has already been answered in the past.

28:02

After you have done the above steps of searching the guidelines legend for website and FAQ documents, and if you still need clarification or confirmation, you may reach out to us at local.gov.policy@sco.ca.gov.

28:18

Please note that we will go through the same steps as the ones listed above in researching the questions.

28:24

Because we respond to inquiries throughout the state, it may take a few days for us to get back with an answer.

28:32

However, we are definitely happy to help you if you need our assistance.

28:38

Now I would like to take a moment to go over Listserv notifications.

28:43

Listserv is the web application used by the State Controller's Office to communicate updates with interested parties.

28:50

We send out notices to everyone on our list when we post updates to our SCO Trial Court website, including updates to the Trial Court Revenue Distribution Guidelines.

29:02

You can sign up for Listserv notifications from the link provided on the SCO Trial Court website.

29:08

Clicking on the link will take you to this page shown on the slide where you can sign up with your e-mail and first and last name.

29:16

Please take a couple of minutes to sign up to listserv so that you will not miss important updates that are added to the website.

29:25

And that brings to the end of my presentation and I'll open to any questions.

29:44

Good morning and thank you for having us here today.

29:47

I am Lorena Benavidez serving as a program supervisor in the court ordered debt collections program.

29:54

Also with me today, I have Jennifer Jacobsen who is also a Program Supervisor within the COD program.

30:04

During our segment of today's session, I will provide a high level overview of COD program updates which include legislation, revenue, memorandum of understanding and administrative reminders.

30:25

As outlined in our prior communications to our clients, COD has continued to see a significant decrease in the amount of revenue collected over the last few years.

30:35

Several causes include economic changes, debtors inability to pay, and impacts related to new legislative implementations have been the primary drivers for revenue reduction.

30:49

Since COD relies on the revenue collected to cover the program expenses, the decrease in revenue necessitated the implementation of cost reduction measures to ensure the sustainability of the program.

31:05

Additionally, after a comprehensive evaluation of the program, it was determined that an increase in the administrative fee was necessary, which resulted in COD proposing to increase the legislative administrative fee to 20% amending

31:23

Revenue & Taxation Code 19282 under the Senate Bill 132 trailer bill.

31:29

The Governor approved this bill effective July 1st, 2025.

31:33

The administrative fee will be applied to all contracts that are set to renew on or after July 1st, 2025.

31:43

Currently, there are no pending legislation this year that would further impact COD's ability to collect.

31:51

Moving on to revenue updates, we are currently on track to achieve our revenue target of 70 million for this fiscal year.

32:00

As of November, the collected revenue for COD stands at 49 million with seven months remaining in our fiscal year.

32:08

In efforts to increase the revenue, we have been implementing new strategies.

32:14

One strategy involves re-evaluating and reactivating previously closed cases that were deemed uncollectible,

32:23

as we recently identified new assets associated with these accounts.

32:27

This initiative has expanded our inventory, creating additional opportunities to generate revenue for our clients.

32:35

Looking forward to the future, we continue to focus on strategies to increase revenue as well as rely

on our partnership with you to continue the best collection practices to help maneuver through various legislation bills that impact the work that we do and the revenue we collect.

32:55

I wanted to let you know some important changes you will see as you renew your Memorandum of Understanding with COD.

33:04

In 2022, the Franchise Tax Board added a requirement in our MOU for clients to send a sequence of three collection letters at a minimum of 30 day intervals.

33:18

This requirement helps to ensure that the debtor has received due process prior to the debt being submitted to COD for collections.

33:28

Although this change was added in 2022, some clients may just now see this in their contract as it's up for renewal.

33:39

As mentioned previously, in July 2025, SB 132 was passed through legislation.

33:48

COD has increased our administrative fee from 15% to 20%.

33:53

However, this does not take effect until your contract has been renewed.

33:59

And lastly, FTB has added generative AI disclosure requirements to the MOU requiring clients to notify the state if they intend to use Gen AI

34:11

or generative AI means artificial intelligence system that can generate synthetic content including text, images, video, audio that emulates the structure and the characteristics of the system and training data.

