

LA Alternative Press Editorial

More tax shelters than homeless shelters

By Katherine Turman

If you're reading this, you survived the inevitable for one more year: you cheated death and endured taxes. Yes, April 15 has passed, but California's budget year begins in July, and if you thought you had personal debt, let's hope it pales in comparison to the \$14 billion or so California has just borrowed. Funny thing is, a lot of money to pay that bill is available for the taking. We just haven't taken it, which can be extrapolated into: money owed but not taken equals money spent. One partial solution? Close tax loopholes for big business. Thanks to Assemblyman Dario Frommer (D-Glendale), those loopholes are tightening quite snugly, bringing in some big bucks for our cash-strapped state. Since his 2000 election, Frommer has led a crackdown effort to thwart costly creative bookkeeping, among his other political successes, notably in the health care area. Frommer, a Glendale native whose 43rd district encompasses Burbank, Los Feliz, Glendale, Silver Lake, East Hollywood, Eagle Rock and Toluca Lake, is a leader in the fight to curb rising health care costs. He's also keeping Hollywood out of politician's pockets via a bill that prohibits elected officials from asking film producers for charitable donations in return for film permits.

Right, now, however, it's the scramble for funds that's topping most political minds. The Golden State has been bilked between \$250-\$500 million each year by large and small corporations, and Frommer's AB 1601 increased the statute of limitations on investigating offenders from four to eight years and provided California's Franchise Tax board with the tools to investigate and prosecute offenders. Not content with merely ferreting out these "abusive tax shelters," substantial penalties also punish offenders, discourage potential shelter abusers and garner more much-needed revenue. Penalties are also imposed for those companies who promote faux/questionable shelters, which are often sophisticated and difficult to unravel, as well as for not registering shelters. Thanks in part to Frommer's kickstart, the state has already scored with about \$838 million from these illegal shelters, more than a drop in the bucket toward the \$14 billion. Assemblyman Lloyd Levine (D-Van Nuys) is also onto the loophole game, authoring a bill to close the yacht tax loophole, which could save the state \$35 million. Unlike Frommer's AB1601, however, Levine's bill is stalled on the Senate floor.

It's no surprise Frommer's the guy to start turning lip service into action: he's a go-getter. All 10 bills written and sent to then-governor Gray Davis in 2003 were signed, including the aforementioned all-important legislation to bust corporations using phony tax shelters. Likewise, corporate audits have hit a new low, and until that situation turns around, diligent enforcement of AB1601 will provide a much-needed salvo against shady shelter supporters, hopefully preventing many cheaters from prospering.

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