



STATE BOARD OF EQUALIZATION
450 N STREET, SACRAMENTO, CALIFORNIA
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BETTY T. YEE
First District, San Francisco
SEN. GEORGE RUNNER (RET.)
Second District, Lancaster
MICHELLE STEEL
Third District, Rolling Hills Estates
JEROME E. HORTON
Fourth District, Los Angeles
JOHN CHIANG
State Controller
KRISTINE CAZADD
Interim Executive Director

STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
August 23-24, 2011
NOTICE AND AGENDA
Meeting Agenda (as of 5:15 p.m., 08/25/11)

Agenda Changes

Tuesday, August 23, 2011

10:00 a.m. Board Committee Meetings Convene*

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

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. Items may be postponed to a subsequent day; however, items will not be moved to an earlier day.

Board Committee Meetings*

Legislative Committee.....Mr. Horton, Committee Chairman

Set forth below is a suggestion for Business Taxes legislation to be sponsored by the BOE in the 2011-12 Legislative Session.

2011 Legislative Proposals: Business Taxes: Sales and Use Taxes

2-6 Amend Revenue and Taxation Code Section 7093.6 of the Sales and Use Tax Law, and amend comparable statutes to BOE special tax and fee programs, to allow for the administrative authority to compromise certain final tax liabilities where there is potential to collect the full amount owed, but an exceptional circumstance (such as significant disability or catastrophic circumstance) exists that would create an economic hardship for the taxpayer should the liability be collected in full.

In addition, this proposal would make permanent the BOE's ability to compromise certain final tax liabilities of (1) businesses that are not discontinued or transferred if the final tax liability arises from transactions in which the taxpayer did not receive sales tax reimbursement or use tax, (2) persons liable as successors, and (3) consumers who incurred a use tax liability. These provisions are set to expire January 1, 2013.

Business Taxes Committee..... Ms. Yee, Committee Chairwoman

1. Proposed Amendments to Cigarette and Tobacco Products Licensing Act Regulations
Approval sought to begin the process with interested parties to discuss the need for amendments to the Cigarette and Tobacco Products Licensing Act's penalties and fines regulations, and promulgate a new regulation regarding cigarette and tobacco product transfers.
2. Technology Transfer Agreements
Approval sought to conduct a study that would evaluate the feasibility of developing an optional percentage to reasonably estimate the fair market value of tangible personal property in technology transfer agreements involving prewritten software transferred on tangible storage media pursuant to subdivision (c)(10)(C) of sections 6011 and 6012 of the Revenue and Taxation Code.
3. Proposed amendments to Regulation 1807, *Petitions for Reallocation of Local Tax*, and 1828, *Petitions for Distribution or Redistribution of Transactions and Use Tax Filing and Processing Local Tax Petitions*
Request approval and authorization to publish proposed revisions to improve the local tax appeals process.

Board Meeting**

- A. Homeowner and Renter Property Tax Assistance Hearings
There are no items for this matter.
- B. Corporate Franchise and Personal Income Tax Hearings**
(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)
 - B1. [Jeffrey T. Nolan and Vivienne Nolan, 552938 +](#)
For Appellants: Ashley Wistrom, Representative
For Franchise Tax Board: Kristen Magers, Tax Counsel
Karen Smith, Tax Counsel
 - B2. [David A. Lubeck and Mabel C. McNall-Lubeck, 557788 +](#)
For Appellants: David Lubeck, Taxpayer
For Franchise Tax Board: Suzanne Small, Tax Counsel
Karen Smith, Tax Counsel

C. Sales and Use Tax Appeals Hearings

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

C1. Maisa, Inc., 485794 (EH) +

For Petitioner: David Pidal, Representative
Jim Rahman, Representative
Butch Kruse, Representative
For Department: Scott Lambert, Hearing Representative

C2. Jason H. Walker and Stephen Wayne Sundes, 445416, 462500 (EH) +

For Petitioners: Stephen Sundes, Taxpayer
Dan Davis, Representative
For Department: Scott Lambert, Hearing Representative

C3. Gurmail Singh, 487083 (AR) +

For Petitioner: Gurmail Singh, Taxpayer
For Department: Scott Claremon, Tax Counsel

C4. Akbar Ferdousi Bayrami, 473205 (CH) +

For Petitioner: Akbar Bayrami, Taxpayer
For Department: Scott Lambert, Hearing Representative

D. Special Taxes Appeals Hearing

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

Petition for Release of Seized Property**D1. Wahid Ahmad Taki, 547438 (ET) +**

For Petitioner: Wahid Ahmad Taki, Taxpayer
Fayez Ayyoub, Witness
Flash Hastings, Witness
Patrick J. Finnegan, Representative
Richard E. Coombs, Attorney
For Department: Pamela Mash, Tax Counsel

