



State Board of Equalization

# News Release

**George Runner, Member**

**2<sup>nd</sup> District – Lancaster**

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## **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.

“The underground economy costs California billions of dollars and makes it even more difficult for law-abiding businesses to survive in our state,” said Board of Equalization Member George Runner. “This new law will help us better combat criminals who by their actions impose a tax increase on the rest of California.”

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 November 2010, George Runner represents the State Board of Equalization's Second District. He is a leading advocate for California taxpayers. Runner has worked to improve California's tax policies and practices and to create and retain more private sector jobs in our state. Prior to his election to the Board, Runner served twelve years in the State Legislature, authoring the well-known California Amber Alert and California's Blue Alert. As a thoughtful conservative, his legislative priorities included improving the economy, business growth, education excellence, and public safety for all Californians. As a member of the Senate Revenue and Taxation Committee, Runner consistently led the fight against tax increases and supported tax relief for families and businesses.

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

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