



PRESS RELEASE

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CALIFORNIA'S FRANCHISE TAX BOARD TO HALT DEBT COLLECTION IMMEDIATELY

The Debt Free Justice California coalition and partners commend State Controller Betty Yee for halting debt collection efforts in light of the unprecedented public health and economic crisis.

Sacramento, CA—Today, State Controller Betty Yee suspended the Franchise Tax Board's (FTB) collection on debt imposed by state and local governments, including the juvenile and criminal legal systems and superior courts (traffic violations, infractions). This policy will go into effect *immediately*.

California is the first state to enact such a policy.

Even before COVID-19, Black and Brown families and low-income families across the state were struggling with the high cost of living and deepening economic inequality. The COVID-19 pandemic will result in further loss of critical income and shelter for low-income people, particularly people of color and women who are disproportionately represented in jobs that will be lost or cut in this period, and who also disproportionately pay for incarceration and other government-imposed debt.

Under state law, the FTB intercepts tax refunds, garnishes wages, and levies bank accounts to collect debt imposed by state and local entities. In practice, collection by the FTB can disrupt a family's ability to pay rent, keep the lights on, feed their children, and get medical care.

For the last few years, Tiffine Hansbrough lost her state tax refund because of outstanding juvenile fines and fees for one of her children. "It's devastating," she said, because you are relying on that money to take care of your family and when it doesn't come, it increases your stress and financial burden."

Continuing debt collection would be in direct contravention of federal and state efforts to build up economic reserves. The federal government will provide direct cash payments to people across the country under the CARE Act and many families rely on the Earned Income Tax Credit every year. While federal legislation has outlined protections against federal intercept, it is silent on intercept by states. Without action by Yee, the FTB would have been able to intercept these payments.

Jonetta Hall, a mother of one who is currently living in a homeless shelter for families in Sacramento, says, "Having my taxes intercepted meant that I couldn't pay back bills that had been piling up and things my family needed. I'm happy for other people like me that will be able to use this money for food, gas to go to the doctors, and other things they need right now."

That is why Yee's decision to stop collection efforts by the FTB is key to Californians' ability to weather the COVID-19 crisis, and to ensure Black and Brown communities are not further

marginalized economically. Her leadership, anchored by Senators Mitchell and Durazo, is commended.

According to State Controller Betty Yee, “I recognize the difficult times many Californians are facing in light of this crisis. By using my authority, I hope to relieve people of the hardship of making ongoing debt payments so that families can focus on what is needed right now—to stay healthy and safe.”

Senator Maria Elena Durazo, author of Senate Bill 1290, says: “Working and poor families need relief. Collecting debt from people on the edge is not acceptable, especially during an unprecedented world crisis. I will continue to fight for debt free justice for California’s youth and I commend State Controller Betty Yee for taking immediate action to protect vital financial resources for families who need it most.”

Debt Free Justice California and its allies have also submitted a call to the Governor, asking that he order counties and courts to stop assessing and collecting all government-imposed debt and that he commit to not signing any legislation that would add additional monetary burdens during this time.

In the meantime, advocates like Kent Mendoza-Morales from the Anti-Recidivism Coalition hope local jurisdictions will follow suit: “California is experiencing a pandemic that is affecting our workforce and many formerly incarcerated people. Having to pay government debt during a time when work and supportive services have come to a halt, is an extraordinary burden on a vulnerable community. We hope counties and courts across the state will follow the Controller’s lead in ending collection activity at the local level and by private collection agencies.”

Prior to the COVID-19 crisis, out of recognition that administrative fees levied by the criminal legal system further exasperated racial and economic injustice, many counties and courts across the state ended collection of juvenile and criminal fees, including referrals of outstanding amounts to the Franchise Tax Board. The on the ground work that movement organizations and advocates have already put in allowed Debt Free Justice California coalition partners to move quickly on working with Controller Betty Yee on this historic order.

According to Senator Holly Mitchell, author of Senate Bills 144 and 1290: “This move to pause government owed fees by State Controller Betty Yee will relieve families from going into debt and will prevent eviction. Providing relief gives families more power during these unprecedented times. I have led the way in working toward providing fee relief for families living in poverty. And now is the time to erase all outstanding debt for families affected by the criminal justice system. I will work on permanently eliminating back owed fees this year through SB 144 which ends criminal administrative fees for adults and through SB 1290 with Senator Durazo discharging administrative fees for juveniles.”

The COVID-19 crisis has illuminated fractures in the system that have long been unjust. We applaud the efforts to minimize the potential escalating economic harm caused by this emergency and we are hopeful that the State will not see these measures as temporary but as an opportunity to re-envision what a more just and equitable California will look like post-crisis. Now is the time to be visionary as this will likely not be the last crisis with this sort of catastrophic potential.

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Debt Free Justice California is a multi-regional California-based coalition focused on putting a stop to the unfair ways the criminal legal system drains wealth from vulnerable communities. The coalition is comprised of legal advocates, policy experts, and most importantly movement building organizations led by impacted people. For more information visit: <https://ebclc.org/cadebtjustice/about/>.