

Tuesday, January 26, 2010

The Board met at its offices at 450 N Street, Sacramento, at 9:41 a.m., with Ms. Yee, Chairwoman, Mr. Horton, Vice Chair, Mr. Leonard and Ms. Steel present, Ms. Mandel present on behalf of Mr. Chiang in accordance with Government Code section 7.9.

SALES AND USE TAX APPEALS HEARING

Local Tax Reallocation Hearing

City of Irvine, 434851

10-1-1997 to 3-31-2010, 1998, \$5,791,580.00 Amount in dispute

For Petitioner: Janis Varney, Representative

For Affected Jurisdiction: Robin Sturdivant, Representative

Cities of Costa Mesa, Mountain View,
Sunnyvale, Oakland

For Affected Jurisdiction: David McPherson, Representative

City of San Jose

For Sales and Use Tax Department: Carole Ruwart, Tax Counsel

Not subject to contribution disclosure pursuant to Government Code section 15626.

Issue: Whether local sales tax which should be directly allocated to petitioner applies to sales for which orders were taken at the retailer's Irvine office for goods shipped to California customers from out of state.

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

PUBLIC HEARINGS

Proposed Amendments to Property Tax Rules 192, *Mandatory Audits*; 193, *Scope of Audit*; and, 371, *Significant Assessment Problems*

Bradley Heller, Tax Counsel, Tax and Fee Program Division, Legal Department, made introductory remarks regarding the adoption of proposed amendments to Property Tax Rules 192, 193, and 371, which incorporate new audit procedures required by recent amendments to Revenue and Taxation Code section 469, make grammatical and formatting changes, and update citations. ([Exhibit 1.1.](#))

Speakers were invited to address the Board, but there were none.

Action: Upon motion of Mr. Horton, seconded by Ms. Steel and unanimously carried, Ms. Yee, Mr. Horton, Mr. Leonard, Ms. Steel and Ms. Mandel voting yes, the Board approved the proposed amendments to Property Tax Rules 192, *Mandatory Audits*; 193, *Scope of Audit*; and, 371, *Significant Assessment Problems*, as recommended by staff.

Exhibits to these minutes are incorporated by reference.

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State Assesseees' Presentations on Capitalization Rates and Other Factors Affecting Values¹

Ken Thompson, Chief, State-Assessed Properties Division, Property and Special Taxes Department, made introductory remarks regarding 1) State assesseees' presentations on capitalization rates, other factors and procedures affecting 2010-11 property values of California public utilities, railroads and pipelines; and 2) private railroad car assesseees' presentations on factors and procedures affecting 2010-11 taxable values of private railroad cars. Mr. Thompson stated for the record that State assesseees' comments received by February 23, 2010, will be accepted.

Speaker: Peter Hladek, Managing Director, Thompson Reuters

LEGAL APPEALS MATTERS, CONSENT

The Board deferred consideration of the following matters: *Neal O'Gilvy and Deanne O'Gilvy, 434977 (UT)*; and, *Travel Traders Hotel Stores, Inc., 514222*.

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

GIII Freedom, LLC, 401212 (UT)

December 30, 2005, \$472,725.00 Disputed Amount

Action: Redetermine as recommended by the Appeals Division.

Neal O'Gilvy and Deanne O'Gilvy, 434977 (UT)

March 25, 2005, \$14,796.00 Tax, \$1,479.60 Penalty

Action: Board took no action.

VJR Ventures, Inc., 435863, 435864 (JH)

4-1-04 to 1-20-07, \$233,281.79 Tax, \$28,697.21 Negligence Penalty

1-1-07 to 1-20-07, \$685.82, \$204.85 Failure to File Penalty

Action: Redetermine as recommended by the Appeals Division.

Gurmeet Singh Mehrok, 295399 (JH)

10-1-96 to 3-31-04, \$6,014.85 Tax, \$0.00 Penalty

Action: Redetermine as recommended by the Appeals Division.

Travel Traders Hotel Stores, Inc., 514222 (ET)

August 19, 2009, \$339.83 Approximate Value

Action: Board took no action.

¹ Additional comments were heard later in the day.

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Hussein Saleh Mohammed Rajeh, 514224 (ET)

September 2, 2009, \$264.00 Approximate Value

Action: Determined that staff properly seized the tobacco products.

Amarjit Singh, 514020 (ET)

September 10, 2009, \$387.66 Approximate Value

Action: Determined that staff properly seized the tobacco products.

Harjinder Singh and Pushpinder Kaur, 513010 (ET)

August 18, 2009, \$315.22 Approximate Value

Action: Determined that staff properly seized the tobacco products.

Ricar, Inc., 510010 (ET)

July 17, 2009, \$422.75 Approximate Value

Action: Determined that staff properly seized the tobacco products.

Malek Mohammad Sulaiman, 509957 (ET)

June 9, 2009, \$999.86 Approximate Value

Action: Determined that staff properly seized the tobacco products.

Mohammad Khalid, 510019 (ET)

July 13, 2009, \$135.00 Approximate Value

Action: Determined that staff properly seized the tobacco products.

Kassim Saleh Shaibi, 514218 (ET)

September 15, 2009, \$405.91 Approximate Value

Action: Determined that staff properly seized the tobacco products.

CORPORATE FRANCHISE AND PERSONAL INCOME TAX MATTERS, CONSENT

The Board deferred consideration of the following matter: *Shiro Shiozawa, 468726.*

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

Mohammad R. Azarmsa, 445648

2003, \$1,104.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Aquarius Investments, L.P., 460712

2000-2005, \$1,908.96 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

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Steven J. Benshoof, 432999

2005, \$1,720.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Naomi Brown, 441093

1990, \$6,783.66 Unpaid Amount

Action: Sustain the action of the Franchise Tax Board.

