

Tuesday, May 25, 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, Ms. Alby and Ms. Steel present, Ms. Mandel present on behalf of Mr. Chiang in accordance with Government Code section 7.9.

Ms. Yee, on behalf of the Board, congratulated Ms. Steel for receiving her MBA from the University of Southern California. Ms. Steel thanked the Board and introduced Mr. Sung Cheol Jin, Journalist with *The Korea Daily*.

CORPORATE FRANCHISE AND PERSONAL INCOME TAXES HEARINGS

Eugene Midlock and Penelope Midlock, 484989
2001, \$48,566.65 Claim for Refund

For Appellant:	Eugene Midlock, Taxpayer Edwin P. Antolin, Attorney
For Franchise Tax Board:	Craig Scott, Tax Counsel Jozel Brunett, Tax Counsel

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

Issues: Whether respondent properly imposed an accuracy-related penalty pursuant to Revenue and Taxation Code (R&TC) section 19752, subdivision (b)(5)(A)(ii).

Whether the penalty under R&TC section 19752, subdivision (b)(5) should be imposed pursuant to deficiency procedures or by a Notice of State Income Tax Due used by respondent to assess the accuracy-related penalty.

Whether this Board has authority to hear and decide appellants' request for attorney's fees pursuant to R&TC section 19717.

Action: Upon motion of Ms. Mandel, seconded by Ms. Alby and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Ms. Mandel voting yes, the Board submitted the appeal for decision.

Rheem Manufacturing Company, 485872
2003, \$225,850.00 Assessment

For Appellant:	Robert Eichhorn, Representative Ernest Dronenburg, Representative
For Franchise Tax Board:	Ed Campion, Tax Counsel Andra Chang, Tax Counsel

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

Issue: Whether appellant has shown that respondent erred in its determination that gain from appellant's sale of shares of Watsco, Inc., stock was properly classified as business income.

Action: Upon motion of Ms. Mandel, seconded by Mr. Horton and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Ms. Mandel voting yes, the Board submitted the appeal for decision.

Todd Lutwak, 482917
2005, \$43,295.50 Claim for Refund

For Appellant:	Todd Lutwak, Taxpayer
For Franchise Tax Board:	Marguerite Mosnier, Tax Counsel Craig Scott, Tax Counsel

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

Issue: Whether appellant has shown the notice and demand penalty imposed by respondent should be abated.

Action: Upon motion of Ms. Mandel, seconded by Mr. Horton and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Ms. Mandel voting yes, the Board submitted the appeal for decision.

LEGAL APPEALS MATTERS, CONSENT

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

Bradley Todd Lum, 418979 (BH)

5-1-03 to 2-28-05, \$13,029.02 Tax, \$2,737.10 Penalties

Action: Redetermine as recommended by the Appeals Division.

Jason H. Walker, 445415 (EH)

7-1-03 to 12-31-03, \$25,477.13 Tax, \$2,547.71 Negligence Penalty

Action: Redetermine as recommended by the Appeals Division.

Narinder Singh Sarkaria, 521274 (ET)

October 12, 2009, \$51.87 Approximate Value

Action: Determined that staff properly seized the tobacco products.

Suhail Mahmood Qureshi, 521279 (ET)

November 4, 2009, \$93.00 Approximate Value

Action: Determined that staff properly seized the tobacco products.

Abraham Cyrus, 519674 (ET)

October 21, 2009, \$450.28 Approximate Value

Action: Determined that staff properly seized the tobacco products.

Nickolaos Papadopoulos and Dimitra Papadopoulos, 436833, 461505 (GH)

7-1-03 to 3-31-07, \$25,184.85 Tax, \$2,518.52 Negligence Penalty

Action: Deny the petition for rehearing as recommended by the Appeals Division.

CORPORATE FRANCHISE AND PERSONAL INCOME TAX MATTERS, CONSENT

The Board deferred consideration of the following matters: *Wayne G. Masten, Revocable Inter-Vivos Trust, 472901*; and, *Klaus W. Wang, 441035*.

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

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Frank Alonso, 485938

2007, \$1,150.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

BHA Restaurant Partners, LLC, 397306

2004, \$100.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Monica Blake, 449351

2003, \$29,401.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Alison Buerger, 486887

2006, \$1,337.00 Tax, \$334.25 Late Filing Penalty, \$334.25 Notice and Demand Penalty, \$119.00 Enforcement Fee

Action: Sustain the action of the Franchise Tax Board and impose a \$2,500.00 frivolous appeal penalty.

Cruz M. Cabral, 434051

2005, \$770.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Alexander Sasha Cantor, 464499

2003, \$5,666.83 Assessment

Action: Sustain the action of the Franchise Tax Board.

Michael C. Cartabiano, 400491

2001, \$11,705.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Douglas E. Clark, 474516

2007, \$643.50 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Mark A. Court and Gloria I. Court, 447983

2003, \$840.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Jerome K. Delson and Esther H. Delson, 474521

2007, \$824.11 Late Payment Penalty

Action: Sustain the action of the Franchise Tax Board.

Sylvia K. Destefano, 441071

2006, \$688.05 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

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Antonio M. Gallardo and Maria Gallardo, 468082

2007, \$450.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Norbert Gehr, 451504, 461964

2005, \$8,168.32 Claim for Refund

2006, \$12,374.98 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

James P. Hancock, 476767

2006, \$1,831.25 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Lucile T. Hemann, 491065

2005, \$996.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Larry Libsack and Georgia Libsack, 480261

2008, \$8,538.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Wayne G. Masten, Revocable Inter-Vivos Trust, 472901

2003, \$3,407.25 Claim for Refund

Action: The Board took no action.

Regie R. May, 444643

2006, \$1,212.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Michael Olins and Sauna Olins, 437324

1999, \$3,243.00 Assessment, \$860.98 Post-Amnesty Penalty, \$2,158.18 Interest

Action: Sustain the action of the Franchise Tax Board.

Robert M. Parker, 461382

2005, \$1,634.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Joseph Pesci, 424169

1997, \$9,341.00 Tax, \$3,736.40 Accuracy-related Penalty, \$4,068.27 Amnesty Penalty

1998, \$9,454.00 Tax, \$3,781.60 Accuracy-related Penalty, \$3,221.87 Amnesty Penalty

Action: Modify the action of the Franchise Tax Board.

Harold Resnik (Deceased) and Susan L. Resnik, 443796, 467162

1996, \$9,237.00 Claim for Refund

1997, \$6,928.00 Claim for Refund

1998, \$3,910.23 Claim for Refund

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1999, \$799.00 Claim for Refund

Action: Modify the action of the Franchise Tax Board.

Martha E. Rost, 476903

2004, \$10.00 Claim for Refund

2005, \$91.00 Claim for Refund

2006, \$124.25 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Maria D. Sanchez, 439488

2006, \$449.34 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Steven J. Weinberg, A Professional Law Corp., 484153

2006, \$54,903.03 Tax, \$13,725.75 Late Filing Penalty, \$13,725.75 Notice and Demand Penalty, \$203.00 Recovery Fee

Action: Modify the action of the Franchise Tax Board.

Brian S. Davis and Shannon S. Smith, 451046

2005, \$30,123.50 Claim for Refund

Action: Deny the petition for rehearing.

Stephen A. Hewko, 431671, 440747

2004, \$6,216.00 Tax, \$1,554.00 Late Filing Penalty

2005, \$6,531.00 Tax, \$1,632.75 Late Filing Penalty

Action: Deny the petition for rehearing and impose a \$750.00 frivolous appeal penalty.

Steve M. Kolhoff, 464694

2001, \$537.00 Assessment, \$44.89 Post-Amnesty Penalty

Action: Deny the petition for rehearing with modification of respondent's adjustment to reduce the additional tax amount by \$420.00.

Edmond C. Ku and Ellen Ku, 406864

2004, \$312.00 Assessment

2005, \$1,963.00 Assessment

Action: Deny the petition for rehearing.

Marc Pretscher, 444263

2002, \$12,499.00 Tax, \$3,124.75 Late Filing Penalty, \$00.00 Notice and Demand Penalty, \$757.31 Post-Amnesty Penalty, \$5,000.00 Frivolous Appeal Penalty

Action: Deny the petition for rehearing.

Marc Pretscher, 441638

2003, \$10,410.00 Tax, \$2,602.50 Late Filing Penalty, \$00.00 Notice and Demand Penalty, \$3,000.00 Frivolous Appeal Penalty

Action: Deny the petition for rehearing.

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Klaus W. Wang, 441035
2003, \$132,753.00 Assessment
Action: The Board took no action.

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 Mr. Horton, seconded by Ms. Steel and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Ms. Mandel voting yes, the Board made the following orders:

Deshena S. Childs, 436033
2007, \$347.50
Action: Sustain the action of the Franchise Tax Board.

Maria E. Gomez, 450235
2007, \$472.60
Action: Sustain the action of the Franchise Tax Board.

Daniel B. Henderson, 437582
2006, \$347.50
Action: Sustain the action of the Franchise Tax Board.

