



State Board of Equalization

News Release

Chairman Jerome E. Horton

4th District – Los Angeles

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BOE CHAIRMAN NETS LEGISLATIVE SUPPORT FOR PROPOSED INTELLIGENCE PARTNERSHIP

The fight to tackle the state's ever-threatening underground economy gained momentum with legislative support from Senator Curren Price (D-Los Angeles) and Assembly Speaker pro Tem Fiona Ma (D-San Francisco) to co-author a bill aimed at creating a multiagency partnership to combat the illegal activities that deprive California of an estimated \$8 billion annually, Board of Equalization Chairman Jerome E. Horton announced today.

"With the help of our legislative leaders, we are one step closer to attacking a festering problem that continues to grow unchecked," said Chairman Horton. "I applaud Senator Price and Speaker Pro Tem Ma, for their leadership in defending California and its citizens from illegal operations that undermine our economy and rob our citizens of fair treatment."

"Capturing the billions lost to the underground economy each year is a priority and demands a focused and collaborative effort to defend our state's signature industries," said Senator Price. "I am proud to introduce and carry this important legislation that will assist California's fragile economic recovery."

"The underground economy costs Californians an estimated \$8 billion a year," said Assemblymember Ma. "I'm proud to co-author legislation with Senator Price to fight business fraud and illegal schemes in order to protect our workers and create a fair playing field for California businesses."

The co-authored bill would establish critical legislation that would create the Centralized Intelligence Partnership (CIP), a multiagency task force made up of representatives from various key agencies, including the BOE, the Franchise Tax Board, Employment Development Department, as well as the Departments of Insurance, Justice, Health, Motor Vehicles, Consumer Affairs, and Industrial Relations.

The CIP would facilitate information sharing about fraud, counterfeiting, or piracy. It is anticipated to increase California's revenues by accelerating the investigations process, reducing prosecution costs, and assisting in the capture of unreported taxes. In addition, the CIP would streamline the complaint process by providing the public with a centralized one-call complaint hotline and making referrals to resources for victims of fraud and human trafficking.

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Horton has been spearheading this proposal, and previously announced his support for sponsoring legislation creating a Centralized Intelligence Partnership, consistent with a recommendation made to the Board of Equalization (BOE) by its Legislative Committee on January 11.

Facts and Terms: *The underground economy* refers to individuals and businesses who deal in cash and/or use other schemes to conceal their activities, identities, and true tax liabilities from government licensing, regulatory, and taxing agencies. Illegal activities of the underground economy range from the sale of stolen or counterfeit products to the exploitation of victims of human trafficking. Those who operate in the underground economy enjoy the same public services as tax and fee payers, such as hospitals, roads, and police and fire protection, without making the same contributions.

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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 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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