



STATE BOARD OF EQUALIZATION
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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
July 26-27, 2011
NOTICE AND AGENDA
Meeting Agenda (as of 2:30 p.m., 07/26/11)

Agenda Changes

Tuesday, July 26, 2011

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. 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 Sales and Use Taxes legislation to be sponsored by the BOE in the 2011-12 Legislative Session.

I. 2011 Legislative Proposal: Business Taxes -- Sales and Use Taxes

- 3-17 Amend Revenue and Taxation Code sections 6055 and 6203.5 of the Sales and Use Tax Law to remove the requirement that retailers and lenders file an election form with the BOE prior to claiming a bad debt in the case of accounts held by a lender that have been found worthless and written off by the lender.

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

- 1. Proposed amendments to Regulation 1616, Federal Areas, regarding Sales to Governments of Officially Recognized Indian Tribes

Staff request to approve and authorize publication of amendments to Regulation 1616 to provide a limited exemption from tax for sales to and purchases by the tribal governments of officially recognized Indian tribes of tangible personal property for use in tribal self-governance under specified circumstances.

2. Amending Regulation 1684, *Collection of Use Tax by Retailers*

Approval sought to begin an interested parties process to discuss the need for rulemaking to implement, interpret and clarify the provisions of ABx1 28 (Statutes 2011, Chapter 7). ABx1 28 amended Revenue and Taxation Code section 6203 requiring retailers that are engaged in business in California to collect use tax and remit it to the Board.

### Board Meeting\*\*

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

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

B1. [Max D. Price, 552608 +](#)

For Appellant: Max D. Price, Taxpayer  
For Franchise Tax Board: Ted Tourian, Tax Counsel  
Suzanne Small, Tax Counsel

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

C1. [Paul Glasson, 482541 \(CH\) +](#)

For Petitioner: Paul Glasson, Taxpayer  
For Department: Andrew Kwee, Tax Counsel

C2. [La Mordida, Inc., 470304 \(GH\) +](#)

For Petitioner: Gary Kimzey, Representative  
For Department: Scott Lambert, Hearing Representative

C3. [Family Leisure Products, Inc., 491614 \(OH\) +](#)

For Petitioner: \_\_\_\_\_ John Gentry, Taxpayer  
For Department: \_\_\_\_\_ Scott Lambert, Hearing Representative

There are no items for the following matters:

- D. Special Taxes Appeals Hearing  
E. Property Tax Appeals Hearings

**F. Public Hearing**

- F1. [Proposed Adoption of Regulation 1685.5, Calculation of Estimated Use Tax - Use Tax Table + .....](#)Mr. Heller

Continuation of June 21, 2011, public hearing regarding staff's request that the Board adopt proposed Sales and Use Tax Regulation 1685.5 to implement the new use tax table provisions of Revenue and Taxation Code section 6452.1.

**Tax Program Nonappearance Matters**

The following items are scheduled for Wednesday, July 27, 2011:

- G. Tax Program Nonappearance Matters – Consent
- H. Tax Program Nonappearance Matters – Adjudicatory
- I. Tax Program Nonappearance Matters

**Chief Counsel Matters**

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

**J. Rulemaking**

- J1. [Regulation 1533.2, Diesel Fuel Used in Farming Activities of Food Processing and Regulation 1598, Motor Vehicle and Aircraft Fuels + .....](#)Mr. Heller

Request for adoption of proposed amendments to Sales and Use Tax Regulations 1533.2 and 1598 to incorporate provisions of the fuel tax swap (Stats. 2010, ch. 11) as re-enacted by Assembly Bill No. 105 (Stats. 2011, ch. 6) on March 24, 2011.

There are no items for the following matters:

- K. Business Taxes
- L. Property Taxes

**M. Other Chief Counsel Matters**

- M1. [Educational Outreach Events and Partnerships + .....](#) Ms. Cooke/Ms. Gore  
Update and follow-up discussion of the guidelines for outreach partnerships.

- M2. [Statements of Economic Interest \(FPPC Form 700s\) and Travel Claim Schedules + .....](#) Ms. Cooke/Ms. Gore  
Update and discussion on access to Board Member Statements of Economic Interest (FPPC Form 700s) and travel claim schedules.

**Administrative Session**

The following items are scheduled for Wednesday, July 27, 2011:

- N. Consent Agenda
- O. Adoption of Board Committee Reports and Approval of Committee Actions
- P. Other Administrative Matters

**Q. Closed Session**

These items are scheduled for Wednesday, July 27, 2011.

