



STATE BOARD OF EQUALIZATION
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State Controller, Sacramento

JAMES E. SPEED
Executive Director

STATE BOARD OF EQUALIZATION MEETING
450 N Street, Capitol Square, Sacramento
March 26, 2003
NOTICE AND AGENDA

WEDNESDAY, MARCH 26, 2003

BOARD COMMITTEE MEETINGS* (convenes at 9:30 a.m.)

❖ **BUSINESS TAXES COMMITTEE—Room 121**

Mr. John Chiang, Chairman

Mr. Ramon Hirsig, Staff (916) 445-1441

- Proposed regulatory changes regarding disposable temperature recording devices (Regulation 1630 Packers, Loaders and Shippers)

❖ **PROPERTY TAX COMMITTEE—Room 121**

Mr. Claude Parrish, Chairman

Mr. David Gau, Staff (916) 445-1516

- Updated State Assessment Manual and Unitary Valuation Methods Book
- Status report on the implementation of Assembly Bill 81 and Property Tax Rule 905, Assessment of Electric Generation Facilities

BOARD MEETING (convenes upon adjournment of the Property Tax Committee)—
Room 121**

❖ **TAX PROGRAM NONAPPEARANCE MATTERS - ADJUDICATORY**

B. Legal Appeals Matters

- Hearing Notice Sent—No Response
 1. David J. Pedroli, 151696
- Cases Heard But Not Decided
 2. Seyed Razavi, 118219
 3. Biatris Derbederian, 128562
 4. Hovanes P. Derbederian, 128563

C. Franchise and Income Tax Matters

- Decisions
 1. Heather K. Cahn, 162184
 2. Michael R. and Vicki A. Kappmeyer, 153703

D. Homeowner and Renter Property Tax Assistance Matter

- Decision
 1. Maria Curt, 174159

E. Sales and Use Taxes Matter

- Denial of Claim for Refund
 1. Young Boo Moon, 203755

❖ TAX PROGRAM NONAPPEARANCE MATTERS – CONSENT**F. Legal Appeals Matters**

- Petitions for Rehearing
 1. Industrial Systems Associates, Inc., 42237
 2. Costco Wholesale Membership Co., 132058
 3. Michael P. and Kristy S. Shelley, 17161
- Hearing Notice Sent—No Response
 4. Valley By-Products, Inc., 89000794760
 5. Frankie Renee Rios, 117109
- Hearing Notice Sent—Appearance Waived
 6. John P. Gooding, 93426
- Hearing Request Withdrawn
 7. Tahoe Vista Sports, Inc., 142835
 8. A Strouse & Son Glass, Inc., 158230
 9. Frank Thomas, Inc., 106369
 10. Team Surgical, Inc., 37918
 10. Team Post-Op, Inc., 40815
- Petition for Release of Seized Property
 11. Rami Michell Darghalli, Mashhour Mashhour and Sumaieh Mashhour, 207394
 12. Layth Saeed Wazzi, Nasheit K. Yacoub and Ray Damman, 206822

G. Franchise and Income Tax Matters

- Decisions
 1. BK Consulting Services, 168692
 2. Bafco, Inc., 183231
 3. Frank and Sheila D. Bloom, 174721
 4. David W. Brown, 173001
 5. Donna D. Leal, 166623
 6. Joy M. MacFarlane, 166382
 7. Thomas C. Norman, 173676
 8. Julie A. Quinet, 171936
 9. Howard Solomon, 164538
 10. Bruce Wortman, 174084
- Petitions for Rehearing
 11. Leonard R. and Denise K. McNeil, 76201
 12. PPG Industries, Inc., 131797
 13. Yi-Shin Tsai, 167973
 14. Joseph and Hedva Zer-Ilan, 99342

H. Homeowner and Renter Property Tax Assistance Matters

- Decisions
 1. Elwin O. Angel, 192083
 2. Hilda Grace Bell, 172284
 3. James Reuben Burson, 193941
 4. Ophsie L. Campbell, 193461
 5. Nhu D. Chiem, 191603
 6. Robert Coombs, 186446
 7. Valerie J. Cornelius, 183628
 8. J. J. Darling, 187239
 9. Yolanda Fletcher, 168669
 10. Lionell Fontenette, 187238
 11. Mariah Griffin, 166416
 12. Gerald K. W. Johnson, 173485
 13. Addie Lawson, 158098
 14. Aisha Wilson, 165079
 15. Daymita Young, 174377

- Petition for Rehearing
 16. Yevgenya Shevtsov, 151096

I. Sales and Use Taxes Matters

- Redeterminations
 1. Howard Industries, Inc., 158227
 2. Summit Aviation, Inc., 164648
 3. Nicolas Cage, 183248
 4. Box USA Group, Inc., 83140
 5. The Reynolds & Reynolds Company, 163977
- Relief of Penalty
 6. Tustin Nissan, 207315

