



STATE BOARD OF EQUALIZATION
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Second District, Sacramento/Ontario

CLAUDE PARRISH
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
450 N Street, Room 121, Sacramento
June 27, 2006
NOTICE AND AGENDA**

Tuesday, June 27, 2006

Board Committee Meetings Convene At 9:30 a.m.*

Board Meeting Convenes Upon Adjournment Of The Board Committee Meetings.**

Agenda items occur in the order in which they appear on the agenda. When circumstances warrant, the Board's Chair, Mr. Chiang, may modify the order of the items on the agenda.

BOARD COMMITTEE MEETINGS

~~LEGISLATIVE COMMITTEE – Room 122 Ms. Yee, Committee Chair~~

- ~~1. Legislative Bill – Recommendation for Board Position:
AB 1029, State Board of Equalization: Personnel Process~~

PROPERTY TAX COMMITTEE – Room 121 Mr. Parrish, Committee Chair

- 1. Discussion of petition to initiate the rule making process to adopt Proposed Property Tax Rule 474, *Petroleum Refining Properties*

BOARD MEETING – Room 121

ORAL HEARINGS

- A. HOMEOWNER AND RENTER PROPERTY TAX ASSISTANCE HEARINGS**
There are no items for this matter.

B. CORPORATE FRANCHISE AND PERSONAL INCOME TAX HEARINGS

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

- B1. Jerrold Hawkes, 315717
 For Appellant: J. Hawkes, Taxpayer
 For Franchise Tax Board: Dennis Haase, Tax Counsel
- B2. Christopher Maynard, 318153
 For Appellant: Chris Maynard, Taxpayer
 For Franchise Tax Board: Kathleen Cooke, Tax Counsel
- B3. Denise Swanston, 328624
 For Appellant: Kent N. Calfee, Attorney
 For Franchise Tax Board: Dennis Haase, Tax Counsel
- B4. ELS Educational Services, Inc., 306326
 For Appellant: Robert R. Rubin, Attorney
 For Franchise Tax Board: John Penfield, Tax Counsel
- B5. Apple Computer, Inc., 152016
 For Appellant: Christopher Whitney, Representative
 Barry Weissman, Representative
 For Franchise Tax Board: John Su, Tax Counsel
- B6. Argonaut Group, Inc., 287738
 For Appellant: Derick Brannan, Representative
 Jon Sperring, Representative
 For Franchise Tax Board: Karen Smith, Tax Counsel

C. SALES AND USE TAX APPEALS HEARINGS

The Sales and Use Tax Appeals hearings will be heard during the afternoon session.

D. SPECIAL TAXES APPEALS HEARING

The Special Taxes Appeals hearing will be heard during the afternoon session.

E. PROPERTY TAX APPEALS HEARING

The Property Tax Appeals hearing will be heard during the afternoon session.

F. PUBLIC HEARINGS

The Public Hearings will be heard during the afternoon session.

G. TAX PROGRAM NONAPPEARANCE MATTERS – CONSENT(Contribution Disclosure forms not required pursuant to Govt. Code § 15626.)

- G1 Legal Appeals MattersMr. Levine**
 ➤ Hearing Notices Sent – No Response
 1. Meyer Pipe USA, Inc., 218249 (ARH)

1. Meyer Pipe USA, Inc., 242098 (ARH)
1. Meyer Pipe USA, Inc., 341255 (ARH)
1. Meyer Pipe USA, Inc., 341257 (ARH)
2. Forty Niner Sierra Resources, Inc., 267706 (KH)
- Petitions for Release of Seized Property
 3. Sukhbir Singh, 348438 (ET)
 4. Sarjinder Singh, 347120 (ET)
 5. Chahla M. Chahlah, 347114 (ET)
 6. Reed Avenue Food Mart, Inc., 348430 (ET)

G2 Franchise and Income Tax Matters..... Mr. Schreiter

- Decisions
 1. Arthur Carasis, 311008
 2. James O. Davenport, Jr., 270541
 3. Pol B. Largo, 316356
 4. Shing Lao Lee, 325847
 5. Dann McCreary, 311117
 6. Edmund J. Regan, II, 312491
 7. Karen F. Sedano Foster, 314963
- Petitions for Rehearing
 8. Thomas R. DeLong, 297163
 9. Carmel Ish-Sahlom, 288987

G3 Homeowner and Renter Property Tax

Assistance Matters..... Mr. Schreiter

- Decisions
 1. Richard An, 330746
 2. Ramona B. Bass, 328127
 3. Melaku K. Biru, 330745
 4. Jacqueline J. Carter, 332653
 5. Myrtle J. Copfer, 318090
 6. Mikhael Elkin, 330463
 7. Julio V. Esquito, 328886
 8. Marilyn L. Goldsman, 330687
 9. Marva Harper, 328595
 10. Annie Bell Hudson, 329021
 11. C. Hicks, 329968
 12. Lida Khachatryan, 329464
 13. Cathy McPherson, 329588
 14. Dorothy W. McMurray, 335159
 15. Agnes Porter, 330360
 16. Frank Reed, Jr., 328369
 17. Emma D. Robinson, 330352

G4 Sales and Use Taxes Matters Ms. Henry

- Redeterminations
 1. Sealed Air Corporation, 326248 (OHB)
 2. Barnes & Noble Booksellers, Inc., 307311 (OHB)
 3. Diamond Lease (U.S.A.), Inc., 326186 (OHB)

