

Wednesday, January 11, 2012

The Board met at its offices at 450 N Street, Sacramento, at 10:05 a.m., with Mr. Horton, Chairman, Ms. Steel, Vice Chairwoman, Ms. Yee and Mr. Runner present, Ms. Mandel present on behalf of Mr. Chiang in accordance with Government Code section 7.9.

2010/2011 EMPLOYEE RECOGNITION AWARD PROGRAM

Mr. Horton made introductory remarks regarding the Board of Equalization's *Employee Recognition Award Program*. On behalf of the Board, he thanked the recipients for their dedication and commitment to the organization. Each Member of the Board followed, giving a special thanks to the awardees for their hard work and efficiency. Cristina Herrera, Staff Services Manager III, and Robert McPherson, Associate Management Analyst, Executive Projects & Services Section, External Affairs Department, read the names of the award recipients and their achievements into the record.

Following the closure of Employee Recognition Awards, Mr. Horton welcomed California State Assemblywoman, Diane L. Harkey, 73rd District, to the meeting.

The Board recessed at 10:30 a.m. and reconvened at 2:06 p.m. with Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel present.

SALES AND USE TAX APPEALS HEARINGS

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

2-4-08, \$13,257.00 Tax

For Petitioners:

Judith C. Sheridan, Taxpayer

Rhonda Johnson, Representative

For Sales and Use Tax Department:

Erin Dendorfer, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether petitioner's purchase of a motor home is subject to use tax.
Whether interest should be relieved.

Action: Upon motion of Ms. Yee, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the petition be submitted for decision.

Santiago Rodriguez, 361129 (BH)

7-1-01 to 9-30-05, \$128,888.99 Tax, \$12,888.98 Negligence Penalty, \$4,777.81 Amnesty

Double-Negligence Penalty, \$5,405.47 Amnesty Interest Penalty

For Petitioner:

Kai Mickey, Representative

For Sales and Use Tax Department:

Scott Lambert, Hearing Representative

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether adjustments are warranted to unreported taxable sales.
Whether petitioner was negligent.
Whether the amnesty penalties should be relieved.

Action: Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the petition be submitted for decision.

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LEGAL APPEALS MATTERS, CONSENT

The Board deferred consideration of the following matters: *Edwards, Inc.*, 522933; *Behroz Niazi*, 380047, 382782; and, *Behroz Niazi* 382783, 382784.

With respect to the Legal Appeals Matters Consent Agenda, upon a single motion of Ms. Yee, seconded by Ms. Mandel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board made the following orders:

Platinum Motor Group, 436520 (BH)

4-1-04 to 3-31-07, \$186,905.64 Tax, \$18,690.26 Finality Penalty

Action: Redetermine as recommended by the Appeals Division.

Edwards, Inc., 522933 (KH)

10-1-05 to 12-31-08, \$59,176.18 Tax, \$5,917.63 Negligence Penalty

Action: The Board took no action.

Tania Khatib, 521995 (KH)

10-12-07 to 6-30-09, \$700.14 Tax, \$70.01 Negligence Penalty

Action: Redetermine as recommended by the Appeals Division.

Behroz Niazi, 380047, 382782 (ET)

2-1-02 to 12-31-03, \$18,499.22 Tax, \$1,849.93 Failure-to-File Returns Penalty

1-1-04 to 8-31-04, \$4,526.84 Tax, \$452.68 Failure-to-File Returns Penalty, \$1,131.72 Failure-to-Secure License Penalty, \$452.68 Finality Penalty

Action: The Board took no action.

Behroz Niazi, 382783, 382784 (ET)

11-1-03 to 12-31-03, \$1,227.92 Tax, \$122.79 Failure-to-File Returns Penalty

1-1-04 to 3-30-04, \$3,973.66 Tax, \$397.37 Failure-to-File Returns Penalty, \$ 993.42 Failure-to-Secure License Penalty, \$397.37 Finality Penalty

Action: The Board took no action.

