



STATE BOARD OF EQUALIZATION
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BETTY T. YEE
First District, San Francisco
SEN. GEORGE RUNNER (RET.)
Second District, Lancaster
MICHELLE STEEL
Third District, Orange County
JEROME E. HORTON
Fourth District, Los Angeles
JOHN CHIANG
State Controller
CYNTHIA BRIDGES
Executive Director

STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
NOTICE AND AGENDA
Meeting Agenda (as of 2/14/2013, 9:00 AM)

Agenda Changes

Webcast on Tuesday, January 15, 2013

Tuesday, January 15, 2013

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

Board Meeting convenes 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.

Board Committee Meetings*

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

I. 2013 Legislative Proposal

Set forth below is a suggestion for sales and use tax legislation to be sponsored by the BOE in the first year of the 2013-14 Legislative Session.

- 3-1 Amend Revenue and Taxation Code Section 6901 of the Sales and Use Tax Law to authorize a direct refund of excess sales tax reimbursement to the retailer's customer, in lieu of the retailer, under limited circumstances.

Customer Service and Administrative

Efficiency Committee..... Ms. Steel, Committee Chairwoman

1. 2013 Education and Outreach Plan

Staff will present the BOE Education and Outreach Plan for 2013. The plan includes a list of educational events/seminars and outreach activities planned for 2013.

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

1. Proposed Regulation 4801, *Transfers of Cigarettes and Tobacco Products between Retail Stores Owned by the Same Person*

Request approval and authorization to publish Regulation 4801 regarding transfers of cigarettes and tobacco products between retail stores.

2. Proposed amendments to Regulation 1685.5, *Calculation of Estimated Use Tax – Use Tax Table*

Request approval and authorization to publish proposed amendments to account for the new registration requirements imposed on certain retailers.

3. Regulation 1502, *Computers, Programs, and Data Processing*, and Regulation 1507, *Technology Transfer Agreements*

Request Board authorization and direction to continue working with interested parties to clarify the application of tax to prewritten software recorded on tangible storage media.

Board Meeting**

- A. Homeowner and Renter Property Tax Assistance Appeals Hearings
There are no items for this matter.

- B. Corporate Franchise and Personal Income Tax Appeals Hearing**
(Contribution Disclosure forms required pursuant to Gov. Code, § 15626.)

B1. Lawrence A. Gruber, Jr., 598287 +

For Appellant: Appearance Waived

For Franchise Tax Board: Nancy Parker, Tax Counsel
Craig Scott, Tax Counsel

- C. Sales and Use Tax Appeals Hearings**
(Contribution Disclosure forms required pursuant to Gov. Code, § 15626.)

C1a. Varuj, LLC, 538547 (EA) +**C1b. Kassian, Inc., 538549 (EA) +****C1c. Bistango-Irvine, 538551 (EA) +**

For Claimants: Abe Golomb, Representative

For Department: Marc Alviso, Hearing Representative

C2. Hardip Singh Sandhu, 533270 (KH) +

For Petitioner: Gary Kimzey, Representative

For Department: Scott Lambert, Hearing Representative

C3. Sonja M. Craighton, 558975 (KH) +

For Petitioner: Sonja M. Craighton, Taxpayer
 Aaron Mora, Representative
 For Department: Marc Alviso, Hearing Representative

~~C4. Loucas Savvas Kakoullis, 571124 (GH) +~~

~~For Petitioner: Loucas Kakoullis, Taxpayer
 John Cambra, Representative
 For Department: Scott Lambert, Hearing Representative~~

~~C5. Eren Niazi, 482301 (GH) +~~

~~For Petitioner: Eren Niazi, Taxpayer
 For Department: Erin Dendorfer, Tax Counsel~~

D. Special Taxes Appeals Hearing

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

~~D1.a. Orange Tree Fresh Fruit & Nuts, Inc., 527196 (STF) +~~~~D1.b. Orange Tree Fresh Fruit & Nuts, Inc., 527198 (STF) +~~~~D1.c. Orange Tree Fresh Fruit & Nuts, Inc., 527202 (STF) +~~

~~For Petitioners: Abe Golomb, Representative
 For Department: Carolee Johnstone, 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 Matters Mr. Angeja

