

LITIGATION ROSTER

SALES AND USE TAX

JUNE 2010

**Sales and Use Tax
June 2010**

NEW CASES

Case Name

Court/Case Number

NONE

CLOSED CASES

Case Name

Court/Case Number

NONE

Please refer to the case roster for more detail regarding new and closed cases

SALES AND USE TAX

LITIGATION ROSTER

June 2010

ALAMEDA, CITY OF, et al. v. The California State Board of Equalization

San Francisco Superior Court Case No. CPF-09-509234

Plaintiff's Counsel

Charles Coleman
Holland & Knight, LP

Filed -04/21/09

BOE's Counsel

Kris Whitten
BOE Attorney
John Waid

Issue(s): Whether BOE's characterization of transactions where the property sold is shipped to California customers from points out of state and the retailer has a business operation in Alameda as being subject to use tax is valid.

Audit/Tax Period: 1995 - Present

Amount: Unspecified

Status: The parties have stipulated and filed a motion to assign the *City of Alameda v. BOE*, *City of Brisbane v. BOE*, and the *City of South San Francisco v. BOE* to a single judge for all purposes. At the pretrial conference on June 23, 2010, the court took the June 28, 2010 trial on the issue of exhaustion of administrative remedies off calendar, and set a new pretrial conference date of September 29, 2010. The new date for trial on the merits is January 24, 2011.

ALHAMBRA, CITY OF, et al. v. California State Board of Equalization

Los Angeles Superior Court Case No. BS124978

Plaintiff's Counsel

Richard R. Terzian, Mark J. Mulkerin
Burke, Williams & Sorensen, LLP

Filed - 02/19/10

BOE's Counsel

Marta Smith
BOE Attorney
John Waid

Issue(s): Whether BOE's reallocation of local sales tax away from the Los Angeles county-wide pool and directly to the City of Pomona for the period 1994-2009 violates public policy, due process, the statute of limitations, and the consistent and uniform administration of the law as required by [Revenue and Taxation Code sections 7221](#) et seq.

Audit/Tax Period:

Amount: Unspecified

Status: At the hearing on April 8, 2010, the court granted petitioners' motions. The court ordered that BOE's administrative decision issued January 15, 2010 is stayed pending the judgment of the court, filing of a notice of appeal from the judgment, or until the expiration of the time for filing such notice of appeal, whichever occurs first.

The court consolidated the following cases for all purposes: *City of Palmdale v. BOE* (LASC Case No. BS124919), *City of Los Angeles v. BOE* (LASC Case No. BS124950), and *City of Alhambra v. BOE* (LASC Case No. BS124978). *City of Palmdale* is designated as the lead case.

Hearing on the merits on the Rev. & Tax. Code section 7209 issue is set for August 30, 2010.

ASPECT SOFTWARE, INC. v. State Board of Equalization

San Francisco Superior Court Case No. CGC 07-468134
Court of Appeal, First Appellate District No. A127004
Plaintiff's Counsel
James P. Kleier
ReedSmith LLP

Filed –10/12/07
BOE's Counsel
Joyce Hee
BOE Attorney
Jeffrey Graybill

Issue(s): Whether tax applies to plaintiff's charges for what it alleges were intangible software license fees, and whether the charges should be excluded from tax as sales made pursuant to technology transfer agreements ([Regulation 1502.](#))

Audit/Tax Period: 10/01/00-12/31/00

Amount: \$804,778.84

Status: Trial court judgment in favor of BOE. Plaintiff filed an appeal on November 16, 2009. The case is currently being briefed in the Court of Appeal.

BRISBANE, CITY OF v. The California State Board of Equalization

San Francisco Superior Court Case No. CPF-09-509232
Plaintiff's Counsel
Charles Coleman
Holland & Knight, LP

Filed –04/21/09
BOE's Counsel
Kris Whitten
BOE Attorney
John Waid

Issue(s): Whether BOE's characterization of transactions where the property sold is shipped to California customers from points out of state and the retailer has a business operation in Brisbane as being subject to use tax is valid.