CORPORATE FRANCHISE AND PERSONAL INCOME TAX MATTERS, CONSENT

The Board deferred consideration of the following matter: *Lawrence B. Steinberg and Ellen A. Steinberg*, 495475.

With respect to the Corporate Franchise and Personal Income Tax Matters Consent Agenda, upon a single motion of Ms. Yee, seconded by Ms. Mandel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board made the following orders:

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Barbara Boldy, 569046

2003, \$858.00 Claim for Refund

2004, \$800.00 Claim for Refund

2005, \$940.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Damon Intrabartolo, 556868

2004, \$19,235.00 Tax, \$3,400.66 Late Filing Penalty, \$3,847.00 Accuracy-related Penalty

Action: Modify the action of the Franchise Tax Board.

Sharon Alshams, 554896

2005, \$1,855.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Arlene Berry, 534744

2006, \$330.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Shin U. Choi, 564526

2007, \$374.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Benjamin Cichy, 547392

2006, \$1,624.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Jincan Guo and Wei Huang, 511289

2006, \$1,009,478.00 Assessment

Guo Technologies Co., 511297

2006, \$558,023.39 Assessment

Action: Modify the actions of the Franchise Tax Board.

ITN (Investment Trade Network) LP, Anthony Gudeli, Transferee, 469929

1998, \$300.00 Late Filing Penalties

1999, \$300.00 Late Filing Penalties

Action: Sustain the action with concession by the Franchise Tax Board.

Ravikumar Raju Jampana, 535637

2003, \$2,588.16 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Manuel Meza, Jr., 560587

2003, \$229.00 Claim for Refund,

2005, \$332.40 Late Payment Penalty

Action: Sustain the action of the Franchise Tax Board.

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Ana Nieves, 563723

2008, \$1,278.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Oracle Transcription, Inc., 530845

2006, \$2,400.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Otto's Appliance Service, Inc., 556546

2006, \$2,200.00 Claim for Refund

2007, \$2,457.05 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Lawrence B. Steinberg and Ellen A. Steinberg, 495475

2007, \$405.12 Claim for Refund

Action: The Board took no action.

Warwick McKinley, Inc., 489090

2006, \$24,177.72 Assessment

Action: Sustain the action of the Franchise Tax Board.

Helen Wenzel, 445986

1990, \$5,810.00 Tax, \$1,297.25 Late Filing Penalty, \$1,162.00 Accuracy Related Penalty

1991, \$4,645.00 Tax, \$454.00 Accuracy Related Penalty

1993, \$3,409.00 Tax

Action: Reverse the action of the Franchise Tax Board.

David A. Lubeck and Mabel C. McNall-Lubeck, 557788

2008, \$11,386.00 Tax, \$2,846.50 Notice and Demand Penalty

Action: Deny the petition for rehearing.

Armando Rios Torres, 510917

2003, \$2,093.00 Tax, \$481.18 Late Filing Penalty

Action: Deny the petition for rehearing.

SALES AND USE TAX MATTERS, REDETERMINATIONS, RELIEF OF PENALTIES AND DENIALS OF CLAIMS FOR REFUND, CONSENT

With respect to the Sales and Use Tax Matters, Redeterminations, Relief of Penalties and Denials of Claims for Refund, Consent Agenda, upon a single motion of Ms. Steel seconded by Ms. Mandel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board made the following orders:

Calabasas Mine Shaft, 505101 (AC)

10-1-06 to 12-31-08, \$147,472.00

Action: Approve the redetermination as recommended by staff.

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Metro Goldwyn Mayer Studios, Inc., 560595 (AS)

4-1-04 to 6-30-08, \$214,114.51

Action: Approve the redetermination as recommended by staff.

James Brenton Frakes, 473929 (FH)

10-1-00 to 12-31-00, \$402,915.31

Action: Approve the redetermination as recommended by staff.

Cooper Lighting, Inc., 547183 (OH)

4-1-05 to 3-31-08, \$1,233,948.56

Action: Approve the redetermination as recommended by staff.