34:31

I want to share some administrative reminders.

34:35

Regularly update the balances for debts referred to COD.

34:39

It's imperative that we have the most up to date balances to prevent over collections.

34:46

Please note if you withdraw a case from FTB then have the need to resubmit the debt, the collections process starts over.

34:58

Action files are provided on Wednesday and payment files are provided on Saturday to assist clients with updating cases.

35:08

If you need to reconcile your debts with us outside of our weekly files that are sent, a reconciliation file can be provided upon request.

35:19

And if you have a debtor who is referred to COD and contacts your office regarding collections, verify the balance is accurate.

35:28

Confirm that the case remains active for collections and explain the reason for the debt, including specific dates of the infraction details, and direct the debtor back to Franchise Tax Board for resolution of any collection action.

35:46

Notify FTB if you receive a payment in house while the debt is referred to COD for collections as these payments are subject to the administrative fee.

35:59

However, don't forget we're here to help.

36:01

We have Client Services staff to answer your questions and to provide updates on your cases,

36:08

change case balances,

36:10

withdraw cases, answer questions or help schedule an appointment with one of our COD supervisors.

36:17

Our program does prefer that you use Swift to withdraw or update any cases.

36:23

Swift is more accurate and timely and it best ensures that we do not over-collect on your behalf.

36:29

Listed as a contact information for myself, my peer, alongside with the client services, we do offer quarterly meetings for any of our participants.

36:41

In these meetings, we discuss any submission issues, sensitive cases, collaborate on resolutions.

36:48

If you're interested, please reach out to one of the COD leadership to schedule an appointment.

36:53

This concludes our presentation.

36:55

Thank you for having us today and I will open it up to any questions.

37:01

Good morning.

37:02

My name is Andrey Ivanoff, I'm the program manager for the IIC program.

37:06

Today, I'll be sharing IIC program updates for 2026.

37:10

With me today is Rikki Saldana, IIC Program Supervisor.

37:14

Rikki and I are honored to be here today representing FTB in the IIC program.

37:22

During our segment of today's session, I will provide a high level overview of IIC program updates, which include legislative impacts, revenue and projections for fiscal year 25-26, IIC program yearly timeline enhancements to air reports and IAC program administrative cost and billing.

37:46

In 2025, IC participating agencies may have experienced a reduction in tax offsets due to impacts of Assembly Bill 194 and Senate Bill 131, which prohibits the Controller from offsetting delinquent accounts against personal income tax of an individual who received certain tax credits.

38:06

These bills only impact income tax refunds, not unclaimed property division claim payments or California State Lottery winnings.

38:15

Currently, there are no new legislative impacts to IIC program in 2026.

38:24

In fiscal year 24-25, IIC redirected \$215 million which was 79% of projected revenue.

38:33

Our projections for fiscal year 2526 is 200 million redirected revenue.

38:41

Participating agencies must send pre-intercept notices and certify participation annually.

38:48

IIC begins accepting annual forms in October for upcoming process year.

38:54

Annual load files are due by December 1st.

38:57

If you did not submit an annual load file, you may add debts through the modification process.

39:03

IIC will accept modification files during the calendar year, mid January through mid-December.

39:09

At the end of the year, FTB purges debts for the new year.

39:16

In 2024, we identified debtor accounts rejected due to additional data elements and matching criterias were not clearly identified in the error messages files.

39:29

In 2025, IIC added additional error messages to help agencies identify which data records are rejected due to debtor name elements not matching.

39:41

Future enhancements to our modified Debtor Accounts rejected file will expand the file to include all data elements submitted by agencies on a modified Debtor Accounts file.

39:52

Additional debtor name elements will assist agencies when reconciling error messages.

39:58

IIC Program is anticipating these enhancements in 2026.

40:06

To determine the cost, the State Controller's Office and Franchise Tax Board calculate the program's annual cost.