Audit/Tax Period: 2001 - Present

Amount: Unspecified

Status: The parties have stipulated and filed a motion to assign the *City of Alameda v. BOE*, *City of Brisbane v. BOE*, and the *City of South San Francisco v. BOE* to a single judge for all purposes. At the pretrial conference on June 23, 2010, the court took the June 28, 2010 trial on the issue of exhaustion of administrative remedies off calendar, and set a new pretrial conference date of September 29, 2010. The new date for trial on the merits is January 24, 2011.

CONNELL, WILLIAM M., et al. v. State Board of Equalization

Sacramento County Superior Court Case No. 34-2008-00012293
Court of Appeal, Third Appellate District No. C061180
Plaintiff's Counsel
Herb Fox
Law Office of Herb Fox

Filed – 06/04/08
BOE's Counsel
Jill Bowers
BOE Attorney
Kiren Chohan

Issue(s): Whether [Business and Professions Code section 16102](#) exempts plaintiff from paying sales or use tax to the State

Audit/Tax Period: 1993 - Present

Amount: Unspecified

Status: The parties agreed to settle this case. Plaintiff's Notice of Settlement was filed in the Court of Appeal and served on February 5, 2010. The parties entered into a settlement agreement, and filed a stipulation and proposed order with the Court of Appeal for the Court's consideration.

D.R. SYSTEMS, INC. v. State of California; State Board of Equalization

San Diego County Superior Court Case No. 37-2009-00094087

Plaintiff's Counsel

Scott Savary
Savary, APC

Filed –

BOE's Counsel

Leslie Branman Smith
BOE Attorney
Renee Carter

Issue(s):

Audit/Tax Period: 04/01/02 – 12/31/05

Amount: \$283,410.00

Status: Plaintiff's First Amended Complaint was filed on January 19, 2010. At the hearing on May 28, 2010, BOE's Demurrer was sustained with ten days leave to amend. Plaintiff's Second Amended Complaint was served on June 8, 2010. BOE's responsive pleading is due July 8, 2010.

DAIMLERCHRYSLER CORPORATION v. State Board of Equalization

San Francisco Superior Court Case No. CGC 07-459702

Plaintiff's Counsel

Jon D. Universal
Universal Shannon & Wheeler LLP

Filed – 01/18/07

BOE's Counsel

Kris Whitten
BOE Attorney
John Waid

Issue(s): Whether the plaintiff is owed a refund of use tax it refunded under [Civil Code section 1793.25](#) to customers who leased vehicles that had defects that could not be repaired after a reasonable number of attempts.

Audit/Tax Period: 10/01/01-01/10/05

Amount: \$2,000,000.00

Status: Settlement and Status Conference held June 23, 2010, and continued to August 18, 2010.

FILLMORE, CITY OF v. California State Board of Equalization

San Francisco Superior Court Case No. CPF-09-509234

Court of Appeal, Second Appellate District No. B219483

Plaintiff's Counsel

Jeffrey S. Baird, Joseph A. Vinatieri
Bewley, Lassleben & Miller, LLP

Filed – 05/26/09

BOE's Counsel

Stephen Lew
BOE Attorney
John Waid

Issue(s): Whether [Revenue & Taxation Code section 7056](#) requires that consultants contracting with cities regarding local sales tax allocation must be authorized by resolution to represent the city and must meet certain criteria, including that they may not also represent retailers.

Audit/Tax Period: None

Amount: Unspecified

Status: Judgment dismissing Fillmore's Petition for Writ of Mandate, and Intervenors' Petition and Complaint was entered August 13, 2009. Intervenors, City of Industry and City of Livermore, filed Notices of Appeal on October 1, 2009. Fillmore's Cross Appeal was filed on October 30, 2009, and dismissed on April 9, 2010, at Fillmore's request. The case is currently being briefed in the Court of Appeal.

HOFSTADTER, DAVID, et al. v. The State Board of Equalization

(Class Action Complaint for Constructive Trust, etc.)

