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AMENDED IN SENATE JUNE 23, 1998
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AMENDED IN ASSEMBLY APRIL 23, 1998
AMENDED IN ASSEMBLY APRIL 13, 1998

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

ASSEMBLY BILL

No. 1682

**Introduced by Assembly Members Ortiz, Figueroa,
Mazzoni, and Sweeney**
(Coauthor: Senator Watson)

January 16, 1998

An act to add Section 1032 to, and to add Chapter 14.7 (commencing with Section 7235) to Division 7 of Title 1 of, the Government Code, and to add ~~Sections 20103 and 20103.1 to the Public Contract~~ *Section 1088.8 to the Unemployment Insurance Code*, relating to child support.

LEGISLATIVE COUNSEL'S DIGEST

AB 1682, as amended, Ortiz. Public agencies: child support.

(1) Existing law prescribes various qualifications for eligibility to be employed by the state or any county, city, district, or other political subdivision of the state.

This bill would require every person who is given an offer of employment with the state or any county, city, district, or other political subdivision of the state, including the University of California, the California State University system, or any community college or school district, to file an affidavit with that agency's department of personnel disclosing any unpaid court-ordered child support obligations. If the affidavit discloses or the agency's department of personnel determines that an applicant owes any unpaid court-ordered child support, the bill would authorize the person to be employed only if he or she agrees to establish an earnings withholding order, as specified, and signs an affidavit that states that he or she will demonstrate a good-faith effort toward compliance, as specified, within 6 months of the start of employment. The bill would authorize the department of personnel of any state or local agency to undertake various related activities.

(2) Existing law requires each employer to file specified information with the Employment Development Department, including reporting the hiring of any employee who works in this state and to whom the employer anticipates paying wages. The implementing regulations provide that only employers in specified industrial classifications are required to report the hiring of employees and only when the employers have 5 or more employees employed concurrently.

This bill would require each ~~contractor and each subcontractor of a contractor~~ *service-recipient, as defined*, who contracts with a county, city, district, or other political subdivision of the state, including the University of California, the California State University, or any community college district or school district, to report to the Employment Development Department ~~the name and social security number of each person employed by the contractor or subcontractor~~ *specified information for each service-provider* who will perform work on the contract ~~for inclusion in the state's new employee registry~~. This bill would also require each county, city, district, or other political subdivision of the state, including the University of California, the California State University, or any community college district or school district that makes a loan or awards a grant, to report to the



department the loan or grant recipient's social security number and the name of the recipient's employer for the same purpose.

~~This bill would require each county, city, district, or other political subdivision of the state, including the University of California, the California State University, or any community college district or school district, to report the name and social security number of each contractor that contracts with that entity to the Employment Development Department for inclusion in the state's new employee registry. This bill would permit information obtained by the Employment Development Department to be released only for the purposes of establishing, modifying, or enforcing child support obligations, for child support collection, or to the Franchise Tax Board for tax enforcement purposes or for administering the Welfare and Institutions Code. To the extent that local public entities would be required to implement this provision, this bill would impose a state-mandated local program.~~

These provisions would become operative on July 1, 1999.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

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

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

1 SECTION 1. This act shall be known and may be cited
2 as the Public Employee and Contractor Child
3 Responsibility Act.



1 SEC. 2. The Legislature finds and declares as follows:

2 (a) The many millions of dollars of unpaid child
3 support obligations are an enormous social problem that
4 threaten the welfare of California’s children and increase
5 the burden on California’s taxpayers to provide services
6 for these children.

7 (b) It is in California’s interest that all employees and
8 contractors of the state or any county, city, district, or
9 other political subdivision of the state, demonstrate
10 financial responsibility, integrity, and lawfulness.

11 (c) Whereas, employees and contractors of the state or
12 any county, city, district, or other political subdivision of
13 the state, are paid by public funds, it is especially
14 inequitable for them to obtain those benefits while failing
15 to pay court-ordered child support, which shifts the
16 support of their dependents onto the taxpayers.

17 SEC. 3. Section 1032 is added to the Government
18 Code, to read:

19 1032. (a) Every person who is given an offer of
20 employment with the state or any county, city, district, or
21 other political subdivision of the state, including the
22 University of California, the California State University,
23 or any community college district or school district, shall
24 file an affidavit with that agency’s department of
25 personnel disclosing any unpaid court-ordered child
26 support obligations owed by the applicant.

27 (b) If an applicant’s affidavit discloses, or the agency’s
28 department of personnel otherwise determines, that an
29 applicant owes any unpaid court-ordered child support,
30 the applicant shall only be employed by the state or any
31 county, city, district, or other political subdivision of the
32 state, if he or she agrees to establish an earnings
33 withholding order for support to satisfy any support
34 arrearages to the extent permitted by federal law, and
35 signs an affidavit that states that he or she will
36 demonstrate a good-faith effort to establish one of the
37 following within six months of the start of employment:

38 (1) The applicant is found to be in compliance with the
39 order.