40:13

The cost is divided by the number of successful offsets for the calendar year.

40:17

As a result, the program fee will vary each year.

40:20

Participation cost can be up to \$10 per successful offset each year.

40:25

In May, the State Controller's Office sends a billing invoice to the participating agencies for successful offsets that occurred during the previous calendar year.

40:35

Payments should be remitted to the State Controller's Office.

40:41

That will conclude IIC's program updates for 2026.

40:45

Rikki and I are available for questions and our contact information will be shared in the chat.

40:51

I will now return it over to our facilitator.

41:02

Hello.

41:02

I'm Don Lowrie, Fiscal Analyst in the Funds and Revenue unit, discussing some of the highlights from the 24-25 report on the statewide collection of court order debt.

41:13

You can find the complete report at the link included on the resources and contacts handout posted on our website.

41:22

During this reporting period, collection programs collected almost \$913 million in revenue.

41:30

Over 70% or \$654 million was from non delinquent accounts while the remaining \$259 million was delinquent court order debt from that delinquent revenue.

41:42

Nearly \$81 million in administrative costs were claimed and recovered with costs averaging 31% of delinquent revenue.

41:53

In 24-25, you collectively reported \$209 million in adjustments are the resolution of debt through means other than payment.

42:03

Finally, programs reported discharging almost \$162 million, clearing aging uncollectible debt from their books.

42:12

As a result, the balance of outstanding court ordered debt as of June 30th, 2025 is \$5.4 billion.

42:21

This marks the first increase after five straight years of declining balances.

42:27

We thank all of you for your continued efforts to resolve debt through various means.

42:32

Now let's look at the figures in more detail.

42:40

The two charts on this slide show revenue collected over the seven years between 2018-19 and 2024-25.

42:50

The chart on the left hand side shows the trend in delinquent revenue collection.

42:55

Over the last seven years, collections have generally declined each year.

43:01

However, this year the decline was less than 1%.

43:05

It is too early to say whether delinquent collections are reaching a stable and predictable level or this is merely a pause in the ongoing trend.

43:16

The right hand chart shows non delinquent collections over the same seven-year.

43:22

Non delinquent collections have been fairly consistent in the years after the pandemic caused a decline.

43:30

This year's programs reported collecting slightly less than \$654 million, an increase of 3% over the previous year.

43:55

One alternative for the resolution of delinquent debt by non-cash means is the use of adjustments.

44:02

Adjustments may include a court ordered waiver, a dismissal, alternative sentencing, an ability to pay determination, or statutory changes which wipe out existing balances for specific fees or assessments.

44:18

Adjustments increased by more than 15% in 2024-25 from the previous year.

44:27

While this is a relatively modest change compared to the swings of previous years, the fact remains that adjustments remains one of two key alternatives for resolving court order debt.

44:40

The other is discharged from accountability collections.

45:01

Programs reported nearly \$162 million in discharged debt for 2024-25, a decline of nearly 49% from the prior year.

45:13

While there may be many reasons for the drop in the amount of debt discharged from accountability this year, every program which reported using the discharge process has also used it in previous years.

45:27

As a result, the balance of eligible debt in those programs was likely lower than in earlier years.

45:35

We wish to encourage the remaining 12 programs who have not reported discharging debt to consider using the process to clear uncollectible debts from their books.

45:47

As a reminder, programs are authorized to discharge debt that is deemed uncollectible if certain statutory provisions are met.

45:57

The debtor is still responsible for payment of the unpaid balance, but the program is no longer required to continue active collection efforts.

46:09

This chart shows the statewide ending balance of outstanding debt and the year to year percentage change for the past seven years.

46:17

In 2024-25 the programs reported a total outstanding balance of \$5.4 billion.

46:26

That is a 2% increase from the prior year, possibly due to the reduction in discharge debt this year.

46:35

While this marks an increase after five straight years of lower balances, statewide outstanding court ordered debt has still been cut nearly in half from its peak of \$10.6 billion in 2018-19.