Los Angeles Superior Court Case No. BC376547

Plaintiffs' Counsel

Mitch Kalcheim

Kalcheim/Salah

Filed – 08/24/07

BOE's Counsel

Bonnie Holcomb

BOE Attorney

John Waid

Issue(s): Whether Dell properly collected use tax from its customers measured by the amount of a mail-in rebate on the sales ([Revenue and Taxation Code 6011](#); [Regulation 1671](#)).

Audit/Tax Period: None

Amount: Unspecified

Status: Status conference continued from April 15, 2010 to October 22, 2010.

HSBC RETAIL SERVICES, INC. v. State of California Board of Equalization

San Francisco Superior Court Case No. CGC 07-469572

Court of Appeal, First Appellate District No. A125995

Plaintiff's Counsel

Donald J. Querio, Erik Kemp

Severson & Werson

Filed – 11/28/07

BOE's Counsel

Anne Michelle Burr

BOE Attorney

Jeffrey Graybill

Issue(s): Plaintiff is a lender who purchased receivables from retailers, and the debts have gone bad. Plaintiff asserts that it is entitled to take a bad debt deduction ([Regulation 1642](#)).

Audit/Tax Period: 10/01/97-12/31/02

Amount: \$9,158,743.00

Status: Trial court judgment in favor of BOE. Plaintiff filed an appeal. Briefing in the Court of Appeal is complete, and the case is awaiting the scheduling of oral argument.

INTAGLIO CORPORATION v. State Board of Equalization

Sacramento Superior Court Case No. 05AS02558

Plaintiff's Counsel

R. Todd Luoma

Law Offices of Richard Todd Luoma

Filed – 06/13/05

BOE's Counsel

Steven J. Green

BOE Attorney

Jeffrey Graybill

Issue(s): Whether plaintiff can exempt from tax its charges for special printing aids ([Regulation 1541](#)).

Audit/Tax Period: 04/01/97-12/31/00

Amount: \$208,513.38

Status: Pending trial setting.

ISTRIN, JONATHAN v. Ralphs Grocery Company, California State Board of Equalization

(Class Action Complaint for Constructive Trust, etc.)

San Francisco Superior Court Case No. CPF-09-509234

Filed – 03/20/09

BOE's Counsel

Elisa Wolfe-Donato

BOE Attorney

John Waid

Plaintiff's Counsel

Jordan L. Lurie, Joel E. Elkins

Weiss & Lurie

Issue(s): Plaintiff contends that Ralphs improperly collected sales tax reimbursement on sales of hot coffee to go. Plaintiff seeks an injunction against Ralphs. Plaintiff also seeks an order that Ralphs institute a system to accurately track tax on sales of hot coffee to go and to make refund applications to BOE, and an injunction ordering BOE to act on Ralphs' refund applications and to deposit moneys already collected with the court. BOE contends that the court lacks jurisdiction of this case because plaintiff lacks standing to bring a suit to adjudicate a sales tax dispute. Plaintiff may not use remedies not authorized by the Legislature.

Audit/Tax Period: None

Amount: Unspecified

Status: The court granted BOE's and Ralphs' Demurrers with 30 days leave to amend. Plaintiff's First Amended Complaint was filed on March 3, 2010. Hearing on Ralphs' demurrer is set for June 15, 2010.

LOS ANGELES, CITY OF, et al. v. California State Board of Equalization

Los Angeles Superior Court Case No. BS124950

Filed – 02/16/10

BOE's Counsel

Marta Smith

BOE Attorney

John Waid

Plaintiff's Counsel

Carmen Trutanich, Pejmon Shemtoob

Office of the Los Angeles City Attorney

Issue(s): Whether BOE's reallocation of local sales tax away from the Los Angeles county-wide pool and directly to the City of Pomona for the period 1994-2009 violates public policy, due process, the statute of limitations, and the consistent and uniform administration of the law as required by [Revenue and Taxation Code sections 7221](#) et seq.

