



STATE BOARD OF EQUALIZATION  
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JOHN CHIANG  
State Controller  
KRISTINE CAZADD  
Executive Director

**STATE BOARD OF EQUALIZATION MEETING**  
**450 N Street, Room 121, Sacramento**  
**January 11, 2012**  
**NOTICE AND AGENDA**  
**Meeting Agenda (as of 12:00 p.m., 01/11/12)**

[Agenda Changes](#)

[Webcast on Wednesday, January 11, 2012](#)

**Wednesday, January 11, 2012**

**10:00 a.m. Board Committee Meeting Convenes\***

**Board Meeting reconvenes upon Adjournment of the Board Committee Meeting\*\***

Agenda items occur in the order in which they appear on the agenda. When circumstances warrant, the Board's Chair may modify the order of the items on the agenda.

**Board Committee Meeting\***

[Legislative Committee](#) .....Mr. Horton, Committee Chairman

**I. 2012 Legislative Proposals**

Set forth below are suggestions for business taxes and administrative legislation to be sponsored by the BOE in the 2011/12 Legislative Session.

**2012 Legislative Proposals: Business Taxes**

~~2-6 Amend Revenue and Taxation Code, sections 6591, 6591.5, and 6592.5, and repeal Sections 6591.6, 7655.5, 8876.5, 12631.5, 30281.5, 32252.5, 40101.5, 41095.5, 43155.5, 45153.5, 46154.5, 50112.1, 55042.5, and 60207.5 of the Sales and Use Tax Law and various special tax and fee laws to provide for daily computation of interest on late payments of tax, fees and surcharges administered by the BOE.~~

2-7 Amend Government Code, section 15620.5 to extend the authorization for BOE to adopt a uniform policy to ensure voluntary compliance with the due dates prescribed by law for submission of a remittance, claim for credit or refund, document, return, or other information to the BOE, to include electronic transmissions.

- 2-8 Amend Revenue and Taxation Code, section 6561 of the Sales and Use Tax Law, and pertinent sections of the special tax and fee laws, to extend the limitation period for filing a petition for redetermination from 30 days to 90 days from the date that the notice of determination was mailed to the person against which the notice was issued.

### **2012 Legislative Proposal: Business Taxes: Sales and Use Taxes**

- 3-3 Amend Revenue and Taxation Code, section 6452.1 of the Sales and Use Tax Law to (1) require California purchasers incurring a use tax liability that do not hold a permit or license with the BOE to report use tax on their income tax return if they failed to report the tax to the BOE, and (2) specify that payments of use tax on the return shall be applied first as use tax.
- ~~3-9 Amend Revenue and Taxation Code, section 6225 of the Sales and Use Tax Law to increase the gross receipts threshold for qualified purchasers to \$500,000 annually, and to allow qualified purchasers meeting or exceeding this new threshold to use a "look-up" table to satisfy their tax liabilities.~~
- 3-10 Add Revenue and Taxation Code, section 6092.5 to the Sales and Use Tax Law to provide that every person selling a vehicle at auction may not accept a resale certificate from a purchaser who is not a licensed dealer, dismantler, auto repair dealer, or scrap metal processor.

### **2012 Legislative Proposal: Business Taxes: Special Taxes and Fees**

- 4-2 Amend Revenue and Taxation Code, sections 7360, 8651, and 60050 of the Motor Vehicle Fuel Tax Law, Use Fuel Tax Law, and Diesel Fuel Tax Law, respectively, to make technical and administrative changes related to changes in the fuel tax rates when triggered by a reduction or elimination of the federal fuel taxes. (Housekeeping)

### **2012 Legislative Proposal: Administration**

- 5-1 Add Government Code, section 1232 to provide the BOE with continuous appropriation authority from the General Fund to pay its vendors for expenditures for which payment is due after July 1 of each fiscal year and when no State Budget has been enacted.
- 5-2 Add Part 12.5 (commencing with § 15920) to Division 3 of the Government Code to create the Centralized Intelligence Partnership, a multiagency effort to combat the Underground Economy by institutionalizing collaboration among state agencies through a centralized and collaborative analysis process.

## **~~H. Governor's Tax Initiative~~**

~~Discussion item only.~~

**Board Meeting\*\*****Special Presentations**

2010/2011 Employee Recognition Award Program ..... Ms. Herrera

The Board will announce and congratulate recipients of the Employee Recognition Awards.

