



STATE BOARD OF EQUALIZATION

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BETTY T. YEE
 Acting Member
 First District, San Francisco

BILL LEONARD
 Second District, Sacramento/Ontario

CLAUDE PARRISH
 Third District, Long Beach

JOHN CHIANG
 Fourth District, Los Angeles

STEVE WESTLY
 State Controller, Sacramento

RAMON J. HIRSIG
 Executive Director

STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
November 15, 2005
PRELIMINARY RECORD OF BOARD ACTIONS

Tuesday, November 15, 2005

The following is a preliminary record of Board actions taken at the November 15, 2005 Board Meeting. This is not an official record and is subject to correction or modification. The official record of the Board's actions are the minutes of the Board, which will be adopted at a subsequent meeting.

The Board's decision reflects only the issues resolved by the Board at the meeting. Issues resolved prior to the meeting are not reflected in this document.

If you would like specific information regarding items on this Preliminary Record of Board Actions, 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.

BOARD MEETING

SPECIAL PRESENTATIONS

Superior Accomplishment Award Program

ORAL HEARINGS

A. HOMEOWNER AND RENTER PROPERTY TAX ASSISTANCE HEARING

A1 Stephen Osbun, 308369

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Appeal Granted for 2002 & 2003 Board had no jurisdiction for 2001	Mr. Chiang	No
	Mr. Parrish	Yes
	Ms. Yee	Yes
	Mr. Leonard	Yes
	Mr. Westly/Ms. Mandel	Yes

B. CORPORATE FRANCHISE AND PERSONAL INCOME TAX HEARINGS

B1 Bipin R. Patel and Anita B. Patel, 287996 – Appearance Waived

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayers' Appeal Denied	Mr. Chiang	Yes
	Mr. Parrish	Abstained
	Ms. Yee	Yes
	Mr. Leonard	Yes
	Mr. Westly/Ms. Mandel	Yes

B2 Harinder S. Brar, 303956
DISMISSED

B3 Lion Clinic, Inc., Danny Quan, Transferee, 289893

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Appeal Denied	Mr. Chiang	Yes
	Mr. Parrish	Yes
	Ms. Yee	Yes
	Mr. Leonard	Yes
	Mr. Westly/Ms. Mandel	Yes

B4 Patricia Tyler-Griffis, 281239

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Appeal Denied	Mr. Chiang	Yes
	Mr. Parrish	Yes
	Ms. Yee	Yes
	Mr. Leonard	Yes
	Mr. Westly/Ms. Mandel	Yes

C. SALES AND USE TAX APPEALS HEARINGS

C1 Mark Andrew Graf, 221081 (UT)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Petition Denied	Mr. Chiang	Yes
	Mr. Parrish	Yes
	Ms. Yee	Yes
	Mr. Leonard	Yes
	Mr. Westly/Ms. Mandel	Yes

C2 Basics Etc. Corporation, 244380 (EH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Petition Denied	Mr. Chiang	Yes
	Mr. Parrish	No
	Ms. Yee	Yes
	Mr. Leonard	Yes
	Mr. Westly/Ms. Mandel	Yes

C3 Katherine A. Kruss, 212599 (CH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Petition Denied - Delay Collection for One Year	Mr. Chiang	Yes
	Mr. Parrish	Abstained
	Ms. Yee	Yes
	Mr. Leonard	Yes
	Mr. Westly/Ms. Mandel	No

**C4 Chris T. Attkisson and Loretta P. Attkisson, 235821 (KHO)
POSTPONED**

BOARD COMMITTEE MEETINGS

(Please see page 13, **O. Approval of Board Committee Minutes**, for voting results.)