1 (2) The applicant negotiates with the district attorney
2 for a payment schedule on arrearages or reimbursement
3 or has established a payment schedule with the court and
4 is in compliance with that agreement.

5 (3) The applicant has submitted a request for review,
6 but the district attorney will be unable to complete the
7 review and send notice of his or her findings to the
8 applicant within the six-month period. This paragraph
9 applies only if the delay in completing the review process
10 is not the result of the applicant's failure to act in a
11 reasonable, timely, and diligent manner upon receiving
12 notice of the employer's finding that he or she is not in
13 compliance with a court-ordered child support
14 obligation.

15 (4) The applicant has filed and served a request for
16 judicial review, but a resolution of that review will not be
17 made within the six-month period. This paragraph
18 applies only if the delay in completing the judicial review
19 process is not the result of the applicant's failure to act in
20 a reasonable, timely, and diligent manner upon receiving
21 notice of the employer's finding that he or she is not in
22 compliance with a court-ordered child support
23 obligation.

24 (5) The applicant is not an obligor under a
25 court-ordered child support obligation.

26 (6) The applicant has obtained a judicial finding of
27 compliance.

28 (c) The department of personnel of any state or local
29 agency is authorized to do all of the following:

30 (1) Investigate the child support payment records of
31 employees and applicants to determine compliance with
32 court-ordered child support obligations.

33 (2) Provide information on employees and applicants
34 to the appropriate governmental entities, to the extent
35 allowed by law, to assist those offices in enforcement of
36 child support obligations.

37 (3) Promulgate regulations relating to the operation of
38 this section.



1 (d) Nothing in this section shall preclude local
2 governments from enacting ordinances which impose
3 the same or higher standards.

4 SEC. 4. Chapter 14.7 (commencing with Section
5 7235) is added to Division 7 of Title 1 of the Government
6 Code, to read:

7

8 CHAPTER 14.7. LOAN AND GRANT APPLICANTS AND
9 RECIPIENTS

10

11 7235. (a) Each county, city, district, or other political
12 subdivision of the state, including the University of
13 California, the California State University, or any
14 community college district or school district, that makes
15 a loan or awards a grant shall report the name, the
16 address, and social security number of the loan or grant
17 recipient and the name of the recipient's employer to the
18 Employment Development Department for inclusion in
19 the state's new employee registry pursuant to Section
20 1088.5 of the Unemployment Insurance Code. ~~Reports~~
21 ~~required pursuant to this section shall be submitted in~~
22 ~~written form by first class mail or transmitted~~
23 ~~magnetically or electronically, or may be submitted or~~
24 ~~transmitted by any other means that is authorized by the~~
25 ~~Employment Development Department.~~ *The*
26 *Employment Development Department shall maintain*
27 *the information it receives pursuant to this section for the*
28 *longer of either one year or the time period prescribed by*
29 *Section 1088.5 of the Unemployment Insurance Code.*

30 (b) *If the recipient of the loan or grant is a public*
31 *entity, nonprofit organization, corporation, or*
32 *partnership, the state agency shall report the name and*
33 *social security number of the responsible managing*
34 *person for the public entity, nonprofit organization,*
35 *corporation, or partnership. The name and social security*
36 *number of a shareholder of a corporation or a partner of*
37 *a partnership need not be reported unless the*
38 *shareholder or partner either is a responsible managing*
39 *person for the corporation or partnership or is otherwise*
40 *required to report his or her name and social security*



1 number to the Employment Development Department
2 under existing law.

3 (c) The information required pursuant to this section
4 shall be provided as follows:

5 (1) Reported within 20 days after the loan is made or
6 the grant is awarded, consistent with the new employee
7 registry requirements.

8 (2) Submitted in written form by first-class mail or
9 transmitted magnetically or electronically, or submitted
10 or transmitted by any other means authorized by the
11 Employment Development Department.

12 (d) Each applicant for a loan or grant by or from a
13 county, city, district, or other political subdivision of the
14 state, including the University of California, the
15 California State University, or a community college
16 district or school district, shall sign an affidavit stating that
17 he or she does not owe delinquent child support or, if he
18 or she does, the applicant is current on a payment
19 schedule negotiated with the district attorney or
20 established by the court for arrearages or reimbursement.
21 If the applicant is not current in child support payments,
22 the applicant shall sign an alternative affidavit stating
23 that the applicant shall make a good faith effort to
24 become current or arrange a payment schedule with the
25 district attorney or the court.

26 ~~(e)~~

27 (e) This section shall become operative on July 1, 1999.