There are no items for the following matters:

- A. Homeowner and Renter Property Tax Assistance Hearings
- B. Corporate Franchise and Personal Income Tax Hearing

**C. Sales and Use Tax Appeals Hearings**

(Contribution Disclosure forms required pursuant to Gov. Code, § 15626.)

**C1. Donald G. Sheridan and Judith C. Sheridan, 486394 (UT) +**

For Petitioners: Judith C. Sheridan, Taxpayer  
Rhonda Johnson, Representative  
For Department: Erin Dendorfer, Tax Counsel

~~**C2. Jasvir Singh Shahi, 303529 (CH) +**~~

~~For Petitioner: Jasvir Singh Shahi, Taxpayer  
Michan Evonc, Representative  
For Department: Scott Lambert, Hearing Representative~~

**C3. Santiago Rodriguez, 361129 (BH) +**

For Petitioner: Kai Mickey, Representative  
For Department: Scott Lambert, Hearing Representative

There are no items for the following matters:

- D. Special Taxes Appeals Hearings
- E. Property Tax Appeals Hearings
- F. Public Hearings

**G. Tax Program Nonappearance Matters – Consent**

(Contribution Disclosure forms not required pursuant to Gov. Code, § 15626.)

G1. Legal Appeals Matters .....Mr. Levine

- Hearing Notices Sent – No Response
  - 1. Platinum Motor Group, 436520 (BH)
  - 2. ~~Edwards, Inc., 522933 (KH)~~
  - 3. Tania Khatib, 521995 (KH)
  - 4a. ~~Behroz Niazi, 380047, 382782 (ET)~~
  - 4b. ~~Behroz Niazi, 382783, 382784 (ET)~~

- G2. Franchise and Income Tax Matters ..... Mr. Epolite
- Hearing Notices Sent – No Response
    1. Barbara Boldy, 569046
    2. Damon Intrabartolo, 556868
  - Decisions
    3. Sharon Alshams, 554896
    4. Arlene Berry, 534744
    5. Shin U. Choi, 564526
    6. Benjamin Cichy, 547392
    - 7a. Jincan Guo and Wei Huang, 511289
    - 7b. Guo Technologies Co., 511297
    8. ITN (Investment Trade Network) LP, Anthony Gudeli, Transferee, 469929
    9. Ravikumar Raju Jampana, 535637
    10. Manuel Meza, Jr., 560587
    11. Ana Nieves, 563723
    12. Oracle Transcription, Inc., 530845
    13. Otto's Appliance Service, Inc., 556546
    14. ~~Lawrence B. Steinberg and Ellen A. Steinberg, 495475~~
    15. Warwick McKinley, Inc., 489090
    16. Helen Wenzel, 445986
  - Petitions for Rehearing
    17. David A. Lubeck and Mabel C. McNall-Lubeck, 557788
    18. Armando Rios Torres, 510917
- G3. Homeowner and Renter Property Tax Assistance Matters  
There are no items for this matter.
- G4. Sales and Use Taxes Matters.....Mr. McGuire
- Redeterminations
    1. Calabasas Mine Shaft, 505101 (AC)
    2. Metro Goldwyn Mayer Studios, Inc., 560595 (AS)
    3. James Brenton Frakes, 473929 (FH)
    4. Cooper Lighting, Inc., 547183 (OH)
    5. Cascade Turf, LLC, 554470 (OH)
    6. San Clemente Auto Rental & Sales, 560569 (EA)
  - Relief of Penalty/Interest
    7. Coach, Inc., 593286 (OH)
    8. KFC Corporation, 592757 (OH)
  - Denials of Claims for Refund
    9. North Island Financial Credit Union, 547421 (FH)
    10. Milgard Manufacturing, Inc., 538740 (OH)
    11. Bowe Bell + Howell Company, 523037 (OH)
    12. Total Resource Management, Inc., 528633 (OH)