CUSTOMER SERVICES AND

ADMINISTRATIVE EFFICIENCY COMMITTEEMr. Leonard, Committee Chair

<http://www.boe.ca.gov/meetings/custsrv/custsrv05.htm>

BUSINESS TAX COMMITTEEMr. Chiang, Committee Chair

<http://www.boe.ca.gov/meetings/btc2005.htm>

PROPERTY TAX COMMITTEE..... Mr. Parrish, Committee Chair

<http://www.boe.ca.gov/proptaxes/ptcwplan05.htm>

C. SALES AND USE TAX APPEALS HEARING

C5 Nelson Shane Garrett and Maxim Khokhlov, 235401 (AS)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No Final Board Determination	Mr. Chiang Mr. Parrish Ms. Yee Mr. Leonard Mr. Westly/Ms. Mandel	

E. PROPERTY TAX APPEALS HEARINGS

E1 Broadwing Communications, LLC (7630), 314492 – “CF” – Appearance Waived

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Petition Denied – Approved Staff Recommendation	Mr. Chiang Mr. Parrish Ms. Yee Mr. Leonard Mr. Westly/Ms. Mandel	Yes Yes Yes Yes Not participating

E2 Alpine PCS, Inc. (2746), 316099 – “CF”- Appearance Waived

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Petition Partially Granted/Denied – Approved Staff Recommendation	Mr. Chiang Mr. Parrish Ms. Yee Mr. Leonard Mr. Westly/Ms. Mandel	Yes Yes Yes Yes Not participating

E3 ICG Communications, Inc., (2462), 316493, 318404 – “CF” – Appearance Waived

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Petition Partially Granted/Denied – Approved Staff Recommendation	Mr. Chiang Mr. Parrish Ms. Yee Mr. Leonard Mr. Westly/Ms. Mandel	Yes Yes Yes Yes Not participating

F. PUBLIC HEARINGS

F1 Proposed Amendments to Sales and Use Tax Regulation 1699, Permits Ms. Stanislaus

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Continued public hearing to December 13, 2005 Board Meeting	Mr. Chiang	Yes
	Mr. Parrish	Yes
	Ms. Yee	Yes
	Mr. Leonard	Yes
	Mr. Westly/Ms. Mandel	Yes

F2 Proposed Amendments to Sales and Use Tax Regulation 1802, Place of Sale and Use for Purposes of Bradley-Burns Uniform Local Sales and Use Taxes Ms. Stanislaus

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Continued public hearing to December 13, 2005 Board Meeting	Mr. Chiang	Yes
	Mr. Parrish	Yes
	Ms. Yee	Yes
	Mr. Leonard	Yes
	Mr. Westly/Ms. Mandel	Yes

F3 Proposed Amendments to Cigarette and Tobacco Products Tax Regulations to Conform to New Statues Ms. Stanislaus

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendation	Mr. Chiang	Yes
	Mr. Parrish	Yes
	Ms. Yee	Yes
	Mr. Leonard	Yes
	Mr. Westly/Ms. Mandel	Yes

G. TAX PROGRAM NONAPPEARANCE MATTERS – CONSENT

G1 Legal Appeals MattersMr. Levine

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendation	Mr. Chiang	Yes
No Final Determination on Sub-Item # 1	Mr. Parrish	Yes
	Ms. Yee	Yes
	Mr. Leonard	Yes
	Mr. Westly/Ms. Mandel	Yes

- Petition for Rehearing
 1. ~~Nortel Networks, Inc., 150425 (OHB)~~
- Hearing Notice Sent – No Response
 2. ATS Systems California, Inc., 225017, 255361 (CH)
 3. Ardeshir M. Behbahany, 241390, 254661 (GH)
 4. Richard Steinbaum, 246689 (FHB)
 5. Picomedia, Inc., 265931 (CH)

G2 Franchise and Income Tax MattersMr. Schreiter

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendation	Mr. Chiang	Yes
No Final Determination on Sub-Items #5 & 11	Mr. Parrish	Yes
	Ms. Yee	Yes
	Mr. Leonard	Yes
	Mr. Westly/Ms. Mandel	Yes

- Decisions
 1. Darnet Adams, 283986
 2. Charles Carney and Jennifer Carney, 289996
 3. Patricia J. Ferraro, 299111
 4. Michael James Galotta, 301574
 5. ~~Norma Jean Cattle Company, 303567~~
 6. John M. Payne, 290261
 7. Susan L. Rankin, 293470
 8. Loretta Strachowski, 303448
 9. Darrel Alan Travis, 289912
 10. James Wambach and Maria Wambach, 289999
- Petition for Rehearing
 11. ~~Elizabeth Montes, 224954~~
 - ~~Dennis A. Speldrick, 225542~~