**Recess** - The meeting will reconvene on Wednesday, July 27, 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](mailto: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.
- 'CF' Constitutional Function – The Deputy State Controller may not participate in this matter under Government Code section 7.9.



**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. Competition Wheel Lift, LP, 489584 (AA)
  2. Ayesh H. Ayesh, 390867 (KH)
  3. Sanitech Corporation, 477146 (OH)
  4. Jeffrey Robert Richardson, 489366 (GH)
  5. Blake's at Boundary Oak, LLC, 488858 (CH)
- Hearing Notice Sent – Appearance Waived
  6. William Michael Johnson, 391642 (KH)
- Petitions for Release of Seized Property
  7. Super Star Plus Corporation, 567274 (ET)
  8. Kumar, Inc., 567730 (ET)
  9. Mohsen Saeed Mohamed, 562664 (ET)
  10. Hyun Soo Kim and Ran Ja Kim, 569043 (ET)
  11. Mikhail Arouk, 569415 (ET)
  12. Jal Enterprises, Inc., 569416 (ET)
  13. B2H2 Oil, Inc., 569042 (ET)
- Petitions for Rehearing
  14. Victor S. Baglio, Jr., 473489 (UT)
  15. Thu Anh Le, 479512 (GH)
  16. Five Friends, 472975 (JH)
  - 17a. Smoke Rings, Inc., 391126 (AR)
  - 17b. Rami Michell Darghalli and Faiz Mohamed Munas, 404172 (AR)
  - 17c. Rami Michell Darghalli, 402639 (AR)
  18. Jill Jan, 406775 (FH)
  19. John D. Wright, 445514 (UT)
  20. Robert Chang Soung, 462258 (GH)

**G2. Franchise and Income Tax Matters .....Mr. Ambrose**

- Hearing Notices Sent – No Response
  1. Edward G. Atsinger, III and Mona J. Atsinger, 341456
  - 2a. George Shepherd, 534288
  - 2b. Rick Burningham, 531270
  - 2c. Carol Grant, 533832
  - 2d. Eldo Klingenberg, 534409
  3. Lakisha Traylor, 546379
- Hearing Notices Sent – Appearance Waived
  4. Jeffrey Haines and Patti Haines, 342398
  - 5a. Bernard Salick and Gloria Salick, 345972
  - 5b. Lior Elazary, 347628
  - 5c. David M. Rosenblatt and Shari B. Gersten, 342057
  - 5d. Marc Afsharieh, 346821
- Decisions
  6. Robert Alderman, 509396
  7. Antonio Chavez, 508000

8. Carl Collicott, 510839
  9. Adam Cox and Nicole Meier, 506778
  10. Phillip J. Croxton, 515921
  11. James R. David and Joan R. David, 547235
  12. Mutiu O. Fagbayi, 494330
  13. Bijan Ghaderi, 536582
  14. Barbara Gutierrez, 551003
  15. Kevin T. Haroff, 504686
  16. Spencer Hosie, 461412
  17. Steven Huebner, 510920
  18. Robert Licon, 505869
  - 19a. Rafy H. Mamian and Shooshik Mamian, 516298
  - 19b. Raymond Mamian and Sossey Mamian, 516306
  20. Richard A. Mann and Lu Ann Mann, 509245
  21. Miller Family Limited Partnership, 522834
  22. Nicole Muirbrook and Christian Wagner, 510835
  23. Amado Oliva, 551238
  24. Robert Penrod, 511410
  25. Gerald Pingrey, 552474
  26. Cynthia (Jo Saltzman) Pinkus, 495700
  27. Richard M. Pirozzoli and Monica D. Pirozzoli, 485922
  28. Reyad Sarraj and Nouzat Kanbar, 495511
  29. Stephen A. Schwarzman, 521940
  30. SDFB Family Limited Partnership, 519040
  31. Stephanie M. Simpson, 546760
  32. Sonic Automotive, Inc., 505065
  33. Marque Strong, 470104
  34. George Sudol, 508874
  35. Marvin I. Suntonvipart, 505045
  36. Lisa Grace Terk, 516138
  37. Robert B. Wallace and Zhen Li, 534510
  38. Terrie Williams and Richard E. Williams, 550352
  - Petitions for Rehearing
    39. Alexander Kazerani, 342393
    40. Nhut T. Ngo, 525217
    41. Roy E. Tuckman, 472789
- 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. Cargill, Incorporated, 466872 (OH)
    2. Majed Adnan Mansour, 476470 (FH)
    3. Trademark Construction Co., Inc., 416866 (FH)
    4. Union Pacific Railroad Company, 482298 (OH)
    5. Siebel Systems, Inc., 326247 (BH)
    6. UTC Fire & Security Americas Corp., 464477 (OH)