Joseph R. Buckley, 400990

2003, \$400.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Zoe Cattouse, 434771

2005, \$714.19 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Jerry Douglas and Annamaria Douglas, 423815

2003, \$5,874.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Christine A. Elliott, 440797

2001, \$2,405.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Harold Fine, 424288

1999, \$27,856.00 Assessment, \$6,964.00 Failure to Furnish Information Penalty

Action: Sustain the action of the Franchise Tax Board.

Antonio Ines Garcia, 468083

2002, \$2,109.00 Tax, \$527.25 Late Filing Penalty

Action: Sustain the action of the Franchise Tax Board.

Zeb Glass, Jr., 446034

1988, \$474.30 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Robin D. Granger, 451511

2006, \$1,068.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Joseph David Kunz, 438148

2005, \$1,324.43 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

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Mark Alan Laythorpe, 468767

2005, \$1,965.00 Tax, \$491.25 Late Filing Penalty, \$491.25 Notice and Demand Penalty, \$122.00 Filing Enforcement Fee

Action: Sustain the action of the Franchise Tax Board and impose a \$750.00 frivolous appeal penalty.

Lemur Family Partnership, 440976

2005, \$258.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Howard N. Misle and Tamara R. Misle, 486028

2003, \$56,095.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Marlyce Pang, 405254

2004, \$1,120.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Edward G. Petraglia, 430113

2002, \$1,449.15 Interest, \$157.69 Underpayment of Estimated Tax Penalty, \$1,216.00 Late Filing Penalty, \$294.71 Amnesty Penalty

2003, \$649.17 Interest, \$99.58 Underpayment of Estimated Tax Penalty, \$814.00 Late Filing Penalty

2004, \$779.95 Interest, \$88.52 Underpayment of Estimated Tax Penalty, \$1,414.75 Late Filing Penalty

2005, \$62.85 Interest, \$29.78 Underpayment of Estimated Tax Penalty, \$233.75 Late Filing Penalty

Action: Sustain the modified action of the Franchise Tax Board because respondent has agreed to abate the late filing penalty for 2002 and interest associated solely with this penalty.

Brian L. Potter, 444037

2006, \$1,810.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Jason Salgado, 461174

2006, \$1,018.56 Tax

Action: Sustain the action of the Franchise Tax Board.

Vladimir Shishkin and Emma Shishkin, 439473

2003, \$426.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Shiro Shiozawa, 468726

2006, \$8,417.00 Tax, \$2,104.25 Late Filing Penalty, \$2,104.25 Notice and Demand Penalty, \$122.00 Filing Enforcement Fee

Action: The Board took no action.

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Marco Tornero and Dolores Maravilla, 436283

1999, \$2,354.00 Claim for Refund

Action: Sustain the action with concession of the \$596.00 accuracy-related penalty by the Franchise Tax Board.

Laurette M. Verbinski, 446066

2006, \$3,402.79 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Adriana Summers, 479849

2005, \$7,101.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

William Amonette Anderson, 472150

2005, \$3,146.00 Tax, \$1,695.00 Penalties

2006, \$2,895.00 Tax, \$1,569.50 Penalties

Action: Sustain the action of the Franchise Tax Board and impose a \$750.00 frivolous appeal penalty.

HOMEOWNER AND RENTER PROPERTY TAX ASSISTANCE MATTERS, CONSENT

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

Vickie J. Bird, 415055

2004, \$347.00

Action: Sustain the action of the Franchise Tax Board.

Fabian Cooper (Deceased), 432460

2007, \$347.50

Action: Sustain the action of the Franchise Tax Board.

Deanna Gear, 473081

2006, \$347.50

Action: Sustain the action of the Franchise Tax Board.

Eugene Martin, 437602

2007, \$1.00 or more

Action: Sustain the action of the Franchise Tax Board.

D. H. Phan, 423861

2007, \$265.00

Action: Sustain the action of the Franchise Tax Board.

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Juliet Staples, 450001

2007, \$1 or more

Action: Sustain the action of the Franchise Tax Board.

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 Mr. Leonard, seconded by Mr. Horton and unanimously carried, Ms. Yee, Mr. Horton, Mr. Leonard, Ms. Steel and Ms. Mandel voting yes, Ms. Mandel not participating in accordance with Government Code section 87105 in *Fisher Scientific Co, LLC, 513107*; and, *Nissan Motor Acceptance Corp, 418112*; the Board made the following orders:

Citicorp Development Center, Inc., 467245 (AS)

1-1-03 to 12-31-05, \$268,131.83

Action: Approve the redetermination as recommended by staff.

Hyundai Motor America, 447516 (EA)

4-1-04 to 3-31-07, \$99,683.30

Action: Approve the redetermination as recommended by staff.

Debra L. George, 486044 (KH)

7-1-01 to 12-31-05, \$106,915.47

Action: Approve the redetermination as recommended by staff.

Cemex California Cement, LLC, 473504 (OH)

10-1-02 to 9-30-05, \$284,438.49

Action: Approve the redetermination as recommended by staff.

Crainco, Inc., 468245 (AA)

1-1-04 to 12-31-06, \$56,162.90

Action: Approve the redetermination as recommended by staff.

Cross Fullerton, Inc., 474954 (EA)

1-1-05 to 2-29-08, \$85,005.41

Action: Approve the redetermination as recommended by staff.

Zouheir Fayad, 479504 (EA)

10-1-05 to 8-25-08, \$98,094.07

Action: Approve the redetermination as recommended by staff.