46:51

This concludes our overview of collections highlights for the 2024-25 reporting period.

46:59

Nicholas, before we move to the next topic, I'd like to provide a brief update on the CRT review project that we introduced in the 2024 Winter Session.

47:07

At the time, we invited you all to participate and be part of a working group that would review and make recommendations to amend as necessary, collections, related policies, procedures and statutes with the goal of improving the overall process and corresponding documents.

47:22

The working group included 20 subject matter experts in collections and distributions and represented 12 courts and counties of all sizes.

47:31

From August 2024 to November 2025, the working group held monthly meetings that were led by a court chair and a county co-chair.

47:41

Next, let's briefly go over the group's work.

47:45

The working group reviewed the items that are listed on the slide.

47:47

These included, but were not limited to, re-evaluating the collection's best practices, updating the discharge from accountability process, revising and expanding the CRT glossary, and reviewing the CRT instructions to simplify reporting.

48:03

They also looked at consolidating the collections activities categories and considered changes to the reporting requirements under Penal Code section 1463.007 and Government Code 68514.

48:16

Amendments to both statutes were proposed and will be submitted to the Legislature later this year.

48:21

We will look at them in more detail on the next slide.

48:24

Now, we do not anticipate major changes to the collections reporting template for 2025-26 beyond deletion of the collections activity that relates to the driver's license holds.

48:34

If you recall, the authority to perform that activity was repealed a couple years ago.

48:39

However, we do anticipate changing the CRT in 2026-27, so stay tuned.

48:46

Now let's go over the proposed changes to statute.

48:51

As mentioned earlier, the group made recommendations to amend Penal Code 1463.007 and Government Code section 68514.

48:59

These changes were proposed to align with current practices and to promote improved compliance with reporting requirements.

49:07

In brief, if you recall, in 2017, Government Code section 68514 require the reporting of additional information by collection activity.

49:19

The proposed amendments would change the current requirement to report the amount collected, the case count and operating costs by collection activity to reporting by collection entity such as court, county, the Franchise Tax Board, private agency, and or any other entity.

49:36

Also, Penal Code section 1463.007, which authorizes collection programs to recover costs if certain criteria are met, including engaging at least 10 of the specified collection activities.

49:48

The proposed amendments would update and streamline the list of required and recommended collection activities.

49:54

And there are other technical updates intended to clarify the Code section.

50:00

So the plan is to introduce the Judicial Council sponsored legislation this month, and if approved by the legislature, these changes will be applied to the CRT for the 202627 reporting period.

50:13

And that concludes the update on the working groups, a review.

50:20

We provide another update in May.

50:23

Hello everyone.

50:24

My name is Erika Bosnich

50:26

I am the Supervisor of SCO's Tax Accounting unit

50:29

I will be presenting the Report to the State Controller of Remittance to the State Treasurer or TC-31 for short today.

50:40

Our topics are the TC-31 process resources and links useful for courts and counties, the delinquent date schedule, TC-31 submission, future TC-31 submission process change, and finally contact info so that you can reach out for help.

51:04

Let me begin with a brief overview of the TC-31 process.

51:09

It starts with the counties.

51:11

This includes the courts who prepare the TC-31 summarizing the collections to be remitted to the state.

51:18

Counties and courts remit money to the state Treasurer's office, either by EFT, wire transfer, or a physical check.

51:26

They include one TC 31 signed by the authorized officer.

51:31

The State Treasurer's Office, or STO, deposits the money received from the counties.

51:37

They keep the TC-31 forms and send backups to SCO.

51:41

They e-mail copies of the TC-31s to SCO's Bureau of Fiscal Systems and Transactions unit, or B-Fist.

51:48

B-Fist logs the TC-31 forms and forwards them to SCO Tax Accounting Unit.

51:55

SCO's Tax Accounting Unit reviews the TC-31 forms to confirmed they are filled out correctly and determine if they are remitted on time or delinquent.

