

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 13, 2010
POSITION: Oppose

BILL NUMBER: AB 2770
AUTHOR: Assembly Labor and Employment
RELATED BILLS: AB 2879 (2008)

BILL SUMMARY: Employee Wages and Working Hours: Violators

This bill would require the Labor and Workforce Development Agency (LWDA), in consultation with the Franchise Tax Board (FTB) and the Economic and Employment Enforcement Coalition, to develop and implement standards that would trigger a recommendation for an audit or investigation by appropriate state tax authorities of employers in violation of statutes relating to employee wages, hours, and working conditions. After July 1, 2011, this bill would require the Labor Commissioner to take specified actions to facilitate audits and investigations of employers who meet the standards required by this bill.

FISCAL SUMMARY

The Department of Industrial Relations, Division of Labor Standards Enforcement indicates this bill would result in a need for 4.0 positions at a cost of \$590,000 Labor Enforcement and Compliance Fund beginning in 2011-12 and \$440,000 in 2012-13 and ongoing based on the likelihood that additional audits would be required as a result of this measure. The FTB reports that any costs associated with this measure would be minor and absorbable.

COMMENTS

The Department of Finance is opposed to this bill as it is unnecessary because the LWDA already has the authority to coordinate enforcement efforts related to the underground economy, and does not need specific statutory authority prescribed in a manner that is more costly than current practice.

Code/Department Agency or Revenue Type	(Fiscal Impact by Fiscal Year)									Fund Code
	SO	(Dollars in Thousands)								
	LA	PROP	2009-2010		2010-2011		2011-2012			
CO	98	FC	FC	FC	FC	FC	FC	FC	FC	
7350/DIR	SO	No		--		--	C		\$590	3152
1730/FTB	SO	No		----- No/Minor Fiscal Impact -----						0001
<u>Fund Code</u>	<u>Title</u>									
0001	General Fund									
3152	Labor Enforcement and Compliance Fund									

Analyst/Principal (0240) _____ Date _____ Assistant Program Budget Manager _____ Date _____

Department Deputy Director _____ Date _____

Governor's Office: _____ By: _____ Date: _____ Position Approved _____
 Position Disapproved _____

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)