Fisher Scientific Co, LLC, 513107 (OH)

4-1-09 to 6-30-09, \$172,602.90

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

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New Tangram, LLC, 513100 (AA)

4-1-09 to 6-30-09, \$65,705.20

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

Daimler Trust, 513109 (OH)

5-1-09 to 6-15-09, \$68,777.46

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

Nissan Motor Acceptance Corp, 418112 (OH)

7-1-04 to 6-30-07, \$2,769,184.89

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

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 Mr. Leonard, seconded by Ms. Steel and unanimously carried, Ms. Yee, Mr. Horton, Mr. Leonard, Ms. Steel and Ms. Mandel voting yes, Ms. Mandel not participating in accordance with Government Code section 87105 in *Nissan Motor Acceptance Corp., 418112*; the Board made the following orders:

Robert Martinez, 491195 (CH)

10-20-04 to 6-30-05, \$51,842.46

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

Minaeh Ahn Jin, 511698 (AS)

1-1-03 to 5-30-06, \$54,096.19

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

Cedar Fair, LP, 513904 (EA)

10-1-08 to 12-31-08, \$100,822.00

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

Pro Sports Nutrition Depot, Inc., 513117 (AS)

1-1-02 to 4-29-02, \$110,554.12

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

Harjinder Singh Bhade, 511299 (KH)

7-1-08 to 12-31-08, \$278,214.96

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

Mopan Investments, Inc., 511769 (EA)

10-1-08 to 3-31-09, \$180,917.32

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

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Amcor Sunclipse North America, 510850 (EA)

12-22-02 to 6-21-08, \$72,175.33

Action: Approve the refund as recommended by staff.

Nissan Motor Acceptance Corp., 418112 (OH)

7-1-04 to 6-30-07, \$4,713,757.81

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

Toyota Motor Credit Corporation, 433432 (AS)

1-1-05 to 9-30-07, \$16,993,519.74

Action: Approve the refund as recommended by staff.

Crescent Jewelers, 509814 (CH)

1-1-05 to 12-31-07, \$232,095.79

Action: Approve the refund as recommended by staff.

Pro Business Centers, Inc., 507480 (CH)

7-1-03 to 6-30-07, \$54,946.08

Action: Approve the refund as recommended by staff.

Shop N Go, Inc., 448951 (KH)

1-1-06 to 12-31-08, \$135,606.19

Action: Approve the refund as recommended by staff.

Cambro Manufacturing, 487375 (EA)

1-1-08 to 9-30-08, \$124,119.37

Action: Approve the refund as recommended by staff.

Jeromes Furniture Warehouse, Inc., 477960 (FH)

1-1-07 to 9-30-08, \$200,987.18

Action: Approve the refund as recommended by staff.

Bank of the West, 361937 (CH)

4-1-03 to 3-31-06, \$237,998.35

Action: Approve the refund as recommended by staff.

Philips Medical Systems, Inc., 465441 (GH)

4-1-02 to 3-31-06, \$275,426.22

Action: Approve the refund as recommended by staff.

Fruitridge Printing Lithograph, Inc., 435692 (KH)

4-1-04 to 12-31-07, \$129,746.67

Action: Approve the refund as recommended by staff.

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Worthen Enterprises, Inc., 512048 (KH)

1-1-06 to 12-31-08, \$65,068.74

Action: Approve the refund as recommended by staff.

Mercedes-Benz USA, LLC, 510406 (KH)

6-1-09 to 9-16-09, \$515,943.00

Action: Approve the refund as recommended by staff.

Sunamerica Life Insurance Company, 443314 (AS)

7-1-06 to 9-30-08, \$468,103.48

Action: Approve the refund as recommended by staff.

Chrysler, LLC, 510928 (OH)

10-24-08 to 6-17-09, \$943,297.00

Action: Approve the refund as recommended by staff.

Thomas William Kelly, 496218 (BH)

7-1-05 to 2-28-06, \$70,317.00

Action: Approve the refund as recommended by staff.

Cary Vending, LLC, 510259 (KH)

1-1-06 to 12-31-08, \$60,706.44

Action: Approve the refund as recommended by staff.

Sully-Miller Contracting Company, 509117 (EA)

7-1-05 to 6-30-08, \$78,014.80

Action: Approve the refund as recommended by staff.

Trade Care, Inc., 476795 (GH)

1-1-06 to 9-30-08, \$390,849.02

Action: Approve the refund as recommended by staff.

Drivetime Car Sales, Inc., 488619 (OH)

10-1-08 to 12-31-08, \$147,480.85

Action: Approve the refund as recommended by staff.

Network Hardware Resale, LLC, 484212 (GH)

7-1-08 to 12-31-08, \$186,310.48

Action: Approve the refund as recommended by staff.

THC – Orange County, Inc., 378750 (AS)

7-1-02 to 9-30-06, \$120,353.37

Action: Approve the refund as recommended by staff.

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Equinix Operating Company, Inc., 509747 (BH)

4-1-05 to 3-31-08, \$266,491.37

Action: Approve the refund as recommended by staff.

Owens & Minor Distribution, Inc., 396526 (OH)

7-1-05 to 12-31-06, \$187,296.03

Action: Approve the refund as recommended by staff.

Owens & Minor Distribution, Inc., 423834 (OH)

1-1-05 to 6-30-07, \$104,032.46

Action: Approve the refund as recommended by staff.

Southern California Gas Company, 205208 (AA)

7-1-00 to 12-31-05, \$490,891.78

Action: Approve the refund as recommended by staff.

Travis Credit Union, 489119 (JH)

1-1-09 to 6-30-09, \$601,407.66

Action: Approve the refund as recommended by staff.

Q-Matic Corporation, 510509 (OH)

1-1-06 to 12-31-07, \$63,957.91

Action: Approve the refund as recommended by staff.

Oakland Pallet Company, Inc., 459068 (CH)

4-1-05 to 3-31-08, \$97,175.54

Action: Approve the refund as recommended by staff.

Americredit Financial Service, Inc., 488220 (OH)

1-1-09 to 6-30-09, \$3,091,504.00

Action: Approve the refund as recommended by staff.

Consumer Portfolio Services, Inc., 486762 (EA)

7-1-07 to 12-31-08, \$1,258,619.79

Action: Approve the refund as recommended by staff.