52:05

After our review, we return the TC-31 forms to SCO B-Fist.

52:10

The TC-31 forms are then batched and sent to SCO's key data entry for input into the fiscal system.

52:17

If there are delinquent remittances, we calculate the penalty or interest preparing billing notices and then mail them to the counties.

52:27

There's another unit in SCO that specializes in handling the audit findings.

52:32

This is SCO's tax programs unit.

52:35

They receive copies of the audit reports, track county payments, and prepare the billing notices for interest or penalties related to audit findings.

52:45

On this slide at the top of the screen, you see the link to the Trial Court Revenue Distribution Guidelines page.

52:50

The link will also bring you to the resources for the TC-31 form.

52:55

The files are under the TC-31 Forms and Instructions section.

52:59

As you can see on the screen in the red rectangle, the first link is the TC-31 template in the Excel format.

53:07

The TC-31 form only includes the most commonly used codes, but there are blank lines for adding additional entries.

53:15

The second link is the Guidelines to Revise TC-31 Forms.

53:20

The third link takes you to the TC-31 Frequently Asked Questions or FAQs.

53:26

Please check this out.

53:28

The last link is the TC-31 Submission Training, which has been checked for ADA accessibility.

53:35

Then located at the bottom of the page next to the red arrow is the TC-31 Listserv subscription link.

53:41

Through this listserv, we notify subscribers every time there are postings on the website related to TC-31 matters.

53:49

To subscribe, just click the link TC-31 Updates e-mail subscription web page.

53:55

So please subscribe and we'll be happy to include you in our distribution list.

54:01

Delinquent date Schedule This schedule is posted on the SEO website for your guidance.

54:06

It is available at the link shown on the screen.

54:09

Please also save the link for quick access.

54:12

Both the current and prior fiscal year schedules are posted on the SCO's web page.

54:18

The next slide will show an example of the delinquent date schedule.

54:24

This sample shows the top portion of page one of the schedule where you can see the collection months, due dates, and postmark deadlines.

54:34

Please be reminded that remittances are due 45 days after the end of the month in which they are collected.

54:44

So now that you've completed your TC-31 form, where should you send it?

54:48

Please submit your TC-31 forms to the State Treasurer Cash Management Division using the address shown on the screen.

54:56

Please do not submit your TC-31 forms to the State Controller's Office except in cases where SCO directly contacted you for the forms.

55:06

If you have electronic payment inquiries, please contact STO using the e-mail addresses on the screen.

55:16

Starting in July 2026, we anticipate a process change for how the TC-31s will be submitted.

55:23

We hope to provide more information in the Spring 2026 revenue distribution training as well as listserv announcements for further information.

55:30

For assistance on TC-31 matters, please e-mail LGPSD Tax Accounting at sco.ca.gov.

55:44

For questions related to audit finding payments, please contact the Tax Programs Unit at LGPSD Tax Programs at sco.ca.gov.

55:56

This concludes my presentation today.

55:58

Thank you so much for your time and I'm happy to answer any questions.

56:04

Good morning.

56:04

Nicholas Duffy here from the Funds and Revenue Unit and Budget Services at the Judicial Council.

56:11

Many of you have submitted questions regarding the ability to pay program and we will address those today as well as provide a high level update.

56:19

Over the past fiscal year, the requested backfill amount from the Department of Finance was \$12.7 million.

56:29

For fiscal year 2024-25, 209,000 requests were received this year in comparison to the 23-24 fiscal year which had 87,000 requests received.

56:45

This is due to individuals becoming more aware of the program via Flyers, the 58 trial court website postings, and word of mouth.

56:55

The ATP backfill reporting sent in by each court secures funding that all 58 courts will receive.

57:04

Instead of courts receiving direct checks from civil assessments, which were altered with AB199, the Council calculates from the backfill amounts from the submitted templates and in turn requests backfill from the Department of Finance from the General Fund.

57:23

This ensures the funding is available for the special funds that support trial courts as a whole.

