

Introduced by Senator PriceFebruary 22, 2012

An act to add Part 12.2 (commencing with Section 15910) to Division 3 of Title 2 of the Government Code, relating to the Centralized Intelligence Partnership Act.

LEGISLATIVE COUNSEL'S DIGEST

SB 1185, as introduced, Price. Centralized Intelligence Partnership Act.

Existing law requires various state entities, including, but not limited to, the State Board of Equalization, the Franchise Tax Board, and the Department of Justice, to enforce laws relating to the taxation and legal operation of businesses throughout the state under their respective jurisdictions.

This bill would create a multiagency partnership, to be known as the Centralized Intelligence Partnership, to collaborate in combating illegal underground operations by, among other activities, providing a central intake process and organizational structure, with an administrator and support staff, to document, review, and evaluate data and complaints. This bill would create an advisory committee, comprised of one representative from each entity participating in the partnership, to provide guidance on the activities and operations of the partnership. This bill would require the partnership, starting on or before July 1, 2014, to annually report to the Legislature and entities belonging to the partnership on its activities.

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. The Legislature finds and declares all of the
2 following:

3 (a) According to the Employment Development Department's
4 analysis of findings made by the Internal Revenue Service, the
5 underground economy in California is estimated to be between
6 \$60 billion and \$140 billion each year.

7 (b) According to the State Board of Equalization, an average
8 of \$8 billion in corporate, personal, and sales and use taxes goes
9 uncollected in California each year, with unreported and
10 underreported economic activity responsible for the vast majority
11 of that total.

12 (c) The underground economy hurts all Californians. Revenues
13 to support government services are lost, workers are forced to go
14 without basic employment protections, and legitimate businesses
15 are confronted with unfair competition. Furthermore, the presence
16 of the underground economy allows human traffickers to operate
17 and victimize individuals who are trapped into forced labor
18 conditions. Regrettably, California is reported to be one of the top
19 four human trafficking destination states in the United States.

20 (d) Since the activities of many operating in the underground
21 economy span across multiple jurisdictions, various joint agency
22 enforcement efforts have been undertaken to combat the
23 underground economy, including, but not limited to, the creation
24 of the Joint Enforcement Strike Force in 1993, and the creation of
25 the Economic and Employment Enforcement Coalition in 2005.
26 Furthermore, various individual agency efforts have been created,
27 including, but not limited to, the State Board of Equalization's
28 Statewide Compliance and Outreach Program and the Contractors'
29 State License Board's Statewide Investigative Fraud Team. Thus,
30 investigative collaboration among state agencies is not a new
31 concept in California. Many collaborative efforts are already under
32 way, pursuant to which investigators periodically meet to discuss
33 current investigations, collaborate to conduct sting operations, and
34 develop best practices policies.

35 (e) Despite significant statewide efforts, California continues
36 to lose billions of dollars in annual revenue due to the underground
37 economy.

1 (f) The Legislature intends this act to enhance existing efforts
2 to combat the underground economy by institutionalizing
3 collaboration among state agencies through a Centralized
4 Intelligence Partnership that acquires relevant data for collaborative
5 data analysis, economic threat assessment, strategic planning, and
6 provides a referral tracking and value-added referral disbursement
7 process. This collaborative effort to combat the underground
8 economy will, in turn, further aid the state in its progress toward
9 preventing human trafficking. The Legislature recognizes that the
10 state needs to comprehensively address the underground economy
11 and capitalize on each agency’s enforcement efforts and
12 investigative resources by creating the Centralized Intelligence
13 Partnership. A key element of this effort is to authorize and
14 facilitate data and intelligence sharing among the Centralized
15 Intelligence Partnership and state agencies. It is the intent of the
16 Legislature in enacting this act to focus on the criminal prosecution
17 of those operating in the underground economy in flagrant violation
18 of law. Businesses that are in compliance with state employment,
19 safety, licensing, and tax laws that are found to have committed
20 minor or inadvertent violations of existing law are to be addressed
21 through other administrative procedures.

22 (g) It is the intent of the Legislature that this act be part of
23 ongoing efforts by the Legislature to combat the underground
24 economy in this state through legislation.

25 SEC. 2. Part 12.2 (commencing with Section 15910) is added
26 to Division 3 of Title 2 of the Government Code, to read:

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PART 12.2. CENTRALIZED INTELLIGENCE PARTNERSHIP
ACT

31 15910. This part shall be known, and may be cited, as the
32 Centralized Intelligence Partnership Act.

33 15912. (a) The Centralized Intelligence Partnership is hereby
34 established in state government.

35 (b) For purposes of this part, the term “partnership” shall refer
36 to the Centralized Intelligence Partnership.

37 15914. (a) The partnership shall include all of the following
38 state entities:

- 39 (1) California Health and Human Services Agency.
- 40 (2) Department of Consumer Affairs.

- 1 (3) Department of Industrial Relations.
- 2 (4) Department of Insurance.
- 3 (5) Department of Justice.
- 4 (6) Department of Motor Vehicles.
- 5 (7) Employment Development Department.
- 6 (8) Franchise Tax Board.
- 7 (9) State Board of Equalization.

8 (b) The Centralized Intelligence Partnership may include any
 9 other state or local entity that chooses to participate.

10 15916. (a) The advisory committee to the Centralized
 11 Intelligence Partnership is hereby established to provide guidance
 12 to, and advice on, the activities and operations of the partnership.

13 (b) The advisory committee is comprised of one representative
 14 from each of the entities participating in the partnership. Each
 15 representative shall be appointed by the head of the entity
 16 participating in the partnership and serve at the pleasure of the
 17 appointing authority.

18 (c) The advisory committee shall meet as needed but at least
 19 quarterly to conduct its business.

20 15918. (a) To serve the best interests of the state by combating
 21 the underground economy, the partnership shall do all of the
 22 following to combat illegal underground operations:

23 (1) Provide a central intake process and organizational structure
 24 to document, review, and evaluate data and complaints.

25 (2) Establish a processing center to receive and analyze data,
 26 share complaints, and research leads from the input of each
 27 impacted agency, including, but not limited to, federal and local
 28 law enforcement agencies.

29 (3) Provide participating and nonparticipating agencies with
 30 value-added investigative leads where collaboration opportunities
 31 exist for felony-level criminal investigations, including, but not
 32 limited to, referring leads to agencies with appropriate enforcement
 33 jurisdiction.

34 (4) Provide that each participating and nonparticipating agency
 35 retain jurisdictional authority over whether to pursue partnership
 36 strategies or collaborative investigative leads based upon the
 37 direction of their respective governing structures or available
 38 resources.

39 (5) Document and provide intake data analysis, analytic data
 40 findings, referrals, collaborative opportunities, outcomes, emerging

1 evasion trends, lessons learned, as well as additional enforcement,
2 administrative, and legislative opportunities.

3 (b) The scope of activities and projects undertaken by the
4 partnership shall be consistent with the amount of funds
5 appropriated by the Legislature.

6 (c) The Department of Justice shall house the processing center
7 for the partnership.

8 (d) The partnership may hire an administrator and staff.

9 15920. Notwithstanding any other law, duly authorized
10 representatives of members of the partnership may exchange
11 intelligence, data, documents, information, complaints, or lead
12 referrals for the purpose of investigating illegal underground
13 operations. Information exchanged pursuant to this section shall
14 retain its confidential status.

15 15922. On or before July 1, 2014, and annually thereafter, the
16 partnership shall report on its activities and accomplishments to
17 the Legislature and each participating member entity.

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