- Hearing Notices Sent – No Response
 1. Khimvilaiy Som, 553335 (KH)
 2. Sacramento Holistic Healing Center, 561767, 572030 (KH)
 3. Chalateco Corporation, 567031 (GH)
 - 4a. Keith Looney, Ryan Looney, and Sean Looney, 437814 (KH)
 - 4b. Central California Railcar Repair, LLC, 458640 (KH)
 5. LA E Tricolor, LLC, 559971 (CH)
 6. Diana Huyenthanh Phan, 562003 (KH)
- Hearing Notice Sent – Appearance Waived
 7. Keith Cummings, CPA, 559150 (KH)
- Petitions for Release of Seized Property
 8. Youngkon Corporation, 627497 (STF)
 9. Salim I. Qaru and Marwan Qare, 627512 (STF)
- Petitions for Rehearing
 10. Tho Phuoc Pham, 509278 (AP)
 11. Northbay Wellness Group, 526954 (JH)

- G2. Franchise and Income Tax MattersMr. Ambrose
- Hearing Notice Sent – No Response
 1. Derrick P. Landavazo, 601467
 - Decisions
 2. A.K. Investment Group, LLC, 572497
 3. Ametek, Inc., 585857
 4. Raul A. Ayala, 595049
 5. Monika Barbieri, 549104
 6. Westley P. Busch and Deedra M. Busch, 576340
 7. Tena Reaves Collins, 571468
 8. Cooktec Limited Partnership, 595043
 9. Thomas A. Day and Katherine T. Day, 586991
 10. Kevin Herson, 573294
 11. Penelope J. Hilburn, 592879
 12. Janell A. Jann, 594184
 13. James E. Thompson, Inc., 569813
 14. Spencer W. Kimball, 527783
 15. Rudolph J. Laskowski, 572069
 16. Ronald Passmore, 589497
 17. Pharmagenesis, Inc., 550168
 18. Keith Ponthieux, 576508
 19. Cynthia P. Robinette, 566380
 20. Peter Westlund and Debra A. Westlund, 563243
 21. Dixin Zheng, 575636
 - Petition for Rehearing
 22. Irene C. Tritz, 592022
- G3. Homeowner and Renter Property Tax Assistance Matters
There are no items for this matter.
- G4. Sales and Use Taxes MattersMr. McGuire
- Redeterminations
 1. Mark Steel Corporation, 573238 (OH)
 2. Alien Technology Corporation, 446672 (GH)
 3. Fusionstorm, 613620 (OH)
 4. Arthrex, Inc., 611316 (OH)
 - Relief of Penalty/Interest
 5. Mossy Nissan, Inc., 649555 (FH)
 6. Aeropostale West, Inc., 649557 (OH)
 7. OfficeMax North America, Inc., 649556 (OH)
 8. Zappos.com, Inc., 644424 (OH)
 9. Quidsi, Inc., 644420 (OH)
 - Denial of Claim for Refund
 10. Aoptix Technologies, Inc., 553639 (GH)

- G5. Sales and Use Taxes Matters – Credits, Cancellations, and RefundsMr. McGuire
- Credits and Cancellations
 1. Country Time R.V., Inc., 644432 (EH)
 2. Dastigir G. Omar, 639448 (EH)
 - Refunds
 3. Buena Vista Home Video, 632725 (OH)
 4. Fotokem Industries, Inc., 522700 (AC)
 5. Fotokem Industries, Inc., 522771 (AC)
 6. The Disney Channel, 632726 (OH)
 7. Buena Vista Television, 634714 (OH)
 8. American Broadcasting Companies, Inc., 634718 (OH)
 9. Primary Color Systems Corp., 603638 (EA)
 10. The Regents of The University of California, 629950 (FH)
 11. Professional Hospital Supply, Inc., 601488 (EH)
 12. Siliconix Incorporated, 552489 (GH)
 13. KHS, a Division of Klochner KHS, 607815 (OH)
 14. Rec Solar, Inc., 610912 (GH)
 15. Verenium Corporation, 538744 (FH)
 16. Tesoro Refining and Marketing Company, 478413 (OH)
 17. Magnolia Hi-Fi, Inc., 629959 (OH)
 18. Alstom Power, Inc., 606055 (OH)
 19. Save Mart Supermarkets, 631021 (KH)
 20. Polydyne, Inc., 589947 (OH)
 21. Balboa Thrift & Loan Association, 607372 (FH)
 22. Affymetrix, Inc., 607225 (GH)
 23. Infor Global Solutions (MI), Inc., 562942 (OH)
 24. American Stores Company, LLC, 559120 (OH)
 25. American Towers, Inc., 607369 (OH)
 26. Convenience Retailers, LLC, 603349 (CH)
 27. Mission Federal Credit Union, 605544 (FH)
- G6. Special Taxes Matters
There are no items for this matter.
- G7. Special Taxes Matters – Credits, Cancellations, and Refunds Mr. Gau
- Refunds
 1. Staples The Office Superstore, LLC, 570427 (STF)
 2. The Wine Group, LLC, 630084, 642704 (STF) 'CF'
- G8. Property Tax Matters Mr. Gau
- Petition for Reassessment and Penalty Abatement on Unitary Escape Assessment
 1. Cricket Communications, Inc. (2762), 608381 '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. Angeja
 ➤ Case Heard Not Decided
 1. [Ralph Louis Tocci, 460529, 468214 \(CH\) +](#)
- H2. Franchise and Income Tax Matters Mr. Ambrose
 ➤ Decisions
 1. James A. Haverkamp, 550350
 2. J.N.D. Thomas Company, Inc., 563994
 3. William Trevithick, 531169