57:31

Now touching on cost recovery, AB 143 states that cost recovery is allowed up to \$35 per each non delinquent approved ATP installment plan.

57:43

Recovery is based on plan approval, not contingent on actual payments received.

57:49

Only approved plans qualify and recovery is allowed at any stage.

57:55

The bill does not have language that specifies policies on how the courts track or choose when to recover costs.

58:02

Therefore, it is up to each court to develop their own policy.

58:07

The current process of reporting backfills for the Ability to Pay program involves manual submissions of an Excel template created in partnership with the Department of Finance for the monthly reporting.

58:17

A project has been underway to develop an automated repository for the trial courts to submit their reporting.

58:24

Working in partnership with the Council's Information Technology team, we are pleased to report the automated reporting solution is in the final production environment.

58:32

When the project is complete, courts with supported case management systems will be able to export and submit the required reports through an automated process.

58:40

This process will allow courts to export the reporting information directly from their case management systems as a CSV file which uploads to the secure Axway portal.

58:52

A specification sheet has been developed for courts with the CMS that do not have automation capabilities, so all courts will have a simple solution to produce and upload reports to the portal.

59:04

Once the project is complete, a demonstration for all stakeholders will be provided to ensure the trial courts are trained on how this new functionality works, as well as gather user input.

59:15

Judicial Council staff are developing an implementation plan with the trial courts and stakeholder input.

59:22

We will share the details and timeline with this group as additional information is available in the coming months.

59:28

If you have any questions, you can submit them to the ATP backfill e-mail or ATP support.

59:36

Looking ahead for the 2025-26 fiscal years and beyond, the ability to pay backfill reporting deadlines are always 45 days after the month's end, which is the same as the State Controller's Office TC-31 schedule.

59:55

The actual deadline depends on the day of the week the date falls.

1:00:01

As an example, the reporting deadline for January 2026 will be March 16th.

1:00:10

Responding to some of your questions, is there a limit on the number of times a defendant can refile an ATP application?

1:00:21

Individuals repeatedly file once they are denied and it allows them extra time during processing and decision making.

1:00:28

Therefore, they avoid their account getting into default and being referred to a collection agency or having other action being taken on the case.

1:00:38

The answer is no.

1:00:41

Government Code 68645, the related statutes and rules of court around ATP determinations allow people to request again if their financial circumstances change.

1:00:54

If the court sees no change in circumstances in a request made after reduction was ordered, the request can be denied.

1:01:05

The MyCitations tool was also enhanced so that a second request can't be made for a defined period

1:01:13

After the first submission.

1:01:16

In future MyCitations user meetings, IT and CJS will offer additional software enhancement suggestions to clarify that a change in circumstance must be presented in any subsequent request.

1:01:32

Next question, how to process or implement cost of collections for ATP fees. Will courts indirectly receive backfill funding and if yes, how?

1:01:47

The ability to include non delinquent post ATP payment plan administrative fees as a recoverable cost was implemented.

1:01:58

When the legislature removed the option to charge low income defendants that fee, it was seen as the

best way available to try and retain the court's ability to receive that funding if they are doing the work involved in establishing a payment plan for the case.

1:02:17

Even if non delinquent, it is still considered a collections activity and deeming it a recoverable cost eligible for collection was seen as the best option.

1:02:38

Hello, my name is Chris Ryan and I'm an audit manager of the court revenue unit.

1:02:43

We perform audits of court revenue distributions and our audits are posted up on our website.

1:02:49

If you can't find the report you're looking for, you can contact us.

1:02:56

So I'd like to give you a brief audit update. Our year-to-date

1:02:59

we've issued 8 reports.

1:03:03

We have 4 reports currently in process.

1:03:06

We have 14 audits currently in progress.

1:03:09

Next in the queue we have Sonoma, Modoc, Butte, Yuba, Orange and Imperial County.

