



State Board of Equalization

News Release

George Runner, Member

2nd District – Lancaster

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Bill to Crack Down on Criminal Tax Evasion Headed to Governor’s Desk **Legislation Could Help Recoup Part of the Approximately \$9 Billion in Tax Evasion Annually**

Sacramento – A bill that will codify a partnership made up of the California State Board of Equalization (BOE), Franchise Tax Board (FTB), Employment Development Department (EDD), and Department of Justice (DOJ) is headed to the Governor’s desk. Legislation unanimously supported by the BOE ([Assembly Bill 576](#), V. Manuel Pérez) would strategically target sales, income, and employment tax evasion using existing resources from the partners’ respective departments.

“The underground economy costs California billions of dollars every year and makes it even more difficult for legitimate businesses to operate in our state,” said Board of Equalization Member George Runner. “This strategic bi-partisan effort will better coordinate state efforts to combat criminals who by avoiding their tax obligations effectively impose a tax increase on the rest of California.”

Criminal tax evasion in California’s underground economy deprives the state of approximately \$9 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. A report issued by the UCLA Labor Center this year pegs this loss at 11 percent of the total tax revenues owed to the 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 legislation enables these agencies to strategically 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.

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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

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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.

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