

NEWS RELEASE

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Department of Industrial Relations Issues Statement on Board of Equalization Trailer Bills: Reforms Will Not Diminish Focus on Underground Economy

Oakland—The Department of Industrial Relations today released the following statement that the Board of Equalization reforms contained in the Taxpayer Transparency and Fairness Act of 2017 will not harm the state’s underground economy enforcement efforts:

“The reforms in budget trailer bills SB 86 and AB 102 do nothing to diminish the state’s focus on the underground economy. These reforms will not affect the State Board of Equalization’s role in fighting the underground economy.

“The Department of Industrial Relations has the largest jurisdiction and tools to protect workers’ on-the-job rights in California, and partners with tax agencies and law enforcement. Because of this, Governor Brown named the Department in 2013 as the lead agency in the state’s underground economy initiatives to fight criminal tax evasion when establishing in statute the multiagency enforcement collaboration among the Franchise Tax Board, the Department of Justice, the State Board of Equalization and the Employment Development Department. In fact, the Administration has partnered with the State Board of Equalization for many years and does not see that responsibility diminish under these reforms.

“The Department of Industrial Relations continues to lead the statutorily-created Revenue Recovery and Collaborative Enforcement (RRACE) team, of which includes the administratively-created Tax Recovery and Criminal Enforcement (TRACE) task force at the Board of Equalization. The RRACE and TRACE enforcement efforts against criminal activity will continue and be housed at the California Department of Tax and Fee Administration created by these reforms.

“Underground economy enforcement efforts remain a top priority. Nothing in the proposed Board of Equalization reforms undermines our enforcement efforts, while the reforms do seek to enhance them by bringing greater focus and alignment of resources.”

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The [California Department of Industrial Relations](#), established in 1927, protects and improves the health, safety, and economic well-being of over 18 million wage earners, and helps their employers comply with state labor laws. DIR is housed within the [Labor & Workforce Development Agency](#). For general inquiries, contact DIR’s Communications Call Center at 844-LABOR-DIR (844-522-6734) for help in locating the appropriate [division or program](#) in our department.