

Introduced by Senator Pan

March 11, 2015

Senate Resolution No. 18—Relative to the Tax Recovery and Criminal Enforcement Task Force.

1 WHEREAS, California’s ranking as the eighth largest economy
2 in the world makes it a prime target for individuals and businesses
3 that conceal their illicit activities, evade their tax liabilities, and
4 gain an unfair advantage over law-abiding businesses by operating
5 in the “underground economy.” Also known as the “informal
6 economy,” “shadow economy,” or “cash economy,” California’s
7 underground economy is estimated to be as high as \$140 billion
8 annually; and

9 WHEREAS, California’s underground economy steals revenues
10 from the state’s coffers that provide public services and fund
11 infrastructure. California’s citizens are further victimized by the
12 underground economy through false representations and inferior
13 or tainted products, layoffs, lost job opportunities, and diminished
14 employer market share; and

15 WHEREAS, California’s tax agencies identified the need to
16 improve communications and collaboration among enforcement
17 agencies to more effectively combat the serious issue of the
18 growing underground economy in California. Using existing
19 resources, the Department of Justice, the Board of Equalization,
20 the Franchise Tax Board, the Department of Alcoholic Beverage
21 Control, and the Employment Development Department entered
22 into an agreement that resulted in the creation of the Tax Recovery
23 and Criminal Enforcement (TRaCE) Task Force; and

24 WHEREAS, As criminal investigations of underground
25 economic activities often cross state borders, national borders, or

1 both, the Federal Bureau of Investigation and Homeland Security
2 Investigations joined the Task Force to facilitate criminal
3 prosecutions, creating a unique federal and state collaboration that
4 leverages federal enforcement; and

5 WHEREAS, The TRaCE Task Force has developed and
6 implemented an innovative central intake system for the public to
7 report crimes related to criminal tax evasion, human trafficking,
8 counterfeiting and piracy, and other crimes to collaboratively
9 combat illegal business activities that rob California of public
10 funds and its citizens of public services. The central intake system
11 allows TRaCE to electronically triage a multiagency criminal lead
12 to collaborate investigative resources in an efficient, expeditious
13 manner; and

14 WHEREAS, The TRaCE Task Force encourages and facilitates
15 collaboration among state and federal agencies, labor organization,
16 local governments, and business groups to promote a unified front
17 in reducing the underground economy; provides for a quicker
18 response to organized efforts to defraud the state, consumers, and
19 businesses; reduces its prosecutorial costs by prosecuting
20 cross-program violations as one case to fully capture the severity
21 of the crimes and impose stiffer penalties on convicted violators;
22 and helps to improve the health of California's economy by
23 combating organized criminal activity while increasing California's
24 tax revenue stream; now, therefore, be it

25 *Resolved by the Senate of the State of California*, That the Tax
26 Recovery and Criminal Enforcement (TRaCE) Task Force is
27 recognized for its excellent public service in combating the
28 underground economy in California; and be it further

29 *Resolved*, That the Secretary of the Senate transmit copies of
30 this resolution to the author for appropriate distribution.

O