Transouth Financial Corporation, 488614 (OH)

1-1-09 to 6-30-09, \$1,690,938.34

Action: Approve the refund as recommended by staff.

Bowne Enterprise Solutions, LLC, 425402 (EA)

7-1-04 to 12-31-07, \$328,139.98

Action: Approve the refund as recommended by staff.

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Claim Jumper Restaurants, LLC, 510465 (EA)

7-1-05 to 7-1-08, \$98,529.73

Action: Approve the refund as recommended by staff.

Fresh Dining, LLC, 483863 (AC)

1-1-06 to 2-29-08, \$1,002,217.45

Action: Approve the refund as recommended by staff.

Eagle Community Credit Union, 490963 (EA)

10-1-08 to 3-31-09, \$209,426.00

Action: Approve the refund as recommended by staff.

Home Acceptance Corporation, 461210 (EA)

1-1-06 to 3-31-09, \$165,122.27

Action: Approve the refund as recommended by staff.

Freshology, Inc., 483925 (AC)

3-1-08 to 3-31-09, \$371,557.36

Action: Approve the refund as recommended by staff.

Southland Credit Union, 468392 (EA)

7-1-05 to 12-31-08, \$262,471.99

Action: Approve the refund as recommended by staff.

BMAC Investment Company, LLC, 487052 (EA)

10-1-05 to 3-31-09, \$161,131.25

Action: Approve the refund as recommended by staff.

SPECIAL TAXES MATTERS, RELIEF OF PENALTY, CONSENT

The Board deferred consideration of the following matter: *Kern Oil & Refining Company, 467744.*

Kern Oil & Refining Company, 467744 (MT)

8-1-06 to 8-31-06, \$97,500.00

Action: The Board took no action.

LEGAL APPEALS MATTERS, ADJUDICATORY

Speakers: Lyle Downey, Partner, Downey, Smith & Frier, made remarks on behalf of *On Sports, Inc., 334978.*

Ashok B. Agarwal, CPA, made remarks on behalf of *Krishna Devi, 341721.*

Action: The Board deferred consideration of the Legal Appeals Matters Adjudicatory, to later in the day.

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**CORPORATE FRANCHISE AND PERSONAL INCOME TAX MATTERS,
ADJUDICATORY**

Speaker: Stephen McKee, Attorney, McKee Law, made remarks on behalf of *Takashi Watanabe and Marcia Watanabe, 461159.*

Takashi Watanabe and Marcia Watanabe, 461159

2003, \$11,904.00 Tax

Considered by the Board: September 22, 2009

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

Action: Mr. Leonard moved to reverse the action of the Franchise Tax Board. The motion was seconded by Ms. Steel but failed to carry, Mr. Leonard and Ms. Steel voting yes, Ms. Yee, Mr. Horton and Ms. Mandel voting no.

Upon motion of Ms. Yee and unanimously carried, Ms. Yee, Mr. Horton, Mr. Leonard, Ms. Steel and Ms. Mandel voting yes, the Board deferred consideration of the matter to later in the day.

Mark R. Nicholson and Nancy J. Nicholson, 440949

2002, \$6,906.00 Tax, \$2,762.40 Accuracy-Related Penalty, \$468.65 Post-Amnesty Penalty

Considered by the Board: November 17, 2009

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

Action: Upon motion of Ms. Mandel, seconded by Mr. Horton and unanimously carried, Ms. Yee, Mr. Horton, Mr. Leonard, Ms. Steel and Ms. Mandel voting yes, the Board adopted a decision sustaining the action of the Franchise Tax Board.

Joe L. Santos, 445970

2003, \$1,914.00 Tax

Considered by the Board: September 22, 2009

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

Action: Upon motion of Mr. Horton and unanimously carried, Ms. Yee, Mr. Horton, Mr. Leonard, Ms. Steel and Ms. Mandel voting yes, the Board deferred consideration of the matter to later in the day.

Ernesto Sibal, 435767

2003, \$72,291.00 Claim for Refund

Considered by the Board: December 15, 2009

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

Action: Upon motion of Ms. Mandel, seconded by Mr. Horton and unanimously carried, Ms. Yee, Mr. Horton, Mr. Leonard, Ms. Steel and Ms. Mandel voting yes, the Board adopted a decision sustaining the action of the Franchise Tax Board.

Roland Leroy Reese, 393407

2003, \$3,194.00 Tax, \$798.50 Late Filing Penalty, \$825.75 Notice and Demand Penalty, \$120.00 Filing Enforcement Fee

Considered by the Board: October 6, 2009

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

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Action: Upon motion of Mr. Leonard, seconded by Mr. Horton and unanimously carried, Ms. Yee, Mr. Horton, Mr. Leonard, Ms. Steel and Ms. Mandel voting yes, the Board adopted a decision denying the petition for rehearing and modifying its decision of June 9, 2009, (1) to reduce the late filing penalty to \$292.00 and the notice and demand penalty to \$319.25 as conceded by the Franchise Tax Board; and (2) to reduce the frivolous appeal penalty to \$1,000. The filing enforcement fee will remain as initially imposed in the amount of \$120. Otherwise, the Board's decision of June 9, 2009 is affirmed.

TAX PROGRAM NONAPPEARANCE MATTERS NOT SUBJECT TO CONTRIBUTION DISCLOSURE STATUTE

PROPERTY TAX MATTERS

Unitary Escaped Assessment

Pacific Gas and Electric Company (135)

2006-2009, \$12,000,000.00

Action: Upon motion of Mr. Horton, seconded by Ms. Steel and unanimously carried, Ms. Yee, Mr. Horton, Mr. Leonard and Ms. Steel 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.

