



STATE BOARD OF EQUALIZATION

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Third District, Long Beach

JOHN CHIANG
Fourth District, Los Angeles

STEVE WESTLY
State Controller, Sacramento

RAMON J. HIRSIG
Executive Director

**STATE BOARD OF EQUALIZATION MEETING
5901 GREEN VALLEY CIRCLE, ROOM 207, CULVER CITY**

Preliminary Record of Board Action

The following is a preliminary record of Board actions taken at the June 13, 2006 Board Meeting. This is not an official record and is subject to correction or modification. The official record of the Board's actions are the minutes of the Board, which will be adopted at a subsequent meeting.

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

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A. HOMEOWNER AND RENTER PROPERTY TAX ASSISTANCE HEARINGS

A1. Jack Newton, 331494 – Postponed

A2. Robert Taurone, 332895

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

B. CORPORATE FRANCHISE AND PERSONAL INCOME TAX HEARINGS

B1. Sonce Leroux, 311939

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

B2. Walter Wu and Margarida Wu, 304943

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

B3. Morris Winkler and Mitzi Winkler, 315221

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

B4. Terry L. Moreland and Peggy J. Moreland, 294805 - Postponed

B5. Terry L. Moreland and Peggy J. Moreland, 286425 – Postponed

B6. Leonard R. Magness, 268508 – No Appearance

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Appeal Denied – A \$750 frivolous appeal penalty was ordered	Mr. Leonard	Yes
	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

B7. Daniel L. Mahnke, 317354

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Appeal Denied – A \$5,000 frivolous appeal penalty was ordered	Mr. Leonard	Yes
	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

B8. Loran Jay Forbes, 299082

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Appeal Denied – A \$5,000 frivolous appeal penalty was ordered for each year on appeal	Mr. Leonard	Yes
	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	No

B9. Steven R. Nicholas, 311219 – No appearance

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Appeal Denied – A \$5,000 frivolous appeal penalty was ordered	Mr. Leonard	Yes
	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

C. SALES AND USE TAX APPEALS HEARINGS

C1. Herbert Steinberg, 260859 (UT)

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

C2. Vasant Kale, 187468 (EH)

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

C3. Amscot Holdings, Inc., 187459 (GH) – Appearance Waived

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

C4. Elinux.com, Inc., 302076 and 346826 (AS)

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

C5. Perfect PC Technologies, Inc., 258181 (EA) – Postponed

C6a. RGO Imports, Inc., 119173 (EH)

C6b. Ralph Ossko and Carol Ossko, 135303 (EH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayers' Claim and Late Protest Denied	Mr. Leonard	Yes
	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

C7. Orna Amzaleg, Asher Fadlon and Isack Fadlon, 171769 (AS)

No Final Board Determination	Mr. Leonard	Yes
Ordered that Taxpayers be granted 30 days to submit post hearing documentation, Sales and Use Tax Department 30 days to respond and the Appeals Division 30 days to prepare a recommendation to the Board	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

C8a. Modern Mold International, Inc., 46790 and 151920 (FH)

C8b. Internet Design Technologies, LLC, 104735 and 202260 (FH)

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

D. SPECIAL TAXES APPEALS HEARINGS

There were no items for this matter.

E. PROPERTY TAX APPEALS HEARINGS

There were no items for this matter.

F. PUBLIC HEARINGS

There were no items for this matter.

G. TAX PROGRAM NONAPPEARANCE MATTERS – CONSENT

G1 Legal Appeals Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendations	Mr. Leonard	Yes
No Final Determination on Sub-item 3	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

- Petitions for Rehearing
 1. Stephen S. Hiller, 240369 (UT)
 1. Stephen S. Hiller, 240370 (UT)
 2. Mohammad Abdizadeh and William G. Morshauser, 206397 (EH)
- Hearing Notice Sent – No Response
 - ~~3. Lynne Meredith, 241993 (EA)~~
- Hearing Notices Sent – Appearance Waived
 4. Steve K. Fleming, 265133 (EAA)

G2 Franchise and Income Tax Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendations	Mr. Leonard	Yes
No Final Determination on Sub-items 4 and 8	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

