

SUMMARY ANALYSIS OF AMENDED BILL

Author: Price Analyst: Janet Jennings Bill Number: SB 1185
 Related Bills: See Prior Analysis Telephone: 845-3495 Amended Date: May 29, 2012
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Centralized Intelligence Partnership Act

SUMMARY

This bill would establish until January 1, 2018, a pilot program, named the Centralized Intelligence Partnership (CIP) by adoption of the Centralized Intelligence Partnership Act, to create a multiagency partnership to facilitate collaboration and information sharing to combat the underground economy.

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

The May 29, 2012, amendments changed the CIP to a pilot program, limited partnership members to the Franchise Tax Board (FTB), the Employment Development Department (EDD), and the Board of Equalization (BOE), and added a report to the Legislature.

Except for the "This Bill" and "Implementation Considerations" the remainder of the department's analysis of the bill as amended April 9, 2012, still applies.

THIS BILL

The bill would establish until January 1, 2018, a pilot program, named the CIP. The CIP would be governed by an advisory committee to be composed of one representative, appointed by the head of each agency, from the EDD, the FTB, and the BOE. The following agencies may chose to participate in the pilot program in an advisory capacity to the partnership:

- The California Health and Human Services Agency
- The Department of Consumer Affairs
- The Department of Industrial Relations
- The Department of Insurance
- The Department of Justice
- The Department of Motor Vehicles

Board Position:

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Legislative Director

Date

Gail Hall

06/19/12

The bill states that when an agency with the option to participate in the CIP, through the normal course of an their investigation, discovers a violation of law that would result in increased tax revenues to the state, the agency must notify the appropriate tax agency in the partnership.

The bill states the advisory committee will determine the appropriate agency to house the processing center for the CIP. The bill provides for the CIP to hire an administrator and staff.

The advisory committee of the CIP would be required to meet at least quarterly.

The partnership shall do all of the following to combat illegal underground operations:

- Provide a central intake process and organizational structure to document, review, and evaluate data and complaints.
- Establish a processing center to receive and analyze data, share complaints, and research leads.
- Provide participating and nonparticipating agencies with investigative leads where collaboration opportunities exist for felony level criminal investigations, including, but not limited to, referring leads to agencies with appropriate enforcement jurisdiction.
- Document and provide intake data analysis, findings, referrals, emerging evasion trends, and legislative opportunities.

The bill provides for duly authorized representatives of members of the CIP, of which the FTB would be included, and agencies participating in an advisory capacity, to exchange intelligence, data, documents, information, complaints, or lead referral for the purpose of investigating illegal underground operations. Information authorized to be exchanged by this bill would retain its confidential status.

The bill defines underground economy as the activities of individuals, businesses, or other entities that knowingly and intentionally use practices designed to conceal illegal or fraudulent activities that negatively impact legitimate businesses, workers, and consumers, as well as deprive the state and local governments of vital resources.

The CIP would be limited in the activities and projects that it undertakes by the amount of funding appropriated by the Legislature.

The bill requires the CIP to issue a report on its activities and accomplishments to the Legislature and each participating member entity on or before July 1, 2014, and annually thereafter.

The bill requires the CIP to issue a report to the Legislature on or before December 1, 2016, of the pilot program that includes the number of leads or complaints received by the CIP, the number of cases investigated or prosecuted through civil action or criminal prosecution, recommendations for modifying, eliminating, or continuing the operation of any or all of the provisions of this bill.

IMPLEMENTATION CONSIDERATIONS

The department utilizes information obtained from the IRS that would be of benefit to the CIP. Without the express authorization in the Internal Revenue Code, the FTB cannot share data received from the IRS with the CIP. The author may wish to pursue a federal legislative change to allow the FTB to share the IRS information received with the CIP.

SUPPORT/OPPOSITION¹

Support:

- Board of Equalization
- California Association for Health Services at Home
- California Building Industry Association
- California Chamber of Commerce
- California Grocers Association
- California Healthcare Institute
- California Manufacturers and Technology Association
- California Spa & Pool Industry Educational Council
- California Statewide Law Enforcement Association
- California Taxpayers Association
- Cities of Carson, Gardena, Hawthorne, and South Gate
- Construction Industry Legislative Council
- Culver City Chamber of Commerce
- Fullerton Chamber of Commerce
- Los Angeles Area Chamber of Commerce
- Motion Picture Association of America, Inc.
- Southwest California Legislative Council

Opposition: None on file

LEGISLATIVE STAFF CONTACT

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¹ As reported on the Legislative Counsel's Web site at: http://www.leginfo.ca.gov/pub/11-12/bill/sen/sb_1151-1200/sb_1185_cfa_20120530_165913_sen_floor.html [as of June 6, 2012]