Carol D. Moreno, 440647
2007, \$51.00
Action: Sustain the action of the Franchise Tax Board.

Kinh Ngoc Tran, 424181
2007, \$347.50
Action: Sustain the action of the Franchise Tax Board.

Bobbie Lavern Troupe, 458749
2007, \$1.00 or more
Action: Sustain the action of the Franchise Tax Board.

Charlie Villalobos, 433153
2007, \$700.85
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 Ms. Mandel, seconded by Ms. Steel and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Ms. Mandel voting yes, Mr. Horton not participating in *Pfizer, Inc., 269624*; the Board made the following orders:

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C.A.G. Industries, Inc., 461686 (EH)

7-1-03 to 6-30-06, \$370,399.88

Action: Approve the redetermination as recommended by staff.

NEC Electronics America, Inc., 362428 (GH)

10-1-00 to 9-30-03, \$312,265.20

Action: Approve the redetermination as recommended by staff.

Hitachi Data Systems Corp., 379234 (GH)

7-1-00 to 6-30-03, \$1,124,283.20

Action: Approve the redetermination as recommended by staff.

Whitehall Jewelers, Inc., 436830 (OH)

1-1-04 to 12-31-06, \$480,367.19

Action: Approve the redetermination as recommended by staff.

Qualex, Inc., 486193 (OH)

7-1-03 to 6-30-06, \$114,079.10

Action: Approve the redetermination as recommended by staff.

Michelle Castell Delrio, 349544 (EH)

4-1-04 to 6-14-05, \$107,507.97

Action: Approve the redetermination as recommended by staff.

Joyce Menke, 516018 (CH)

10-1-00 to 6-30-01, \$522,500.14

Action: Approve the redetermination as recommended by staff.

George S. Sarkisov, 505573 (KH)

1-1-02 to 9-30-02, \$211,081.87

Action: Approve the redetermination as recommended by staff.

DSC Telecom, Inc., 465949 (OH)

7-1-09 to 9-30-06, \$1,240,538.65

Action: Approve the redetermination as recommended by staff.

CIT Funding Company, LLC, 485917 (OH)

7-1-02 to 12-31-04, \$330,277.06

Action: Approve the redetermination as recommended by staff.

Agilent Technologies, Inc., 480338 (GH)

1-1-01 to 6-30-05, \$3,735,969.58

Action: Approve the redetermination as recommended by staff.

Winntech Digital Systems, Inc., 473953 (OH)

4-1-07 to 6-30-08, \$179,557.40

Action: Approve the redetermination as recommended by staff.

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Johnson Controls, Inc., 486337 (OH)

1-1-03 to 6-30-06, \$338,455.64

Action: Approve the redetermination as recommended by staff.

The Perkin-Elmer Corporation, 397152 (BH)

4-1-01 to 6-30-04, \$894,256.15

Action: Approve the redetermination as recommended by staff.

Applied Industrial Tech-CA, LLC, 485921 (OH)

7-1-03 to 6-30-06, \$111,585.50

Action: Approve the redetermination as recommended by staff.

Computer Configuration Services, LLC, 435793 (EA)

4-1-03 to 3-31-06, \$2,794,409.21

Action: Approve the redetermination as recommended by staff.

Transtar Metals Corp., 469140 (AS)

1-1-03 to 6-30-06, \$870,587.11

Action: Approve the redetermination as recommended by staff.

Barclay Dean, Inc., 389555 (OH)

1-1-97 to 6-30-06, \$386,492.21

Action: Approve the redetermination as recommended by staff.

Van Doren Sales, Inc., 424296 (OH)

4-1-98 to 3-31-06, \$452,548.17

Action: Approve the redetermination as recommended by staff.

MacKarr Automotive Group Enterprises, Inc., 487684 (KH)

10-1-04 to 3-31-07, \$174,762.39

Action: Approve the redetermination as recommended by staff.

PB Equipment Management, Inc., 526497 (OH)

7-1-09 to 9-30-09, \$194,444.30

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

Sylvania Lighting Services Corporation, 480388 (OH)

4-1-03 to 6-30-07, \$256,360.09

Action: Approve the denial of claim for refund as recommended by staff.

Schlage Lock Co., 444001 (OH)

1-1-07 to 3-31-07, \$173,227.00

Action: Approve the denial of claim for refund as recommended by staff.

Pfizer, Inc., 269624 (OH)

1-1-04 to 3-31-04, \$121,452.53

Action: Approve the denial of claim for refund as recommended by staff. Mr. Horton not participating.

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Lucile S. Packard Children Hospital of Stanford, 508819 (GH)

10-1-08 to 12-31-08, \$132,000.01

Action: Approve the denial of claim for refund as recommended by staff.

Universal Fuels, Inc., 475584 (OH)

1-1-07 to 12-31-08, \$454,737.20

Action: Approve the denial of claim for refund as recommended by staff.

BT Conferencing Video, Inc., 466550 (OH)

4-1-08 to 6-30-08, \$115,847.00

Action: Approve the denial of claim for refund as recommended by staff.

Quintero Enterprises, LLC, 523793 (FH)

1-1-06 to 12-31-08, \$54,568.00

Action: Approve the denial of claim for refund as recommended by staff.

Dorado Holdings, LLC, 494840 (FH)

7-1-08 to 6-30-09, \$123,762.00

Action: Approve the denial of claim for refund as recommended by staff.

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. Horton, seconded by Ms. Steel and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Ms. Mandel voting yes, Ms. Mandel not participating in accordance with Government Code section 87105 in *Buena Vista Television, 435369; American Broadcasting Companies, Inc., 435362; and, Cisco Systems, Inc., 523087*; the Board made the following orders:

Howard Fabrication, Inc., 525231 (AA)

7-1-02 to 12-31-04, \$110,257.96

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

Array Canada, Inc., 492204 (OH)

4-1-05 to 3-31-08, \$258,571.49

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

Buena Vista Television, 435369 (OH)

10-1-99 to 12-31-05, \$235,224.94

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

American Broadcasting Companies, Inc., 435362 (AC)

10-1-99 to 12-31-05, \$117,471.38

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

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Cisco Systems, Inc., 523087 (GH)

7-1-04 to 12-31-07, \$3,408,034.65

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

ESRI, Inc., 468861 (EH)

1-1-05 to 6-30-08, \$180,805.30

Action: Approve the refund as recommended by staff.

Powerwave Technologies, Inc., 520733 (EA)

7-1-04 to 12-31-07, \$167,955.15

Action: Approve the refund as recommended by staff.

Westamerica Graphics Corporation, 479345 (EA)

1-1-07 to 12-31-08, \$281,377.19

Action: Approve the refund as recommended by staff.

Professional Hospital Supply, Inc., 447430 (EH)

4-1-07 to 12-31-08, \$254,264.72

Action: Approve the refund as recommended by staff.

Aramark Sports & Entertainment Services, Inc., 311389 (OH)

10-01-02 to 12-31-02, \$234,979.71

Action: Approve the refund as recommended by staff.

Mentor Corporation, 434082 (GH)

1-1-05 to 9-30-06, \$1,832,751.52

Action: Approve the refund as recommended by staff.

Everfast, Inc., 444346 (OH)

4-1-06 to 6-30-07, \$109,380.54

Action: Approve the refund as recommended by staff.

Delta Star, Inc., 506803 (BH)

7-1-08 to 9-30-08, \$110,429.98

Action: Approve the refund as recommended by staff.

Michaels Stores, Inc., 334777 (OH)

1-1-03 to 12-31-04, \$367,596.76

Action: Approve the refund as recommended by staff.

In-N-Out Burgers, Inc., 504690 (EA)

4-1-06 to 3-31-09, \$151,033.01

Action: Approve the refund as recommended by staff.

Ford Motor Company, 522831 (OH)

10-9-07 to 1-25-10, \$110,304.00

Action: Approve the refund as recommended by staff.

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Chevrolet Motor Division, 522557 (OH)

12-1-08 to 10-30-09, \$703,291.67

Action: Approve the refund as recommended by staff.

Mercedes-Benz USA, LLC, 524761 (KH)

9-23-09 to 1-11-10, \$252,036.00

Action: Approve the refund as recommended by staff.

Mercury Casualty Company, 521615 (AS)

7-1-03 to 12-31-06, \$305,409.82

Action: Approve the refund as recommended by staff.

Tegrant Diversified Brands, Inc., 507317 (OH)

7-1-06 to 3-31-09, \$108,403.71

Action: Approve the refund as recommended by staff.

Renewable Energy Concepts, 487380 (GH)

10-1-08 to 12-31-08, \$692,049.15

Action: Approve the refund as recommended by staff.

Ace Cash Express, Inc., 521156 (OH)

1-1-06 to 12-31-08, \$264,605.36

Action: Approve the refund as recommended by staff.

Keypoint Credit Union, 488863 (GH)

1-1-09 to 9-30-09, \$198,485.04

Action: Approve the refund as recommended by staff.

Rohde & Schwarz, Inc., 495404 (OH)

7-1-08 to 9-30-08, \$191,821.82

Action: Approve the refund as recommended by staff.