1:03:18

Please contact us if you have any concerns about the current schedule. In terms of our year to date and prior year,

1:03:27

For 2024, we issued 15 reports identifying 4.7 million in under remitted revenues having 86 findings and two observations.

1:03:37

For 2025, we've issued 8 reports having 1.9 million in under remitted revenues having 67 findings and four observations.

1:03:52

In terms of common audit findings, the first one I have is the 50% excess of qualified revenues calculation.

1:04:00

It's a maintenance of effort calculation performed at the end of the year.

1:04:04

Qualified revenues are compared to a base and the county is required to remit 50% of the excess.

1:04:10

This is mostly a county issue, but again they need to work with the courts in order to get the correct information to complete the calculation.

1:04:21

Some common errors include omitting portions of the traffic violator school fees from qualified revenues and other issues include making calculation errors and this could be using -- say, picking up the incorrect amount from the collection reports, making mathematical errors, or you're applying incorrect allocation percentages to items.

1:04:46

Next we have priority installment payments and this applies to courts and counties basically in terms of priority, the the priority of installment payments that's set forth in Penal Code Section 1203.

1:05:01

1D sub paragraph B.

1:05:04

And it just basically as those payments come in applying in in the hierarchy that's established in this code section.

1:05:13

So and we've see both issues with counties and courts not abiding by this particular code section.

1:05:23

Next, we have parking penalties.

1:05:25

Now in terms of parking penalties, this again is kind of like more of a county issue.

1:05:32

Cities, colleges, universities and districts are not consistently collecting and remitting the surcharges to the counties.

1:05:38

And basically the county should review the parking fees remitted to ensure that the entities are collecting and remitting the correct amounts.

1:05:47

Other issues include the county's failing to notify the the entities once you know certain situation, certain situations have changed.

1:05:58

So when the counties transfer the courthouse to the Judicial Council and pay off any outstanding bonded indebtedness they may have, they're supposed to reduce one of the penalties, the courthouse construction penalty, from \$2.50 to \$1.00.

1:06:13

And in some cases they're failing to do this.

1:06:17

So the big emphasis here is that, you know, the counties should be ensuring that they're that the entities are collecting and remitting the correct amounts.

1:06:26

And they should be notifying the other entities and working in concert, say with the courts to ensure that they're collecting and remitting the correct amounts of the the parking penalties.

1:06:39

So that concludes my portion of the presentation.

1:06:43

Thank you.

1:06:47

We covered a lot of materials today.

1:06:49

We hope that you found the updates and information helpful.

1:06:53

Your feedback is important to us.

1:06:55

We would like to know how we're doing and how we can improve our trainings.

1:06:59

Please complete the evaluation.

1:07:02

Don, please insert the link in chat and after we conclude today, please complete the evaluation.

1:07:14

If you have any questions on today's materials, please refer to the resource and contact sheet for the percenters e-mail addresses.

1:07:22

It is also a great resource for links to all materials that were covered today.

1:07:27

These materials are also available online.

1:07:30

Let's look at upcoming trainings.

1:07:34

We have started up planning for the 2026 training sessions.

1:07:39

If there is a topic that you'd like for us to cover or that you would like to present on, please tell us in the evaluation and we will contact you with more information.

1:07:48

The spring revenue distribution training session will be offered mid-May online via Zoom.

1:07:54

If you are new to collections and or revenue distribution, we encourage you to attend the hands on component on how to use a distribution workbook.

1:08:03

Also, as mentioned earlier, audio recordings of all previous training sessions are available online in our website right where this PowerPoint is posted.

1:08:13

The annual training on completing the collection reporting template will be offered in mid-july online via Zoom as well.

1:08:21

So we encourage you to keep an eye out for a Save the Day emails that we will be sending out for both sessions as soon as training dates are confirmed.

1:08:34

With that, we'll open it up for any final questions.

1:08:40

That concludes today's presentation.

1:08:42

On behalf of the State Controller's Office, the Franchise Tax Board, and the Judicial Council, we thank you for joining us today.

1:08:48

Have a great rest of your day.