



State Board of Equalization

# News Release

**Chairman Jerome E. Horton**

**4<sup>th</sup> District – Los Angeles**

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## **Bill Targeting Underground Economy Clears the Assembly**

**Sacramento** – A partnership to strategically target criminal tax evasion is getting closer to formation. Assembly Bill 576 (V. Manuel Pérez) passed by a 70-2 vote on the Assembly floor today.

“This bipartisan support for legitimate businesses that are put at a disadvantage by criminal activity in California’s underground economy is truly heartening,” said BOE Chairman Jerome E. Horton. “This vote shows our legislature’s commitment to stop these tax dodgers who don’t pay their fair share.”

AB 576 will create the Revenue Recovery and Collaborative Enforcement (RRACE) Team to formalize data sharing and communication among the Board of Equalization and partnering agencies. The legislation enables these agencies to strategically collaborate on prosecuting criminals who underpay or do not pay state sales, use, and income taxes. The team’s efforts will benefit Californians by recovering tax dollars that fund vital state services such as public schools, highways, public safety, and health care programs, with no added costs to the taxpayers.

“To effectively pursue criminal tax evasion, state agencies must be able to share data and intelligence. The solution is AB 576,” said Assemblymember V. Manuel Pérez as he presented his bill on the Assembly floor.

“Currently, we have no structure in place where state agencies will coordinate efforts for the singular purpose of making sure that criminals in the underground economy don’t get away with evading their taxes,” Assemblywoman Diane Harkey echoed in support.

California’s underground economy deprives the state of an estimated \$8.5 billion in state sales, use, and income taxes annually through a spectrum of illegal activities such as selling counterfeit goods like “knock off” designer items, exploiting victims of human trafficking, and smuggling goods into California without paying the required taxes. A report issued by the UCLA Labor Center earlier this year estimates this loss at 11 percent of the total tax revenues owed to the state.

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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

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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](http://www.taxes.ca.gov).

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