Audit/Tax Period:

Amount: Unspecified

Status: At the hearing on April 8, 2010, the court granted petitioners' motions. The court ordered that BOE's administrative decision issued January 15, 2010 is stayed pending the judgment of the court, filing of a notice of appeal from the judgment, or until the expiration of the time for filing such notice of appeal, whichever occurs first.

The court consolidated the following cases for all purposes: *City of Palmdale v. BOE* (LASC Case No. BS124919), *City of Los Angeles v. BOE* (LASC Case No. BS124950), and *City of Alhambra v. BOE* (LASC Case No. BS124978). *City of Palmdale* is designated as the lead case.

Hearing on the merits on the Rev. & Tax. Code section 7209 issue is set for August 30, 2010.

LUCENT TECHNOLOGIES, INC., et al. v. State Board of Equalization

Los Angeles Superior Court Case No. BC402036

Filed – 11/14/08

BOE's Counsel

Ronald Ito

BOE Attorney

Jeffrey Graybill

Plaintiff's Counsel

Jeffrey G. Varga

Paul, Hastings, Janofsky & Walker LLP

Issue(s): (1) Does the sale of software qualify for technology transfer agreement treatment; (2) have the plaintiffs established that the engineering and support charges are related to sales of tangible personal property; and (3) did plaintiffs use the prior agreement to calculate their tax liability for the subject quarter. (Revenue and Taxation Code sections [6012](#) and [6010.9](#); Regulations [1502](#) and [1507](#).)

Audit/Tax Period: 1/1/95 - 12/31/99

Amount: \$3,480,913.12

Status: Final status conference is continued to May 5, 2011, and the new trial date is May 11, 2011.

McCLAIN, MICHAEL, et al. v. Sav-On Drugs, et al.

Cross Complaint: Albertson's Inc, et al. v. The California State Board of Equalization

Los Angeles Superior Court Case No. BC325272

Filed – 02/24/06

BOE's Counsel

Bonnie Holcomb

BOE Attorney

John Waid

Plaintiffs' Counsel

Philip J. Eskanazi, Lee A. Cirsch

Akin, Gump, Strauss, Haur & Feld LLP

Issue(s): Whether sales tax reimbursement was illegally being collected on the sale of glucose test strips and skin puncture lancets which were exempt from sales tax ([Regulation 1591.1](#)).

Audit/Tax Period: None

Amount: Unspecified

Status: By order dated November 17, 2007, the trial court ruled in favor of defendants Sav-on Drugs, et al., that sales tax was properly applied to these transactions. Further issues not involving the BOE are still pending. Status conference continued to November 4, 2010, awaiting results in *Loeffler*.

McCLAIN, MICHAEL, et al. v. Sav-On Drugs, et al.

Cross-Complaint: CVS, Inc. v. California State Board of Equalization

Los Angeles Superior Court Case No. BC325272

Filed – 01/24/06

BOE's Counsel

Bonnie Holcomb

BOE Attorney

John Waid

Plaintiffs' Counsel

Richard T. Williams

Holland & Knight LLP

Issue(s): Whether sales tax reimbursement was illegally being collected on the sale of glucose test strips and skin puncture lancets which were exempt from sales tax ([Regulation 1591.1](#)).

Audit/Tax Period: None

Amount: Unspecified

Status: By order dated November 17, 2007, the trial ruled in favor of defendants Sav-on Drugs, et al., that sales tax was properly applied to these transactions. Further issues not involving the BOE are still pending. Status conference continued to November 4, 2010, awaiting results in *Loeffler*.

McCLAIN, MICHAEL, et al. v. Sav-On Drugs, et al.

Cross-Complaint: Longs Drug Stores Corporation, et al. v. California State Board of Equalization

Los Angeles Superior Court Case No. BC325272

Filed – 01/24/06

Plaintiffs' Counsel

Douglas A. Winthrop, Christopher Kao

Howard, Rice, Nemerovski, Canady, Falk & Rabkin

BOE's Counsel

Bonnie Holcomb

BOE Attorney

John Waid

Issue(s): Whether sales tax reimbursement was illegally being collected on the sale of glucose test strips and skin puncture lancets which were exempt from sales tax ([Regulation 1591.1](#)).

