

ASSEMBLY BILL

No. 780

Introduced by Assembly Member Calderon
(Principal coauthor: Assembly Member Washington)
(Coauthors: Assembly Members Cardenas, Gallegos,
Jackson, Longville, and Mazzoni)
(Coauthors: Senators Alpert, Ortiz, and Rainey)

February 24, 1999

An act to add Chapter 14.8 (commencing with Section 7236) to Division 7 of Title 1 of the Government Code, to add Section 3303 to the Public Contract Code, and to add Section 1088.8 to the Unemployment Insurance Code, relating to child support.

LEGISLATIVE COUNSEL'S DIGEST

AB 780, as introduced, Calderon. Child support: public remuneration and employee registry.

(1) 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. Existing law also requires the department to prepare and submit a study to the Governor and the Legislature that identifies possible methods for establishing a state mechanism

for the reporting of the income of service-providers for the purpose of collecting delinquent child support obligations.

This bill would require any “service-recipient,” as defined, who makes or is required to make a federal return relating to payments made to a “service provider,” as defined, as compensation for services rendered, and who contracts with the state or a local public agency, to provide to the department certain information for each service-provider who will perform work on the state or local public agency contract, as specified. This bill would also require each public entity, as defined, that makes a loan or awards a grant to report to the department the loan or grant recipient’s name, address, and social security number and the name of the recipient’s employer for the same purpose. This bill would require each applicant for a public entity loan or a public entity grant to sign an affidavit, as specified, regarding child support.

This bill would require each public entity, as defined, the University of California, and the California State University to report the name and social security number of each contractor that contracts with the public entity or a public university to the Employment Development Department for inclusion in the state’s new employee registry.

This bill would specify the time and method by which this information is to be submitted or transmitted and the length of time the Employment Development Department is to maintain this information.

These provisions would become operative on July 1, 2000, except as specified. Because the reporting requirements of this bill would apply to local agencies, this bill would impose a state-mandated local program.

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

3 (a) Compliance with court-ordered child, family, or
4 spousal obligations is in the public interest and benefits all
5 residents of the State of California.

6 (b) The children of California need and deserve the
7 emotional and financial support of both their parents.

8 (c) It is right and just that the State of California and
9 local public agencies become model employers in
10 promoting and facilitating the establishment and
11 enforcement of child support.

12 (d) The so-called license intercept program, the new
13 employee registry, and the Franchise Tax Board program
14 to recover unpaid child support have been tremendously
15 successful and serve as a model for federal and other state
16 legislation.

17 (e) Presidential Executive Order No. 12953 (Title 3 of
18 the Code of Federal Regulations, 1995 Compilation, page
19 325), dated February 27, 1995, requires each federal
20 agency to provide information to its employees and
21 members about actions they should take and services that
22 are available to ensure that their children are provided
23 the support to which they are legally entitled.

24 SEC. 2. (a) It is the intent of the Legislature to
25 ensure that individuals who benefit financially from the
26 public sector through employment, contract, or other
27 financial remuneration be in compliance with their
28 court-ordered child, family, or spousal obligation.

29 (b) It is the intent of the Legislature that the new
30 employee registry be expanded to assure that all public
31 employees, vendors who contract with the state or a local
32 public agency and employees of those vendors, and
33 others who receive financial remuneration from the state



1 or a local public agency be current in their child support
2 obligations or make scheduled payments pursuant to an
3 agreement with the district attorney to repay any
4 arrearage.

5 (c) It is also the intent of the Legislature to establish
6 appropriate protocols to ensure that confidentiality of the
7 information reported to the district attorney is
8 maintained.

9 SEC. 3. Chapter 14.8 (commencing with Section
10 7236) is added to Division 7 of Title 1 of the Government
11 Code, to read:

12
13 CHAPTER 14.8. LOAN AND GRANT APPLICANTS AND
14 RECIPIENTS
15

16 7236. (a) Each public entity that makes a loan or
17 awards a grant shall report the name, the address, and
18 social security number of the loan or grant recipient and
19 the name of the recipient’s employer to the Employment
20 Development Department for inclusion in the state’s
21 new employee registry pursuant to Section 1088.5 of the
22 Unemployment Insurance Code. The Employment
23 Development Department shall maintain the
24 information it receives pursuant to this section for the
25 longer of one year or the time period prescribed by
26 Section 1088.5 of the Unemployment Insurance Code.

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



1 security number to the new employee registry under
2 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 made by, or a grant
13 awarded by, a public entity shall sign an affidavit stating
14 that he or she does not owe delinquent child support or,
15 if he or she does, the applicant is current on a payment
16 schedule negotiated with the district attorney or
17 established by the court for arrearages or reimbursement.
18 If the applicant is not current in child support payments,
19 the applicant shall sign an alternative affidavit stating
20 that the applicant shall make a good faith effort to
21 become current or arrange a payment schedule with the
22 district attorney or the court.

23 (e) "Public entity" for the purposes of this section
24 means the state or any county, city, district, or other
25 political subdivision of the state.

26 (f) This section shall become operative on July 1, 2000.