Decisions

1. Charles L. Edington and Adrienne J. Edington, 317239

2. Estate of Robert F. Hoyer, 313097
3. Richard Jerrard, 313903
4. ~~Robert K. Kent, 287713~~
5. David B. Levin, 311933
6. Steve Xin Liang, 314938
7. James J. Mahoney, 309906
8. ~~Bradley C. Mart and Madeline Mart, 313041~~
9. Allen Nichelini, 311076
10. J. Ricardo Sobrevilla and Enedelia Sobrevilla, 310301
11. F. J. A. Winery, Inc., 303607

G3 Homeowner and Renter Property Tax Assistance Matters

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

- Decisions
1. Robert E. Armstrong, 332776
 2. Angelina V. Bascos, 330697
 3. Samuel L. Boyd, 299917
 4. Jessie Burns, 328901
 5. Beverly J. Candler, 332394
 6. Gloria J. Carr, 330815
 7. Maurice N. Carter, 332656
 8. Laurice Eid Chidiac, 330223
 9. Kogiah Ethridge, 330474
 10. Rita Nicole Hamlett, 331504
 11. Hai Y. Hwang, 330289
 12. Alla Ilyasova, 330103
 13. Louis J. Jackson, Jr., 330288
 14. Carolyn D. Jones, 329964
 15. Kenneth R. Jones, 333208
 16. Valentina Kaganovsky, 330361
 17. Sherry R. King, 310079
 18. Cleotha Kinnie, 333204
 19. Ludmila Masenko, 329596
 20. Ziya Moaven, 332189
 21. Elvira Oliverio, 330355
 22. A. Roushanaei, 331068
 23. Dusteen L. Smith, 330298
 24. Eva Zaleska, 330326
 25. Yve A. Zara, 329997

G4 Sales and Use Taxes Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendations	Mr. Leonard	Yes
No Final Determination on Sub-item 5	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes – not participating in #14
	Ms. Yee	Yes
	Mr. Chiang	Yes

Redeterminations

1. J. T. Mc-Kinney Company, Inc., 333933 (AA)
2. Starpoint USA, Inc., 197554 (AA)
3. Envision Media, 162547 (GHC)
- Relief of Penalty/Interest
4. Round Table Development Company., 347875 (CH)
5. ~~Banetee Third Party Maint, Inc., 347876 (OHC)~~
6. RMC Pacific Materials, Inc., 347675 (GHC)
- Denials of Claims for Refund
7. Sky Chefs, Inc., 313844 (OHC)
8. Phase Three, Inc., 281769 (GH)
9. Allied Domecq Sprts & Wine USA, 207097 (OHA)
10. Behr Process Corporation, 330249 (EA)
11. Piping Companies, Inc., 196913 (OHC)
12. UAG Cerritos, LLC, 258025 (AA)
13. Geenbriar Homes Com., Inc., 333029 (CH)
- Denials of Relief of Penalty/Interest
14. VW Credit Leasing, LTD, 347878 (OHA)

G5 Sales and Use Taxes Matters – Credits, Cancellations, and Refunds

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendations	Mr. Leonard	Yes
No Final Determination on Sub-item 9	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes – not participating in #19
	Ms. Yee	Yes
	Mr. Chiang	Yes