Audit/Tax Period: None

Amount: Unspecified

Status: By order dated November 17, 2007, the trial ruled in favor of defendants Sav-on Drugs, et al., that sales tax was properly applied to these transactions. Further issues not involving the BOE are still pending. Status conference continued to November 4, 2010, awaiting results in *Loeffler*.

McCLAIN, MICHAEL, et al. v. Sav-On Drugs, et al.

Cross-Complaint: Rite Aid v. The California State Board of Equalization

Los Angeles Superior Court Case No. BC325272

Filed – 01/24/06

Plaintiffs' Counsel

Douglas C. Rawles

ReedSmith LLP

BOE's Counsel

Bonnie Holcomb

BOE Attorney

John Waid

Issue(s): Whether sales tax reimbursement was illegally being collected on the sale of glucose test strips and skin puncture lancets which were exempt from sales tax ([Regulation 1591.1](#)).

Audit/Tax Period: None

Amount: Unspecified

Status: By order dated November 17, 2007, the trial ruled in favor of defendants Sav-on Drugs, et al., that sales tax was properly applied to these transactions. Further issues not involving the BOE are still pending. Status conference continued to November 4, 2010, awaiting results in *Loeffler*.

McCLAIN, MICHAEL, et al. v. Sav-On Drugs, et al.

Cross-Complaint: Wal-Mart Stores, Inc. v. The California State Board of Equalization

Los Angeles Superior Court Case No. BC325272

Filed – 02/24/06

Plaintiffs' Counsel

Gail E. Lees, Brian Walters

Gibson, Dunn & Crutcher LLP

BOE's Counsel

Bonnie Holcomb

BOE Attorney

John Waid

Issue(s): Whether sales tax reimbursement was illegally being collected on the sale of glucose test strips and skin puncture lancets which were exempt from sales tax ([Regulation 1591.1](#)).

Audit/Tax Period: None

Amount: Unspecified

Status: By order dated November 17, 2007, the trial ruled in favor of defendants Sav-on Drugs, et al., that sales tax was properly applied to these transactions. Further issues not involving the BOE are still pending. Status conference continued to November 4, 2010, awaiting results in *Loeffler*.

McCLAIN, MICHAEL, et al. v. Sav-On Drugs, et al.

Cross-Complaint: Walgreen Co. v. The California State Board of Equalization

Los Angeles Superior Court Case No. BC325272

Filed – 02/24/06

BOE's Counsel

Bonnie Holcomb

BOE Attorney

John Waid

Plaintiffs' Counsel

Douglas C. Rawles

ReedSmith LLP

Issue(s): Whether sales tax reimbursement was illegally being collected on the sale of glucose test strips and skin puncture lancets which were exempt from sales tax ([Regulation 1591.1](#)).

Audit/Tax Period: None

Amount: Unspecified

Status: By order dated November 17, 2007, the trial ruled in favor of defendants Sav-on Drugs, et al., that sales tax was properly applied to these transactions. Further issues not involving the BOE are still pending. Status conference continued to November 4, 2010, awaiting results in *Loeffler*.

MERCEDES-BENZ USA, LLC v. California State Board of Equalization

San Francisco Superior Court Case No. CGC 08-471310

Filed – 01/23/08

BOE's Counsel

Kris Whitten

BOE Attorney

John Waid

Plaintiff's Counsel

Jon D. Universal

Universal, Shannon & Wheeler

Issue(s): Whether the BOE has the authority to reimburse Mercedes Benz for payments it made to lessees of its cars as part of restitution payments made under the California Lemon Law that constituted returns of use tax payments the customers made on the leases.

Audit/Tax Period: None

Amount: \$2,500,000.00

Status: Trial date taken off calendar. Settlement and Status Conference held June 23, 2010, and continued to August 18, 2010.