27 7236.1. It is the intent of the Legislature that Section
28 7236 shall be implemented to cover all parties who benefit
29 financially from loans or grants from public entities
30 within the state who are not already included in the
31 system administered pursuant to Title IV-D of the Social
32 Security Act (42 U.S.C. Sec. 651 and following). It is the
33 intent of the Legislature that the Department of General
34 Services, in cooperation with all other state agencies, shall
35 adopt regulations to define those parties for purposes of
36 this section by July 1, 2000.

37 SEC. 4. Section 3303 is added to the Public Contract
38 Code, to read:

39 3303. (a) Each public entity, as defined in Section
40 1100, the University of California, and the California State



1 University shall report the name and social security
2 number of each contractor that contracts with the public
3 entity or public university to the Employment
4 Development Department for inclusion in the state's
5 new employee registry pursuant to Section 1088.5 of the
6 Unemployment Insurance Code. The Employment
7 Development Department shall maintain the
8 information it receives pursuant to this section for the
9 longer of one year or the time period prescribed by
10 Section 1088.5 of the Unemployment Insurance Code.

11 (b) If the contractor that contracts with the public
12 entity or the public university is a corporation or
13 partnership, the public entity or the public university
14 shall report the name and social security number of the
15 responsible managing person for the corporation or
16 partnership. The name and social security number of a
17 shareholder of a corporation or a partner of a partnership
18 need not be reported unless the shareholder or partner
19 either is a responsible managing person for the
20 corporation or partnership, or is otherwise required to
21 report his or her name and social security number to the
22 Employment Development Department under existing
23 law.

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

26 (1) Reported within 20 days after the contract has
27 been executed, consistent with the new employee
28 registry requirements.

29 (2) Submitted in written form by first-class mail or
30 transmitted magnetically or electronically, or submitted
31 or transmitted by any other means authorized by the
32 Employment Development Department.

33 (d) This section shall apply only to contracts entered
34 into with a public entity, the University of California, or
35 the California State University on or after July 1, 2000.

36 (e) A public entity, the University of California, and
37 California State University shall not be required to report
38 to the new employee registry the name, social security
39 number, or other information about a contractor that
40 contracts with a public entity or a public university if the



1 public entity or the public university, as appropriate, has
2 already provided that information about that contractor
3 to the new employee registry.

4 (f) This section shall become operative July 1, 2000.

5 SEC. 5. Section 1088.8 is added to the Unemployment
6 Insurance Code, to read:

7 1088.8. (a) For purposes of this section:

8 (1) "Local public agency" means any county, city,
9 district, or other political subdivision of the state.

10 (2) "Service-provider" means an individual who is not
11 an employee of the service-recipient for state law
12 purposes and who receives compensation or executes a
13 contract for services performed for that service-recipient
14 within or without the state.

15 (3) "Service-recipient" means any individual, person,
16 corporation, association, or partnership, or agent thereof,
17 doing business in this state, deriving income from sources
18 within this state, or in any manner whatsoever subject to
19 the laws of this state. "Service-recipient" also includes the
20 State of California or any political subdivision thereof,
21 including the Regents of the University of California, any
22 city organized under a freeholder's charter, or any
23 political body not a subdivision or agency of the state, and
24 any person, employee, department, or agent thereof.

25 (b) Any service-recipient who contracts with the state
26 or a local public agency, and who makes or is required to
27 make a return to the Internal Revenue Service, in
28 accordance with Section 6041A(a) of the Internal
29 Revenue Code (relating to payments made to a
30 service-provider as compensation for services), shall file
31 with the department information as required under
32 subdivision (c).

33 (c) Each service-recipient who contracts with the
34 state or a local public agency shall report all of the
35 following information to the department for each
36 service-provider who will perform work on the state or
37 local public agency contract, within 20 days of the earlier
38 of first making payments for services rendered of six
39 hundred dollars (\$600) or more in any year to the
40 service-provider, or entering into a contract or contracts



1 with the service-provider providing for payments of six
2 hundred dollars (\$600) or more in any year:

3 (1) The full name and social security number of the
4 service-provider.

5 (2) The service-recipient's name, business name, and
6 address.

7 (3) The service-recipient's federal employer
8 identification number, California state employer account
9 number, social security number, or other identifying
10 number as required by the department.

11 (d) The department shall retain information collected
12 pursuant to this section until November 1, following the
13 tax year in which the contract is executed.

14 (e) Information obtained by the department pursuant
15 to this section may be released only for purposes of
16 establishing, modifying, or enforcing child support
17 obligations under Section 11475.1 of the Welfare and
18 Institutions Code and for child support collection
19 purposes authorized under Article 5 (commencing with
20 Section 19271) of Chapter 5 of Part 10.2 of the Revenue
21 and Taxation Code, or to the Franchise Tax Board for tax
22 enforcement purposes or for administering the provisions
23 of the Welfare and Institutions Code.

24 (f) This section shall become operative on July 1, 2000.

25 SEC. 6. Notwithstanding Section 17610 of the
26 Government Code, if the Commission on State Mandates
27 determines that this act contains costs mandated by the
28 state, reimbursement to local agencies and school
29 districts for those costs shall be made pursuant to Part 7
30 (commencing with Section 17500) of Division 4 of Title
31 2 of the Government Code. If the statewide cost of the
32 claim for reimbursement does not exceed one million
33 dollars (\$1,000,000), reimbursement shall be made from
34 the State Mandates Claims Fund.

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