



**For Immediate Release**  
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## **BOE COMBATS THE \$8 BILLION LOST TO THE UNDERGROUND ECONOMY** **BOE Works with Labor Organizations to Find Solutions**

**Sacramento** – With State revenues deeply in the red, claiming any portion of the estimated \$8 billion lost per year to the underground economy becomes more critical than ever. The Board of Equalization (BOE) is taking a critical first step in finding solutions to recapture the billions lost to unreported taxes and illegal activity that burdens California's law abiding tax and fee payers. In a meeting jointly hosted today with the Los Angeles/Orange Counties Building Trades Council, the BOE will strategize with labor organizations to create ways to combat job losses to California and the industry and to find a solution to get that money back. The meeting at the Los Angeles/Orange Counties Building Trades Council Offices located at 1626 Beverly Blvd. in Los Angeles will begin at 10 a.m. today.

"The underground economy takes an enormous toll on the California economy. The resulting jobs lost from schemes used by unscrupulous businesses means California loses funds for vital services such as hospitals, roads, schools, and public safety," said Chairman Horton. "Each and every Californian is impacted by the underground economy and the BOE will be diligently working with our partners to get that money back."

Today's session is the start of a series of fact finding meetings with various industries to collaboratively work towards recapturing lost revenues. The presentations about the need for centralized intelligence in combating the underground economy and cyber crime, and discussions about the illegal activities and the criminal impact of the underground economy may result in ideas about increased cooperation, possible legislation, and enforcement solutions. The meeting provides ground level data on the identification of illegal business operations and will provide a venue for labor organizations to share their insights and voice their concerns.

"Partnering with labor organizations and other industries will enable us to work together to create solutions and help us to find ways to collaborate successfully to recover critically needed funding for California," said Board Member Yee. "We're looking for any important data to find out how these industries are affected and to find ways to combat the underground economy."

**Facts and Terms:** *The underground economy* refers to those individuals and businesses that deal in cash and/or use other schemes to conceal their activities, identities and their true tax liabilities from government licensing, regulatory, and taxing agencies, ranging 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.

Board Member Betty T. Yee was elected to her post in November 2006. Her district includes many of California's coastal counties, from Del Norte to Santa Barbara, and includes the entire San Francisco Bay Area.

The five-member California State Board of Equalization is a publicly elected tax board. The State 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](http://www.taxes.ca.gov).

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