MODERN MOLD INTERNATIONAL, INC., et al. v. State Board of Equalization of the State of CA

Court of Appeal, Second Appellate District Case No. B200874

Filed – 10/31/06

Los Angeles Superior Court Case No. BC361123

BOE's Counsel

Elisa Wolfe-Donato

BOE Attorney

John Waid

Plaintiffs' Counsel

Jeffrey S. Baird, Joseph A. Vinatieri

Bewley, Lassleben & Miller, LLP

Issue(s): Whether plaintiffs make a taxable use in California of pens manufactured in Mexico intended as gifts when it transported the pens into California and deposited them with the post office for mailing to out-of-state donees ([Revenue and Taxation Codes 6009.1 and 6094](#); [Regulation 1620](#)).

Audit/Tax Period: 10/01/95-06/30/00

Amount: \$530,039.00

Status: On November 6, 2008, the Court of Appeal issued its unpublished opinion reversing the trial court decision in favor of BOE. The parties have agreed to a settlement of this case, and the Stipulation and Amended Order re Settlement was entered April 14, 2010. Pending dismissal.

MOHAN, DIANE, et al. v. Dell, Inc., et al.

San Francisco Superior Court Case No. CGC 03-419192

Plaintiffs' Counsel

Jason Bergmann

Paul, Hastings, Janofsky & Walker, LLP

Filed – 11/01/04

BOE's Counsel

Julian O. Standen

BOE Attorney

John Waid

Issue(s): Whether Dell illegally collected use tax measured by the price of optional service contracts even though the contracts were not separately stated on the invoice ([Revenue and Taxation Code 6011](#); [Regulations 1546 and 1655](#)).

Audit/Tax Period: None

Amount: Unspecified

Status: The trial court ruled that the service contracts were in fact optional and that the Dell entities should not have collected tax on their sales. Dell took up a writ of mandate on this issue to the First District Court of Appeal. In a published decision, the appeals court agreed with the trial judge. (*Dell, Inc. v. Sup. Ct.* (2008) 159 Cal.App.4th 911.) Plaintiffs' Unfair Competition Law claims are still pending. Settlement conference held June 30, 2010, and continued to September 8, 2010.

NORTEL NETWORKS INC. I v. State Board of Equalization of the State of California

Los Angeles Superior Court Case No. BC341568

Court of Appeal, Second Appellate District No. B213415

Plaintiff's Counsel

Jeffrey Varga, Julian Decyk

Paul, Hastings, Janofsky & Walker LLP

Filed – 10/17/05

BOE's Counsel

Stephen Lew

BOE Attorney

Mike Llewellyn

Issue(s): 1) Whether [Regulation 1507](#) is valid, 2) whether the software sold by Nortel is prewritten, and 3) whether the software sales agreements technology transferred agreements.

Audit/Tax Period: 01/01/94-12/31/97 (audit); 01/01/96-06/30/01 (refund) Amount: \$36,520,136.70

Status: Judgment in favor of plaintiff was entered August 29, 2008. BOE's appeal was filed on January 8, 2009. Nortel's cross-appeal was filed January 13, 2009. The case is currently being briefed in the Court of Appeal.

NORTEL NETWORKS INC. II v. State Board of Equalization of the State of California

Los Angeles Superior Court Case No. BC375660

Filed – 08/09/07

BOE's Counsel

Lew/Wolfe-Donato

BOE Attorney

Mike Llewellyn

Plaintiff's Counsel

Jeffrey G. Varga

Paul, Hastings, Janofsky & Walker LLP

Issue(s): Whether the engineering services rendered by Nortel were part of the sale of tangible personal property under [Revenue and Taxation Code sections 6011\(c\)\(10\) and 6012\(c\)\(10\)](#).

Audit/Tax Period: 01/01/94-12/31/97

Amount: \$1,054,020.00

Status: The case went to trial on the first cause of action, which included claims relating to charges by Nortel for systems application engineering and equipment application engineering charges. The remaining causes of action for different charges were bifurcated and stayed, pending the results of the judgment in the Nortel I case. Nortel prevailed on its claims at trial, and the court has entered a statement of decision on such claims. With the remaining claims stayed, the case will remain in this status until it either settles or until resolution of the Nortel I appeal.

