

ASSEMBLY BILL

No. 689

Introduced by Assembly Member DeVore

February 21, 2007

An act to add Sections 17053.93, 18408.5, and 23693 to the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 689, as introduced, DeVore. Income and corporation taxes: Employment Verification Act of 2007.

Existing law requires employers to obtain the social security number of each employee and to use that number on various reports to the state and federal government.

This bill would require employers to verify each new employee's social security number and to provide annual reports to the Franchise Tax Board showing the name and social security number of each employee. This bill would impose on an employer a fine of \$1,000 for each employee for whom the employer has not provided a valid social security number.

The Personal Income Tax Law and the Corporation Tax Law authorize various credits against the taxes imposed by those laws.

This bill would, under both laws, provide a tax credit of \$100 to an employer for each newly hired employee for whom a valid social security number has been provided to the board.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. This act shall be known and may be cited as the
2 Employment Verification Act of 2007.

3 SEC. 2. Section 17053.50 is added to the Revenue and Taxation
4 Code, to read:

5 17053.50. (a) There shall be allowed as a credit against the
6 “net tax,” as defined in Section 17039, an amount equal to one
7 hundred dollars (\$100) for each new employee hired by the
8 taxpayer during the taxable year for whom the taxpayer provides
9 a valid social security number to the Franchise Tax Board pursuant
10 to Section 18408.5.

11 (b) In the case where the credit allowed by this section exceeds
12 the “net tax,” the excess may be carried over to reduce the “net
13 tax” in the following year, and succeeding years if necessary, until
14 the credit is exhausted.

15 SEC. 3. Section 18408.5 is added to the Revenue and Taxation
16 Code, to read:

17 18408.5. (a) Within 30 days of hiring a new employee, an
18 employer shall verify the social security number of the newly hired
19 employee by means of the Social Security Number Verification
20 Service provided by the Social Security Administration of the
21 federal government, or any successor program, and shall maintain
22 documentation of this verification.

23 (b) By January 31 of each year, an employer shall provide to
24 the Franchise Tax Board written documentation showing, for each
25 employee employed during the previous calendar year, his or her
26 name and social security number. The board shall establish
27 appropriate procedures and forms for the provision of this
28 information, and for the enforcement of this section.

29 (c) An employer who fails to submit the documentation required
30 by this section or who submits false or fraudulent documentation
31 is subject to an annual fine of one thousand dollars (\$1,000) for
32 each employee for whom no documentation or false or fraudulent
33 documentation is provided. The fines collected pursuant to this
34 subdivision shall be deposited in the General Fund.

35 SEC. 4. Section 23650 is added to the Revenue and Taxation
36 Code, to read:

37 23650. (a) There shall be allowed as a credit against the “tax,”
38 as defined in Section 23036, an amount equal to one hundred

1 dollars (\$100) for each new employee hired by taxpayer during
2 the taxable year for whom the taxpayer provides a valid social
3 security number to the Franchise Tax Board pursuant to Section
4 18408.5.

5 (b) In the case where the credit allowed by this section exceeds
6 the “tax,” the excess may be carried over to reduce the “tax” in
7 the following year, and succeeding years if necessary, until the
8 credit is exhausted.

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