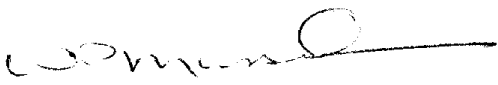


THE CALIFORNIA STATE UNIVERSITY
Office of the Chancellor
401 Golden Shore Drive
Long Beach, California 90802-4210
(562) 951-4610

Date: October 10, 2000 **Code:** AD 00-05
To: Vice Presidents for Administration

From: William P. Musselman
Accounting Director
Business and Finance
Subject: Independent Contractor Reporting

Effective January 1, 2001, Senate Bill (SB) 542, requires businesses and governmental entities to report independent contractor information to the Employment Development Department (EDD). The information must be reported within 20 days of entering into a contract for \$600 or more, or if there is no contract, within 20 days of when the payments total \$600 or more in a calendar year. The purpose is to establish, modify, or enforce child support obligations.

Section 28 of the bill amends Section 1088.8 of the Unemployment Insurance Code to read:

1088.8. (a) Effective January 1, 2001, any service-recipient, as defined in subdivision (b), who makes or is required to make a return to the Internal Revenue Service, in accordance with paragraph (A) of subdivision (a) of Section 6041 of the Internal Revenue Code (relating to payments made to a service-provider as compensation for services) shall file with the department information as required under subdivision (c).

(b) For purposes of this section:

(1) "Service-recipient" means any individual, person, corporation, association, or partnership, or agent thereof, doing business in this state, deriving trade or business income from sources within this state, or in any manner in the course of a trade or business subject to the laws of this state. "Service-recipient" also includes the State of California or any political subdivision thereof, including the Regents of the University of California, any charter city, or any political body not a subdivision or agency of the state, and any person, employee, department, or agent thereof.

To be applicable to the CSU, it is the intent of the Legislature that newly enacted State laws must comply with section 66606.2(b) of the Education Code which requires an express statement that the CSU is to be governed by the statute. Therefore, without the inclusion of such a statement in SB 542, the bill does not apply to the CSU. As such, campuses are not required to report independent contractor information to the EDD.

Questions may be directed to Mr. Mark Osborne at (562) 951-4610 or via e-mail at mosborne@calstate.edu.

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