- G5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds .....Mr. McGuire
- Credits and Cancellations
    1. ITT Water & Wastewater USA, Inc., 589869 (OH)
    2. Pacific West Towing Equipment, Inc., 593161 (AA)
    3. Safe Net, Inc., 564437 (OH)
    4. The Brown Cunningham Enterprise, 475772 (AS)
    5. Attitudeline Incorporation, 559127 (AC)
    6. Alexander Bouzari, 593291 (AS)
    7. Alexander Bouzari, 593293 (AS)
  - Refunds
    8. John Paul Mitchell Systems, 589815 (AR)
    9. J.D. Power & Assoc., 589804 (AR)
    10. Hot Topic, Inc., 510091 (AP)
    11. Chevron U.S.A., Inc., 553227 (BH)
    12. Rapattoni Corporation, 568992 (AR)
    13. Jackson Vereen Studio, Inc., 571378 (BH)
    14. Sutter East Bay Hospitals, 578533 (CH)
    15. Primary Color Systems Corp., 505322 (EA)
    16. North Island Financial C.U., 547421 (FH)
    17. Actel Corporation, 522982 (GH)
    18. Schnitzer Steel Industries, Inc., 586048 (OH)
    19. Milgard Manufacturing, Inc., 538740 (OH)
    20. Yahoo!, Inc., 488200 (GH)
    21. Wells Fargo Dealer Services, Inc., 572045 (EA)
    22. Broadcom Corporation, 529939 (EA)
    23. Arrowhead Central Credit Union, 577343 (EH)
    24. Arcadia Financial LTD., 574504 (OH)
    25. Total Resource Management, Inc., 528633 (OH)
    26. Orange County's Credit Union, 552478 (EA)
    27. Transouth Financial Corporation, 574942 (OH)
    28. First Metropolitan Credit Union, 531154 (CH)
    29. Water & Power Comm. Credit Union, 505708 (AS)
    30. Hudson Printing, Inc., 515873 (FH)
    31. Citicorp Trust Bank FSB & Affiliates, 400193 (OH)
    32. ITT Space Systems, LLC, 469768 (OH)
    33. Meriwest Credit Union, 575725 (GH)
    34. Qwest Communications Corporation, 486614 (OH)
    35. RXC Acquisition Company, 504678 (OH)
    36. J.J. Buckley, LLC, 565969 (CH)
    37. HSBC Card Services, Inc., 443654 (OH)
    38. Mission Federal Credit Union, 549898 (FH)
    39. Mercedes-Benz Financial Services USA, LLC, 483852 (OH)
- G6. Special Taxes Matters  
There are no items for this matter.

- G7. Special Taxes Matters – Credits, Cancellations, and Refunds ..... Mr. Gau
- Credits and Cancellations
    1. Joe Bezerra, Jr., 463742 (MT)
    2. Bezerra Family Trust, 592947 (MT)
  - Refund
    3. QVC, Inc., 511262, 515680 (ER)
- G8. Property Tax Matters ..... Mr. Gau
- Petition for Reassessment and Penalty Abatement on Private Railroad Car Tax
    1. Monad Railway Equipment Co., (6467) 589137 ‘CF’

There are no items for the following matters:

- G9. Cigarette License Fee Matters  
 G10. Legal Appeals Property Tax Matters

#### H. Tax Program Nonappearance Matters – Adjudicatory

(Contribution Disclosure forms required pursuant to Gov. Code, § 15626.)

- H1. Legal Appeals Matters .....Mr. Levine
- Cases Heard Not Decided
    1. [Maisa, Inc., 485794 \(EH\) +](#)
    2. ~~[Paul Glasson, 482541 \(CH\) +](#)~~

There are no items for the following matters:

- H2. Franchise and Income Tax Matters  
 H3. Homeowner and Renter Property Tax Assistance Matters  
 H4. Sales and Use Taxes Matters  
 H5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds  
 H6. Special Taxes Matters  
 H7. Special Taxes Matters – Credits, Cancellations, and Refunds  
 H8. Property Tax Matters  
 H9. Cigarette License Fee Matters  
 H10. Legal Appeals Property Tax Matters

#### I. Tax Program Nonappearance Matters

(Contribution Disclosure forms not required pursuant to Gov. Code, § 15626.)