Bausch & Lomb, Incorporated, 444842 (OH)

7-1-02 to 3-31-08, \$219,058.54

Action: Approve the refund as recommended by staff.

Patelco Credit Union, 430600 (BH)

4-1-04 to 3-31-08, \$1,163,484.60

Action: Approve the refund as recommended by staff.

Quest Diagnostics Clinical Labs, 423088 (OH)

7-1-04 to 12-31-05, \$148,857.74

Action: Approve the refund as recommended by staff.

Consiliant Technologies, LLC, 494846 (EA)

7-1-08 to 3-31-09, \$152,849.44

Action: Approve the refund as recommended by staff.

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Kohl's Department Stores, Inc., 523378 (OH)

7-1-05 to 9-30-06, \$457,817.98

Action: Approve the refund as recommended by staff.

A-L Financial Corp., 507343 (EA)

7-1-09 to 9-30-09, \$138,160.00

Action: Approve the refund as recommended by staff.

Altaone Federal Credit Union, 507338 (AR)

4-1-09 to 9-30-09, \$103,967.00

Action: Approve the refund as recommended by staff.

Zipcar California, Inc., 490004 (BH)

4-1-06 to 12-31-07, \$110,746.69

Action: Approve the refund as recommended by staff.

Triad Financial SM, LLC, 506606 (EA)

1-1-09 to 9-30-09, \$1,036,183.48

Action: Approve the refund as recommended by staff.

**SPECIAL TAXES MATTERS, CREDITS, CANCELLATIONS AND REFUNDS,
CONSENT**

With respect to the Special Taxes Matters, Credits, Cancellations and Refunds, Consent Agenda, upon a single motion of Ms. Steel, seconded by Mr. Horton and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Ms. Mandel voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9 in *R.M.E., Inc., 523047*; the Board made the following orders:

TMT-Pathway, L.L.C., 525483 (MT)

1-1-06 to 12-31-06, \$102,312.19

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

R.M.E., Inc., 523047 (ET)

4-1-05 to 3-31-08, \$467,944.66

Action: Approve the refund as recommended by staff. Ms. Mandel not participating in accordance with Government Code section 7.9.

Les Schwab Tire Centers of CA, Inc., 528189 (ER)

10-1-09 to 12-31-09, \$368,233.00

Action: Approve the refund as recommended by staff.

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PROPERTY TAXES MATTERS, CONSENT

With respect to the Property Taxes Matters, Consent Agenda, upon a single motion of Ms. Steel, seconded by Mr. Horton and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby and Ms. Steel voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board made the following order:

Petitions for Reassessment and Penalty Abatement on Unitary Value

Royal Street Communications California, LLC (2779), 492232

2006, \$159,000.00 Penalty

2007, \$10,000.00 Penalty

2008, \$20,000.00 Penalty

Action: Approve the penalty abatement on 2006 unitary value in the amount of \$159,000.00 and deny the penalty abatement on 2007 and 2008 unitary value as recommended by staff. Ms. Mandel not participating in accordance with Government Code section 7.9.

Mr. Chiang entered the Boardroom.

LEGAL APPEALS MATTERS, ADJUDICATORY

Musleh Saleh Zokari, 392337 (KH)

1-1-03 to 12-31-05, \$11,496.55 Tax

Considered by the Board: November 18, 2009

Speaker: Musleh Zokari, Taxpayer
Gabriel Ruiz, Representative

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

Action: The Board directed staff to confer with the taxpayer and deferred consideration of the matter to later in the day.

Valerie Dawn Freedman, 342567 (EA)

9-1-04 to 5-31-05, \$5,090.00 Tax, \$509.00 Failure to File Penalty

Considered by the Board: Hearing Notice Sent—No Response

Contribution Disclosures pursuant to Government Code section 15626: No contribution disclosure forms were filed. The Members noted that their records disclosed no contributions from this taxpayer, his agent or participants.

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

SanDisk Corporation, 208950, 225448, 312943 (GH)

10-1-99 to 3-31-00, \$0.00 Tax

4-1-00 to 12-31-01, \$0.00 Tax

10-1-99 to 12-31-01, \$463,117.91 Claim for Refund

Considered by the Board: March 16, 2009

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

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Action: Upon motion of Ms. Steel, seconded by Mr. Horton and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby and Ms. Steel voting yes, Mr. Chiang not participating, the Board ordered that the petitions be redetermined and the claim for refund granted as recommended by the Appeals Division.

John Henry Darral Steinhauer, 458651, 459600 (KH)

7-1-04 to 6-30-07, \$101,969.62 Tax, \$1:00 or more Claim for Refund

Considered by the Board: January 27, 2010

Contribution Disclosures pursuant to Government Code section 15626: No disqualifying contributions were disclosed.

Action: Upon motion of Ms. Steel, seconded by Ms. Alby and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang voting yes, the Board ordered that the petition be redetermined and the claim for refund denied as recommended by the Appeals Division.

CORPORATE FRANCHISE AND PERSONAL INCOME TAX MATTERS, ADJUDICATORY

James Cook, 445260

2005, \$1,362.00 Claim for Refund

Considered by the Board: February 23, 2010

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

Action: Upon motion of Mr. Horton, seconded by Ms. Yee and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang voting yes, the Board dismissed the appeal for lack of jurisdiction and impose a \$750.00 frivolous appeal penalty.

Ivo I. Georgiev, 443908

2005, \$340.96 Claim for Refund

Considered by the Board: November 17, 2009

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

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

Rene L. Reyes, 424121

2003, \$1,893.00 Assessment

Considered by the Board: September 22, 2009

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

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

Tuesday, May 25, 2010

**HOMEOWNER AND RENTER PROPERTY TAX ASSISTANCE MATTERS,
ADJUDICATORY**

Harold Gayles, 394688

2006, \$1.00 or more

Considered by the Board: September 22, 2009

Contribution Disclosures pursuant to Government Code section 15626: No contribution disclosure forms were filed. The Members noted that their records disclosed no contributions from this taxpayer, his agent or participants.

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

Rosalina A. Reyes, 448041

2006, \$1.00 or more

Considered by the Board: November 17, 2009

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

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

Arlene Send, 403763

2005, \$1.00 or more

Considered by the Board: May 27, 2009

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

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

**SALES AND USE TAX MATTERS, RELIEF OF PENALTIES AND DENIALS OF
CLAIMS FOR REFUND, ADJUDICATORY**

Blockbuster, Inc., 513590 (OH)

4-1-09 to 6-30-09, \$267,400.30

Considered by the Board: Presented for Separate Discussion

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

Action: Upon motion of Mr. Horton, seconded by Ms. Steel and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang voting yes, the Board approved the relief of penalty as recommended by staff.

Ford Motor Credit Company, 262540 (OH)

7-1-97 to 12-31-05, \$10,374,839.49

Considered by the Board: Presented for Separate Discussion

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

Tuesday, May 25, 2010

Action: Upon motion of Mr. Horton, seconded by Ms. Steel and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang voting yes, the Board approved the denial of claim for refund as recommended by staff.

SALES AND USE TAX MATTERS, REFUNDS, ADJUDICATORY

Visterra Credit Union, 484299 (EH)

1-1-06 to 6-30-09, \$582,992.81

Considered by the Board: April 13, 2009

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

Action: Upon motion of Mr. Horton, seconded by Mr. Chiang and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang voting yes, the Board approved the refund as recommended by staff.

Sequoia Voting Systems, Inc., 484622 (CH)

4-1-08 to 12-31-08, \$156,813.34

Considered by the Board: April 13, 2009

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

Action: Upon motion of Mr. Horton, seconded by Mr. Chiang and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang voting yes, the Board approved the refund as recommended by staff.

Ford Motor Credit Company, 262540 (OH)

7-1-97 to 12-31-05, \$3,845,737.98

Considered by the Board: Presented for Separate Discussion

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

Action: Upon motion of Mr. Horton, seconded by Mr. Chiang and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang voting yes, the Board approved the refund as recommended by staff.

Sprint Telephony PCS, L.P., 423624 (OH)

10-1-02 to 12-31-06, \$919,249.85

Considered by the Board: Presented for Separate Discussion

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

Action: Upon motion of Mr. Horton, seconded by Ms. Alby and duly carried, Ms. Yee, Mr. Horton, Ms. Alby and Mr. Chiang voting yes, Ms. Steel voting no, the Board approved the refund as recommended by staff.

SPECIAL TAXES MATTERS, DENIALS OF RELIEF OF PENALTIES, ADJUDICATORY

Kern Oil & Refining Company, 467744 (MT)

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

Considered by the Board: April 13, 2009

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

Tuesday, May 25, 2010

Action: Upon motion of Ms. Yee, seconded by Mr. Chiang and duly carried, Ms. Yee, Mr. Horton and Mr. Chiang voting yes, Ms. Alby and Ms. Steel voting no, the Board approved the denial of relief of penalty as recommended by staff.

