



State Board of Equalization

News Release

Chairman Jerome E. Horton

4th District – Los Angeles

Cynthia Bridges
Executive Director
www.boe.ca.gov

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Contact: NR 104-13-H
Jaime Garza
1-916-327-8988

New Law Will Help Fight Criminal Tax Evasion Head-On **Legislation Signed by Governor Will Assist in Recovering Funds Lost to Underground Economy**

Sacramento – A partnership to combat tax evasion, made up of the California State Board of Equalization (BOE), Franchise Tax Board (FTB), Employment Development Department (EDD), and Department of Justice (DOJ), will form next year thanks to BOE-supported legislation ([Assembly Bill 576](#), V. Manuel Pérez) that was signed by the Governor on October 7, 2013.

“I thank Governor Brown, and I am gratified that he saw the wisdom of having our state better equipped to combat the insidious harm done by the underground economy,” said Chairman Jerome E. Horton. “With more cooperation between investigative agencies, we can all expect to see more arrests of the criminals preying on the welfare of our state.”

AB 576 creates the Revenue Recovery and Collaborative Enforcement (RRACE) Team to formalize data sharing and communication among the BOE, FTB, EDD, and DOJ. The law takes effect on January 1, 2014, and will strategically target sales, income, and employment tax evasion using existing resources from the partners’ respective departments.

The formalization of this partnership enables these agencies to collaborate and criminally prosecute those who evade state sales, use, excise, income, and employment taxes, with no added cost to state taxpayers. The team’s efforts will benefit Californians through its likely recovery of tax dollars which are vital to providing state services, such as public schools, highways, public safety, and health care programs.

“This legislation provides us with the framework to establish a strategic partnership focused primarily on criminal tax evasion, and removes barriers to communication and data sharing,” said BOE Chief of Investigations Randy Silva.

Criminal tax evasion in California’s underground economy deprives the state of approximately \$8.5 billion annually through a spectrum of illegal activities such as selling counterfeit goods like “knock off” designer items, exploiting victims of human trafficking, and smuggling tobacco products and other goods into California without paying the required taxes.

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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 \$53.7 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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