J. Sales and Use Taxes Matters

- Credits and Cancellations
 1. Rafael Torres, 208543
 2. Curtis Rockum Nelsen, 204793
- Refunds
 3. The California Credit Union, 115923
 4. Nissan Motor Acceptance Corp., 93045
 5. Chevron U.S.A., Inc., 206741
 6. Tenet Healthsystem Hospitals, Inc., 192866
 7. ATMI Ecosys Corporation, 129041
 8. Bayer Corporation, 184384
 9. Bell Helicopter Textron, Inc., 207112
 10. Bachrach Clothing, Inc., 206016
 11. Xyplex, Inc., 129080
 12. Lincare, Inc., 160244
 13. Emanuel Medical Center, Inc., 143732
 14. Western United Insurance Company, 138450
 15. Ares Management LP, 206659
 16. Rehrig Pacific Company, 183244
 17. Precision Computer Services, Inc., 208954
 18. Siemens Info & Comm. Networks, Inc., 144049
 19. Quality Stores, Inc., 182281
 20. Wilson Industries, Inc., 190764
 21. MAHI Networks, Inc., 190059
 22. RDO Agriculture Equipment Co., 182290
 23. AT&T Wireless PCS, LLC, 173787
 24. Genoa Corporation, 155658
 25. Mainsoft Corporation, 187552
 26. Rincon Catering, Inc., 152349

❖ TAX PROGRAM NONAPPEARANCE MATTERS – NOT SUBJECT TO CONTRIBUTION DISCLOSURE STATUTE

K. Property Tax Matters

- Audit
 1. ABS-CBN Telecom North America (7581) – “CF”
- Unitary and Nonunitary Escaped Assessments
 2. Pacific Gas & Electric Company (135) – “CF”
Pacific Bell (279) – “CF”
Sacramento Municipal Utility District (487) – “CF”
Union Pacific Railroad Company (843) – “CF”
Sprint Communications Co., L.P. (2014) – “CF”
Bay Area Cellular Telephone Company, dba AT&T Wireless Services (2502) – “CF”
Verizon Wireless LLC, dba Verizon Wireless (2512) – “CF”
Sacramento Valley Limited Partnership, dba Verizon Wireless (2513) – “CF”

Los Angeles SMSA Ltd. Partnership, dba Verizon Wireless (2532) – “CF”
 AB Cellular Holding, LLC, dba AT&T Wireless Services (2547) – “CF”
 GTE Mobilnet of California, Ltd. Partnership, dba Verizon Wireless (2559) – “CF”
 AT&T Wireless Services of California, Inc., dba AT&T Wireless Services (2606) – “CF”
 Cagel Cellular Communications Corporation, dba AT&T Wireless Services (2611) – “CF”
 GTE Mobilnet of Santa Barbara L.P., dba Verizon Wireless (2627) – “CF”
 GTE Mobilnet of Central California Inc., dba Verizon Wireless (2667) – “CF”
 SLO Cellular, Inc., dba CellularOne of San Luis Obispo (2687) – “CF”
 Alpine PCS, Inc. (2746) – “CF”
 Pacific Bell Wireless, LLC, dba Cingular Wireless (2748) – “CF”
 AT&T Wireless PCS, LLC (2749) – “CF”
 Williams Communications LLC, dba Williams Network, Inc. (7819) – “CF”
 Sprint Telephony PCS, L.P. (2720) – “CF”
 Sprint Spectrum L.P. (2722) – “CF”
 Nextel of California, Inc. (2737) – “CF”

- Board Roll Changes
 - 3. 1996, 1997, 1998, 1999 and 2002 State-Assessed Property Rolls – “CF”

❖ CORPORATE FRANCHISE AND PERSONAL INCOME TAX HEARING

- ❑ Amy Elizabeth Forlan, 183954

❖ PETITION FOR RELEASE OF SEIZED PROPERTY HEARINGS

- ❑ Steven L. and Florence Marlene Peck, 201687
- ❑ Kenny Ai Pham, 207395

❖ SPECIAL TAXES APPEAL HEARING

- ❑ Amador Stage Lines, Inc., 102005, 93966

❖ SALES AND USE TAX APPEALS HEARINGS

- ❑ Intelligent Media, Inc., 154626
- ❑ Coast Corporation, 61746
Philip K. Hwang, 61747
- ❑ U.S. Telecom International Inc., 130652
- ❑ Martin Lee Manning, 143928
- ❑ Interstore Transfer Systems LTD, 112991
- ❑ RKM Micro Systems, Inc., 48081
- ❑ Quality House Envelope & Printing Specialists, Inc. 61228

❖ CORPORATE FRANCHISE AND PERSONAL INCOME TAX HEARINGS

- ❑ James Martella, 168045
- ❑ Polaroid Corporation, 62415
- ❑ Mario Tejada, 162754
- ❑ Thomas R. Ackerman, 186454
- ❑ Long Term Investment Trust, 198764
- ❑ Long Term Investment Trust, 158367

❖ PUBLIC HEARINGS

- **SALES AND USE TAX REGULATION 1553, MISCELLANEOUS REPAIR OPERATIONS - PROPOSED REGULATORY CHANGES REGARDING THE APPLICATION OF TAX TO WATCH AND JEWELRY REPAIRS**

Regulation 1553, Miscellaneous Repair Operations, is proposed to be amended to interpret, implement and make specific Revenue and Taxation Code section 6006 as it applies to transfers of tangible personal property pursuant to repairs of watches and jewelry.