TAX PROGRAM NONAPPEARANCE MATTERS NOT SUBJECT TO CONTRIBUTION DISCLOSURE STATUTE

PROPERTY TAX MATTERS

Audits

Global Valley Networks, Inc. (229)

2007, \$220,000.00 Escaped Assessment, \$52,800.00 In-lieu Interest

2008, \$660,000.00 Excessive Assessment

Action: Upon motion of Mr. Horton, seconded by Ms. Steel and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang voting yes, the Board adopted the audit escaped and excessive assessments and in-lieu interest, as recommended by staff.

Citizens Telecommunications Co. of Golden State, Inc. (270)

2006, \$2,940,000.00 Escaped Assessment, \$970,200.00 In-lieu Interest

2007, \$3,030,000.00 Escaped Assessment, \$727,200.00 In-lieu Interest

2008, \$2,410,000.00 Excessive Assessment, \$361,500.00 In-lieu Interest

Action: Upon motion of Mr. Horton, seconded by Ms. Steel and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang voting yes, the Board adopted the audit escaped and excessive assessments and in-lieu interest, as recommended by staff.

Citizens Telecommunications Co. of Tuolumne, Inc. (311)

2006, \$1,360,000.00 Escaped Assessment, \$448,800.00 In-lieu Interest

2007, \$1,340,000.00 Escaped Assessment, \$321,600.00 In-lieu Interest

2008, \$1,350,000.00 Escaped Assessment, \$202,500.00 In-lieu Interest

Action: Upon motion of Mr. Horton, seconded by Ms. Steel and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang voting yes, the Board adopted the audit escaped assessment and in-lieu interest, as recommended by staff.

Globe Wireless, LLC (2368)

2006, \$160,000.00 Escaped Assessment, \$16,000.00 Penalties, \$52,800.00 In-lieu Interest

2007, \$95,000.00 Escaped Assessment, \$9,500.00 Penalties, \$22,800.00 In-lieu Interest

2008, \$60,000.00 Escaped Assessment, \$6,000.00 Penalties, \$9,000.00 In-lieu Interest

2009, \$40,000.00 Escaped Assessment, \$4,000.00 Penalties, \$2,400.00 In-lieu Interest

Action: Upon motion of Mr. Horton, seconded by Ms. Steel and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang voting yes, the Board adopted the audit escaped assessments, plus penalties and in-lieu interest, as recommended by staff.

Tuesday, May 25, 2010

Helio, LLC (2774)

2007, \$1,400,000.00 Escaped Assessment, \$140,000.00 Penalties, \$336,000.00 In-lieu Interest
 2008, \$1,000,000.00 Escaped Assessment, \$100,000.00 Penalties, \$150,000.00 In-lieu Interest
 Action: Upon motion of Mr. Horton, seconded by Ms. Steel and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang voting yes, the Board adopted the audit escaped assessment, plus penalties and in-lieu interest, as recommended by staff.

Edison Carrier Solutions (7997)

2006, \$3,700,000.00 Escaped Assessment
 2007, \$4,000,000.00 Escaped Assessment
 2008, \$3,900,000.00 Escaped Assessment
 2009, \$3,900,000.00 Escaped Assessment
 Action: Upon motion of Mr. Horton, seconded by Ms. Steel and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang voting yes, the Board adopted the audit escaped assessments as recommended by staff.

Greenfield Communications, Inc. (8004)

2006, \$205,400.00 Escaped Assessment, \$20,540.00 Penalties, \$67,782.00 In-lieu Interest
 2007, \$47,000.00 Excessive Assessment
 2008, \$157,000.00 Escaped Assessment, \$15,700.00 Penalties, \$23,550.00 In-lieu Interest
 Action: Upon motion of Mr. Horton, seconded by Ms. Steel and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang voting yes, the Board adopted the audit escaped and excessive assessments, plus penalties and in-lieu interest, as recommended by staff.

OFFERS-IN-COMPROMISE RECOMMENDATIONS

Action: Upon motion of Ms. Steel, seconded by Ms. Alby and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang voting yes, the Board approved the Offers in Compromise of *Alex Low; Mark and Pamela Dornbusch; Jeffrey Miller and Western Window and Door Corp;* and, *Marycruz (Satz) Nargi and Marky's Auto Sales, Inc.;* as recommended by staff.

LOCAL TAX REALLOCATION MATTERS

Cities of Anaheim, Berkeley, Brea, Campbell, Carlsbad, Concord, Cupertino, Cypress, El Segundo, Emeryville, Escondido, Foster City, Fresno, Fullerton, Gilroy, Irvine, Long Beach, Los Angeles, Menlo Park, Milpitas, Monterey, Newport Beach, Novato, Ontario, Petaluma, Redwood City, Riverside, South San Francisco, Sacramento, San Bruno, San Clemente, San Diego, San Jose, San Leandro, San Mateo, San Ramon, Santa Ana, Santa Clara, Santa Fe Springs, Torrance, Tustin, Union City, Walnut Creek, and County of Sacramento

490742, 490743, 491071, 491114, 491141, 491144, 491148, 491157, 491828, 491833, 491849, 491853, 491859, 491861, 491868, 491869, 491880, 491881, 491954, 491956, 491957, 491958, 492028, 492060, 492061, 492898, 493237, 493282, 493587, 493753,

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493881, 493882, 493907, 493916, 493917, 494289, 494361, 494363, 494369, 494372, 494380, 494392, 494396, 494402, 494415, 494416, 494419, 494423, 494434, 494437, 494439, 494451, 494473, 494477, 494489, 494624, 495109, 495115, 495130, 495132, 495138, 495150, 495151, 495152, 495275, 495315, 495317, 495384, 495420, 495743, 495746, 495749, 495786, 495794, 495795, 496960, 496983, 496997, 497000, 497005, 497347, 497353, 497357, 497410, 497413, 497414, 497445, 497450, 497451, 497454, 497456, 497458, 497459, 497462, 497463, 497520, 497543, 497546, 497551, 497552, 497588, 497592, 497595, 497604, 497605, 497611, 505268, 505270, 505405, 505409, 505413, 505514, 505521, 505527, 505585, 506380, 506451, 506453, 506473, 506666, 509585, 509586, 509874, 510076, 510077, 510085, 510737, 511108

Speaker: Robin Sturdivant, The HdL Companies, representing 177 agencies

Action: Upon motion of Ms. Yee, seconded by Ms. Alby and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang voting yes, the Board ordered that the petitions be denied as recommended by the Appeals Division.

The Board recessed at 12:45 p.m. and reconvened at 1:33 p.m. with Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Ms. Mandel present.

SALES AND USE TAX APPEALS HEARINGS

J's Tires, Inc., 301642 (GH)

4-1-00 to 3-31-03, \$17,136.02 Claim for Refund

For Claimant: Abe Golomb, Representative

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

Contribution Disclosures pursuant to Government Code section 15626: A disqualifying contribution was disclosed to Ms. Alby. No other disqualifying contributions were disclosed.

Issue: Whether the Department has established by clear and convincing evidence that the understatement was due to fraud or intent to evade the tax.

Action: Upon motion of Mr. Horton, seconded by Ms. Mandel and unanimously carried, Ms. Yee, Mr. Horton, Ms. Steel and Ms. Mandel voting yes, Ms. Alby absent and not participating in accordance with Government Code section 15626, the Board ordered that the claim for refund be submitted for decision.

Lucent Technologies, Inc., 317049, 317677, 89002416490 (OH)

2-1-96 to 9-30-00, \$4,177,337.96 Tax

9-1-96 to 8-31-97, \$7,567.28 Claim for Refund

For Petitioner/Claimant: Jeffrey G. Varga, Attorney

Michael James Guerriero, Attorney

For Sales and Use Tax Department: Bradley Heller, Tax Counsel

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

Issue: Whether adjustments are warranted to the amount of disallowed recorded nontaxable sales.

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

Tuesday, May 25, 2010

PUBLIC HEARINGS**Timber Harvest Values**

Mitchell Cari, Principal Property Appraiser, Timber Tax Section, County Assessed Properties Division, Property and Special Taxes Department, stated for the record that Revenue and Taxation Code section 38204(a) requires that the Board estimate the immediate harvest values of, and adopt schedules for each species or sub classification of timber harvested between July 1 and December 31, 2010 on or before June 30, 2010. ([Exhibit 5.1.](#))

Action: Upon motion of Ms. Alby, seconded by Ms. Steel and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Ms. Mandel voting yes, the Board adopted the timber harvest values as recommended by staff.

Ms. Yee, on behalf of the Board, thanked the Timber Advisory Committee.

Exhibits are incorporated by reference.

FINAL ACTION ON CORPORATE FRANCHISE AND PERSONAL INCOME TAXES HEARINGS HELD MAY 25, 2010

Eugene Midlock and Penelope Midlock, 484989

Final Action: Upon motion of Ms. Mandel, seconded by Ms. Alby and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Ms. Mandel voting yes, the Board sustained the action of the Franchise Tax Board.

Rheem Manufacturing Company, 485872

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

Upon motion of Mr. Horton, seconded by Ms. Yee and duly carried, Ms. Yee, Mr. Horton and Ms. Mandel voting yes, Ms. Alby and Ms. Steel voting no, the Board sustained the action of the Franchise Tax Board.