Cascade Turf, LLC, 554470 (OH)

4-1-06 to 3-31-09, \$337,713.74

Action: Approve the redetermination as recommended by staff.

San Clemente Auto Rental & Sales, 560569 (EA)

1-1-07 to 12-31-09, \$114,148.53

Action: Approve the redetermination as recommended by staff.

Coach, Inc., 593286 (OH)

4-1-11 to 4-30-11, \$252,622.68

Action: Approve the relief of penalty as recommended by staff.

KFC Corporation, 592757 (OH)

12-21-10 to 3-14-11, \$101,512.10

Action: Approve the relief of penalty as recommended by staff.

North Island Financial Credit Union, 547421 (FH)

1-1-07 to 3-31-10, \$151,031.94

Action: Approve the denial of claim for refund as recommended by staff.

Milgard Manufacturing, Inc., 538740 (OH)

1-1-06 to 12-31-08, \$211,036.07

Action: Approve the denial of claim for refund as recommended by staff.

Bowe Bell + Howell Company, 523037 (OH)

4-1-09 to 9-30-09, \$217,668.99

Action: Approve the denial of claim for refund as recommended by staff.

Total Resource Management, Inc., 528633 (OH)

1-1-07 to 3-31-10, \$51,039.96

Action: Approve the denial of claim for refund as recommended by staff.

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SALES AND USE TAX MATTERS, CREDITS, CANCELLATIONS AND REFUNDS, CONSENT

With respect to the Sales and Use Tax Matters, Credits, Cancellations and Refunds, Consent Agenda, upon a single motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, Ms. Mandel not participating in accordance with Government Code section 87105 in *Broadcom Corporation, 529939*, and *HSBC Card Services, Inc., 443654*, the Board made the following orders:

ITT Water & Wastewater USA, Inc., 589869 (OH)

7-1-09 to 12-31-09, \$1,058,348.02

Action: Approve the credit and cancellation as recommended by staff.

Pacific West Towing Equipment, Inc., 593161 (AA)

7-1-01 to 6-30-04, \$579,024.11

Action: Approve the credit and cancellation as recommended by staff.

Safe Net, Inc., 564437 (OH)

1-1-06 to 6-30-08, \$1,080,206.54

Action: Approve the credit and cancellation as recommended by staff.

The Brown Cunningham Enterprise, 475772 (AS)

1-1-04 to 6-30-07, \$225,861.69

Action: Approve the credit and cancellation as recommended by staff.

Attitudeline Incorporation, 559127 (AC)

2-7-05 to 12-31-07, \$291,308.19

Action: Approve the credit and cancellation as recommended by staff.

Alexander Bouzari, 593291 (AS)

1-1-07 to 12-31-07, \$159,089.36

Action: Approve the credit and cancellation as recommended by staff.

Alexander Bouzari, 593293 (AS)

1-1-08 to 12-31-08, \$227,740.10

Action: Approve the credit and cancellation as recommended by staff.

John Paul Mitchell Systems, 589815 (AR)

1-1-08 to 12-31-10, \$132,761.13

Action: Approve the refund as recommended by staff.

J.D. Power & Assoc., 589804 (AR)

1-1-08 to 12-31-10, \$247,022.81

Action: Approve the refund as recommended by staff.

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Hot Topic, Inc., 510091 (AP)

1-1-06 to 6-30-09, \$166,979.11

Action: Approve the refund as recommended by staff.

Chevron U.S.A., Inc., 553227 (BH)

1-1-07 to 09-30-10, \$110,755.48

Action: Approve the refund as recommended by staff.

Rapattoni Corporation, 568992 (AR)

10-1-07 to 9-30-10, \$103,801.30

Action: Approve the refund as recommended by staff.

Jackson Vereen Studio, Inc., 571378 (BH)

1-1-08 to 12-31-10, \$121,243.78

Action: Approve the refund as recommended by staff.

