



STATE BOARD OF EQUALIZATION  
450 N STREET, SACRAMENTO, CALIFORNIA  
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BETTY T. YEE  
First District, San Francisco

BILL LEONARD  
Second District, Ontario/Sacramento

MICHELLE STEEL  
Third District, Rolling Hills Estates

JUDY CHU, Ph.D.  
Fourth District, Los Angeles

JOHN CHIANG  
State Controller

RAMON J. HIRSIG  
Executive Director

**STATE BOARD OF EQUALIZATION MEETING**  
**450 N Street, Room 121, Sacramento**  
**February 3, 2009**  
**NOTICE AND AGENDA**  
**Meeting Agenda (as of 5:00 p.m., 01/30/09)**

[Agenda Changes](#)

**Tuesday, February 3, 2009**

**9:30 a.m. Board Committee Meeting Convenes\***  
**Board Meeting Convenes upon Adjournment of the Board Committee Meeting\*\***

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 Meeting\***

[Business Taxes Committee](#)..... Ms. Yee, Committee Chairwoman

- 1. Sales and Use Tax Regulation 1668, *Sales for Resale*

Request approval and authorization to publish proposed amendments to clarify the use of qualified resale certificates.

**Board Meeting\*\***

**Oral Hearings**

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

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

~~B1. [Farmers & Merchants Bank of Long Beach, 359062+](#)  
For Appellant: \_\_\_\_\_ Doug Bramhall, Representative  
For Franchise Tax Board: Ann Hodges, Tax Counsel~~

**C. Sales and Use Tax Appeals Hearings**

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

C1. Raymond David Boyda, 349462 (CH)+

For Appellant: Raymond David Boyda, Taxpayer  
 For Department: Robert Tucker, Tax Counsel

~~C2. Syed A. Ali, 400214 (UT)+~~

~~For Appellant: Syed Ali, Taxpayer  
 For Department: Andrew Kwee, Tax Counsel~~

C3. Yohannes Kahsai, 426226 (GH)+

For Appellant: Yohannes Kahsai, Taxpayer  
 Amanda Vassigh, Attorney  
 Cindy Ho, Attorney  
 For Department: Scott Lambert, Hearing Representative

C4a. Michael D. Midgett, 314399 (KH)+C4b. Michael D. Midgett, Sr., 314453 (KH)+

For Appellant: Appearance Waived  
 For Department: Christine Bisauta, Tax Counsel

There are no items for the following matters:

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

**F. Public Hearings**

## F1. Property Taxes - State Assessee's Presentations on Capitalization Rates and Other Factors Affecting Values.....Mr. Thompson

1. State assessee's presentations on capitalization rates, other factors and procedures affecting 2009-10 property values of California public utilities, railroads and pipelines.
2. Private railroad car assessee's presentations on factors and procedures affecting 2009-10 taxable values of private railroad cars.

Speakers: Justin Hyland, Calpine Corporation  
 Peter W. Hladek, Thomson Property Tax Services  
 Peter W. Michaels, Law Offices of Peter Michaels

F2. Sales and Use Tax Regulation 1591, Medicines and Medical Devices+ ..... Mr. Tucker

Proposed amendments to clarify the application of tax to sales of interdependent external and internal components of permanently implanted devices.

**G. Tax Program Nonappearance Matters – Consent**(Contribution Disclosure forms not required pursuant to Gov. Code § 15626.)**G1. Legal Appeals Matters..... Ms. Kim**

- Petition for Rehearing
  1. Michael Richard Luna, 356507 (KH)
- Hearing Notice Sent – No Response
  2. Bass Industries, Inc., 398659 (OH)
- Hearing Notices Sent – Appearance Waived
  3. Oasys Telecom, Inc., 325640 (CH)
  4. DMJ Corporation, 208179 (OH)