PALMDALE, CITY OF, et al. v. State of California, Board of Equalization

Los Angeles Superior Court Case No. BS124919

Filed – 02/16/10

BOE's Counsel

Marta Smith

BOE Attorney

John Waid

Plaintiff's Counsel

Mitchell E. Abbott, Veronica S. Gunderson

Richards, Watson & Gershon

Issue(s): Whether BOE's reallocation of local sales tax away from the Los Angeles county-wide pool and directly to the City of Pomona for the period 1994-2009 violates public policy, due process, the statute of limitations, and the consistent and uniform administration of the law as required by [Revenue and Taxation Code sections 7221](#) et seq.

Audit/Tax Period:

Amount: Unspecified

Status: At the hearing on April 8, 2010, the court granted petitioners' motions. The court ordered that BOE's administrative decision issued January 15, 2010 is stayed pending the judgment of the court, filing of a notice of appeal from the judgment, or until the expiration of the time for filing such notice of appeal, whichever occurs first.

The court consolidated the following cases for all purposes: *City of Palmdale v. BOE* (LASC Case No. BS124919), *City of Los Angeles v. BOE* (LASC Case No. BS124950), and *City of Alhambra v. BOE* (LASC Case No. BS124978). *City of Palmdale* is designated as the lead case.

Hearing on the merits on the Revenue and Taxation Code section 7209 issue is set for August 30, 2010.

SAN MATEO, COUNTY OF v. State Board of Equalization, et al.

San Francisco Superior Court Case No. CGC 07-459514

Court of Appeal, First Appellate District No. A124917

Plaintiff's Counsel

John Nibbelin, David Silberman

San Mateo County Counsel

Filed – 06/14/06

BOE's Counsel

Kris Whitten

BOE Attorney

John Waid

Issue(s): Regulation 1699, Buying Companies, is invalid, because it allows cities to manipulate the local sales tax by letting local consumer to form buying companies to re-direct local sales tax to the location of the buying company from the locations of the vendors, and local sales taxes derived in question should be reallocated as if subdivision (h) never existed ([Revenue and Taxation Code section 1699.](#))

Audit/Tax Period: None

Amount: Unspecified

Status: BOE's Demurrer to plaintiff's First Amended Complaint was granted without leave to amend on November 19, 2008. Order Sustaining Demurrer was entered December 23, 2008. Plaintiff's Notice of Appeal was filed March 30, 2009. On April 28, 2010, the First District Court of Appeal issued its opinion affirming the decision of the trial court that plaintiff failed to exhaust its administrative remedies and granting BOE's demurrer without leave to amend. In its Order dated May 13, 2010, the Court denied BOE's request for publication of the opinion.

SAWL, HARRY R. v. State Board of Equalization

Sacramento Superior Court Case No. 34-2008-00028711-CU-MC-GDS

Plaintiff's Counsel

Harry R. Sawl

Attorney at Law

Filed – 12/04/08

BOE's Counsel

Bob Asperger

BOE Attorney

Sharon Brady Silva

Issue(s): Whether the plaintiff has met the burden of proof under Revenue and Taxation Code sections [6201](#), [6202](#), [6246](#), [6247](#) and Cal. Code Regs, tit.18, sections [1610](#) and [1620](#), in showing that an aircraft purchased outside the state and brought into California was not subject to use tax.

Audit/Tax Period: Purchase Date 4/7/2000

Amount: \$40,845.12

Status: The parties have agreed to a settlement of this case, and the settlement agreement is being circulated.

SONOMURA, AKIRA v. State Board of Equalization

San Diego Superior Court Case No. 37-2007-00074759-CU-MC-CTL

Plaintiff's Counsel

Bob Mullen

Attorney at Law

Filed – 05/30/08

BOE's Counsel

Leslie Smith

BOE Attorney

John Waid

Issue(s): (1) Whether BOE's issuance of a Notice of Determination pursuant to [Revenue and Taxation Code section 6829](#) was proper; and (2) whether BOE's Notice of Determination was timely ([Revenue and Taxation Code section 6487](#)).