28 ~~SEC. 5. Section 20103 is added to the Public Contract~~
29 ~~Code, to read:~~

30 ~~20103. (a) Each county, city, district, or other~~
31 ~~political subdivision of the state, including the University~~
32 ~~of California, the California State University, or any~~
33 ~~community college district or school district, shall report~~
34 ~~the name and social security number of each contractor~~
35 ~~that contracts with that entity to the Employment~~
36 ~~Development Department for inclusion in the state's~~
37 ~~new employee registry pursuant to Section 1088.5 of the~~
38 ~~Unemployment Insurance Code. Reports required~~
39 ~~pursuant to this section shall be submitted in written form~~
40 ~~by first-class mail or transmitted magnetically or~~



1 electronically, or may be submitted or transmitted by any
2 other means that is authorized by the Employment
3 Development Department. The Employment
4 Development Department shall maintain the
5 information it receives pursuant to this section for the
6 longer of either one year or the time period prescribed by
7 Section 1088.5 of the Unemployment Insurance Code.

8 (b) If the contractor or subcontractor that contracts
9 with the county, city, district, or other political
10 subdivision of the state, including the University of
11 California, the California State University, or a
12 community college district or school district, is a
13 corporation or partnership, the agency shall report the
14 name and social security number of the responsible
15 managing person for the corporation or partnership. The
16 name and social security number of a shareholder of a
17 corporation or a partner of a partnership need not be
18 reported unless the shareholder or partner either is a
19 responsible managing person for the corporation or
20 partnership, or is otherwise required to report his or her
21 name and social security number to the Employment
22 Development Department under existing law.

23 (c) This section shall apply only to contracts entered
24 into on or after July 1, 1999, with the county, city, district,
25 or other political subdivision of the state, including the
26 University of California, the California State University,
27 or a community college district or school district.

28 (d) Any person whose name and social security
29 number is included in the state's new employee registry
30 under another provision of existing law shall be deemed
31 to have complied with the reporting requirements of this
32 section.

33 (e) This section shall become operative on July 1, 1999.

34 SEC. 6. Section 20103.1 is added to the Public
35 Contract Code, to read:

36 20103.1. (a) Each contractor who contracts with the
37 county, city, district, or other political subdivision of the
38 state, including the University of California, the
39 California State University, or any community college
40 district or school district, shall report to the Employment



1 ~~Development Department the name and social security~~
2 ~~number of each person employed by the contractor who~~
3 ~~will perform work on the contract.~~

4 ~~(b) Each subcontractor of a contractor who contracts~~
5 ~~with the county, city, district, or other political~~
6 ~~subdivision of the state, including the University of~~
7 ~~California, the California State University, or any~~
8 ~~community college district or school district, shall report~~
9 ~~to the Employment Development Department the name~~
10 ~~and social security number of each person employed by~~
11 ~~the subcontractor who will perform work on the contract.~~

12 ~~(c) The reported information required by this section~~
13 ~~shall be for the purposes of inclusion in the state's new~~
14 ~~employee registry pursuant to Section 1088.5 of the~~
15 ~~Unemployment Insurance Code.~~

16 ~~(d) If the contractor or subcontractor that contracts~~
17 ~~with the county, city, district, or other political~~
18 ~~subdivision of the state, including the University of~~
19 ~~California, the California State University, or a~~
20 ~~community college district or school district, is a~~
21 ~~corporation or partnership, the name and social security~~
22 ~~number of the responsible managing person for the~~
23 ~~corporation or partnership shall be reported. The name~~
24 ~~and social security number of a shareholder of a~~
25 ~~corporation or a partner of a partnership need not be~~
26 ~~reported unless the shareholder or partner either is a~~
27 ~~responsible managing person for the corporation or~~
28 ~~partnership, or is otherwise required to report his or her~~
29 ~~name and social security number to the Employment~~
30 ~~Development Department under existing law.~~

31 ~~(e) Reports required pursuant to this section shall be~~
32 ~~submitted in written form by first-class mail or~~
33 ~~transmitted magnetically or electronically, or may be~~
34 ~~submitted or transmitted by any other means that is~~
35 ~~authorized by the Employment Development~~
36 ~~Department. The Employment Development~~
37 ~~Department shall maintain the information it receives~~
38 ~~pursuant to this section for the longer of either one year~~
39 ~~or the time period prescribed by Section 1088.5 of the~~
40 ~~Unemployment Insurance Code.~~



1 ~~(f) When a contract bid is submitted on or after July 1,~~
 2 ~~1999, to the county, city, district, or other political~~
 3 ~~subdivision of the state, including the University of~~
 4 ~~California, the California State University, or a~~
 5 ~~community college district or school district, the~~
 6 ~~contractor that is submitting the bid, and each~~
 7 ~~subcontractor identified in the bid, shall report to the~~
 8 ~~Employment Development Department the name and~~
 9 ~~social security number of each person employed by the~~
 10 ~~contractor or subcontractor who will perform work on~~
 11 ~~the state contract if the contractor's bid is accepted.~~