Board Roll Changes

2009 Board Roll of State-Assessed Property

Action: Upon motion of Mr. Horton, seconded by Ms. Steel and unanimously carried, Ms. Yee, Mr. Horton, Mr. Leonard and Ms. Steel voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board approved corrections to the 2009 Board Rolls of State-Assessed Property as recommended by staff. ([Exhibit 1.2.](#))

OFFERS-IN-COMPROMISE RECOMMENDATIONS

Action: Upon motion of Mr. Leonard, seconded by Ms. Steel and unanimously carried, Ms. Yee, Mr. Horton, Mr. Leonard, Ms. Steel and Ms. Mandel voting yes, the Board approved the Offers in Compromise of *Jacobs Electronics; Sandeep Jaiswal; Stephen and Loretta Elkins;* and, *Michael Hoyt;* as recommended by staff.

LEGAL APPEALS MATTERS, ADJUDICATORY

On Sports, Inc., 334978 (KH) (Continued)

7-1-00 to 9-30-03, \$53,314.59 Tax, \$0.00 Penalty

Considered by the Board: July 21, 2009

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

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Action: Ms. Mandel moved to redetermine the petition as recommended by staff. The motion was seconded by Ms. Yee. Ms. Steel made a substitute motion to grant the petition as to sales to Knotty Team Sports, otherwise that the petition be redetermined as recommended by the Appeals Division. The substitute motion was seconded by Mr. Leonard but failed to carry, Mr. Leonard and Ms. Steel voting yes, Ms. Yee, Mr. Horton and Ms. Mandel voting no.

Upon motion of Ms. Mandel, seconded by Ms. Yee and duly carried, Ms. Yee, Mr. Horton, Mr. Leonard and Ms. Mandel voting yes, Ms. Steel voting no, the Board ordered that the petition be redetermined as recommended by the Appeals Division.

Krishna Devi, 341721 (CH) (continued)

1-1-02 to 13-31-04, \$96,033.29 Tax

Considered by the Board: July 21, 2009

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

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

CORPORATE FRANCHISE AND PERSONAL INCOME TAX MATTERS, ADJUDICATORY

Joe L. Santos, 445970 (continued)

Action: Ms. Mandel moved to sustain the action of the Franchise Tax Board, with direction to staff to discuss payment options and the Offer in Compromise Program with the appellant. The motion was seconded by Ms. Yee. Mr. Leonard made a substitute motion to partially abate interest for the period April 2007 to January 2008, otherwise sustain action of the Franchise Tax Board. The substitute motion was seconded by Ms. Steel but failed to carry, Mr. Leonard and Ms. Steel voting yes, Ms. Yee, Mr. Horton and Ms. Mandel voting no.

Upon motion of Ms. Mandel, seconded by Ms. Yee and duly carried, Ms. Yee, Mr. Horton and Ms. Mandel voting yes, Mr. Leonard and Ms. Steel voting no, the Board adopted a decision sustaining the action of the Franchise Tax Board, and directed staff to explain payment options and the Offer in Compromise Program to the appellant.

Takashi Watanabe and Marcia Watanabe, 461159 (continued)

Action: Ms. Steel moved to reverse the action of the Franchise Tax Board as to attorney's fees. The motion was seconded by Mr. Leonard but failed to carry, Mr. Leonard and Ms. Steel voting yes, Ms. Yee, Mr. Horton and Ms. Mandel voting no.

The Board deferred consideration to the afternoon session.

State Assesseees' Presentations on Capitalization Rates and Other Factors Affecting Values (continued)

The Board heard additional comments regarding 1) State assesseees' presentations on capitalization rates, other factors and procedures affecting 2010-11 property values of California public utilities, railroads and pipelines; and 2) private railroad car assesseees' presentations on factors and procedures affecting 2010-11 taxable values of private railroad cars.

Tuesday, January 26, 2010

Speakers: Peter W. Michaels, Law Offices of Peter Michaels

The Board recessed at 11:00 a.m. and reconvened at 1:30 p.m. with Ms. Yee, Mr. Horton, Mr. Leonard, Ms. Steel and Ms. Mandel present.

CORPORATE FRANCHISE AND PERSONAL INCOME TAX MATTERS, ADJUDICATORY

Takashi Watanabe and Marcia Watanabe, 461159 (continued)

Action: Upon motion of Ms. Mandel, seconded by Mr. Horton and duly carried, Ms. Yee, Mr. Horton and Ms. Mandel voting yes, Mr. Leonard and Ms. Steel voting no, the Board adopted a decision sustaining the action of the Franchise Tax Board.

SALES AND USE TAX APPEALS HEARINGS

Internet Support and Services Corp., 426155 (KH)

4-1-06 to 8-15-07, \$17,518.26 Tax, \$00.00 Penalty

For Petitioner: Jim Adams, Taxpayer
Alina Adams, Taxpayer
David Scharlach, Attorney
Cary Huxsoll, Tax Counsel

For Sales and Use Tax Department:

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

Issue: Whether petitioner is liable as a successor for the unpaid liabilities of Central Valley Business Systems, Inc.

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

Irving Paul Berman, 404690 (AC)

4-1-98 to 12-31-00, \$8,610.10 Tax, \$867.91 Negligence Penalty, \$861.01 Finality Penalty, \$2,158.57 Amnesty Interest Penalty

For Petitioner: Irving Paul Berman, Taxpayer
Jesse W. McClellan, Representative

For Sales and Use Tax Department:

Andrew Kwee, Tax Counsel

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

Issues: Whether petitioner is liable as a responsible person under Revenue and Taxation Code section 6829 for Sentech's liabilities.

Whether the notice of determination was timely issued.

Whether adjustment are warranted to the liability assessed against Sentech.

Whether Sentech was negligent.

Whether relief from the finality penalty should be granted.

David H. Levine, Counsel, Legal Appeals Division, reported a revised recommendation that would relieve the amnesty interest penalty if certain conditions were met.