Todd Lutwak, 482917

Final Action: Upon motion of Ms. Yee, seconded by Ms. Mandel and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Ms. Mandel voting yes, the Board sustained the action of the Franchise Tax Board.

FINAL ACTION ON SALES AND USE TAX APPEALS HEARINGS HELD MAY 25, 2010

J's Tires, Inc., 301642 (GH)

Final Action: Upon motion of Mr. Horton, seconded by Ms. Mandel and unanimously carried, Ms. Yee, Mr. Horton, Ms. Steel and Ms. Mandel voting yes, Ms. Alby not participating in accordance with Government Code section 15626, the Board ordered that the claim be denied as recommended by the Appeals Division.

Tuesday, May 25, 2010

Lucent Technologies, Inc., 317049, 317677, 89002416490 (OH)

Final Action: Upon motion of Mr. Horton, seconded by Ms. Alby and duly carried, Ms. Yee, Mr. Horton, Ms. Alby and Ms. Mandel voting yes, Ms. Steel voting no, the Board ordered that the petition be redetermined and the remaining claim for refund be denied as recommended by the Appeals Division.

LEGAL APPEALS MATTERS, ADJUDICATORY

Musleh Saleh Zokari, 392337 (KH) (continued)

David H. Levine, Counsel, Appeals Division, Legal Department, reported that staff met with the taxpayer who indicated that he had no additional evidence to provide that staff had not already reviewed.

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

The Board adjourned at 3:18 p.m.

The foregoing minutes are adopted by the Board on July 15, 2010.

Wednesday, May 26, 2010

The Board met at its offices at 450 N Street, Sacramento, at 9:31 a.m., with Ms. Yee, Chairwoman, Mr. Horton, Vice Chair, Ms. Alby and Ms. Steel present, Ms. Mandel present on behalf of Mr. Chiang in accordance with Government Code section 7.9.

ANNOUNCEMENT OF CLOSED SESSION

The Board recessed at 9:32 a.m. and reconvened immediately in closed session with Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Ms. Mandel present.

CLOSED SESSION

The Board met to discuss pending litigation (Gov. Code § 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 10:42 a.m. and reconvened immediately in open session with Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Ms. Mandel present.

The Board recessed at 10:43 a.m. and reconvened at 12:07 p.m. with Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Ms. Mandel present.

SALES AND USE TAX APPEALS HEARING

John Ray James Ford, 436515 (JH)

Action: This matter is postponed to the August 2010 meeting.

SPECIAL TAXES APPEALS HEARING

Chris E. Christensen and Margaret Ann Christensen, 334774 (MT)

7-1-97 to 8-10-04, \$131,449.58 Fee, \$13,144.99 Failure-to-Timely-Pay Penalty

For Petitioner:

Chris E. Christensen, Taxpayer

Lawrence T. Ullmann, Representative

For Property and Special Taxes Department: Carolee Johnstone, Tax Counsel

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

Issues: Whether petitioners are liable for the Underground Storage Tank Maintenance fees.

Whether relief of the penalty for failure to timely pay is warranted.

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

The Board recessed at 1:11 p.m. and reconvened at 1:30 p.m. with Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang present.

BOARD MEMBER ANNUAL PHOTOGRAPH

The annual Board photograph was taken of Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang.

Wednesday, May 26, 2010

PROPERTY TAX MATTER**STATE ASSESSED PROPERTIES VALUE SETTING**

Ken Thompson, Chief, State-Assessed Properties Division, Property and Special Taxes Department, made introductory remarks regarding the valuation of state-assessed properties.

Electric Generation Facilities

Action: Upon motion of Mr. Horton, seconded by Mr. Chiang and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang voting yes, the Board ordered that the market value to be used in the assessment of unitary property of the following listed companies as of January 1, 2010, be as follows:

1100	AES Alamos, LLC	229,400,000
1101	AES Redondo Beach, LLC	165,900,000
1102	AES Huntington Beach, LLC	70,600,000
1103	Dynegy Moss Landing, LLC	654,600,000
1104	Dynegy Morro Bay, LLC	53,400,000
1105	Dynegy Oakland, LLC	3,120,000
1106	Cabrillo Power I LLC	124,800,000
1107	Cabrillo Power II LLC	10,500,000
1108	Mirant Potrero, LLC	28,300,000
1109	Mirant Delta, LLC	83,100,000
1110	El Segundo Power LLC	31,600,000
1111	Long Beach Generation LLC	71,700,000
1112	La Paloma Generating Company, LLC	453,900,000
1113	RRI Energy Coolwater, Inc.	23,800,000
1114	RRI Energy Mandalay, Inc.	76,100,000
1115	RRI Energy Ormond Beach, Inc.	40,900,000
1116	RRI Energy Etiwanda, Inc.	54,500,000
1117	RRI Energy Ellwood, Inc.	4,560,000
1118	Dynegy South Bay, LLC	113,000
1122	GWF Energy, LLC - Hanford	49,000,000
1123	GWF Energy, LLC - Henrietta	50,500,000
1124	GWF Energy, LLC - Tracy	76,200,000
1126	Elk Hills Power, LLC	306,600,000
1127	High Desert Power Trust 2000-A	378,900,000
1128	Delta Energy Center, LLC	444,500,000
1129	Gilroy Energy Center, LLC	77,500,000
1131	Pastoria Energy Facility, LLC	484,900,000
1132	Calpine Construction Finance Company, LP	228,300,000
1133	Metcalf Energy Center, LLC	364,400,000
1134	Otay Mesa Generating Company, LLC	459,300,000
1136	Blythe Energy, LLC	269,100,000
1137	Sunrise Power Company, LLC	346,800,000

Wednesday, May 26, 2010

1141	Indigo Generation LLC	66,400,000
1142	Larkspur Energy LLC	44,300,000
1143	Los Esteros Critical Energy Facility, LLC	91,300,000
1145	Harbor Cogeneration Company, LLC	5,410,000
1146	AES Placerita, Inc.	442,000
1148	Inland Empire Energy Center, LLC	709,400,000
1149	Caithness Blythe II, LLC	608,000
1150	Tesla Power Plant	13,300,000
1151	Russell City Energy Center, LLC	4,900,000
1152	Panoche Energy Center, LLC	328,000,000
1153	Starwood Power-Midway, LLC	86,400,000
1154	Bicent (California) Malburg, LLC	58,300,000
1155	Orange Grove Energy, L.P.	98,600,000
1156	Avenal Power Center, LLC	1,574,000

Energy Companies

Action: Upon motion of Mr. Horton, seconded by Mr. Chiang and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang voting yes, the Board ordered that the market value to be used in the assessment of unitary property of the following listed companies as of January 1, 2010, be as follows:

101	Golden State Water Company	538,900,000
103	Anza Electric Cooperative, Inc.	14,700,000
106	PacifiCorp	199,900,000
119	Trans Bay Cable LLC	466,000,000
135	Pacific Gas and Electric Company	20,985,000,000
141	San Diego Gas & Electric Company	5,163,600,000
146	Sierra Pacific Power Company	199,800,000
148	Southern California Edison Company	15,065,700,000
149	Southern California Gas Company	3,338,300,000
152	Southwest Gas Corporation	210,700,000
153	Transwestern Pipeline Company	611,000
156	Atlantic Path 15, LLC	134,000,000
160	Valley Electric Association, Inc.	37,900
173	Surprise Valley Electrification Corp.	13,700,000
176	Plumas-Sierra Rural Electric Cooperative	63,600,000
180	North Baja Pipeline, LLC	96,200,000
185	Mountain Utilities, LLC	3,760,000
187	Mojave Pipeline Company	50,500,000
188	Kern River Gas Transmission Company	294,900,000
189	Standard Pacific Gas Line, Inc.	22,800,000
190	Tuscarora Gas Transmission Company	74,800,000
191	Arizona Public Service Company	2,480,000
192	Alpine Natural Gas Operating Company No. One LLC	2,040,000
193	Southwest Transmission Cooperative, Inc.	114,000

Wednesday, May 26, 2010

194	West Coast Gas Company, Inc.	845,000
195	Wild Goose Storage, LLC	203,400,000
196	Questar Southern Trails Pipeline Company	16,700,000
197	El Paso Natural Gas Company	74,000,000
198	Lodi Gas Storage, LLC	289,700,000

Pipeline Companies

Action: Upon motion of Mr. Horton, seconded by Mr. Chiang and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang voting yes, Ms. Steel not participating in accordance with Government Code section 87105 in 465, *Plains Pipeline, LP*; 467, *ConocoPhillips Company*; 480, *ConocoPhillips Pipe Line Company*; 486, *Pacific Pipeline System, LLC*, and, 488, *Pacific Terminals, LLC*, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2010, be as follows:

402	CALNEV Pipe Line LLC	69,800,000
406	CPN Pipeline Company dba Calpine Pittsburg, Inc.	14,300,000
407	Valero Refining Company - California	918,000
409	West Coast Pipe Lines	208,100,000
410	Homestake Mining Company of California	74,800
412	Kings County Canal Company	901,000
428	CPN Pipeline Company	27,200,000
429	Chevron U.S.A., Inc.	37,300,000
432	Equilon Enterprises LLC	203,300,000
435	Natomas Central Mutual Water Company	144,100
461	SFPP, L.P.	303,900,000
462	ARCO Midcon LLC	1,430,000
464	Ventura Pipeline System	4,370,000
465	Plains Pipeline, LP	25,900,000
467	ConocoPhillips Company	459,000
468	Shell California Pipeline Company L.P.	5,890,000
469	San Ardo Pipeline Company	18,700,000
475	Searles Valley Minerals Operations Inc.	2,010,000
476	Chevron USA, Inc.	8,950,000
478	California Gas Gathering, Inc.	60,200
479	Chevron Pipeline Company	55,800,000
480	ConocoPhillips Pipe Line Company	46,000,000
484	Calpine Pipeline Corporation	6,480,000
486	Pacific Pipeline System, LLC	68,300,000
488	Pacific Terminals LLC	11,300,000
489	Venoco, Inc.	6,800,000
490	Crimson California Pipeline, L.P.	11,800,000
491	SMF Pipeline	5,030,000

Wednesday, May 26, 2010

Railroad Companies

Action: Upon motion of Mr. Horton, seconded by Mr. Chiang and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2010, be as follows:

800	Alameda Belt Line	14,400
802	Central Oregon & Pacific Railroad	2,570,000
804	BNSF Railway Company	1,166,500,000
808	West Isle Line, Inc.	249,000
810	California Northern Railroad	18,700,000
812	Ventura County Railroad	2,820,000
813	Pacific Harbor Lines	26,700,000
815	Mendocino Railway	1,690,000
817	Tulare Valley Railroad	401,500
818	Central California Traction Company	6,490,000
819	Carrizo Gorge Railway, Inc.	31,790
822	Pacific Sun Railroad, L.L.C.	589,000
834	Lake County Railroad	535,000
839	Oakland Terminal Railway Company	145,000
843	Union Pacific Railroad Company	1,273,900,000
850	Modesto & Empire Traction Company	30,600,000
857	Richmond Pacific Railroad Corporation	892,000
865	San Diego & Imperial Valley Railroad Co. Inc.	6,950,000
869	Coast Belle Railroad Company	772,000
878	Stockton Terminal and Eastern Railroad	2,730,000
882	Trona Railway Co.	14,800,000
883	McCloud Railway Company	1,130,000
889	Yreka Western Railroad Co.	660,000
892	Almanor Railroad Company	534,000
894	Napa Valley Wine Train, Inc.	21,300,000
896	Santa Cruz Big Trees & Pacific Railway Co.	2,670,000
897	San Joaquin Valley Railroad Company	9,180,000
898	Sierra Northern Railway	1,560,000
899	Arizona & California Railroad	1,780,000

Radio Telephone and Paging Companies

Action: Upon motion of Mr. Horton, seconded by Mr. Chiang and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang voting yes, the Board ordered that the market value to be used in the assessment of unitary property of the following listed companies as of January 1, 2010, be as follows:

3002	American Messaging, Inc.	1,280,000
3005	Mobilephone of Humboldt, Inc.	54,300

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3039	Fresno Mobile Radio, Inc.	393,000
3052	Vincent Communications, Inc.	55,000
3362	Madera Radio Dispatch, Inc.	446,000
3430	USA Mobility Wireless, Inc.	3,770,000
3432	Point Telesystems, LLC	9,100
3434	James R. McKeown	36,400

Wireless Telephone Companies

Action: Upon motion of Mr. Horton, seconded by Mr. Chiang and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2010, be as follows:

2532	Los Angeles SMSA Ltd., Partnership	805,400,000
2552	Fresno MSA Limited Partnership	84,200,000
2559	Cellco Partnership	1,023,800,000
2602	Digital Communications Network, Inc.	67,540
2605	Nova Cellular West, Inc.	30,400
2606	AT&T Mobility LLC	1,692,400,000
2649	Action Cellular Rent-A-Phone, Inc.	3,100
2658	Intouch America, Inc.	81,625
2668	California RSA No. 3 Limited Partnership	12,100,000
2669	California RSA #4 Partnership	13,000,000
2671	California Rural Service Area #1, Inc.	28,000,000
2681	Everything Wireless, LLC	173,000
2683	Pay-Less Cellular, Inc.	3,619,000
2687	SLO Cellular, Inc.	5,160,000
2720	Sprint Telephony PCS, L.P.	1,303,400,000
2733	MetroPCS Communications, LLC	187,700,000
2748	T-Mobile West Corporation	1,456,400,000
2760	Fisher Wireless Services, Inc.	1,320,000
2762	Cricket Communications, Inc.	161,700,000
2764	NTCH-CA, Inc.	371,000
2772	Globalstar USA, LLC	1,991,000
2773	Accessible Wireless, LLC	783,000
2775	Nextlink Wireless, Inc.	841,000
2778	Movida Communications, Inc.	4,070
2779	Royal Street Communications, LLC	227,700,000
2782	Velocita Wireless, LLC	170,000
2784	Greatcall, Inc.	2,870,000
2785	Public Wireless, Inc.	135,000

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Local Exchange Telephone Companies

Action: Upon motion of Mr. Horton, seconded by Mr. Chiang and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang voting yes, the Board ordered that the market value to be used in the assessment of unitary property of the following listed companies as of January 1, 2010, be as follows:

201	Verizon California, Inc.	3,080,700,000
202	CenturyTel of Eastern Oregon, Inc.	40,000
205	Ponderosa Telephone Co., The	33,400,000
209	Pinnacles Telephone Co.	1,250,000
210	Calaveras Telephone Company	13,300,000
228	Ducor Telephone Company	7,320,000
235	Foresthill Telephone Co.	14,300,000
239	Hornitos Telephone Company	1,260,000
240	Happy Valley Telephone Company	1,610,000
246	Kerman Telephone Co.	20,000,000
279	Pacific Bell Telephone Company	7,297,200,000
284	Citizens Telecommunications Company of California, Inc.	114,000,000
286	Sierra Telephone Company, Inc.	42,800,000
294	SureWest Telephone	144,300,000
301	Siskiyou Telephone Company, The	40,800,000
320	Verizon West Coast Inc.	9,120,000
327	Volcano Telephone Company	23,400,000
328	Cal-Ore Telephone Co.	7,370,000
330	Winterhaven Telephone Company	1,410,000

Interexchange Telephone Companies

Action: Upon motion of Mr. Horton, seconded by Ms. Alby and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2010, be as follows:

2014	Sprint Communications Company, L.P.	301,900,000
2043	Pac-West Telecomm, Inc.	26,250,000
2054	Spacenet, Inc.	17,400
2099	Smart City Networks LP	552,000
2207	Global Crossing Telecommunications, Inc.	30,300,000
2274	MCI Communications Services, Inc.	391,300,000
2275	SES Americom, Inc.	316,000
2310	AT&T Communications	762,600,000
2366	Value-Added Communications, Inc.	17,400
2368	Globe Wireless, LLC	995,000
2372	MCI Metro Access Transmission Services, LLC	154,100,000
2376	Working Assets Funding Service, Inc.	701,000

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2416	NOS Communications, Inc.	2,250,000
2430	Electric Lightwave, LLC	30,700,000
2437	Dialink Corporation	17,700
2443	National Comtel Network, Inc.	6,900
2463	Qwest Communications Company LLC	169,400,000
7503	Verizon Select Services, Inc.	13,400,000
7512	Frontier Communications of America, Inc.	6,910,000
7516	Cybernet Communications Inc.	370,000
7522	tw telecom of california l.p.	167,600,000
7536	Global Crossing North American Networks, Inc.	9,190,000
7538	Tremcom International, Inc.	66,440
7544	Telswitch, Inc.	23,700
7560	XO Communications Services, Inc.	95,700,000
7571	Network Enhanced Technologies, Inc.	237,000
7580	Evercom Systems, Inc.	840,000
7588	PNG Telecommunications, Inc.	3,100
7621	SES Americom California, Inc.	3,870,000
7623	Verizon Enterprise Solutions LLC	326,000
7625	TCast Communications, Inc.	480,700
7631	Worldnet Communications Services Inc.	7,400
7632	Business Discount Plan, Inc.	23,300
7636	Network Telephone Services, Inc.	2,050,000
7638	Integrated Telemanagement Services, Inc.	92,200
7640	Cox California Telecom, LLC	110,600,000
7645	Communications Brokers & Consultants, Inc.	2,750
7660	U.S. South Communications, Inc.	802,000
7686	Primus Telecommunications, Inc.	547,000
7690	CCT Telecommunications, Inc.	51,000
7699	Legacy Long Distance International, Inc.	346,500
7705	Sierra Telephone Long Distance	6,100
7706	Covad Communications Company	41,600,000
7707	SureWest Long Distance	4,500
7729	New Global Telecom, Inc.	124,300
7732	NTT America, Inc.	16,700,000
7735	Pacific Centrex Services, Inc./TGEC,LLC	77,110
7740	TRI-M Communications, Inc.	499,000
7756	Centergistic Solutions, Inc.	20,500
7757	U.S. TelePacific Corp.	101,700,000
7758	BT Americas Inc.	10,400,000
7761	Level 3 Communications, LLC	360,000,000
7766	KDDI America, Inc.	5,040,000
7769	Airnex Communications, Inc.	67,870
7778	NTI of California, LLC	248,000
7779	360networks (USA) inc.	5,830,000
7781	KT America, Inc.	1,100