12 ~~(g) This section shall apply only to contracts entered~~
 13 ~~into on or after July 1, 1999, with the county, city, district,~~
 14 ~~or other political subdivision of the state, including the~~
 15 ~~University of California, the California State University,~~
 16 ~~or a community college district or school district.~~

17 ~~(h) Any person whose name and social security~~
 18 ~~number is included in the state's new employee registry~~
 19 ~~pursuant to any other provision of existing law shall be~~
 20 ~~deemed to have complied with the reporting~~
 21 ~~requirements of this section.~~

22 ~~(i) This section shall become operative on July 1, 1999.~~

23 ~~SEC. 7.—~~

24 *SEC. 5. Section 1088.8 is added to the Unemployment*
 25 *Insurance Code, to read:*

26 *1088.8. (a) Any service-recipient, as defined in*
 27 *subdivision (b), who makes or is required to make a*
 28 *return to the Internal Revenue Service, in accordance*
 29 *with Section 6041A(a) of the Internal Revenue Code*
 30 *(relating to payments made to a service-provider as*
 31 *compensation for services) shall file with the*
 32 *Employment Development Department information as*
 33 *required under subdivision (c).*

34 *(b) For purposes of this section:*

35 *(1) "Service-recipient" means any individual, person,*
 36 *corporation, association, or partnership, or agent thereof,*
 37 *doing business in this state, deriving income from sources*
 38 *within this state, or in any manner whatsoever subject to*
 39 *the laws of this state. "Service-recipient" also includes the*
 40 *State of California or any political subdivision thereof,*

1 including the Regents of the University of California, any
2 city organized under a freeholder's charter, or any
3 political body not a subdivision or agency of the state, and
4 any person, employee, department, or agent thereof.

5 (2) 'Service-provider' means an individual who is not
6 an employee of the service-recipient for California
7 purposes and who receives compensation or executes a
8 contract for services performed for that service-recipient
9 within or without the state.

10 (c) (1) Each service-recipient who contracts with the
11 county, city, district, or other political subdivision of the
12 state, including the University of California, the
13 California State University, or any community college
14 district or school district, shall report all of the following
15 information to the Employment Development
16 Department for each service-provider who will perform
17 work on the contract, within 20 days of the earlier of first
18 making payments of six hundred dollars (\$600) or more
19 in any year to a service-provider, or entering into a
20 contract or contracts with a service-provider providing
21 for payments of six hundred dollars (\$600) or more in any
22 year:

23 (A) The full name and social security number of the
24 service-provider.

25 (B) The service-recipient's name, business name,
26 address, and telephone number.

27 (C) The service-recipient's federal employer
28 identification number, California state employer account
29 number, social security number, or other identifying
30 number as required by the Employment Development
31 Department.

32 (D) The date the contract is executed, or if no
33 contract, the date payments first total six hundred dollars
34 (\$600) or more.

35 (E) The total dollar amount of the contract, if any, and
36 the contract expiration date.

37 (d) The Employment Development Department
38 shall retain information collected pursuant to this section
39 until November 1 following the tax year in which the
40 contract is executed, or if no contract, the tax year in



1 which the payments first total six hundred dollars (\$600)
2 or more.

3 (e) Information obtained by the Employment
4 Development Department pursuant to this section may
5 be released only for purposes of establishing, modifying,
6 or enforcing child support obligations under Section
7 11475.1 of the Welfare and Institutions Code and for child
8 support collection purposes authorized under Article 5
9 (commencing with Section 19271) of Chapter 5 of Part
10 10.2 of the Revenue and Taxation Code, or to the
11 Franchise Tax Board for tax enforcement purposes or for
12 administering the provisions of the Welfare and
13 Institutions Code.

14 (f) This section shall become operative July 1, 1999.

15 SEC. 6. The provisions of this act shall apply to the
16 University of California only to the extent that the
17 Regents of the University of California, by appropriate
18 resolution, make the provisions applicable.

19 ~~SEC. 8.—~~

20 SEC. 7. Notwithstanding Section 17610 of the
21 Government Code, if the Commission on State Mandates
22 determines that this act contains costs mandated by the
23 state, reimbursement to local agencies and school
24 districts for those costs shall be made pursuant to Part 7
25 (commencing with Section 17500) of Division 4 of Title
26 2 of the Government Code. If the statewide cost of the
27 claim for reimbursement does not exceed one million
28 dollars (\$1,000,000), reimbursement shall be made from
29 the State Mandates Claims Fund.

30 Notwithstanding Section 17580 of the Government
31 Code, unless otherwise specified, the provisions of this act
32 shall become operative on the same date that the act
33 takes effect pursuant to the California Constitution.