➤ Credits and Cancellations

1. Golden State Irrigation Services, 267246 (KH)

➤ Refunds

2. BLT & Associates, Inc., 289301 (AS)
3. Lagraphico.com, Inc., 207265 (AC)
4. Den-Mat, Inc., 343141 (GH)
5. K. Micro, Inc., 294830 (AS)
6. Georgia-Pacific Corp., 307525 (OHC)
7. Benicia Fabrication & Machine, Inc., 296992 (JHF)
8. Canon Anelva Corporation, 340459 (GH)
- ~~9. Comecast of California XIII, Inc., 347914 (OH)~~
10. Hyundai Motor Finance Company, 344852 (EA)
11. Kent's Oil Service, 340696 (KH)
12. Medline Industries, Inc., 286924 (OHA)
13. Milgrad Manufacturing, Inc., 288179 (OH)
14. Dresser Rand Company, 306041 (OHB)
15. Siemens Airfield Solutions, Inc., 334820 (OHA)
16. Mercedes-Benz USA, LLC., 340309 (KH)
17. Bystronic, Inc., 301634 (OHB)
18. Central Coast I. V. Services, LLC., 347073 (GHC)
19. Hewlett-Packard Financial Service, 339196 (OHB)
20. DT Research, Inc., 339202 (GH)
21. Compass Financial Corporation, 344668 (OHC)
22. Insight Electronics, LLC., 268390 (FHB)
23. Bendick Scott Hyundai, LLC., 340737 (AP)
24. RDO Agriculture Equipment Company, 347951 (OHA)
25. Entrisphere, Inc. 345642 (GH)
26. Avis Rent-A-Car System, Inc., 343350 (OHB)
27. M & R Sales and Service, Inc., 333155 (OHA)
28. Dawn Patrol Incorporated, 261857 (AS)
29. Upstate USA, Inc., 267867 (OHB)
30. Space Exploration Tech Corp., 309525 (AS)
31. Fuelcell Energy, Inc., 332063 (OHB)
32. A – L Financial Corp., 342197 (EA)

There were no items for the following matters:

- G6 Special Taxes Matters
- G7 Special Taxes Matters – Credits, Cancellations, and Refunds
- G8 Property Tax Matters
- G9 Cigarette License Fee Matters
- G10 Legal Appeals Property Tax Matters

H. TAX PROGRAM NONAPPEARANCE MATTERS – ADJUDICATORY

There were no items for these matters.

I. TAX PROGRAM NONAPPEARANCE MATTERS

There were no items for these matters.

CHIEF COUNSEL MATTERS

There were no items for the following matters:

- J. Rulemaking**
- K. Business Taxes**
- L. Property Taxes**
- M. Other Chief Counsel Matters**

ADMINISTRATIVE SESSION

There were no items for the following matters:

- N. Consent Agenda**
- O. Approval of Board Committee Meeting Minutes**
- P. Other Administrative Matters**

ANNOUNCEMENT OF CLOSED SESSIONMr. Evans

Q. Closed Session

- Q1 Litigation: Request for Amicus Brief, *Macy’s v. City and County of San Francisco* First District Court of Appeal, Case No. A109288 (Govt. Code § 11126(e))
- Q1 Discussion and approval of staff recommendations regarding settlement cases (Rev. & Tax. Code §§ 6901, 7093.5, 30459.1 and 50156.11)
- Q22 Discussion and action on personnel matters (Govt. Code § 11126(a))

ANNOUNCEMENT OF OPEN SESSIONMr. Evans

ADJOURN - The meeting will reconvene on Wednesday, June 14, 2006, at 9:00 a.m.



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A. HOMEOWNER AND RENTER PROPERTY TAX ASSISTANCE HEARINGS

The Homeowner and Renter Property Tax Assistance hearings were scheduled for Tuesday, June 13, 2006.

B. CORPORATE FRANCHISE AND PERSONAL INCOME TAX HEARINGS

The Corporate Franchise and Personal Income Tax hearings were scheduled for Tuesday, June 13, 2006.

C. SALES AND USE TAX APPEALS HEARINGS

Agenda Items C1 through C8 were scheduled for Tuesday, June 13, 2006.

C9. Fiesta Harbor Cruises, Inc., 269621 (UT)

Table with 3 columns: DECISION, MEMBER, BOARD VOTE. Row 1: Taxpayer's Late Protest Denied, Mr. Leonard, Yes. Row 2: Mr. Parrish, Yes. Row 3: Mr. Westly/Ms. Mandel, Yes. Row 4: Ms. Yee, Yes. Row 5: Mr. Chiang, Yes.

C10. Dencom Systems, Inc., 194172 (AS) - Postponed

C11. J & J Station, Inc., 312851 (AS)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Petition Partially Granted/Denied – Approved Revised Staff Recommendation.	Mr. Leonard	Yes
	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

C12. Hector Gonzalez, 251992 (AA) - Postponed

C13. Canyon Motors, Ltd., 219451 (AS) - Postponed

ADJOURNED

Unofficial