Audit/Tax Period: 04/01/1993 – 03/31/1996 (dual 04/25/2002)

Amount: \$79,000.00

Status: BOE's Answer was filed July 8, 2008. BOE is conducting discovery.

SOUTH SAN FRANCISCO, CITY OF v. California State Board of Equalization, et al.

San Francisco Superior Court Case No. CPF-09-509231

Filed – 02/20/09

BOE's Counsel

Kris Whitten

BOE Attorney

John Waid

Plaintiff's Counsel

Peter S. Hayes

Meyers, Nave, Roback, Silver & Wilson

Issue(s): Whether BOE's characterization of transactions where the property sold is shipped to California customers from points out of state and the retailer has a business operation in South San Francisco as being subject to use tax is valid.

Audit/Tax Period: 1996 - Present

Amount: Unspecified

Status: The parties have stipulated and filed a motion to assign the *City of Alameda v. BOE, City of Brisbane v. BOE, and the City of South San Francisco v. BOE* to a single judge for all purposes. BOE's Answer to plaintiff's First Amended Complaint was filed on March 23, 2010. At the pretrial conference on June 23, 2010, the court took the June 28, 2010 trial on the issue of exhaustion of administrative remedies off calendar, and set a new pretrial conference date of September 29, 2010. The new date for trial on the merits is January 24, 2011.

UNIVERSAL CITY STUDIOS LLLP v. State Board of Equalization of the State of California

San Francisco Superior Court Case No. CGC-10-498151

Filed – 03/26/10

BOE's Counsel

David Lew

BOE Attorney

Jeffrey Graybill

Plaintiff's Counsel

Jeffrey M. Vesely, Richard E. Nielsen

Pillsbury Winthrop Shaw Pittman LLP

Issue(s): Whether plaintiff self reported the proper amount of taxable sales related to its lump sum charges for access to its theme park attractions and meals and beverages ([Sales and Use Tax Regulation 1603.](#))

Audit/Tax Period: 7/1/96 - 4/30/02

Amount: \$461,282.12

Status: BOE's Answer was filed May 17, 2010. Case Management Conference is set for August 27, 2010.

WOOSLEY, CHARLES PATRICK v. State Board of Equalization

Los Angeles Superior Court Case No. CA000499

Court of Appeal, Second Appellate District: B113661

Filed – 06/20/78

BOE's Counsel

Diane Spencer-Shaw

BOE Attorney

Sharon Brady Silva

Plaintiff's Counsel

James M. Gansinger

Gansinger, Hinshaw

Issue(s): Whether the taxpayer is entitled to a refund of the vehicle license fee ([Revenue and Taxation Code sections 10753 and 10758](#)) and use tax imposed.

Audit/Tax Period: None

Amount: \$1,492.00

Status: The Court of Appeal issued its decision on April 16, 2010. The decision is partially favorable to the BOE. The Court upheld the award of fees to plaintiff's counsel in general under the private attorney general theory. However, the Court found that plaintiff's attorneys had not been entirely successful in their efforts, particularly in their failure to get the cause of action concerning the BOE's use tax certified as a class action. In light of this unsuccessful effort, the appellate court remanded the case to the trial court to reconsider the award of attorneys' fees, including a potential reduction in the amount awarded.

The court also found that the efforts by plaintiff Woosley (who also acted as counsel in the matter) were duplicative and excessive and likely needed to be further reduced, in addition to the potential reductions to the plaintiff's attorneys in general.

On May 12, 2010, the Court of Appeal denied plaintiffs' requests for rehearing. Woosley filed a petition for review with the California Supreme Court on May 26, 2010, challenging the appellate court's decision. If the Supreme Court denies review, the case will be returned to the trial court to recalculate the plaintiffs' attorneys' fees in light of the appellate court's determinations.

DISCLAIMER

Every attempt has been made to ensure the information contained herein is valid and accurate at the time of publication. However, the tax laws are complex and subject to change. If there is a conflict between the law and the information found, decisions will be made based on the law.

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