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7782	Ton Services, Inc.	26,400
7791	O1 Communications, Inc.	3,610,000
7792	Point To Point, Inc.	370,000
7799	Wilshire Connection, LLC	1,350,000
7800	New Edge Networks	451,000
7811	Public Communications Services, Inc.	2,220,000
7813	Advanced Telecom, Inc.	2,290,000
7814	PAETEC Communications, Inc.	14,300,000
7823	U.S. Telestar Communications Group	1,000
7824	Audeamus, LLC	2,850,000
7832	Astound Broadband LLC	34,700,000
7834	Pannon Telecom, Inc.	56,600
7837	AboveNet Communications, Inc.	57,800,000
7845	San Carlos Telecom, Inc.	76,450
7846	The Telephone Connection Local Services, LLC	34,400
7866	Telmex USA, LLC	19,030,000
7871	Verizon Online LLC	118,400,000
7872	Infotech Telecommunications & Network, Inc.	14,410
7876	Total Call International, Inc.	1,500,000
7880	Quick-Tel, Inc.	6,100
7885	SBC Advanced Solutions	261,100,000
7894	Ponderosa Cablevision	629,000
7899	RGT Utilities of California, Inc.	5,700
7902	Zone Telecom, Inc.	1,430,000
7907	Telscape Communications, Inc.	4,610,000
7910	CBC Broadband Holdings, LLC	8,130,000
7912	Americom Government Services, Inc.	719,000
7913	VCOM Solutions, Inc.	256,000
7914	McLeodUSA Telecommunications Services, Inc.	637,000
7916	Peak Communications, Inc.	24,800
7934	Telecom House Inc.	100,320
7938	McBlue Telecom, Inc.	22,700
7940	Consumer Telcom, Inc.	35,700
7945	ZTG, Inc.	20,600
7947	IDT America, Corp.	128,700
7948	Vizada, Inc.	6,800,000
7949	Call America, Inc.	291,000
7950	ATMC, Inc.	6,710
7951	SWB Communications Services, Inc.	1,550,000
7952	Advanced Tel, Inc.	19,800
7953	Openpop.com, Inc.	365,000
7955	Enhanced Communications Network, Inc.	129,000
7956	Telespan Communications, LLC	60,600
7957	Telekenex, Inc.	5,660,000
7959	Airespring, Inc.	585,000

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7960	CallTower, Inc.	1,342,000
7961	SureWest Televideo	166,700,000
7964	Aries Network, Inc.	27,720
7967	New World Telecom International, Inc.	49,400
7969	Intelsat Global Service Corporation	8,720,000
7972	Reliance Globalcom Services, Inc.	13,100,000
7973	Alliance Payphone, Inc.	158,000
7976	Local Fiber, LLC	1,790,000
7978	Legent Communications Corporation	28,200
7980	Teledata Solutions, Inc.	965,800
7981	Leading Edge Communications, LLC	894,000
7982	NextG Networks Of California, Inc.	93,400,000
7983	LCR Services, Inc.	1,980
7985	inContact, Inc.	2,380,000
7988	Global Tel*Link Corporation	4,300,000
7990	CMTel (USA) LLC	1,940,000
7992	NobelTel, LLC	291,000
7993	Clear World Communications Corporation	117,000
7994	Utility Telephone, Inc.	1,280,000
7995	IP Networks, Inc.	17,500,000
7996	RuralWest - Western Rural Broadband, Inc.	417,000
7997	Edison Carrier Solutions	67,500,000
7998	Norcast Communications Corporation	190,000
7999	Purple Language Services	6,310,000
8001	Custom Switching Technologies, Inc.	61,600
8002	Neutral Tandem - California, LLC	6,650,000
8003	Creative Interconnect Communications, LLC	1,250,000
8004	Greenfield Communications, Inc.	903,000
8005	Cable and Wireless Americas Operations, Inc.	1,060,000
8006	Lucky Communications, Inc.	70,950
8007	Asia Talk Telecom, Inc.	111,000
8009	France Telecom Corporate Solutions, LLC	3,100
8010	A+ Wireless, Inc.	4,900
8011	DelTel, Inc.	141,000
8012	RB Communications, Inc.	69,700
8015	China Telecom (Americas) Corporation	3,520,000
8017	Locus Telecommunications, Inc.	531,000
8018	Telewest, Inc.	13,375
8019	Global Touch Telecom, Inc.	149,600
8022	Allstate Communications, Inc.	266,000
8023	One Phone, Inc.	248,000
8026	Nationwide Telecom, Inc.	41,800
8027	Blue Casa Communications, Inc.	328,000
8029	IPC Network Services, Inc.	43,400
8031	Backbone Communications, Inc.	172,000

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8032	BCE Nexxia Corporation	297,000
8033	Telecom Consultants Inc.	1,980
8037	CA-CLEC LLC	5,760,000
8038	Telespan Carrier Access, LLC	54,300
8040	Mission Telecom, Inc.	6,800
8041	DMR Communications, Inc.	179,000
8042	Paxio, Inc.	1,040,000
8044	Intermetro Communications, Inc.	1,529,000
8046	Hypercube LLC	538,000
8047	Syniverse Technologies, Inc.	12,400
8048	Bright House Networks Information Services (California), LLC	285,000
8049	Cbeyond Communications, LLC	19,000,000
8051	Inteltrace, Inc.	540,000
8057	Vertex Telecom, Inc.	765,000
8060	Comtel Telecom Assets LP	226,000
8061	Charter Fiberlink CA-CCO, LLC	20,200,000
8062	Ezequiel Guido	1,700
8063	Time Warner Cable Information Services (California), LLC	31,200,000
8065	Connectto Communications, Inc.	312,000
8066	Calmtel USA, Inc.	44,220
8067	Sunesys, LLC	118,500,000
8068	North County Communications Corp	153,750
8071	Verizon Long Distance LLC	441,000
8072	Cypress Communications Operating Co., Inc.	510,000
8073	Koncept International, Inc.	73,000
8074	Silv Communication, Inc.	35,900
8075	Trans National Communications International, Inc.	150,000
8076	OPEX Communications, Inc.	46,300
8077	Newpath Networks, LLC	14,859,000
8078	U.S. Telecom Long Distance, Inc.	119,000
8079	Cal-Ore Communications, Inc.	462,000
8080	Ymax Communications Corporation	54,900
8081	Sonic Telecom, LLC	1,000,000
8083	Network Expert Group, Inc.	49,900
8084	T-Netix Telecommunications Services, Inc	71,400
8085	Cosmobridge America, Inc.	13,200
8086	Associated Network Partners, Inc.	41,600
8087	Verosity Technology Partners, LLC	356,000
8088	Janaslani Enterprises, LLC	5,600
8089	Conterra Ultra Broadband LLC	2,060,000
8090	Telecommunication Systems, Inc.	443,300
8091	Roadway Communications, Inc.	199,100
8092	Global Telecom LLC	30,690
8093	Extenet Systems (California) LLC	20,000,000
8094	Trillion Partners, Inc.	1,006,500

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8096	Octagon Networks, Inc.	92,200
8097	Reunion Communications, Inc.	21,780
8098	Allcom Telink Corporation	962,500
8099	Race Technologies	457,600
8100	Dial Long Distance, Inc.	5,830
8101	FastBlue Communications, Inc.	3,800
8102	Ekit.Com, Inc.	42,350
8103	LiveTV Airfone, Inc.	141,000
8104	TransPac Telecom, Inc.	9,100
8105	Marlink, Inc.	341,000
8106	Raw Bandwidth Telecom, Inc.	20,800
8107	Convergence Systems Inc.	116,600
8108	Radical System Solutions, Inc.	54,000
8109	Peerless Network Of California LLC	838,000
8110	Viscom International, Inc.	1,500
8111	First Communications, LLC	557,000
8112	Mosaic Networx, LLC	3,740
8113	Callcatchers, Inc.	917,400
8114	Sunycell, Inc.	5,830
8115	&TV Communications, Inc.	1,716,000
8116	PC Landing Inc.	12,300,000
8117	Syniverse ICX Corporation	3,730,000
8118	IntelePeer, Inc.	2,700,000
8119	Express Telecommunications Network, LLC	4,840
8120	TELUS Communications Inc.	1,950,000

Action: Upon motion of Ms. Steel, seconded by Ms. Alby and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Mr. Chiang voting yes, the Board ordered that the market value, including penalty, to be used in the assessment of unitary property of the following listed company as of January 1, 2010, be as follows:

7581	ABS-CBN Telecom North America, Inc.	287,700
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The Board recessed at 1:53 p.m. and reconvened at 1:56 p.m. with Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Ms. Mandel present.

