



For Immediate Release

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Runner: Board Releasing \$40 Million Plus in Non-Cash Security Deposits

Millions More in Cash Refunds Will Mail Next Month

SACRAMENTO – George Runner today announced that the Board of Equalization is making good progress in getting millions of dollars in security deposits back to California businesses.

“We’re currently writing to more than 4,000 taxpayers who made non-cash security deposits, like bonds and TCDs, to let them know they are no longer required to post security,” said Runner. “These non-cash deposits exceed more than \$40 million statewide.”

The Board is authorized by state law to collect security deposits from new and existing businesses in case a business defaults on tax payments to the Board. However, of the nearly \$300 million in security on deposit with the state, only a small percentage was drawn down each year—making the program no longer cost effective for the state.

Depending on the type of security released, taxpayers may need to contact their financial institution, insurance agent or broker to complete the process of cancelling their deposit.

“I’m thrilled California’s security deposit shake-down is finally over for new business owners trying to get started in our state,” added Runner. “Next month we’ll begin the process of returning cash deposits. Getting an unexpected check in the mail should prove to be a pleasant surprise for many small business owners.”

In December 2013, at Runner’s urging, the Board of Equalization voted unanimously to end the sweeping security deposit requirements the Board had previously imposed on new California corporations and LLCs.

The required security had typically equaled half a year's worth of expected taxes and ranged from \$2,000 to \$50,000 per company.

The Board's December action immediately ended deposit requirements for nearly all new businesses. Under the new policy, the Board will require security only when a business has a history of non-payment or poses a high compliance risk.

Most states do not impose automatic security requirements. In fact, California's requirements had been among some of the most sweeping in the nation, catching many new business owners by surprise.

Runner also provided a [complete list](#) of security released to Second District accounts.

Elected in November 2010, George Runner represents more than nine million Californians as a member of the State Board of Equalization. For more information, visit www.boe.ca.gov/Runner.

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