There are no items for the following matters:

- 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 MattersMr. Levine

- Hearing Notices Sent – No Response
 1. Jon Michael Shidler and Marilyn K. Shidler, 507833 (UT)
 2. Thinh Gia Tran, 440629 (GH)
 3. Jose Luis Alejandre, 507582 (CH)
- Petitions for Release of Seized Property
 4. Rasheed Iqbal, 570003 (ET)
 5. ~~Mairaj Ali, 562696 (ET)~~
 6. Jourbee Khang and True Yang Khang, 569414 (ET)
 7. Abida Hotaki, 571547 (ET)
 8. Young Bin Kim, 570577 (ET)
- Petition for Rehearing
 9. Glen Eugene Pearson III and Stephen Terrance Pearson, 406221 (KH)

G2. Franchise and Income Tax MattersMr. Ambrose

- Hearing Notice Sent – Appearance Waived
 1. Richard A. Lopez, 509632
- Decisions
 2. Michael Aidan, 522049
 3. David A. Bancroft, 515130
 4. Adalberto Barrios, 481398
 5. Clifford Crane, 515544
 - 6a. Eric B. Davis, 496009
 - 6b. Mary E. Davis, 512638
 7. DDJ Tri Union Blocker Corporation, 519165
 8. Randall Drabman and Karen Crump, 534013
 9. Steven Forrest, 490490
 10. Monica Gutierrez, 528897
 11. H&H Marine Center, Inc., 490565
 12. Richard R. Hughes, 507337
 13. D'Andrea E. Jones, 522373
 14. Yongbum Kim and Hyeonju Kim, 552843
 15. Eli Kohn, 522445
 16. Michele C. Kunz, 521070
 17. Gary Lan and Hsiao Yun Chang, 530477
 18. Gabrielle L. Langford, 495650
 19. Angela Leonard, 519576
 20. Richard A. Lopez, 538617
 21. Philip McGovern and Clare McGovern, 536337
 22. Ray E. O'Bier, 522148
 23. William W. Palmer, 515729
 24. Ramesh Patel, 546912
 25. Julie Porter, 508936
 26. William J. Reckmeyer and Joan P. Reckmeyer, 518239

- 27. Sandee Russell, 510428
- 28. Daniel A. Ruvalcaba, 518487
- 29. Yasmin Sahami, 519148
- 30. Amber Vahoviak, 480103
- Petitions for Rehearing
 - 31a. Michael Calderon, 523035
 - 31b. Steven Ertelt, 527234
 - 31c. Steven Olmos, 518961
 - 31d. Demeris Parks, 524781
 - 32. James H. Cornell and Martha E. Cornell, 506809
 - 33. James Vaughn, 508867, 487205
- 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. Tele Atlas North America, Inc., 534997 (OH)
 - 2. Penn Emblem Company, 516316 (OH)
 - 3. Dun & Bradstreet, Inc., 318342 (OH)
- G5. Sales and Use Taxes Matters – Credits, Cancellations,
and RefundsMr. McGuire
 - Credits and Cancellations
 - 1. Lion Group, LLC, 572832 (CH)
 - 2. Tung Khanh Luong, 486375 (KH)
 - Refunds
 - 3. Universal City Studios, Inc., 573389 (AC)
 - 4. LBS Financial Credit Union, 557987 (EA)
 - 5. Full Throttle Films, Inc., 536522 (AC)
 - 6. Fireside Bank, 560430 (CH)
 - 7. Windowmaster Products, 569449 (FH)
 - 8. College of Redwoods Foundation, 551279 (JH)
 - 9. Subaru of America, Inc., 538742 (OH)
 - 10. This Thing of Ours, LLC, 497364 (UT)
 - 11. Mainline Information Systems, Inc., 381278 (OH)
 - 12. Bridgewater Systems, Inc., 507319 (OH)
 - 13. Edwards Lifesciences, LLC, 529357 (EA)
 - 14. Zumiez, Inc., 520166 (OH)
 - 15. Medsep Corporation, 486085 (AP)
 - 16. Bearingpoint, Inc., 533833 (OH)
 - 17. Newmark International, Inc., 557985 (EH)
 - 18. Broadridge Investor Community Solutions, 504977 (OH)
 - 19. Transouth Financial Corporation, 559987 (OH)
 - 20. Starent Networks Corporation, 514988 (OH)
 - 21. Cincinnati Machine, LLC, 553657 (OH)
 - 22. Quality Financial, Inc., 496020 (AC)
 - 23. Discus Dental, LLC, 554689 (AS)

There are no items for the following matters:

- G6. Special Taxes Matters
- G7. Special Taxes Matters – Credits, Cancellations, and Refunds
- G8. Property Tax 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 MattersMr. Levine
 - Cases Heard Not Decided
 - 1. Earth-N-Ware, Inc., 459938 (EA) +
 - 2. Living Spaces Furniture, LLC, 425660 (AA) +
 - 3. Los Angeles Country Club, 361952, 416903 (AS) +
- H2. Franchise and Income Tax MattersMr. Ambrose
 - Case Heard Not Decided
 - 1. Aurelio Serrano and Haidee Serrano, 519860

There are no items for the following matters:

- H3. Homeowner and Renter Property Tax Assistance Matters
- H4. Sales and Use Taxes Matters
- H5. Sales and Use Taxes Matters – Credits, Cancellations, and RefundsMr. McGuire
 - Refund
 - 1. Citigroup, Inc. & Subsidiaries & Affiliates, 446954 (OH)
- H6. Special Taxes Matters Mr. Gau
 - Redetermination
 - 1. Glass Mountain Pumice 2004, LLC, 534055 (MT)

There are no items for the following 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
 - There are no items for this matter.

- I2. Offer in Compromise Recommendations Ms. Kelly/Mr. Anderson
1. GZ, Inc.
 2. Robyne L. Hinds
 3. Danny McKernan
 4. Stafford's Lighting Co., Inc.
- I3. Local Tax Reallocation Matters
There are no items for this matter.

Chief Counsel Matters

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

J. Rulemaking

Section 100 Changes

- J1. [Specified Special Tax and Fee Regulations +](#)Ms. Johnstone/Mr. Heller
Staff request for authorization to complete Rule 100 changes to amend specified regulations pertaining to the Cigarette and Tobacco Products Licensing Act, the Hazardous Substances Tax Law, and the Integrated Waste Management Fee Law.

There are no items for the following matters:

- 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 +](#)

- Gerald F. Helman
- Judy Holt
- Barbara Lee
- Nanette Rayon-Markin
- Santos D. Reyes

N2. [Summons to Annual Meeting of the Board and County Assessors +](#)

Request approval to summon county assessors to a meeting with the Board to discuss issues relating to property assessment administration.

N3. Revenue and Taxation Code Section 6355 Coins and Bullion “Bulk” Sale Threshold +

Continue the current bulk sale exemption threshold of \$1,500 in Sales and Use Tax Regulation 1599, *Coins and Bullion*.

O. Adoption of Board Committee Reports and Approval of Committee Actions

O1. ~~Legislative Committee~~

O2. Business Taxes Committee

P. Other Administrative Matters

P1. Executive Director’s Report Ms. Cazadd

1. **CROS Project Update and Actions +** Mr. Gau
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’s 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. 2011/12 Budget Update and Governor’s Executive Orders
- a. **Overview of the Budget Cycle +**
- b. Information regarding the Governor’s 2011/12 Budget and Governor’s Executive Orders.
2. **2012/13 DRAFT Budget Change Proposals (BCP) +**
- a. **Headquarters Facility Consolidation +**
This proposal requests funding to relocate BOE Headquarters and annex facilities into one location.
- b. **Permanent Establishment of Natural Gas Public Purpose Programs Surcharge +**
This proposal requests that expiring limited term resources be made permanent, allowing BOE to properly enforce Assembly Bill 1002 statutory requirements and legislative mandates.

3. **Concept Tax Gap 2 Plan and Placeholder BCP +.....** Mr. McGuire/
Ms. Houser

The concept Tax Gap 2 Plan describes details and includes proposals and recommendations on programs and possible legislation to address the current tax gap. The concept placeholder BCP will be discussed and finalized with elements of the Tax Gap 2 Plan as directed by the Board.

- P6. Technology Deputy Director's Report
There are no items for this matter.
- P7. External Affairs Deputy Director's ReportMs. Gore
1. **Use Tax Survey/Statewide Poll +**
Information regarding a potential statewide survey/poll on the topic of Use Tax.

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 and 50156.11).
- Q2. Pending litigation: *Governor Arnold Schwarzenegger, et al. v. State Controller John Chiang, et al.*, Sacramento County Superior Court, Case No. 34-2009-80000158 (Gov. Code § 11126(e)).
- 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)(2)(B)(i)).
- Q4. Discussion and action on personnel matters (Gov. Code § 11126(a)).

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

Recess - The meeting will reconvene on Wednesday, August 24, 2011, at 9:30 a.m.

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The hearing location is accessible to people with disabilities. Please contact Joann Richmond at (916) 322-1931, or e-mail Joann.Richmond@boe.ca.gov if you require special assistance.

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.



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Meeting Agenda (as of 5:15 p.m., 08/23/11)

[Agenda Changes](#)

Wednesday, August 24, 2011

Items agendized for a previous day of this meeting, but not concluded, may be taken up today. No items are scheduled for this day at this time.

Adjourn

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CANCELLED