

AMENDED IN SENATE MARCH 25, 1999

**SENATE BILL**

**No. 319**

**Introduced by Senator Burton**

February 8, 1999

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An act to amend Section 106 of the Labor Code, *and to amend Section 329 of the Unemployment Insurance Code*, relating to the economy.

LEGISLATIVE COUNSEL'S DIGEST

SB 319, as amended, Burton. Joint Enforcement Strike Force on the Underground Economy: citations.

(1) Existing law authorizes the Labor Commissioner until January 1, 2000, to designate, authorize, and train an employee of any agency participating in the Joint Enforcement Strike Force on the Underground Economy to issue citations and to issue and serve a penalty assessment order, pursuant to specified provisions.

This bill would extend that authority to January 1, 2006.

(2) Existing law, until January 1, 2000, authorizes the activities of the Joint Enforcement Strike Force on the Underground Economy.

This bill would extend that authority to January 1, 2006.

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. Section 106 of the Labor Code is  
2 amended to read:

1 106. (a) The Labor Commissioner may authorize an  
2 employee of any of the agencies that participate in the  
3 Joint Enforcement Strike Force on the Underground  
4 Economy, as defined in Section 329 of the Unemployment  
5 Insurance Code, to issue citations pursuant to Sections  
6 226.4 and 1022 and issue and serve a penalty assessment  
7 order pursuant to subdivision (a) of Section 3722.

8 (b) No employees shall issue citations or penalty  
9 assessment orders pursuant to this section unless they  
10 have been specifically designated, authorized, and  
11 trained by the Labor Commissioner for this purpose.  
12 Appeals of all citations or penalty assessment orders shall  
13 follow the procedures prescribed in Section 226.5, 1023, or  
14 3725, whichever is applicable.

15 (c) This section shall remain in effect only until  
16 January 1, 2006, and as of that date is repealed, unless a  
17 later enacted statute, which is enacted before January 1,  
18 2006, deletes or extends that date.

19 *SEC. 2. Section 329 of the Unemployment Insurance*  
20 *Code is amended to read:*

21 329. (a) The director, or his or her designee, shall  
22 serve as Chairperson of the Joint Enforcement Strike  
23 Force on the Underground Economy provided for in  
24 Executive Order W-66-93. The strike force shall include,  
25 but not be limited to, representatives of the Employment  
26 Development Department, the Department of  
27 Consumer Affairs, the Department of Industrial  
28 Relations, and the Office of Criminal Justice Planning.  
29 Other agencies that are not part of the administration,  
30 such as the Franchise Tax Board, the State Board of  
31 Equalization, and the Department of Justice, are  
32 encouraged to participate in the strike force.

33 (b) The strike force shall have the following duties:

34 (1) To facilitate and encourage the development and  
35 sharing of information by the participating agencies  
36 necessary to combat the underground economy.

37 (2) To improve the coordination of activities among  
38 the participating agencies.

39 (3) To develop methods to pool, focus, and target the  
40 enforcement resources of the participating agencies in



1 order to deter tax evasion and maximize recoveries from  
2 blatant tax evaders and violators of cash-pay reporting  
3 laws.

4 (4) To reduce enforcement costs wherever possible by  
5 eliminating duplicative audits and investigations.

6 (c) In addition, the strike force shall be empowered to:

7 (1) Form joint enforcement teams when appropriate  
8 to utilize the collective investigative and enforcement  
9 capabilities of the participating members.

10 (2) Establish committees and rules of procedure to  
11 carry out the activities of the strike force.

12 (3) To solicit the cooperation and participation of  
13 district attorneys and other state and local agencies in  
14 carrying out the objectives of the strike force.

15 (4) Establish procedures for soliciting referrals from  
16 the public, including, but not limited to, an advertised  
17 telephone hotline.

18 (5) Develop procedures for improved information  
19 sharing among the participating agencies, such as shared  
20 automated information data base systems, the use of a  
21 common business identification number, and a  
22 centralized debt collection system.

23 (6) Develop procedures to permit the participating  
24 agencies to use more efficient and effective civil sanctions  
25 in lieu of criminal actions wherever possible.

26 (7) Evaluate, based on its activities, the need for any  
27 statutory change to do any of the following:

28 (A) Eliminate barriers to interagency information  
29 sharing.

30 (B) Improve the ability of the participating agencies  
31 to audit, investigate, and prosecute tax and cash-pay  
32 violations.

33 (C) Deter violations and improve voluntary  
34 compliance.

35 (D) Eliminate duplication and improve cooperation  
36 among the participating agencies.

37 (E) Establish sharable information data bases.

38 (F) Establish a common business identification  
39 number for use by participating agencies.



1 (G) Establish centralized, automated debt collection  
2 services for the participating agencies.

3 (H) Strengthen civil penalty procedures to allow the  
4 strike force to emphasize civil rather than criminal  
5 penalties wherever possible.

6 (d) The strike force shall report to the Governor and  
7 the Legislature annually during the period of its  
8 existence, commencing February 1, 1995, regarding its  
9 activities.

10 The report shall include, but not be limited to, all of the  
11 following:

12 (1) The number of cases of blatant violations and  
13 noncompliance with tax and cash-pay laws identified,  
14 audited, investigated, or prosecuted through civil action  
15 or referred for criminal prosecution.

16 (2) Actions taken by the strike force to publicize its  
17 activities.

18 (3) Efforts made by the strike force to establish an  
19 advertised telephone hotline for receiving referrals from  
20 the public.

21 (4) Procedures for improving information sharing  
22 among the agencies represented on the strike force.

23 (5) Steps taken by the strike force to improve  
24 cooperation among participating agencies, reduce  
25 duplication of effort, and improve voluntary compliance.

26 (6) Recommendations for any statutory changes  
27 needed to accomplish the goals described in paragraph  
28 (7) of subdivision (c).

29 (e) This section shall remain in effect only until  
30 January 1, ~~2000~~ 2006, and as of that date is repealed, unless  
31 a later enacted statute, which is enacted before January  
32 1, ~~2000~~ 2006, deletes or extends that date.