G3 Homeowner and Renter Property Tax Assistance Matters..... Mr. Schreiter

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendation	Mr. Chiang	Yes
	Mr. Parrish	Yes
	Ms. Yee	Yes
	Mr. Leonard	Yes
	Mr. Westly/Ms. Mandel	Yes

➤ Decisions

1. Walter L. Collins, 306359
2. June Dizon, 295491
3. Martin Fahey, 293043
4. Nahid Ghodsi, 293052
5. Eve Iversen, 298734
6. Joseph L. Johnston, 289024
7. Tricia Mayfield, 296203
8. Virginia P. Palmer, 300360
9. Aneska Rasheed, 306996
10. Leticia Simmons, 295178
11. C. R. Stuart, 307422
12. Lisa Torquato (Deceased), 300804
13. Sandra Ruth Torres, 309273

G4 Sales and Use Taxes Matters Ms. Henry

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendation	Mr. Chiang	Yes
	Mr. Parrish	Yes
	Ms. Yee	Yes
	Mr. Leonard	Yes
	Mr. Westly/Ms. Mandel	Yes - not participating in #15

➤ Redeterminations

1. OCE North America, Inc., 265564 (OHA)
2. Air Liquide America Corporation, 268170 (OHC)
3. Baker Process, Inc., 285900 (OHC)
4. Peak Technologies, Inc., 269582 (OHB)
5. Kim Kea Ov, 198154 (EA)
6. Long Khieng Ta, 198153 (EA)
7. Jian Torkan, 306542 (EH)
8. Jesse Pinedo, 314405 (FHB)
9. JVC Americas Corporation, 293203 (OHB)
10. Gosiger West, LLC, 264208 (AS)
11. VF Imagewear (West), Inc., 307258 (OHB)

- Denials of Claims for Refund
 - 12. Fujitec America, Inc., 327447 (OHA)
 - 13. Harold F. Schuetz Enterprises, Inc., 89000366890 (ARH)
 - 14. Load King Manufacturing Company, 253678 (OHC)
 - 15. Chevrolet Motor Division, 326337 (OHA)
 - 16. Anderson Industrial Scaffolding Service, Inc., 259711 (OHC)

G5 Sales and Use Taxes Matters – Credits, Cancellations, and Refunds..... Ms. Henry

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendation No Final Determination on Sub-Item # 15 _____	Mr. Chiang	Yes
	Mr. Parrish	Yes
	Ms. Yee	Yes
	Mr. Leonard	Yes
	Mr. Westly/Ms. Mandel	Yes - not participating in #14

- Credits and Cancellations
 - 1. Sacramento Regional Transit District, 326332 (KH)
 - 2. TABC, Inc., 307881 (AA)
 - 3. Jendham, Inc., 325741 (FHB)
 - 4. QAM, Inc., 265138 (OHB)
- Refunds
 - 5. Fujitec America, Inc., 250024 (OHA)
 - 6. Three D Systems, Inc., 288950 (AR)
 - 7. Brown & Sharpe Manufacturing Company, 287645 (OHB)
 - 8. Viewsonic Corporation, 300144 (AP)
 - 9. Alta Equipment/Land Leasing Company, Inc., 327466 (BH)
 - 10. Peterson Tractor Company, 314679 (CH)
 - 11. BEI Sensors & Motion Systems Company, Inc., 304481 (AC)
 - 12. Compuware Corporation, 262567 (OHA)
 - 13. Datex-Ohmeda, Inc., 313857 (OHA)
 - 14. Chevrolet Motor Division, 315422 (OHA)
 - 15. ~~Household Retail Service, Inc., 103973 (OHA)~~
 - 16. Mercedes-Benz USA, LLC, 314036 (KH)
 - 17. Anderson Video Company, 327459 (AC)
 - 18. Lantern Communications, Inc., 245039 (GH)
 - 19. Opvista, Inc., 258690 (EAA)
 - 20. The Creative Works, 244817 (EAA)
 - 21. PDG Hightower, Inc., 315666 (FHB)
 - 22. Callaway Golf Sales Company, 318511 (FHB)
 - 23. Capgemini Technologies, LLC, 289304 (OHA)
 - 24. Biomarin Pharmaceutical, Inc., 261308 (JH)
 - 25. Cureline, Inc., 305388 (BH)
 - 26. Heritage Community Credit Union, 315363 (KH)
 - 27. Frank Guidace, 326338 (GH)

