

AMENDED IN ASSEMBLY APRIL 16, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

**ASSEMBLY BILL**

**No. 689**

---

---

**Introduced by Assembly Member DeVore**

February 21, 2007

---

---

An act to add Sections ~~17053.93, 18408.5, and 23693~~ 17053.50, 18408.5, and 23650 to the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 689, as amended, 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~~ *specified* reports to the ~~Franchise Tax Board~~ *Employment Development Department* showing the name and social security number of each employee. This bill would impose on an employer a *quarterly* fine of ~~\$1,000~~ \$20 for each employee for whom the employer has not provided a valid social security number, *and a fine of \$10,000 for an employer who commits a specified fraud.*

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~~ \$5 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~~ *five dollars (\$5) for each*  
8 employee hired by the taxpayer during the taxable year for whom  
9 the taxpayer provides a valid social security number to the  
10 ~~Franchise Tax Board~~ *Employment Development Department*  
11 pursuant to Section 18408.5.

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

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

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

24 ~~(b) By January 31 of each year, an employer shall provide to~~  
25 ~~the Franchise Tax Board written documentation showing, for each~~  
26 ~~employee employed during the previous calendar year, his or her~~  
27 ~~name and social security number.~~

28 *(b) An employer shall disclose on the Quarterly Wage Report*  
29 *each employee whose social security number has been verified by*  
30 *means of the Social Security Number Verification Service provided*  
31 *by the Social Security Administration. The board shall establish*  
32 *appropriate procedures and forms for the provision of this*  
33 *information, and for the enforcement of this section.*

34 ~~(c) An employer who fails to submit the documentation required~~  
35 ~~by this section or who submits false or fraudulent documentation~~  
36 ~~is subject to an annual fine of one thousand dollars (\$1,000) for~~

37 *(c) An employer who fraudulently checks the box on the*  
38 *Quarterly Wage Report form that an employee’s social security*

1 *number had been validated shall be subject to a fine of ten*  
2 *thousand dollars (\$10,000). The Employment Development*  
3 *Department shall conduct periodic audits to ensure the employer*  
4 *is complying. An employer shall be subject to a quarterly fine of*  
5 *twenty dollars (\$20) for each employee for whom no*  
6 *documentation or false or fraudulent documentation is provided.*  
7 *The fines collected pursuant to this subdivision shall be deposited*  
8 *in the General Fund.*

9 *(d) An employer shall be required to verify the social security*  
10 *number of an employee only one time.*

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

13 23650. (a) There shall be allowed as a credit against the “tax,”  
14 as defined in Section 23036, an amount equal to ~~one hundred~~  
15 ~~dollars (\$100) for each new~~ *five dollars (\$5) for each* employee  
16 hired by taxpayer during the taxable year for whom the taxpayer  
17 provides a valid social security number to the ~~Franchise Tax Board~~  
18 *Employment Development Department* pursuant to Section 18408.5.

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