Tuesday, January 26, 2010

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

PETITIONS FOR RELEASE OF SEIZED PROPERTY

Eyad Y. Ariekat and Aiman Abuhamdieh, 509965 (ET)

May 20, 2009 Seizure Date, \$1,782.89 Approximate Value

For Petitioner: Aiman Abuhamdieh, Taxpayer
Eyad Ariekat, Taxpayer

For Property and Special Taxes Department Stephen Smith, Tax Counsel

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

Issue: Whether the tobacco products should be forfeited because they are described by Business and Professions Code sections 22974.3, subdivision (b), or 22978.2, subdivision (b).

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

Brentwood Emporium, 518190 (ET)

June 5, 2009 Seizure Date, \$1,253.52 Approximate Value

For Petitioner: Larry Lindsay, Taxpayer

For Property and Special Taxes Department Chris Schutz, Tax Counsel

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

Issue: Whether the tobacco products should be forfeited because they are described by Business and Professions Code sections 22974.3, subdivision (b).

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

Mikhail Dorghalli, 506147 (ET)

April 21, 2009 Seizure Date, \$973.00 Approximate Value

For Petitioner: Patrick J. Finnegan, Representative

For Property and Special Taxes Department Stephen Smith, Tax Counsel

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

Issue: Whether the tobacco products should be forfeited because they are described by Business and Professions Code sections 22974.3, subdivision (b).

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

Tuesday, January 26, 2010

Asal Melody Iranpour, 488813 (ET)

February 9, 2009 Seizure Date \$442.85 Approximate Value

For Petitioner:

Asal Melody Iranpour, Taxpayer

Steve Iranpour, Representative

For Property and Special Taxes Department

Christine Bisauta, Tax Counsel

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

Issue: Whether the tobacco products should be forfeited because they are described by Business and Professions Code sections 22974.3, subdivision (b).

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

FINAL ACTION ON SALES AND USE TAX APPEALS HEARING LOCAL TAX REALLOCATION HEARING HELD JANUARY 26, 2010

City of Irvine, 434851

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

FINAL ACTION ON SALES AND USE TAX APPEALS HEARINGS HELD JANUARY 26, 2010

Internet Support and Services Corp., 426155 (KH)

Final Action: Upon motion of Ms. Mandel, seconded by Mr. Horton and duly carried, Ms. Yee, Mr. Horton and Ms. Mandel voting yes, Mr. Leonard and Ms. Steel voting no, the Board ordered that the petition be redetermined as recommended by the Appeals Division, and directed staff to evaluate the petitioner's financial viability and inform petitioner of its payment options.

Irving Paul Berman, 404690 (AC)

Final Action: Ms. Steel moved to abate the negligence penalty, and that the petition otherwise be redetermined in accordance with the revised recommendation of the Appeals Division. The motion was seconded by Mr. Leonard but failed to carry, Mr. Leonard and Ms. Steel voting yes, Ms. Yee, Mr. Horton and Ms. Mandel voting no.

Upon motion of Ms. Mandel, seconded by Mr. Horton and duly carried, Ms. Yee, Mr. Horton and Ms. Mandel voting yes, Mr. Leonard and Ms. Steel voting no, the Board ordered that the amnesty interest penalty be relieved if, within 30 days of the Notice of Redetermination, petitioner either: pays the full amount of tax and interest due; or enters into an installment agreement with the Sales and Use Tax Department for full payment of the tax and interest due within 13 months, and successfully completes that installment agreement; and that the petition otherwise be redetermined in accordance with the revised recommendation of the Appeals Division.

Tuesday, January 26, 2010

**FINAL ACTION ON PETITIONS FOR RELEASE OF SEIZED PROPERTY HELD
JANUARY 26, 2010**

Eyad Y. Arieakat and Aiman Abuhamdieh, 509965 (ET)

Final Action: Upon motion of Mr. Horton, seconded by Ms. Mandel and duly carried, Ms. Yee, Mr. Horton and Ms. Mandel voting yes, Mr. Leonard and Ms. Steel voting no, the Board determined that staff properly seized the tobacco products.

Mr. Leonard directed Chief Counsel to provide a legal opinion on the Jenkins Act.

Ms. Mandel directed staff to look into putting a legend on the Internet stickers.

Brentwood Emporium, 518190 (ET)

Final Action: Upon motion of Mr. Horton, seconded by Ms. Mandel and unanimously carried, Ms. Yee, Mr. Horton, Mr. Leonard, Ms. Steel and Ms. Mandel voting yes, the Board determined that staff properly seized the tobacco products.

The Board directed staff to review training of investigators to ensure professionalism during investigations.

Mikhail Dorghalli, 506147 (ET)

Final Action: Upon motion of Ms. Mandel, seconded by Ms. Yee and duly carried, Ms. Yee, Mr. Horton, Mr. Leonard and Ms. Mandel voting yes, Ms. Steel voting no, the Board determined that staff properly seized the tobacco products.

Asal Melody Iranpour, 488813 (ET)

Final Action: Upon motion of Mr. Horton, seconded by Ms. Mandel and duly carried, Ms. Yee, Mr. Horton, Mr. Leonard and Ms. Mandel voting yes, Ms. Steel voting no, the Board determined that staff properly seized the tobacco products.

PETITION FOR RELEASE OF SEIZED PROPERTY

A2Z Associates, Inc., 506279 (ET)

May 14, 2009 Seizure Date, \$59.85 Approximate Value

For Petitioner: Appearance Waived

For Property and Special Taxes Department Christine Bisauta, Tax Counsel

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

Issue: Whether the tobacco products should be forfeited because they are described by Business and Professions Code sections 22974.3, subdivision (b).

Action: Upon motion of Ms. Mandel, seconded by Mr. Horton and unanimously carried, Ms. Yee, Mr. Horton, Mr. Leonard, Ms. Steel and Ms. Mandel voting yes, the Board determined that staff properly seized the tobacco products.

