

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: Original
POSITION: Oppose

BILL NUMBER: AB 1401
AUTHOR: Assembly Arts, Entertainment, Sports, Tourism and Internet Media

BILL SUMMARY: Employment: Minors

This bill would require the Division of Labor Standards Enforcement (DLSE) within the Department of Industrial Relations (DIR) to accept online applications for temporary permits to employ a minor in the entertainment industry. This measure also requires the DLSE to collect an application fee for these permits in an amount up to \$50.

FISCAL SUMMARY

The DLSE indicates the implementation of this bill would result in one-time information technology (IT) costs of \$150,000 to \$175,000 for software and set up of IT systems. Additionally, the DLSE would require \$187,000 to support 3.8 positions to process the applications and issue the temporary permits. Any request for additional expenditure authority is subject to review and approval through the annual budget process.

The DLSE estimates that one-third of current applicants would apply for temporary permits. At the maximum fee amount of \$50 per application, approximately \$1 million of revenue would be generated and deposited into the Entertainment Work Permit Fund, as created by the bill. However, the bill specifies that the fee be set at an amount to cover the online temporary entertainment work permit program. The DLSE would need to conduct an analysis to determine the correct fee amount and specify the fee in regulations.

COMMENTS

The Department of Finance is opposed to this bill because it would result in additional costs that are not included in the 2011-12 Budget. Additionally, it is unknown if there would be a demand for the temporary permits considering a fee would be charged to obtain a temporary permit while the standard permit would continue to be issued for free.

Existing law requires an entertainment work permit to be issued by the Labor Commissioner for a minor to be employed by the entertainment industry. Existing law also specifies that entertainment work permits expire 10 days after issuance unless a Coogan Trust Account is established on behalf of the minor.

This bill would authorize the Labor Commissioner to issue temporary entertainment work permits and require the DLSE to supply and accept applications for the temporary permits online. This measure would also allow the DLSE to collect an application fee, up to \$50 per application, to support the temporary permit program. Finally, this bill declares the purposes of the temporary permit are to enable a parent or guardian to meet the requirements and provide required documentation for the standard permit and to establish the Coogan Trust Account.

Analyst/Principal Date Program Budget Manager Date
(0241) J. Sturges Lisa Ann L. Mangat

Department Deputy Director Date

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

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

**BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)**

**AUTHOR**

**AMENDMENT DATE**

**BILL NUMBER**

Assembly Arts, Entertainment,  
Sports, Tourism and Internet  
Media

Original

AB 1401

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2011-2012	FC	2012-2013	FC	2013-2014	
7350/DIR	SO	No		-----	See Fiscal Summary	-----			0499
1200/Reg Tax&Licn	RV	No		-----	See Fiscal Summary	-----			0499

<u>Fund Code</u>	<u>Title</u>
0499	Pending New Special Funds