



News Release

Chairman Jerome E. Horton

4th District – Los Angeles

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Contact: NR 69-12-H
Francis Taylor
916-327-8988

Legislation Moves One Step Closer to Recapturing Needed Revenue for California SB 1185 Passes Assembly Revenue and Taxation and Public Safety Committees

Sacramento – California came one step closer toward recapturing millions of dollars lost annually to the underground economy with the passage of [SB 1185 \(Price\)](#) through the Assembly Revenue and Taxation and Public Safety Committees. Chairman of the California State Board of Equalization Jerome E. Horton said, "The BOE sponsored legislation is needed to facilitate greater collaboration and information sharing among several State agencies to combat criminals who deprive California, a state drowning in red ink, of an estimated \$8 billion annually in corporate, sales, use and personal income taxes that could be spent on schools, public safety, hospitals and other essential services".

"It's critical for this legislation to continue its forward momentum," continued Chairman Horton. "Imagine what we could do if we could recover the enormous amount of money lost to the underground economy. We would be able to hire 67,000 police officers or 77,000 fire fighters or 87,000 teachers a year."

The BOE is partnering with Senator Curren D. Price Jr. on SB 1185 to reduce criminal activity and level the playing field for California businesses by creating a *Centralized Intelligence Partnership (CIP)*. This creates a central location for the BOE, the Franchise Tax Board, and the Employment Development Department to share information that will help them expose, investigate and prosecute illegal operators as well as create a statewide evasion hotline for the public to anonymously report illegal activities.

If adopted, the CIP would become operational January 1, 2013 and is expected to generate \$32 million by its third operating year. It will remain revenue-neutral while ramping up in the first two years. The partnership would achieve significant savings by accelerating the investigations process, reducing prosecution costs, and creating efficiencies through the collaborative efforts of the CIP and law enforcement agencies.



Counterfeit items confiscated during law enforcement activity in Southern California. Merchandise shown during a recent BOE news conference in Los Angeles.

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Confiscated illegal tobacco products worth more than \$64,000. Pallet of goods shown during a BOE news conference in Sacramento.

California’s underground economy deprives the state of an estimated \$8 billion in state taxes annually through a spectrum of illegal activities, including the sale of counterfeit goods like “knock off” designer items, offering and paying for services under the table, the exploitation of victims of human trafficking, and smuggling goods into California without paying the required taxes.

Criminals who don't pay taxes harm legitimate businesses by offering goods for lower prices and deprive the state and local governments of corporate, personal and sales and use taxes used to fund critical state and local public services like schools, public safety, transportation, and others. Illegal operators in the underground economy ignore many state laws, deprive workers of employment protections, contribute to crime in our local communities and create health and safety hazards for consumers.

Editors: B-roll available of counterfeit and confiscated goods from the underground economy press event in Los Angeles at www.youtube.com/watch?v=s0sVVBPF4Q.

See the BOE's social media news release with video and high resolution photos at prst.co/3ab.

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Elected in 2010, Chairman Jerome E. Horton is the Fourth District Member of the California State Board of Equalization, representing more than 8.5 million residents in Los Angeles County. He is also the Board of Equalization’s Legislative Committee Chairman. He is the first to serve on the Board of Equalization with over 21 years of experience at the BOE. Horton previously served as an Assembly Member of the California State Assembly from 2000-2006.

The five-member California State Board of Equalization is a publicly elected tax board. The Board of Equalization collects more than \$50 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

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