Sutter East Bay Hospitals, 578533 (CH)

4-1-06 to 3-31-09, \$185,101.01

Action: Approve the refund as recommended by staff.

Primary Color Systems Corp., 505322 (EA)

1-1-07 to 3-31-09, \$108,257.48

Action: Approve the refund as recommended by staff.

North Island Financial C.U., 547421 (FH)

1-1-07 to 3-31-10, \$453,163.89

Action: Approve the refund as recommended by staff.

Actel Corporation, 522982 (GH)

10-1-06 to 12-31-09, \$165,187.70

Action: Approve the refund as recommended by staff.

Schnitzer Steel Industries, Inc., 586048 (OH)

7-1-09 to 9-30-10, \$150,293.96

Action: Approve the refund as recommended by staff.

Milgard Manufacturing, Inc., 538740 (OH)

1-1-06, \$677,969.97

Action: Approve the refund as recommended by staff.

Yahoo!, Inc., 488200 (GH)

10-1-00 to 3-31-09, \$1,814,289.08

Action: Approve the refund as recommended by staff.

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Wells Fargo Dealer Services, Inc., 572045 (EA)

1-1-11 to 3-31-11, \$921,431.00

Action: Approve the refund as recommended by staff.

Broadcom Corporation, 529939 (EA)

1-1-07 to 6-30-07, \$155,995.41

Action: Approve the refund as recommended by staff. Ms. Mandel not participating in accordance with Government Code section 87105.

Arrowhead Central Credit Union, 577343 (EH)

4-1-11 to 6-30-11, \$119,281.00

Action: Approve the refund as recommended by staff.

Arcadia Financial LTD., 574504 (OH)

1-1-11 to 6-30-11, \$258,131.00

Action: Approve the refund as recommended by staff.

Total Resource Management, Inc., 528633 (OH)

1-1-07 to 3-31-10, \$190,300.44

Action: Approve the refund as recommended by staff.

Orange County's Credit Union, 552478 (EA)

1-1-08 to 3-31-11, \$133,568.39

Action: Approve the refund as recommended by staff.

Transouth Financial Corporation, 574942 (OH)

1-1-11 to 6-30-11, \$662,554.00

Action: Approve the refund as recommended by staff.

First Metropolitan Credit Union, 531154 (CH)

1-1-07 to 12-31-10, \$130,356.49

Action: Approve the refund as recommended by staff.

Water & Power Comm. Credit Union, 505708 (AS)

4-1-06 to 6-30-09, \$308,593.67

Action: Approve the refund as recommended by staff.

Hudson Printing, Inc., 515873 (FH)

1-1-06 to 3-31-09, \$648,244.50

Action: Approve the refund as recommended by staff.

Citicorp Trust Bank FSB & Affiliates, 400193 (OH)

4-1-04 to 3-31-09, \$3,922,023.54

Action: Approve the refund as recommended by staff.

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ITT Space Systems, LLC, 469768 (OH)

7-1-07 to 9-30-08, \$153,257.50

Action: Approve the refund as recommended by staff.

Meriwest Credit Union, 575725 (GH)

1-1-09 to 6-30-11, \$170,299.00

Action: Approve the refund as recommended by staff.

Qwest Communications Corporation, 486614 (OH)

1-1-05 to 12-31-09, \$1,178,067.95

Action: Approve the refund as recommended by staff.

RXC Acquisition Company, 504678 (OH)

4-1-06 to 12-31-10, \$150,940.37

Action: Approve the refund as recommended by staff.

J.J. Buckley, LLC, 565969 (CH)

1-1-10 to 12-31-10, \$102,640.41

Action: Approve the refund as recommended by staff.

HSBC Card Services, Inc., 443654 (OH)

1-1-05 to 9-30-08, \$12,444,695.98

Action: Approve the refund as recommended by staff. Ms. Mandel not participating in accordance with Government Code section 87105.