**G2. Franchise and Income Tax Matters .....Ms. Kelly**

- Decisions
  1. Frederick Adams, 362547
  2. Heidi R. Adams, 421272
  3. Bakal Company Limited Partnership, 395917
  4. Royce A. Barrett, 414668
  5. Thomas A. Bladow, 374589
  6. Lisel S. Brunson, 423298
  7. Glenda R. Ribeiro Carvalho, 395922
  8. Elizabeth Espinoza, 417818
  9. Donald Gilchrist, 283962
  10. Keith E. Karam, 396547
  11. Leah Lukrich, 391844
  12. Cynthia Majors, 308191
  13. Harapanahalli Mallareddy and Sundra Reddy, 395820
  14. Elnorse McLemore and Kimberly McLemore, 378036
  15. Freweyni Meles, 300214
  16. Polacheck & Associates, Inc., 397157
  17. Diane M. Reznik, 397972
  18. Russell M. Rick, 414672
  19. Laurie Van Den Bosch, 311123
- Petitions for Rehearing
  20. Craig A. Cook, 406121
  21. Roger Romero, 397740
  22. Francelle Vercher, 417995
- Hearing Notices Sent - No Response
  23. Elmer E. Lawton and Margaret A. Deal, 417832
  24. Marla D. Shannon, 424614
- Hearing Notice Sent – Appearance Waived
  25. Carrie Jeanne Babcock, 400565

**G3. Homeowner and Renter Property Tax**

Assistance Matters .....Ms. Kelly

- Decisions
  1. Sandra Benham, 378355
  2. Larisa Eganova, 383257
  3. Christopher Eggleston, 381608

4. Ruben Garcia, 394091
5. Olivia Olson, 415851
6. Sheila D. Silas, 394097
7. Paul Strigari, 399403
8. Kim Vu, 386857
9. Willis Q. Zhoe, 422903

G4. Sales and Use Taxes Matters..... Ms. Henry

- Redeterminations
  1. Hines Nurseries, Inc., 355536 (EA)
  2. Fresno Truck Center, 354606 (KH)
- Relief of Penalty/Interest
  3. County of Los Angeles Auditor, 463990 (AA)
  4. Union Pacific Railroad Company, 467723 (OH)
  5. Lockheed Martin Corporation, 465663 (OH)
- Denials of Claims for Refund
  6. Kraft Foods Global, Inc., 443970 (OH)
  7. National Genetics Institute, 378339 (OH)
  8. Janice Anne Lazarof, 357527 (AS)

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

- Credits and Cancellations
  1. Hideaki Kikuchi, 468752 (AS)
  2. Fanfare Graphics, Inc., 467398 (AR)
  3. Certified Window Installations, Inc., 468750 (KH)
- Refunds
  4. Harsco Corporation, 399484 (OH)
  5. Safe Credit Union, 462890 (KH)
  6. Kent's Oil Service, 382282 (KH)
  7. The Aerospace Corporation, 388610 (AS)
  8. Bigge Crane & Rigging Corporation, 461271 (CH)
  9. Americredit Financial Service, Inc., 462177 (OH)
  10. Lobel Financial Corporation, 462892 (EA)
  11. Balboa Thrift & Loan Association, 465382 (FH)
  12. Santana Row Hotel Partners, LP, 468914 (GH)
  13. Penegon Mission Viejo, Inc., 425720 (EA)
  14. CIG Financial, 462163 (EA)
  15. Surefire, LLC, 445329 (EA)
  16. Medcal Sales, LLC, 459864 (EH)
  17. Fought & Company, Inc., 426883 (OH)

G6. Special Taxes Matters ..... Mr. Gau

- Redeterminations
  1. California State Automobile Association, 432452 (ET) 'CF'
  2. Liberty Brands, LLC, 444198 (ET)
- Relief of Penalty
  3. Lincoln National Life Insurance Company, 431910 (ET) 'CF'

- G7. Special Taxes Matters – Credits, Cancellations, and Refunds ..... Mr. Gau
- Credits and Cancellations
    1. Peter Allan Larson, 60027 (ET)
    2. Peter A. Larson, Inc., 469942 (ET)
    3. Keith A. Larson, 469941 (ET)
    4. JK Larson, Inc., 469955 (ET)
  - Refunds
    5. Anheuser-Busch, Inc., 432073 (ET) ‘CF’
    6. Heineken USA, Incorporated, 470155 (ET) ‘CF’
    7. California State Automobile Association, 476067 (ET) ‘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

There are no items for this matter.

