



State Board of Equalization

News Release

Chairman Jerome E. Horton

4th District – Los Angeles

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Board of Equalization Chair Jerome E. Horton Announces Proposed Partnership to Combat Underground Economy

The State taxing agencies plan to become more strategic and aggressive. As the Governor and Legislature grapple with a potential \$12 billion deficit for fiscal year 2011-12, the California State Board of Equalization (BOE), announced a proposal to create a statewide partnership of agencies committed to combating California's underground economy to deal with what they have determined to be billions of dollars lost to California.

The Underground Economy Centralized Intelligence Partnership, introduced at a Sacramento Board meeting last week, would comprise representatives from the BOE, the Franchise Tax Board, the Employment Development Department, and the Office of the Attorney General, among others. While each of these agencies are working on various aspects of the underground economy, all agree that there is a need to coordinate and partner on these efforts.

Board Member Horton strongly supports the efforts by the Governor and the Legislature to combat the economic impacts imposed by the underground economy through stronger cooperation of the various agencies. The *Senate Select Committee On Small Business And The Underground Economy* is scheduled to hold a hearing on Monday, December 5, 2011 at 1:00 p.m. in room 3191 at the State Capitol. "It is vital that we coordinate our efforts to minimize revenue lost to the underground economy," said Board Member Horton.

Board Member Runner believes better coordinated efforts to combat the underground economy could help legitimate California businesses. He said, "The underground economy undercuts law-abiding business owners who are struggling to survive these very difficult economic times. By avoiding their tax obligations, black market operatives impose an effective tax increase on the rest of California. It's time for law enforcement and tax agencies at every level of government to work together to bring these criminals to justice."

The BOE is currently involved with five different industry task forces working on underground economy issues. Horton said, "This initiative will bring synergy to our enforcement efforts and empower us to develop proactive strategies to marshal our collective resources to combat international and domestic organized crime operating in the black market. Each of these task forces are effectively focused on specific objectives, our goal is to solidify and unify these objectives and empower us to work together."

Underground Economy Partnership Concept:
www.boe.ca.gov/meetings/pdf/P1_1_111511_Collaborative_Investigations.pdf

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