- Denials of Claims for Refund
    7. Kaiser Foundation Health Plan, Inc., 350181 (CH)
    8. Dal Chem, Inc., 551943 (EH)
    9. B. Braun Medical, Inc., 524182 (OH)
    10. Newport Acceptance Corp., 434073 (EA)
  - Denial of Relief of Penalty/Interest
    11. G & M Oil Co., LLC, 530731 (EA)
- G5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds .....Mr. McGuire
- Credits and Cancellations
    1. California Gas Station, LLC, 569013 (KH)
    2. A & D Electronics, LLC, 568694 (EH)
  - Refunds
    3. Kaiser Foundation Health Plan, Inc., 399730 (AP)
    4. Pipe Fabricating & Supply Company, 511929 (EA)
    5. Peterson Power Systems, Inc., 527071 (CH)
    6. Tulare Joint Union High Sch. Dist., 558012 (KH)
    7. Golden Star Technology , Inc., 504761 (AA)
    8. Far Western Graphics, Inc., 513548 (GH)
    9. Fry's Electronics, Inc., 567733 (GH)
    10. Mars Incorporated, 567458 (AA)
    11. Sodexo Laundry Services, Inc., 536231 (OH)
    12. Ford Motor Company, 569873 (OH)
    13. Macy's West Stores, Inc., 536223 (OH)
    14. Dailey and Wells Communications, Inc., 558008 (OH)
    15. Kaiser Foundation Hospitals, 399732 (AP)
    16. Jeffrey A. Weisz, MD, 399731 (AP)
    17. Coast Central Credit Union, 531333 (JH)
    18. Arcadia Financial LTD, 557521 (OH)
    19. Newport Acceptance Corp., 434073 (EA)
    20. E1 Financial Credit Union, 552367 (AA)
    21. Applied Biosystems, Inc., 536769 (CH)
    22. Give Something Back, Inc., 571277 (CH)
    23. Kern Schools Federal Credit Union, 557512 (AR)
    24. Sai Monrovia B, Inc., 509258 (AP)
- G6. Special Taxes Matters ..... Mr. Gau
- Redetermination
    1. Akbal Singh, 522934 (ET)
  - Relief of Penalty
    2. Idemitsu Apollo Corporation, 567640 (MT)
    3. Idemitsu Apollo Corporation, 567644 (MT) 'CF'
    4. United Services Auto Assoc., 562690 (ET) 'CF'
    5. USAA Life Insurance Company, 562691 (ET) 'CF'
    6. USAA Casualty Insurance Company, 562692 (ET) 'CF'

- G7. Special Taxes Matters – Credits, Cancellations, and Refunds ..... Mr. Gau
- Refund
    1. KA Management, Inc., 564306 (MT) ‘CF’

There are no items for the following matters:

- 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 Matters .....Mr. Levine
- Hearing Notices Sent – No Response
    1. [Graphics Concept, Inc., 444651 \(AP\) +](#)
    2. [Thomas Eugene Brosi, 451594 \(KH\) +](#)
  - Cases Heard But Not Decided
    - 3a. [Caldron’s Jewelers, Inc., 418580 \(KH\) +](#)
    - 3b. [Richard Caldron, 422927 \(KH\) +](#)
    4. [Vinay Vohra and Vikram Vohra, 553888 \(ET\) +](#)
- H2. Franchise and Income Tax Matters .....Mr. Ambrose
- Hearing Notice Sent – No Response
    1. Juan Michael Torres, 537931
  - Decision
    2. Nathan Anderson, 533432
- H3. Homeowner and Renter Property Tax Assistance Matters  
 There are no items for this matter.
- H4. Sales and Use Taxes Matters.....Mr. McGuire
- Denial of Claim for Refund
    1. Sprint Telephony PCS, L.P., 423624 (OH)
- H5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds .....Mr. McGuire
- Credits and Cancellations
    1. Prime Building Materials, Inc., 567625 (AC)

There are no items for the following matters:

- 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  
There are no items for this matter.
- I2. Offers in Compromise Recommendations ..... Ms. Kelly/Mr. Anderson
1. Chris T. Attkisson and Loretta P. Attkisson
  2. Carolyn Jets Unlimited, Inc.
  3. Cool Fuel, Inc.
  4. Afshin Dadforouz
  5. Nora E. Jackman and Scott Jackman
  6. Robbin Rose (Pickern) Benson
  7. Erik David Rambach and Erik's Auto Sales, Inc.
  8. Ricky Alan Russell and Cindy Leann Russell
  9. Sandra P. Salas and Cabinetry Solutions, Inc.
  10. Rasheed Olufemi Yusuf
- I3. Local Tax Reallocation Matters.....Ms. Nienow
- Hearing Notice Sent – No Response
    1. [City of Los Angeles, 469251 +](#)