Mission Federal Credit Union, 549898 (FH)

7-1-08 to 12-31-08, \$231,841.15

Action: Approve the refund as recommended by staff.

Mercedes-Benz Financial Services USA, LLC, 483852 (OH)

7-1-07 to 6-30-09, \$1,235,197.38

Action: Approve the refund as recommended by staff.

**SPECIAL TAXES MATTERS, CREDITS, CANCELLATIONS AND REFUNDS,
CONSENT**

With respect to the Special Taxes Matters, Credits, Cancellations and Refunds, Consent Agenda, upon a single motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board made the following orders:

Joe Bezerra, Jr., 463742 (MT)

10-04-00 to 12-31-02, \$280,933.66

Action: Approve the credit and cancellation as recommended by staff.

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Bezerra Family Trust, 592947 (MT)

10-4-00 to 9-30-06, \$476,819.79

Action: Approve the credit and cancellation as recommended by staff.

QVC, Inc., 511262, 515680 (ER)

7-1-06 to 7-31-09, \$105,922.32

Action: Approve the refund as recommended by staff.

PROPERTY TAXES MATTER, CONSENT

With respect to the Property Taxes Matters, Consent Agenda, upon a single motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board made the following order:

Petition for Reassessment and Penalty Abatement on Private Railroad Car Tax

Monad Railway Equipment Co., (6467) 589137

2011, \$24,303.00 Assessed Value, \$2,430.00 Penalty

Action: Grant the petition for reassessment and penalty abatement on the private railroad car tax.

LEGAL APPEALS MATTER, ADJUDICATORY

Maisa, Inc., 485794 (EH)

7-1-04 to 3-31-08, \$36,497.31 Tax, \$11,692.54 Negligence Penalty

Considered by the Board: August 23, 2011

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Ms. Yee, seconded by Ms. Mandel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the petition be redetermined as recommended by the Appeals Division.

TAX PROGRAM NONAPPEARANCE MATTERS NOT SUBJECT TO CONTRIBUTION DISCLOSURE STATUTE**PROPERTY TAX MATTERS****Audit**

Evercom Systems, Inc. (7580)

2008, \$637,000.00 Escaped Assessment, \$52,800.00 Penalty, \$174,240.00 In-Lieu Interest

2009, \$248,000.00 Escaped Assessment

Action: Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board adopted the audit escaped assessment, plus penalties and in-lieu interest, as recommended by staff.

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Unitary Escaped Assessments**Plumas-Sierra Rural Electric Cooperative (176)**

2010, \$91,346.00 Unitary Value

Action: Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board adopted the unitary escaped assessment as recommended by staff.

Cellco Partnership (2559)

2008-2010, \$426,585.00 Unitary Value

Action: Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board adopted the unitary escaped assessment as recommended by staff.

AT&T Mobility, LLC (2606)

2008-2010, \$551,138.00 Unitary Value

Action: Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board adopted the unitary escaped assessment as recommended by staff.

US Cellular, LLC (2671)

2010, \$33,736.00 Unitary Value

Action: Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board adopted the unitary escaped assessment as recommended by staff.

Sprint Technology PCS (2720)

2008-2010, \$868,137.00 Unitary Value

Action: Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board adopted the unitary escaped assessment as recommended by staff.

MetroPCS California (2733)

2009-2010, \$1,260,905.00 Unitary Value

Action: Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board adopted the unitary escaped assessment as recommended by staff.

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T-Mobile (2748)

2008-2010, \$2,150,571.00 Unitary Value

Action: Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board adopted the unitary escaped assessment as recommended by staff.

Royal Street Communications (2779)

2010, \$642,336.00 Unitary Value

Action: Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board adopted the unitary escaped assessment as recommended by staff.

OFFER IN COMPROMISE RECOMMENDATIONS

Action: Upon motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board approved the Offer in Compromise recommendations of *Nelly Raquel Ardila Guadalajara Motors, Inc. Container Options*; and, *Samuel G. Read*; as recommended by staff.