- H2. Franchise and Income Tax Matters ..... Ms. Kelly

- Decisions
  1. Craig E. Jackson, 377160
  2. Rocky Terhune, 342184

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 ..... Ms. Henry

- Credits and Cancellations
  1. RJ Financial, Inc., 338827 (AA)

- H6. Special Taxes Matters ..... Mr. Gau

- Redeterminations
  1. Alliant Insurance Services, Inc., 387929 (ET) ‘CF’

- H7. Special Taxes Matters – Credits, Cancellations, and Refunds ..... Mr. Gau

- Refunds
  1. Alliant Insurance Services, Inc., 391200 (ET) ‘CF’

There are no items for the following matters:

- H8. Property Tax Matters
- H9. Cigarette License Fee Matters

- H10. Legal Appeals Property Tax Matters ..... Mr. Ambrose
  - Welfare Exemption Claim
    - 1. The Spaulding Center for Wooden Boats, 403978

**I. Tax Program Nonappearance Matters**

(Contribution Disclosure forms not required pursuant to Gov. Code § 15626.)

- I1. Property Taxes Matters ..... Mr. Gau
  - Unitary Land Escaped Assessments
    - 1.a. Verizon California, Inc. (201) 'CF'
    - 1.b. AT&T Mobility LLC (2606) 'CF'
    - 1.c. Metro PCS California/Florida, Inc. (2733) 'CF'
    - 1.d. OmniPoint Communications, Inc. (2748) 'CF'
    - 1.e. Royal Street Communications, LLC (2779) 'CF'
- I2. Offers-in-Compromise Recommendations  
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**

**N. Consent Agenda..... Ms. Olson**

- N1. [Board Employee Retirement Resolutions+](#)  
Board approval of employee retirement resolutions.
  - Lorene Carter
  - Joyce Ann Montiero
- N2. [2009 Timber Advisory Committee Membership+](#)  
Approval of 2009 Timber Advisory Committee appointments.

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

- O1. Legislative Committee –January 21, 2009
- O2. Business Taxes Committee–February 3, 2009

**P. Other Administrative Matters**

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

a. [Future of BOE Headquarters+](#)

Presentation of "BOE of the Future", a long range vision of BOE's optimum housing needs prepared by the Executive Team, which identifies three possible scenarios for future housing of BOE HQ staff.

P2. Chief Counsel Report ..... Ms. Cazadd

a. [Report from Geoff Way, Chief Counsel, Franchise Tax Board++](#)

Summary of the current and future trends regarding appeals from The Franchise Tax Board.

P3. Deputy Director's Report

a. Sales and Use Tax

There are no items for this matter.

b. Property and Special Taxes ..... Mr. Gau

1. [Flavored Malt Beverage Update+](#)

Update on the implementation of Flavored Malt Beverage regulations, revenue collected to date, workload, lawsuit, and taxpayer outreach.

c. Administration ..... Ms. Houser

1. Facilities Update

On-going projects at 450 N Street.

2. [Budget Update 2008/09 and 2009/10+](#)

Information regarding the Spring Finance Letters, the Status of the Governor's Budget, and the Governor's Executive Order S-16-08 State Employee Furlough. Possible Board action requested on approval of the Spring Finance Letters, the Governor's Budget, Executive Order S-16-08.

**Announcement of Closed Session ..... Ms. Olson**

**Q. Closed Session**

Q1. Pending litigation: *Cigarettes Cheaper v. Board of Equalization*, Sacramento County Superior 34-2008-80000128-CU-WM-GDS; *The Customer Company v. Board of Equalization*, Sacramento County Superior Court No. 34-2009-80000139-CU-WM-GDS (Gov. Code § 11126(e))

Q2. Pending litigation: *Ashok V. Parmar, et al. v. California State Board of Equalization*, Los Angeles County Superior Court, Case Number BC 379013(Gov. Code § 11126(e))

- Q3. Pending litigation: *Schroeder, et al. v. Board of Equalization, et al.* Sacramento Superior Court Case No. 34-2008-00004467-CU-MT-GDS; *Frankot, et al. v. Board of Equalization, et al.*, Sacramento Superior Court Case No. 34-2008-00012174-CU-PO-GDS; and, *Allen, et al. v. Board of Equalization, et al.*, Sacramento Superior Court Case No. 34-2008-00017014-CU-TT-GDS (Gov. Code § 11126(e)(2)(B)(i))
- Q4. Discussion and action on personnel matters (Gov. Code § 11126(a))

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

### Adjourn

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The hearing location is accessible to people with disabilities. Please contact Claudia Madrigal at (916) 324-8261, or e-mail [Claudia.Madrigal@boe.ca.gov](mailto:Claudia.Madrigal@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.