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 Refunds
 H6. Special Taxes Matters
 H7. Special Taxes Matters – Credits, Cancellations, and Refunds
- H8. Property Tax Matters Mr. Gau
 ➤ Petition for Reassessment and Penalty Abatement on
 Private Railroad Car Tax
 1. CML Metals, Inc. (6522), 632212 ‘CF’

There are no items for the following 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
 ➤ Audits
 1. Pay-Less Cellular, Inc. (2683) ‘CF’
 2. Globalstar USA, LLC (2772) ‘CF’
 ➤ Unitary Land Escaped Assessment
 3. Pacific Gas and Electric Company (0135) ‘CF’
 4. Los Angeles SMSA Ltd. (2532) ‘CF’
 5. Cellco Partnership (2559) ‘CF’
 6. AT&T Mobility, LLC (2606) ‘CF’
 7. Sprint Telephony PCS, LP. (2720) ‘CF’
 8. MetroPCS Communications (2733) ‘CF’
 ➤ Board Roll Change
 9. 2012 Board Roll of State-Assessed Property ‘CF’

- I2. Offer in Compromise Recommendations Mr. Anderson
- 1a. Mohammed Fard
 - 1b. Alexe's State Jewelry, Inc.
 - 2a. Adam F. Gad
 - 2b. Barbara J. Sears-Gad
 - 3a. Shahnaz Rehman Khan
 - 3b. Ghazi Abdul Rehman Khan
 - 4a. Linwood Lee Sawyer
 - 4b. Mary Ellen Sawyer
 5. Rosa Veronica Villanueva
- 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. Richmond
(Contribution Disclosure forms not required pursuant to Gov. Code, § 15626.)

N1. Retirement Resolutions +

- La Donna M. Cooper
- Eileen Frutos (Amendment)
- Frank J. Hunssinger
- Kenneth Pape
- Rudy Perez
- Rosangela M. Rosenbach
- Linda S. Sexton
- Henrique Solis

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

- O1. Legislative Committee
- O2. Customer Service and Administrative Efficiency Committee
- O3. Business Taxes Committee

P. Other Administrative Matters

- P1. Executive Director’s Report Ms. Bridges
 - 1. CROS Project Update and ActionsMr. 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..... Mr. Gau
 - 1. [Fire Prevention Fee Program Update +](#)
 - 2. Update on Embedded Software Project
Staff will provide an update on efforts to define the project goals and to identify the working group members.

- [P5. Administration Deputy Director’s Report +](#) Ms. Houser
 - 1. Headquarters Facilities Update – A general update may be provided.
 - 2. 2013/14 Budget Update – Information on the Governor’s 2013/14 Budget may be provided.

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. Richmond

Q. Closed Session

- Q1. Discussion and approval of staff recommendations regarding settlement cases (Rev. & Tax. Code, §§ 6901, 7093.5, 30459.1, 50156.11).
- Q2. Discussion and action on personnel matters (Gov. Code, § 11126(a)).

Announcement of Open Session..... Ms. Richmond

Adjourn

General information regarding Board and Committee Meetings can be found at www.boe.ca.gov/meetings/boardcomm.htm. If you would like specific information regarding items on this Notice and Agenda, please telephone (916) 322-2270 or e-mail: MeetingInfo@boe.ca.gov. Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

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Joann Richmond, 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.
- 'CF' Constitutional Function – The Deputy State Controller may not participate in this matter under Government Code section 7.9.