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October 18, 2012

State Board of Equalization  
450 N. Street, Sacramento, California  
PO Box 942879  
Sacramento, California 94279-0080

Attention: Ms. Joann Richmond, Chief, Board Proceedings Division

Reference: Board Meeting October 23, 2012 – Public Comments  
Chief Counsel Matters – Item J – Rulemaking  
Adoption of Emergency Regulation 2000 – Lumber Products Assessment  
Adoption of Retailer Reimbursement Retention – \$250.00 per Location

We would like to present the following public comments regarding this new Lumber Products Assessment and the related Retailer Reimbursement Retention amount of \$250.00 per location. This fee is proposed as a one time start up cost regarding costs associated with collection of this new Lumber Products Assessment.

We had our IT department prepare a preliminary analysis of what it might cost to make changes to our POS system to implement the collection of this new Lumber Products Assessment. The cost of programming development of a system is not dependent on the number of locations. These costs should be considered in addition to an implementation fee that would be associated with the retailer locations registered and located in California.

This change is completely new development affecting the following areas of our reporting system (Requiring new programming)

- Inventory ( Product Assignment)
- Estimating
- Deposits
- Commercial Sales
- Job Accounting
- Sales reporting
- Tax Exempt reporting
- Corporate back end processing
- Invoicing changes to comply

These new programming changes are a direct result of having to report and track this New Lumber Assessment separate and distinct from sales and use tax reporting requirements. This tracking will require file conversions within all of the systems listed above. The development time is directly related to the tax being a first of its kind at the SKU level.

We want to point out that a very conservative estimate as to the cost we will incur to implement this new assessment for our California locations would be approximately \$21,000.00. The final amount will be dependent on what the final regulation tells us as to what will be taxable for this New Lumber Assessment.

We trust this information will be considered in final passage of this new Regulation as to what business should be reimbursed for this additional burden put on the business community. This new regulation may impact business owners who currently operate in the State of California and new business who may want to operate a business in the future in the State of California.

Sincerely,

David E. Carlsen  
Vice President Tax  
84 Lumber Company  
Cc: File, Ken Warner, Paul Lentz