

ORDINANCE NO.

**AN ORDINANCE OF THE CITY OF SAN JOSE  
AUTHORIZING THE DIRECTOR OF FINANCE TO  
ADMINISTER AN ACCOUNTS RECEIVABLE AMNESTY  
PROGRAM WHICH FORGIVES UNPAID PENALTIES,  
INTEREST, AND COLLECTION EXPENSES ACCRUING  
TO THE CITY OF SAN JOSE GENERAL FUND AND  
OTHER FUNDS FOR CERTAIN ACCOUNTS**

**WHEREAS**, the City of San José (“City”) Finance Department Revenue Management Division, in collaboration with those City Departments providing the services, is responsible for most City-wide invoicing of City services, as well as the collection of taxes, fees, charges and fines, through its Utilities Billing Unit, Business Tax Unit and Accounts Receivable Unit; and

**WHEREAS**, on June 11, 2024, the City Council approved the 2024-2025 City of San José Operating and Capital Budgets and Schedule of Fees and Charges which, to provide efficient services and ensure proper collection of outstanding invoices, changed how late fees were charged on certain accounts receivable and included estimated cost savings for an amnesty program; and

**WHEREAS**, unpaid water and garbage bills can lead to service disruptions, increasing the risk to public health and safety and may disproportionately impact low income households; and

**WHEREAS**, an amnesty program to waive late interest, penalties, and collection expenses on fees, fines, and charges billed for certain past-due accounts (Amnesty Program) will encourage businesses and residents with overdue invoices or utility bills to bring accounts current without facing penalties and legal consequences; increase statutory compliance, reduce administrative burden, and increase residents’ ability to receive essential services; and

**WHEREAS**, it is the intent of the City Council to exempt debtors who fully pay certain past due accounts from liability for any remaining past due interest, penalties and collection expenses, and civil and criminal penalties otherwise imposed pursuant to the San José Municipal Code; and

**WHEREAS**, pursuant to the provisions and requirements of the California Environmental Quality Act of 1970, together with related State CEQA Guidelines and Title 21 of the San José Municipal Code (collectively, "CEQA"), the Director of Planning, Building and Code Enforcement has determined that the provisions of this Ordinance do not constitute a project, under File No. PP17-004, Government Funding Mechanism, or Fiscal Activity with no commitment to a specific project which may result in a potentially significant physical impact on the environment; and

**WHEREAS**, the City Council of the City of San José is the decision-making body for this Ordinance; and

**WHEREAS**, this Council has reviewed and considered the "not a project" determination under CEQA prior to taking any approval actions on this Ordinance;

**NOW THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SAN JOSE** that:

SECTION 1. The definitions set forth in this Section shall govern the application and interpretation of this Ordinance.

A. "Amnesty Program" means the Accounts Receivable Amnesty Program described in this Ordinance.

- B. “Collection Expense(s)” means (1) any amounts due to collection agencies in connection with the City’s assignment of Eligible Delinquent Accounts to collection agencies, and (2) the City’s Collection Fee and Collection Agency Recovery Fee, as set forth in the schedule of fees established by resolution of the City Council.
- C. “Debtor” means a person who owes the City money because of an Eligible Delinquent Account.
- D. “Director” means the Director or Acting Director of the Department of Finance, including the Director’s or Acting Director’s authorized designees.
- E. “Eligible Delinquent Account” means an active account receivable that meets all of the following requirements:
1. The Debtor’s miscellaneous invoice or Administrative Citation was billed during the Amnesty Period, September 1, 2021 – June 30, 2024 (this limit is not applied to unpaid water and garbage bills).
  2. The Department of Finance has neither filed a lien to collect Debtor’s account nor is the account eligible to be referred to the County of Santa Clara to be billed on the tax roll.
  3. The Department of Finance has neither filed a small claims action to collect the account nor referred the account to the Office of the City Attorney for action.
  4. The Debtor’s account does not include outstanding amounts owed for unpaid taxes, miscellaneous permits not issued by the Finance

Department (such as Building Permits, Accessory Dwelling Units (ADUs) Permits, Junior Accessory Dwelling Units (JADUs) Permits, Planning Permits, Public Works Permits, Fire Permits, Code Enforcement Permits, Multiple Housing Permits, Residential Occupancy Permits, Parking Permits, Police Permits, Regulatory Permits, Gaming Permits or Licenses, or other Title 6 Permits), or invoices issued for the following departments: San José Clean Energy, Office of Cultural Affairs; Parks Recreation, and Neighborhood Services; Information Technology.

- F. “Required Amnesty Payment” means the total unpaid amount for an Eligible Delinquent Account, not including any penalties, interest, or Collection Expenses, but including original fine amounts for Administrative Citations.

SECTION 2. The Director shall administer the Amnesty Program for Eligible Delinquent Accounts. The Director is authorized to adopt reasonable rules and regulations as needed to implement the Amnesty Program consistent with the provisions set forth herein.

SECTION 3. The Amnesty Program shall be conducted during the period of April 1, 2025, through September 30, 2025, inclusive.

SECTION 4. The Accounts Receivable Amnesty Program shall be administered as follows:

A. Request for Accounts Receivable Amnesty

In order to participate in the Amnesty Program, the Debtor shall make a Request for Accounts Receivable Amnesty to the Director in person, by mail, by telephone, or online, if practicable, on any business day from April 1, 2025 through September 30, 2025, inclusive.