**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 +](#)
- Timothy G. Durisin
  - Jan Enlow
  - Barbara J. Jones
  - Franci Rowe
  - Cheryl Simpson
  - Freida Anne Thorne
  - Roger Wilbur
- N2. Approval of Board Meeting Minutes
- [April 26-27, 2011 +](#)
  - [May 24-25, 2011 +](#)
- N3. [Proposed Revisions to Audit Manual Chapter 13, Statistical Sampling +](#)  
Request approval to update various sections, remove obsolete information, and incorporate current sampling techniques and procedures.

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

- O1. Legislative Committee – June 24, 2011
- O2. Legislative Committee – July 26, 2011
- O3. Business Taxes Committee – July 26, 2011

**P. Other Administrative Matters**

- P1. Executive Director's Report ..... Ms. Cazadd
  - 1. [Report on time extensions to Amador, Del Norte, Inyo, Mendocino, Nevada, Plumas and San Benito Counties to complete and submit 2011/12 Local Assessment Roll, pursuant to Revenue and Taxation Code section 155. +](#)
  - 2. [Redistricting Report +](#)  
Staff to report on testimony before Redistricting Commission.
  - 3. [CROS Project Update and Actions +](#) ..... Mr. Gau  
Progress on the CROS project to replace BOE's two current tax legacy technology systems.
- P2. Chief Counsel Report  
There are no items for this matter.
- P3. Sales and Use Tax Deputy Director's Report .....Mr. McGuire
  - 1. [Overview of 2002-2003 Prior Penalty and Interest Reprieve Program +](#)  
Presentation on the Sales and Use Tax Department's prior Penalty and Interest Reprieve Program that was authorized by Section 7093.8 (AB 2065) in 2002-2003.
  - 2. [Informal Issue Paper – Discussion of Proposed Changes to the Qualified Purchaser Program \(ABx4 18\) +](#)  
Discussion of current procedures and proposed changes to the Qualified Purchaser Program that includes recommendations for improving the program's efficiency.
- P4. Property and Special Taxes Deputy Director's Report..... Mr. Gau
  - 1. [Adoption of the 2011/12 Private Railroad Car Tax Rate – 'CF' +](#) ..... Mr. Ingenito  
Staff recommendation for the tax rate to be applied in 2011/12 to the value of private railroad cars.
  - 2. Adoption of the 2011 Private Railroad Car Roll –'CF' ..... Mr. Thompson  
Staff recommendation for the lien date 2011 assessment of private railroad cars under the provisions of the Private Railroad Car Tax Law.

3. Adoption of the 2011 State-Assessed Property Roll – ‘CF’ ..... Mr. Thompson  
Staff recommendation on the allocations of the unitary values adopted by the Board in May 2011, plus adjustments based on prior Board action and staff-recommended nonunitary values.
- P5. [Administration Deputy Director’s Report +](#) ..... Ms. Houser
1. [Contract Over \\$1 Million with Department of Toxic Substance Control \(DTSC\) +](#)  
Annual renewal of an Interagency Agreement where DTSC reimburses the BOE to administer the Hazardous Substances Tax Program.
  2. 2011/12 Budget Update and Governor’s Executive Orders  
Information regarding the Governor’s 2011/12 Budget and Governor’s Executive Orders.
- P6. Technology Deputy Director’s Report ..... Ms. Brannen
1. [Presentation of the Board of Equalization’s \*Digital Office Vision, Roadmap Update\* +](#)  
Progress report and update on the Board’s efforts to become digital.
- P7. External Affairs Deputy Director’s Report ..... Ms. Gore/Mr. McGuire
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: *Nortel Networks, Inc. v. State Board of Equalization of the State of California*, Los Angeles County Superior Court, Case No. BC 375660 (Gov. Code § 11126(e)).

- Q3. Pending litigation: *Lucent Technologies Inc, and AT&T Corp. v. State Board of Equalization*, Los Angeles County Superior Court Case No. BC402036; and, *Lucent Technologies Inc. v. State Board of Equalization*, Los Angeles County Superior Court Case No. BC448715 (Gov. Code § 11126(e)).
- Q4. 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)).
- Q5. 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)).
- Q6. Discussion and action on personnel matters (Gov. Code § 11126(a)).

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

## Adjourn

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