CHIEF COUNSEL MATTERS

RULEMAKING

Proposed Regulation 1698.5, *Audit Procedures*

Bradley Heller, Tax Counsel, Tax and Fee Program Division, Legal Department, made introductory remarks regarding the request for Board adoption of the proposed regulation 1698.5, *Audit Procedures*, with the amendments approved at the public hearing on March 23, 2010. ([Exhibit 5.2.](#))

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Action: Upon motion of Mr. Horton, seconded by Ms. Mandel and duly carried, Ms. Yee, Mr. Horton and Ms. Mandel voting yes, Ms. Alby and Ms. Steel voting no, the Board adopted the proposed regulation 1698.5, *Audit Procedures*, as amended at the March 23, 2010 public hearing.

Exhibits are incorporated by reference.

OTHER CHIEF COUNSEL MATTERS

Request for Authorization to File *Amicus Curiae* Brief

Robert Lambert, Assistant Chief Counsel, Litigation Division, Legal Department, requested authorization to file an amicus curiae brief in the consolidated property tax actions challenging fractionally owned aircraft taxation statutes, as requested by Santa Barbara County, for the Orange County Superior Court's consolidation of the following four cases: *Netjets Aviation Inc. v. Webster J. Guillory*, Case Number 30-2008-00107805-CU-MC-CJC; *Flight Options LLC v. Webster J. Guillory*, Case Number 30-2008-00110932-CU-MC-CJC; *CitationShares Management LLC v. Joseph E. Holland, Santa Barbara County Assessor*, Case Number 30-2009-00288116-CU-MC-CJC; and, *Bombardier Aerospace Corp. v. Joseph E. Holland, Santa Barbara County Assessor*, Case Number 30-2009-00303518-CU-MC-CJC. ([Exhibit 5.3.](#))

Action: The Board deferred consideration of the matter to later in the day.

ADMINISTRATIVE SESSION

ADMINISTRATIVE MATTERS, CONSENT

With respect to the Administrative Matters, Consent Agenda, upon a single motion of Ms. Steel, seconded by Mr. Horton and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, 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 5.4.](#))

Lana Lea Dunn, Tax Technician III, Norwalk Office
 Judy Lorraine Heckle, Tax Technician III, Environmental Fees Division,
 Property and Special Taxes Department
 Victoria Ann Lee, Business Taxes Compliance Specialist, West Covina Office
 Ursulita (Sally) A. Lugtu, Tax Technician III, West Covina Office
 Jorge Matos, Office Assistant (General), Environmental Fees Division
 Diane Mayer, Staff Information Systems Analyst (Specialist), Technology
 Services Department
 David William McKillip, Business Taxes Administrator III, Operations Section,
 Property and Special Taxes Department
 Teresa (Terry) Pahler, Business Taxes Administrator III (District Administrator),
 Oakland Office

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Karen Roberts, Associate Information Systems Analyst (Specialist), Technology Services Department

Linda Thompson, Senior Personnel Specialist, Human Resources Division

Howard Y. Tse, District Principal Auditor, West Covina Office

Judy D. Weyhe, Tax Technician II, State-Assessed Properties Division, Sacramento Office

Michael P. Winfrey, Tax Technician III, Sales and Use Tax Department

Action: Approve the Board Meeting Minutes of March 23-25, 2010 and April 13, 2010.

Action: Adopt the 4-R Act Equalization Ratio for 2010-11. ([Exhibit 5.5.](#))

Action: Adopt the 2010-11 Tobacco Products Tax Rate. ([Exhibit 5.6.](#))

Ms. Yee extended warm congratulations and best wishes to Teresa (Terry) Pahler, Oakland District Administrator, on her retirement.

ADOPTION OF BOARD COMMITTEE REPORTS AND APPROVAL OF COMMITTEE ACTIONS

Business Taxes Committee

Action: Upon motion of Ms. Yee, seconded by Mr. Horton and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Ms. Mandel voting yes, the Board approved the Business Taxes Committee report and the actions therein. ([Exhibit 5.7.](#))

Legislative Committee

Action: Upon motion of Mr. Horton, seconded by Ms. Steel and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Ms. Mandel voting yes, the Board approved the Legislative Committee report and the actions therein. ([Exhibit 5.8.](#))

Committee votes were as follows:

A recommendation of Neutral on SB 884, *Use Tax Registrants: Due Dates* (Ashburn and Runner), with commitment to continue to work with the author's office and interested parties on current and prospective filing deadline and penalty abatement issues, duly passed, Ms. Yee, Mr. Horton and Ms. Alby voting yes, Ms. Steel and Ms. Mandel voting no. Ms. Steel noted for the record that that she supports the bill. Ms. Mandel noted for the record that the Controller supports the concept of the bill. An update on the matter will be scheduled for the July meeting.

A recommendation of support for AB 1687 *Sales and Use: Destination Management Companies: Consumers* (Jeffries) duly passed, Ms. Yee, Mr. Horton, Ms. Alby and Ms. Steel voting yes, Ms. Mandel voting no. Ms. Mandel noted for the record that the Controller supports the concept of the bill.

Property Tax Committee

Action: Upon motion of Ms. Steel, seconded by Mr. Horton and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Ms. Mandel voting yes, the Board approved the Property Tax Committee report and the actions therein. ([Exhibit 5.9.](#))

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OTHER ADMINISTRATIVE MATTERS**Executive Director's Report**

Ramon Hirsig, Executive Director, reported the following: The California State Information Officers Council (SIOC) honored the BOE with four awards in recognition of "excellence in state government communications" at its annual awards ceremony May 18 in Sacramento. The BOE was awarded the "Gold Award for Internet Communications" for the *BOE Online Seminars Website*; the "Silver Award for Special Publication" for the *Resource Guide to Free Tax Products, Services, & Publications*; the "Best Bang for the Buck Award" Honorable Mention for the *Multilingual Outreach & Education Services Website*; and the "Web Site Award" Honorable Mention for the *BOE Building Assessment Website*.

Ramon Hirsig, Executive Director, provided a report on time extensions to Butte, Los Angeles, Mariposa, Orange, Santa Cruz, Sierra, Tulare and Yolo Counties to complete and submit 2010-11 Local Assessment Roll, pursuant to Revenue and Taxation Code section 155. ([Exhibit 5.10.](#))

Deputy Director Report

Randie L. Henry, Deputy Director, Sales and Use Tax Department, introduced Jeff McGuire, Chief, Tax Policy Division, Sales and Use Tax Department, who made introductory remarks regarding an informal discussion paper on assessing a collection cost recovery fee and its potential impact, which presents options for assessing a fee on past due liabilities. ([Exhibit 5.11.](#))

Ms. Steel directed staff to report on what percentage of taxpayers who are 90 days delinquent will pay the new fee.

Administration Deputy Director Report

Liz Houser, Deputy Director, Administration Department, made introductory remarks regarding staff's request for approval of the contract over \$1 million, with the Department of Toxic Substance Control (DTSC). This contract allows DTSC to pay BOE costs associated with collecting fees for the Hazardous Waste Control Account and the Toxic Substance Control Account. ([Exhibit 5.12.](#))

Action: Upon motion of Mr. Horton, seconded by Ms. Steel and unanimously carried, Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Ms. Mandel voting yes, the Board approved the contract over \$1 million with the Department of Toxic Substance Control as recommended by staff.

Liz Houser, Deputy Director, Administration Department, provided an update on the Headquarters Remediation Project; and, an update on the site search selection for the Headquarters annex locations.

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Liz Houser, Deputy Director, Administration Department, provided information 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.

Ms. Yee directed staff to provide an analysis with respect to the issue of use tax reporting.

OTHER CHIEF COUNSEL MATTERS

Request for Authorization to File *Amicus Curiae* Brief (continued)

Robert Lambert, Assistant Chief Counsel, Litigation Division, Legal Department, provided additional information as requested by the Board.

The Board recessed at 3:10 p.m. and reconvened at 3:23 p.m. with Ms. Yee, Mr. Horton, Ms. Alby, Ms. Steel and Ms. Mandel present.

Action: The Board deferred consideration of staff's request for authorization to file amicus curiae brief to the June Culver City meeting.

FINAL ACTION ON SPECIAL TAXES APPEALS HEARING HELD MAY 26, 2010

Chris E. Christensen and Margaret Ann Christensen, 334774 (MT)

Final Action: Upon motion of Ms. Steel, seconded by Ms. Alby and duly carried, Mr. Horton, Ms. Alby and Ms. Steel voting yes, Ms. Yee and Ms. Mandel voting no, the Board ordered the fee redetermined without adjustment, the penalty relieved, and the interest accruing on the fees incurred from January 1, 2000, through August 10, 2004, relieved.

The Board adjourned at 3:29 p.m. in memory of Michael Kopp, who passed away on Friday, May 14, 2010. Michael Kopp was in his 33rd year with the BOE when he passed away at age 54. He is survived by his wife Roberta who he married in 1985, and his two sons Eric and Bobby.

The foregoing minutes are adopted by the Board on July 15, 2010.