1. If the Request for Accounts Receivable Amnesty is submitted to the City by mail:
  - a. The Request must be postmarked by the United States Postal Service no later than September 30, 2025, to be accepted.
  - b. The Request shall include information necessary to enable the calculation of the entire amount due and the Required Amnesty Payment.
  - c. The Required Amnesty Payment, or the initial installment as set forth below, shall be included with the Request for Accounts Receivable Amnesty.
  - d. Payment shall be made by check or money order.
  
2. If a Request for Accounts Receivable Amnesty is submitted to the City in person:
  - a. The Request must be made at the Customer Service Center, located on the First Floor of City Hall, 200 East Santa Clara Street, San José, or as otherwise directed by the Director, no later than the close of business on September 30, 2025, to be accepted.
  - b. The Request shall include information necessary to enable the calculation of the entire amount due and the Required Amnesty Payment.

- c. The Required Amnesty Payment or the initial installment as set forth below, shall be included with the Request for Accounts Receivable Amnesty.
    - d. Payment shall be made by cash, check, credit card, or money order. When submitting a card payment, an additional service fee of 2.66% will be collected by a third party (Wells Fargo Merchant Services) to cover transaction processing fees.
  3. If a Request for Accounts Receivable Amnesty is submitted to the City by phone:
    - a. A Debtor may request amnesty by telephone by calling the number designated by the Revenue Management Division during normal business hours while the Amnesty Program is in effect, but no later than the close of business on September 30, 2025. The Debtor must speak to an Amnesty Program employee to request the Accounts Receivable Amnesty and provide payment information.
    - b. At the time the Request is made, the Debtor shall provide information necessary to enable the calculation of the entire amount due and the Required Amnesty Payment.
    - c. A credit card authorization for the full payment of the Required Amnesty Payment shall be given together with the Request.
    - d. Payment by phone shall be by debit/credit card or ACH/eCheck. When submitting a card payment, an additional service fee of

2.66% will be collected by a third party (Wells Fargo Merchant Services) to cover transaction processing fees.

4. If practicable, the City may provide the Debtor with additional options for requesting Accounts Receivable Amnesty and making the Required Amnesty Payment including, but not limited to, registering and making payments online (collectively referred to herein as “alternative payment options”). The request for an alternative payment option may be made while the Amnesty Program is in effect. The Debtor shall provide whatever information the Director deems necessary to calculate the entire amount due, the Required Amnesty Payment and whatever additional information may be necessary for the City to process payment. The Director is authorized to issue instructions regarding means and method of payment.

B. Required Amnesty Payment

1. The Required Amnesty Payment is due and payable at the time the Request for Accounts Receivable Amnesty is made.
2. If the Required Amnesty Payment is for Eligible Delinquent Accounts greater than \$250, the Debtor may pay on the installment basis set forth below. Otherwise, the sum due under the Amnesty Program shall be paid in full at the time the Request for Accounts Receivable Amnesty is made.
3. The installment payment plan requires the initial payment, at the time Accounts Receivable Amnesty is requested, of the amount equal to one-third (1/3) of the Required Amnesty Payment. The remainder of the Required Amnesty Payment shall be paid in one or more installments as determined by the Department of Finance.

C. Failure to Pay Installments

Failure of the Debtor to fully pay any installment when due shall disqualify the Debtor from receiving forgiveness of any remaining past due amount, interest, civil penalty, or criminal action, applicable under this Ordinance and the total unpaid amount, including penalties, interest and Collection Expenses, shall become immediately due and payable. "Failure of the Debtor to fully pay any installment when due" means a failure of the Debtor to tender payment for the entire amount owing by the applicable due date, or, if tender has been made, a failure of the City to receive full value for the tender by the due date because of a dishonored check, rejected credit card submittal or other reason. For San José Municipal Water System Debtors, failure to pay an installment when due returns the Debtor to the delinquency status as defined in the administrative policy, *Utilities: Water Service Policies and Procedures*.

SECTION 5. Any Debtor who pays in full all sums due in accordance with the Amnesty Program shall be entitled to the following benefits:

- A. The City shall waive and forever give up any right or claim to any and all interest, penalties, and Collection Expenses that would otherwise accrue as a result of the Debtor's failure to pay the Eligible Delinquent Account.
- B. The City shall bring no civil or criminal action against the Debtor, based upon the nonpayment of an Eligible Delinquent Account previously due, and shall close the Debtor's Eligible Delinquent Account as if paid in full.

SECTION 6. Any Debtor who has previously paid in full the unpaid amount for an Eligible Delinquent Account, not including any penalties, interest, or Collection



Expenses owed, shall be entitled to the following benefits even though the Debtor has not filed a Request for Accounts Receivable Amnesty with the Director:

- A. The City shall waive all remaining past due interest, penalties and Collection Expenses for Eligible Delinquent Accounts.
- B. The City shall bring no civil or criminal action against the Debtor, based upon the nonpayment of past due interest, penalties or Collection Expenses for Eligible Delinquent Accounts and shall close the Debtor's Eligible Delinquent Account as if paid in full.

SECTION 7. Miscellaneous Provisions:

- A. No refund or credit shall be granted for any amount of interest or penalty or Collection Expense paid prior to the time the Debtor makes a Request for Accounts Receivable Amnesty pursuant to this Ordinance.
- B. Any Debtor against whom a civil or criminal action for nonpayment of the Eligible Delinquent Account was commenced on or before January 12, 2025 shall not be eligible for the Amnesty Program.
- C. The Director of Finance shall publicize the Amnesty Program, be authorized to issue forms and instructions, and take other actions necessary to implement this Ordinance.

PASSED FOR PUBLICATION of title this \_\_\_\_\_ day of \_\_\_\_\_, 2024, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

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MATT MAHAN  
Mayor

ATTEST:

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TONI J. TABER, MMC  
City Clerk