ADMINISTRATIVE SESSION**ADMINISTRATIVE MATTERS, CONSENT**

With respect to the Administrative Matters, Consent Agenda, upon a single motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board made the following orders:

Action: Adopt the following resolutions, extending its sincere and grateful appreciation to the retirees for their dedicated service to the State Board of Equalization and to the State of California, their congratulations on each retiree's well-earned retirement, and best wishes to them and their families for continued success, happiness and good health in the years to come ([Exhibit 1.1](#)).

Eileen Frutos, Business Taxes Representative, Ventura District Office
John T. Garcia, Tax Auditor, Houston Office of the Out-of-State District
Leopoldina Limon, Tax Technician III, El Centro District Office
Ken C. Lin, Associate Tax Auditor, Norwalk District Office
Beverly D. Toms, Hearing Reporter, Board Proceedings Division, Headquarters
Debra V. Lopez-Tricerri, Tax Technician III, Norwalk District Office

Action: Approve the Board Meeting Minutes of October 25-28, 2011 and November 15-16, 2011.

Exhibits to these minutes are incorporated by reference.

Wednesday, January 11, 2012

ADOPTION OF BOARD COMMITTEE REPORTS AND APPROVAL OF COMMITTEE ACTIONS

Legislative Committee

The Board postponed this matter to the next Board meeting.

OTHER ADMINISTRATIVE MATTERS

Executive Director's Report

Eric Steen, CROS Project Director, provided a report regarding the progress on the CROS project to replace BOE's two current tax legacy technology systems.

Administration Deputy Director's Report

Liz Houser, Deputy Director, Administration Department, provided an update on the Headquarters Facilities.

Speakers: Angela Verbaere, Chief, Building and Property Management, Real Estate Services, Department of General Services (DGS)
James Derby, Assistant Deputy Director, Real Estate Services Division, DGS
Nik Karlsson, Branch Chief, Project Management Branch, Real Estate Services Division, DGS

Liz Houser, Deputy Director, Administration Department, provided information regarding the Governor's 2012/13 Budget.

Liz Houser, Deputy Director, Administration Department, made introductory remarks regarding the 2012/13 DRAFT Spring Finance Letter, *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 ([Exhibit 1.2](#)).

Speaker: Randall Cheek, Legislative Advocate, SEIU 1000

Liz Houser, Deputy Director, Administration Department, made introductory remarks regarding the 2012/13 DRAFT Spring Finance Letter, *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 ([Exhibit 1.3](#)).

Action: Upon motion of Ms. Yee, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board approved the 2012/13 DRAFT Spring Finance Letters: *Centralized Revenue Opportunity System (CROS)*; and, *Department of Justice (DOJ) Billable Services*; as recommended by staff.

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**FINAL ACTION ON SALES AND USE TAX APPEALS HEARINGS HELD
JANUARY 11, 2012**

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

Final Action: Upon motion of Ms. Mandel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the petition be redetermined as recommended by the Appeals Division. The Board directed staff to inform the taxpayers about the Offer in Compromise Program and discuss payment plan options.

Santiago Rodriguez, 361129 (BH)

Final Action: Upon motion of Ms. Yee, seconded by Ms. Mandel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the petition be redetermined as recommended by the Appeals Division.

ANNOUNCEMENT OF CLOSED SESSION

The Board recessed at 3:17 p.m. and reconvened immediately in closed session with Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel present.

CLOSED SESSION

The Board met to discuss pending litigation (Gov. Code § 11126(e)), settlements (Rev. & Tax. Code §§ 6901, 7093.5, 30459.1 and 50156.11) and personnel matters (Gov. Code § 11126(a)).

The Board recessed at 4:06 p.m. and reconvened immediately in open session with Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel present.

The Board adjourned at 4:07 p.m.

The foregoing minutes are adopted by the Board on March 21, 2012.

Note: The following matters were removed from the calendar prior to the meeting: *Paul Glasson, 482541 (CH)*; and, *Jasvir Singh Shahi, 303529*.