Tuesday, January 26, 2010

ANNOUNCEMENT REGARDING CLOSED SESSION

Kristine Cazadd, Chief Counsel, stated for the record that, having met the criteria stated in Government Code section 11126.3(d), the Board is adding the following pending litigation issue to the January 2010 Closed Session agenda: *Ashok V. Parmar, et al. v. California State Board of Equalization*, Los Angeles County Superior Court Case No. BC379013.

The Board adjourned at 5:39 p.m.

The foregoing minutes are adopted by the Board on March 25, 2010.

Note: The following matters were removed from the calendar prior to the meeting: *Charles R. Schwab and Helen O. Schwab, 450981; Neal O'Gilvy and Deanne O'Gilvy, 434977 (UT)*, and, *James R. Evans and Robin B. Evans, 416415.*

Wednesday January 27, 2010

The Board met at its offices at 450 N Street, Sacramento, at 9:30 a.m., with Ms. Yee, Chairwoman, Mr. Horton, Vice Chair, Mr. Leonard and Ms. Steel present, Ms. Mandel present on behalf of Mr. Chiang in accordance with Government Code section 7.9.

SALES AND USE TAX APPEALS HEARING

John Henry Darral Steinhauer, 458651, 459600 (KH)

7-1-04 to 6-30-07, \$139,115.11 Disputed Amount

For Petitioner/Claimant: Jesse W. McClellan, Representative

For Sales and Use Tax Department: Scott Lambert, Hearing Representative

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

Issue: Whether petitioner has established that his claimed nontaxable labor charges or any of the sales reported as taxable on his returns for the audit period were, in fact, nontaxable.

Action: Upon motion of Mr. Leonard, seconded by Mr. Horton and unanimously carried, Ms. Yee, Mr. Horton, Mr. Leonard, Ms. Steel and Ms. Mandel voting yes, the Board ordered that the petition be submitted for decision, granting the petitioner 30 days to file supporting documents, the Department 30 days—with flexibility—to respond, and the Appeals Division 30 days thereafter to review the parties' submissions and provide its recommendation to the Board.

CHIEF COUNSEL MATTERS

RULEMAKING

Specified Special Tax and Fee Regulations

Bradley Heller, Tax Counsel, Tax and Fee Program Division, Legal Department, made introductory remarks regarding staff's request for authorization to complete Rule 100 changes to add or amend specified regulations pertaining to the Energy Resources Surcharge Law, the Fee Collection Procedures Law; the Emergency Telephone Users Surcharge Law; the Cigarette and Tobacco Products Tax Law; the Cigarette and Tobacco Products Licensing Act, the Fee Collection Procedures Law, and the general administration of special taxes. ([Exhibit 1.3.](#))

Mr. Heller reported a revision to correct a reference in Regulation 4500, subdivision (e), from article XIII, section 9, of the California Constitution, to article XIII, section 17.

Action: Upon motion of Mr. Horton, seconded by Ms. Mandel and unanimously carried, Ms. Yee, Mr. Horton, Mr. Leonard, Ms. Steel and Ms. Mandel voting yes, the Board approved the section 100 changes to specified special tax and fee regulations with the revision as recommended by staff.

Exhibits to these minutes are incorporated by reference.

Wednesday January 27, 2010

Property Tax Rule 312, *Hearings Record*

Bradley Heller, Tax Counsel, Tax and Fee Program Division, Legal Department, made introductory remarks regarding staff's request for authorization to complete a Rule 100 change to Property Tax Rule 312 to update a reference to the Code of Civil Procedure. ([Exhibit 1.4.](#))

Action: Upon motion of Ms. Mandel, seconded by Mr. Horton and unanimously carried, Ms. Yee, Mr. Horton, Mr. Leonard, Ms. Steel and Ms. Mandel voting yes, the Board approved the section 100 changes to Property Tax Rule 312, *Hearings Record*, as recommended by staff.

Sales and Use Tax Regulation 1699, *Permits*

Bradley Heller, Tax Counsel, Tax and Fee Program Division, Legal Department, made introductory remarks regarding staff's request for authorization to complete Rule 100 changes to Regulation 1699 to incorporate the provisions of newly enacted Revenue and Taxation Code section 6225 regarding the registration of qualified purchasers. ([Exhibit 1.5.](#))

Action: Upon motion of Mr. Horton, seconded by Ms. Mandel and unanimously carried, Ms. Yee, Mr. Horton, Mr. Leonard, Ms. Steel and Ms. Mandel voting yes, the Board approved the section 100 changes to Sales and Use Tax Regulation 1699, *Permits*, as recommended by staff.

Sales and Use Tax Regulation 1597, *Property Transferred or Sold by Certain Nonprofit Organizations*

Bradley Heller, Tax Counsel, Tax and Fee Program Division, Legal Department, made introductory remarks regarding staff's request for authorization to complete Rule 100 changes to Regulation 1597 to incorporate the provisions of newly enacted Revenue and Taxation Code section 6018.9 pertaining to the requirements for 501(c) organizations to be consumers of property transferred to their members. ([Exhibit 1.6.](#))

Mr. Heller reported that in the description of this item, the Public Agenda Notice erroneously referenced "501(c)(3)" and should have referenced "501(c)" instead.

Action: Upon motion of Mr. Horton, seconded by Ms. Mandel and unanimously carried, Ms. Yee, Mr. Horton, Mr. Leonard, Ms. Steel and Ms. Mandel voting yes, the Board approved the section 100 changes to Sales and Use Tax Regulation 1597, *Property Transferred or Sold by Certain Nonprofit Organizations*, as recommended by staff.

Wednesday January 27, 2010

OTHER CHIEF COUNSEL MATTERS**Discussion of Current Status of Homeowner and Renter Property Tax Assistance Appeals and Response to Franchise Tax Board**

Grant Thompson, Tax Counsel, Appeals Division, Legal Department, presented staff's recommendation and request for Board direction regarding the disposition of pending Homeowners and Renters Assistance (HRA) appeals for which funding is exhausted. ([Exhibit 1.7.](#))

Speaker: Geoff Way, Chief Counsel, Franchise Tax Board

Action: Upon motion of Ms. Yee, seconded by Mr. Horton and unanimously carried, Ms. Yee, Mr. Horton, Mr. Leonard, Ms. Steel and Ms. Mandel voting yes, the Board approved staff's recommendation to continue processing the remaining HRA appeals, while notifying appellants of the funding situation.