- I1. Property Taxes Matters..... Mr. Gau
- Audit
    1. Evercom Systems, Inc. (7580) ‘CF’
  - Unitary Escaped Assessments
    - 2a. Plumas-Sierra Rural Electric Cooperative (176) ‘CF’
    - 2b. Cellco Partnership (2559) ‘CF’
    - 2c. AT&T Mobility, LLC (2606) ‘CF’
    - 2d. US Cellular, LLC (2671) ‘CF’
    - 2e. Sprint Technology PCS (2720) ‘CF’
    - 2f. MetroPCS California (2733) ‘CF’
    - 2g. T-Mobile (2748) ‘CF’
    - 2h. Royal Street Communications (2779) ‘CF’

- I2. Offer in Compromise Recommendations ..... Mr. Anderson
1. Nelly Raquel Ardila  
Guadalajara Motors, Inc.
  2. Container Options
  3. Samuel G. Read
- I3. Local Tax Reallocation Matters  
There are no items for this matter.

#### Chief Counsel Matters

There are no items for the following matters:

- J. Rulemaking  
K. Business Taxes  
L. Property Taxes  
M. Other Chief Counsel Matters

#### Administrative Session

Items that appear under these matters provide information to the Members and may require Board action or direction.

- N. Consent Agenda** ..... Ms. Olson  
(Contribution Disclosure forms not required pursuant to Gov. Code, § 15626.)

**N1. Retirement Resolutions +**

- Eileen Frutos
- John T. Garcia
- Leopoldina Limon
- Ken C. Lin
- Beverly D. Toms
- Debra V. Lopez-Tricerri

**N2. Approval of Board Meeting Minutes**

- [October 25-28, 2011 +](#)
- [November 15-16 2011 +](#)

**O. Adoption of Board Committee Report and Approval of Committee Actions**

- O1. Legislative Committee

**P. Other Administrative Matters**

- P1. Executive Director's Report ..... Ms. Cazadd
1. CROS Project Update and Actions ..... Mr. Steen  
Progress on the CROS project to replace BOE's two current tax legacy technology systems.

There are no items for the following matters:

- P2. Chief Counsel Report  
P3. Sales and Use Tax Deputy Director's Report  
P4. Property and Special Taxes Deputy Director's Report

- P5. Administration Deputy Director’s Report + ..... Ms. Houser
  - 1. Headquarters Facilities Update  
A general update may be provided.
  - 2. 2012/13 Budget Update  
Information on the Governor’s 2012/13 Budget may be provided.
  - 3. 2012/13 DRAFT Spring Finance Letters +
    - a. Centralized Revenue Opportunity System (CROS)  
This proposal requests resources for the procurement phase of the CROS Project and to begin initiatives to mitigate risks in the areas of data conversion and external interfaces.
    - b. Department of Justice (DOJ) Billable Services  
This proposal requests additional resources for the Legal Services Budget which provides critical resources necessary for the DOJ to effectively litigate the growing and increasingly complex tax and fee related damage claims and cases filed against the State of California.

There are no items for the following matters:

- P6. Technology Deputy Director’s Report
- P7. External Affairs Deputy Director’s Report

Announcement of Closed Session ..... Ms. Olson

**Q. Closed Session**

- Q1. Discussion and approval of staff recommendations regarding settlement cases (Rev. & Tax. Code, §§ 6901, 7093.5, 30459.1, 50156.11).
- Q2. Conference with Legal Counsel – Anticipated Litigation: Significant exposure to litigation pursuant to subdivision (e)(2)(B) of Government Code section 11126.
- Q3. Pending litigation: *Schroeder, et al. v. State Board of Equalization, et al.* Sacramento Superior Court Case No. 34-2008-00004467-CU-MT-GDS; *Frankot, et al. v. State Board of Equalization, et al.*, Sacramento Superior Court Case No. 34-2008-00012174-CU-PO-GDS; and, *Allen, et al. v. State Board of Equalization, et al.*, Sacramento Superior Court, Case No. 34-2008-00017014-CU-TT-GDS (Gov. Code, § 11126(e)).
- Q4. Discussion and action on personnel matters (Gov. Code, § 11126(a)).

Announcement of Open Session..... Ms. Olson

**Adjourn**

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Diane G. Olson, Chief  
Board Proceedings Division

- \* Public comment on any committee agenda item will be accepted at the beginning of the committee meeting.
- \*\* Public comment on any agenda item, other than a Closed Session item or an item which has already been considered by a Board Committee, will be accepted at that meeting.
- + Material is available for this item.
- ++ Material will be available at a later date.
- 'CF' Constitutional Function – The Deputy State Controller may not participate in this matter under Government Code section 7.9.