G6 Special Taxes Matters Mr. Gau

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendation	Mr. Chiang	Yes
	Mr. Parrish	Yes
	Ms. Yee	Yes
	Mr. Leonard	Yes
	Mr. Westly/Ms. Mandel	Yes

- Redetermination
 1. Fontana Center Trust, 311589 (MT)

G7 Special Taxes Matters – Credits, Cancellations, and Refunds
THERE WERE NO ITEMS FOR THIS MATTER

G8 Property Tax Matters Mr. Gau

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendation	Mr. Chiang	Yes
	Mr. Parrish	Yes
	Ms. Yee	Yes
	Mr. Leonard	Yes
	Mr. Westly/Ms. Mandel	Not participating

- Petitions for Reassessment of Unitary Value
 1. Southern California Water Company (101), 315703 – “CF”
 2. Pacific Pipeline System, LLC (486), 316491 – “CF”
- Petitions for Penalty Abatement on Unitary Value
 3. Allstate Communications, Inc. (8022), 314764 – “CF”
 4. Blue Casa Communications, Inc. (8027), 314766 – “CF”

G9 Cigarette License Fee Matters
THERE WERE NO ITEMS FOR THIS MATTER

G10 Legal Appeals Property Tax Matters Mr. Lambert

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendation	Mr. Chiang	Yes
	Mr. Parrish	Yes
	Ms. Yee	Yes
	Mr. Leonard	Yes
	Mr. Westly/Ms. Mandel	Not participating

- Petitions for Reassessment of Unitary Value
 1. Qwest Communications Corporation (2463), 316106 – “CF”
 2. Level 3 Communications, LLC (7761), 315515 – “CF”
- Petition for Reassessment and Penalty Abatement on Unitary Value
 3. BT Americas, Inc. (7758), 315653 – “CF”

H. TAX PROGRAM NONAPPEARANCE MATTERS – ADJUDICATORY

H1 Legal Appeals Matters

THERE WERE NO ITEMS FOR THIS MATTER

H2 Franchise and Income Tax Matters Mr. Schreiter

- Opinion
 1. Robert E. Wesley, 262544
Jerry J. Couchman, 281854

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayers' Appeal Denied – Adopted Formal Opinion – Approved Staff Recommendation	Mr. Chiang	Yes
	Mr. Parrish	Yes
	Ms. Yee	Yes
	Mr. Leonard	Yes
	Mr. Westly/Ms. Mandel	Yes

H3 Homeowner and Renter Property Tax Assistance Matters

THERE WERE NO ITEMS FOR THIS MATTER

H4 Sales and Use Taxes Matters

THERE WERE NO ITEMS FOR THIS MATTER

H5 Sales and Use Taxes Matters – Credits, Cancellations, and Refunds..... Ms. Henry

➤ Credit and Cancellation

1. Heang Yu Heng Jewelry, Inc., 325852 (AA)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Claim Denied – Approved Staff Recommendation	Mr. Chiang	Not Participating
	Mr. Parrish	Yes
	Ms. Yee	Yes
	Mr. Leonard	Yes
	Mr. Westly/Ms. Mandel	Yes

H6 Special Taxes Matters Mr. Gau

➤ Denial of Claim for Refund

1. Ultramar, Inc., 281957 (MT) – “CF”

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Claim Denied – Approved Staff Recommendation	Mr. Chiang	Yes
	Mr. Parrish	Yes
	Ms. Yee	Yes
	Mr. Leonard	Yes
	Mr. Westly/Ms. Mandel	Not Participating