Amendments are proposed to (1) amend subdivision (e) of Regulation 1553 to clarify that repairers are consumers of parts used in repairing watches and jewelry and that tax is due on their cost except as defined therein; and (2) to make non-substantive changes to correct the reference to Revenue and Taxation Code section 6006 in the California Code of Regulations, add a reference to Regulation 1546, correct a typographical error in subdivision (a) of the regulation, and enhance clarity and consistency.

➤ **SALES AND USE TAX REGULATION 1707, ELECTRONIC FUNDS TRANSFER – PROPOSED REGULATION REGARDING REQUIREMENTS FOR ELECTRONIC FUNDS TRANSFER REPORTING**

Current law, Revenue and Taxation Code sections 6479.3 and 6479.5, require the Board of Equalization to administer the Electronic Funds Transfer (“EFT”) payment process for specific types of tax payments. Regulation 1707, Electronic Funds Transfer, is proposed to be promulgated to interpret, implement and make specific Revenue and Taxation Code sections 6479.3 and 6479.5.

➤ **SALES AND USE TAX REGULATION 1803.5, LONG TERM LEASES OF MOTOR VEHICLES**

Regulation 1803.5, Long-Term Leases of Motor Vehicles, is proposed to be promulgated to interpret, implement and make specific Revenue and Taxation Code section 7205.1, enacted operative January 1, 1996 (SB 602, Stats. 1995, Ch. 676), as amended operative January 1, 1999 (AB 1946, Stats. 1998, Ch. 140) and as clarified by SB 2092 (Stats. 2002, Ch. 775, § 42). The statute changed the allocation of local use tax derived from defined long-term automobile lease transactions to the place of business of the lessor, as defined.

❖ **CLOSED SESSION**

- Discussion and action on court case—*Department of Toxic Substances Control v. State Board of Equalization*, real party in interest Bechtel Petroleum Operations, Inc., Sacramento County Superior Court Case No. 01CS00894 (Govt. Code § 11126 (e))
- Discussion and approval of staff recommendations regarding settlement cases (R&T Code § 6901, 7093.5 and 50156.11)
- Discussion and action on Personnel Matters (Govt. Code § 11126(a))

❖ **ADMINISTRATIVE SESSION**

- [Proposed 2003 Board Meeting Date Changes](#)
- [Request for Participation in the Streamlined Sales Tax Project](#)
- Offers and Compromise Recommendations
 1. Paul B. and Karyn L Birchall
 2. Aaron’s For Kids, LLC
 3. Basil J. Georges
 4. Kelly R. Beremand
 5. Gregory B. Moger
 6. Dennis P. and Geraldine H. Day
 7. Robert M. Wuflestad
 8. Rauven Aviv
 9. Alfred R. and Imogene Doerfler

➤ **CONSENT AGENDA**

- [Approval of Board Employee Retirement Resolutions](#)
 - [Domingo U. Garcia](#)
 - Diana Marie Castillo
 - Mitsuko Marian Yokotobi
 - Jean Jordan

- ❑ Approval of Board Meeting Minutes
 - February 5-6, 2003
- ❑ Approval of Proposed Revisions to Audit Manual Chapter 1, Introduction
- ❑ Approval of 2003 Timber Advisory Committee Membership
- ❑ Application for Changed Assessment, Form BOE 305-AH
- ❑ Approval of 2000-02 Sustained Superior Accomplishment Award Nominees

❖ **CHIEF COUNSEL MATTERS**

A. Rulemaking

- Petition to Amend Property Tax Rules
 1. Property Tax Rule 462.040, Change in Ownership-Joint Tenancies
 2. Property Tax Rule 462.240, The Following Transfers do not Constitute a Change in Ownership

❖ **ADMINISTRATIVE MATTER**

➤ **Board Committee Reports**

- ❑ Approval of the March 26, 2003 Board Committee Minutes
 - Business Taxes Committee
 - Property Tax Committee

If you would like specific information regarding items on this Board Meeting Agenda Notice 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.

Deborah Pellegrini, 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.

"CF" Constitutional Function - The Deputy State Controller may not participate in this matter under Government Code Section 7.9.

If substantial revisions to the published text of the regulations are approved at the hearing, the regulations will be re-published for a new hearing date. If only revisions sufficiently related to the published text of the regulations are approved, a notice containing these revisions will be mailed to those persons who commented orally or in writing or who asked to be informed of such revisions. The notice will be mailed at least 15 days prior to the scheduled Board adoption of the regulations to allow time for additional comments.

Agenda items occur sequentially. When circumstances warrant, the Chairwoman may modify the order of items as they appear on the agenda. Any committee agenda item may be brought to the Board at its next meeting. The hearing location is accessible to the disabled. If you require special assistance, please contact Gary Evans at (916) 445-4394, or e-mail Gary.Evans@boe.ca.gov, to make special arrangements.