Staff Update: *Yabsley v. Cingular Wireless, LLC*, Santa Barbara County Superior Court Case No. 01221332, Second Dist. Court of Appeal No. B198827, Supreme Court No. S176146

Robert Lambert, Assistant Chief Counsel, Litigation Division, Legal Department, reported that the California Supreme Court granted review of *Yabsley v. Cingular Wireless, LLC*, and discussed the possibility of filing an Amicus Curiae Brief. ([Exhibit 1.8.](#))

ADMINISTRATIVE SESSION**ADMINISTRATIVE MATTERS, CONSENT**

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

Action: Adopt the following resolutions extending its best wishes on their respective retirements and its appreciation for their service to the State Board of Equalization and the State of California. ([Exhibit 1.9.](#))

Joseph W. Clayton, Business Taxes Specialist I, Out-of-State Sacramento Office,
Sales and Use Tax Department

Lee F. Copeland, Business Taxes Compliance Supervisor II, San Jose Office
Rebecca L. Jones, Supervising Tax Auditor II (District Principal Auditor),
Ventura Office

Gloria McGill, Associate Information Systems Analyst (Specialist), Technology
Services Department

Donald W. Prince, Supervising Tax Auditor, Out-of-State Sacramento Office,
Sales and Use Tax Department

Wednesday January 27, 2010

Motoshi C. Sakamoto, Business Taxes Specialist I, Sales and Use Tax
Department
Shahla S. Samiee, Associate Tax Auditor, Out-of-State Sacramento Office, Sales
and Use Tax Department
Carol Takahashi, Tax Technician III, Fresno Office of the Sacramento District
William M. Young, Business Taxes Specialist I, Internal Security and Audit
Division, Executive Department

Action: Approve the Board Meeting Minutes of September 22-23, 2009 and October 6,
2009.

Upon motion of Ms. Steel, seconded by Ms. Yee and unanimously carried,
Ms. Yee, Mr. Horton, Mr. Leonard, Ms. Steel and Ms. Mandel voting yes, the Board approved
revisions to Audit Manual Chapter 8, *Bars and Restaurants*, as recommended by staff and
directed staff to distribute a tax policy memo to BOE auditors regarding the issue of tips after the
first drink to result in more accurate pours. ([Exhibit 1.10.](#))

ADOPTION OF BOARD COMMITTEE REPORTS AND APPROVAL OF COMMITTEE ACTIONS

Legislative Committee

Action: Upon motion of Mr. Leonard, seconded by Mr. Horton and unanimously carried,
Ms. Yee, Mr. Horton, Mr. Leonard, Ms. Steel and Ms. Mandel voting yes, the Board approved
the Legislative Committee report as revised to note that the provisions of the proposed law
sections are “prospective” only. ([Exhibit 1.11.](#))

Customer Services and Administrative Efficiency Committee

Action: Upon motion of Mr. Leonard, seconded by Mr. Horton and unanimously carried,
Ms. Yee, Mr. Horton, Mr. Leonard, Ms. Steel and Ms. Mandel voting yes, the Board approved
the Customer Services and Administrative Efficiency Committee report. ([Exhibit 1.12.](#))

OTHER ADMINISTRATIVE MATTERS

Executive Director’s Report

Ramon Hirsig, Executive Director, presented a high-level work plan for
development of the BOE’s 2010-2015 Strategic Plan. ([Exhibit 1.13.](#))

Ramon Hirsig, Executive Director, provided a report on functional organization
opportunities and discussed innovative ways to improve customer service, efficiency and reduce
costs within the BOE’s day-to-day operations. ([Exhibit 1.14.](#))

Wednesday January 27, 2010

David Gau, Deputy Director, Property and Special Taxes Department, introduced a proposal to reorganize the Special Taxes Divisions within the Property and Special Taxes Department, which would organize staff based on work functions, instead of by program area, in order to achieve greater administrative efficiencies and provide better customer service. The four functional areas being considered are: registration and return processing; collections and program support; field audits; and Headquarters audit operations. ([Exhibit 1.15.](#))

Ramon Hirsig, Executive Director, provided a cost analysis for the Culver City Board Meetings; which was in response to the Board's request at the September 1, 2009 Meeting. ([Exhibit 1.16.](#))

The Board directed staff to research various options for conducting Board meetings including video conferencing, audio-only webcasts, etc., and report findings at the next Sacramento meeting.

Administration Deputy Director's Report

Liz Houser, Deputy Director, Administration Department, provided an update on the Headquarters Remediation Project, including the activated swing space moves within the building; and, an update on the site search selection for the Headquarters annex.

Liz Houser, Deputy Director, Administration Department, provided information on recent developments regarding the Governor's 2009/10 and 2010/11 Budget, Governor's Executive Order S-16-08 State Employee Furlough, and layoffs; and, an update on the Governor's 2010/11 budget as it relates to the BOE.

ANNOUNCEMENT OF CLOSED SESSION

The Board recessed at 11:40 a.m. and reconvened immediately in closed session with Ms. Yee, Mr. Horton, Mr. Leonard, Ms. Steel and Ms. Mandel present.

CLOSED SESSION

The Board met to discuss pending litigation (Gov. Code §§ 11126(d) and 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 12:46 p.m. and reconvened immediately in open session with Ms. Yee, Mr. Leonard, Ms. Steel and Ms. Mandel present.

The Board adjourned at 12:48 p.m.

The foregoing minutes are adopted by the Board on March 25, 2010.