H7 Special Taxes Matters – Credits, Cancellations, and Refunds
THERE WERE NO ITEMS FOR THIS MATTER

H8 Property Tax Matters
THERE WERE NO ITEMS FOR THIS MATTER

H9 Cigarette License Fee Matters
THERE WERE NO ITEMS FOR THIS MATTER

H10 Legal Appeals Property Tax Matters
THERE WERE NO ITEMS FOR THIS MATTER

I. TAX PROGRAM NONAPPEARANCE MATTERS

I1 Property Taxes Matters
THERE WERE NO ITEMS FOR THIS MATTER

I2 Offers-in-Compromise Recommendations
THERE WERE NO ITEMS FOR THIS MATTER

CHIEF COUNSEL MATTERS

J. Rulemaking
THERE WERE NO ITEMS FOR THIS MATTER

K. Business Taxes
THERE WERE NO ITEMS FOR THIS MATTER

L. Property Taxes
THERE WERE NO ITEMS FOR THIS MATTER

M. Other Chief Counsel Matters

M1 Update on Limited Peace Officer Status.....Ms. Cazadd

<u>Decision</u>	<u>Member</u>
No Action Required/Update only	Mr. Chiang Mr. Parrish Ms. Yee Mr. Leonard Mr. Westly/Ms. Mandel

ADMINISTRATIVE SESSION

N. Consent Agenda..... Ms. Pellegrini

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendation	Mr. Chiang Mr. Parrish Ms. Yee Mr. Leonard Mr. Westly/Ms. Mandel	Yes Yes Yes Yes Yes

N1 Effects of Proposition 10 on Cigarette and Tobacco Products Consumption

N2 2006 Timberland Production Zone Values

N3 Assessors' Handbook Section 531, *Residential Building Costs*

O. Approval of Board Committee Minutes

O1 Customer Services and Administrative Efficiency Committee

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Minutes as presented. The minutes can be accessed at: http://www.boe.ca.gov/meetings/custsrv/custsrv05.htm	Mr. Chiang	Yes
	Mr. Parrish	Yes
	Ms. Yee	Yes
	Mr. Leonard	Yes
	Mr. Westly/Ms. Mandel	Yes

O2 Business Taxes Committee

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No final action taken	Mr. Chiang	
	Mr. Parrish	
	Ms. Yee	
	Mr. Leonard	
	Mr. Westly/Ms. Mandel	

O3 Property Taxes Committee

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Minutes as presented. The minutes can be accessed at: http://www.boe.ca.gov/proptaxes/ptcwplan05.htm	Mr. Chiang	Yes
	Mr. Parrish	Yes
	Ms. Yee	Yes
	Mr. Leonard	No
	Mr. Westly/Ms. Mandel	Yes

P. Other Administrative Matters

P1 Executive Director's Report..... Mr. Hirsig

Executive Director's opportunity to report on matters of interest to the Board.

1. Strategic Plan Update

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No Action Required/Update only	Mr. Chiang	
	Mr. Parrish	
	Ms. Yee	
	Mr. Leonard	
	Mr. Westly/Ms. Mandel	

2. Succession Planning Update

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No Action Required/Update only	Mr. Chiang Mr. Parrish Ms. Yee Mr. Leonard Mr. Westly/Ms. Mandel	

3. Electronic Services Update

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No Action Required/Update only	Mr. Chiang Mr. Parrish Ms. Yee Mr. Leonard Mr. Westly/Ms. Mandel	

4. Cigarette Tax Stamp Update

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No Action Required/Update only	Mr. Chiang Mr. Parrish Ms. Yee Mr. Leonard Mr. Westly/Ms. Mandel	

5. Pro Bono Legal Assistance Program Update

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No Action Required/Update only	Mr. Chiang Mr. Parrish Ms. Yee Mr. Leonard Mr. Westly/Ms. Mandel	

ADJOURN

*Lined out items were removed from the agenda.