- Relief of Penalty/Interest
 4. Christies, Inc., 339649 (OHB)
 5. Hub Distributing, Inc., 349493 (EH)
 6. Associated Ready Mixed Concrete, 349491 (AA)
- Denials of Claims for Refund
 7. Comdisco, Inc., 256315 (OHA)
 8. Caterpillar Financial Svcs Corp 347957 (OHA)
 9. Advanced Respiratory, Inc., 349259 (OHA)
 10. Edison Material Supply, LLC., 349909 (EAB)
 11. Black Storm Networks, Inc, 282864 (GH)
 12. In Phonic, Inc., 315294 (OHB)
- Denial of Relief of Penalty/Interest
 13. Christies, Inc., 318316 (OHB)

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

- Credits and Cancellations
 1. New United Motor Mfg., Inc., 328131 (CH)
 2. G M A Pallet Recycling Corp., 348775 (EH)
 3. Edison Material Supply, LLC, 349920 (EAB)
 4. TEC Engineering, 340006 (OHB)
- Refunds
 5. Diagnostic Products Corporation, 347539 (AS)
 6. Mc-Master-Carr Supply Company, 347329 (AA)
 7. New United Motor Mfg., Inc., 343463 (CH)
 8. Del Norte Chevrolet Olds, Inc., 334778 (FHA)
 9. Professional Hospital Supply, Inc., 317291(EH)
 10. Mercy Healthcare Sacramento, 347326 (KH)
 11. D. L. Peterson Trust, 347127 (OHB)
 12. Milgard Manufacturing, Inc., 348697 (OH)
 13. Caterpillar Financial Svcs Corp., 290240 (OHA)
 14. Daktronics, Inc., 271443 (OHA)
 15. Lanier Worldwide, Inc., 339170 (OHC)
 16. Resource Information Mngt Sys, Inc., 347330 (OHA)
 17. Advanced Respiratory, Inc., 217000 (OHA)
 18. Financial Partners Credit Union, 325981 (AA)
 19. Mercedes-Benz USA, LLC, 342798 (KH)
 20. Liberty Mutual Insurance Company, 287949 (OHB)
 21. Vine Fuels, Inc., 347537 (KH)
 22. Inrange Technologies Corporation, 220274 (OHB)
 23. Manteca Homes Incorporated, 331808 (KH)
 24. Sakhuja Enterprises, Inc., 145710 (BH)
 25. WFS Financial, Inc., 341993 (EAA)
 26. Vertis, Inc., 311529 (OHB)
 27. Southern California Edison Company, 281765 (AP)
 28. PPG Industries, Inc., 341193 (OHB)
 29. Mc-Donnell Douglas Corporation, 336461 (OHA)
 30. Erisco, Inc., 347437 (OHB)

31. Pacesetter, Inc., 329196 (AC)
32. Cardinal Health 200, Inc., 347245 (OHA)
33. Walt Disney World Company, 349525 (AC)
34. Robertson Industries, Inc., 271681 (OH)
35. CIG Financial, 300327 (EAA)
36. Inwood Credit Union, 339717 (CH)

G6 Special Taxes Matters Mr. Gau

- Denial of Relief of Interest
 1. Equilon Enterprises, LLC, 207970 'CF'

G7 Special Taxes Matters – Credits, Cancellations, and Refunds.... Mr. Gau

- Refund
 1. BP West Coast Products, LLC, 326333 (EF)

There Are No Items For The Following Matters

- G8 Property Tax Matters
- G9 Cigarette License Fee Matters
- G10 Legal Appeals Property Tax Matters

H. TAX PROGRAM NONAPPEARANCE MATTERS – ADJUDICATORY

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

H1 Legal Appeals Matters Mr. Levine

- Petition for Rehearing
 1. Cities of Los Angeles and San Jose, 352192
 2. Western Materials, LLC, 245621 (AR)
- Hearing Notice Sent – No Response
 3. Donald A. Farrelly, 265253 (BH)

H2 Franchise and Income Tax Matters..... Mr. Schreiter

- Decision
 1. John T. Berg, 300516
- Opinion on Petition for Rehearing
 2. Jerry J. Couchman, 281854

H3 Homeowner and Renter Property Tax Assistance Matters

There are no items for this matter.

H4 Sales and Use Taxes Matters Ms. Henry

- Redetermination
 1. Quality Scientific Plastics, Inc., 242464 (JH)
- Denial of Claim for Refund
 2. Lifescan, Inc., 345218 (GH)
- Denial of Relief of Penalty/Interest
 3. ABC Window Company, Inc., 308317 (EH)

H5 Sales and Use Taxes Matters – Credits, Cancellations, and Refunds..... Ms. Henry

- Refunds
 1. Chevron U.S.A., Inc., 334951 (BH)
 2. Lifescan, Inc., 262515 (GH)

There are No Items For The Following Matters

- H6 Special Taxes Matters
- H7 Special Taxes Matters – Credits, Cancellations, and Refunds
- H8 Property Tax Matters
- H9 Cigarette License Fee Matters
- H10 Legal Appeals Property Tax Matters

I. TAX PROGRAM NONAPPEARANCE MATTERS

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

I1 Property Taxes Matters Mr. Gau

- Board Roll Changes
 1. 2002, 2003, 2004 and 2005 State-Assessed Property Rolls – “CF”

I2 Offers-in-Compromise Recommendation Ms. Ograd

- 1. Harriet Neal

BOARD MEETING RECONVENES AT 1:30 p.m.

C. SALES AND USE TAX APPEALS HEARINGS

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

- C1. Assadullah Kohgadai, 260911 (CH)
 - For Petitioner: Assadullah Kohgadai, Taxpayer
Rohya Kohgadai Amiri, Participant
 - For Department: Kevin Hanks, Hearing Representative
- C2. Nerio Fulvio Festa and Erich E. Hummler, 260750 (UT)
 - For Petitioner: Nerio Festa, Taxpayer
 - For Department: Christine Bisauta, Tax Counsel
- C3. Frontier Dental Laboratories, Inc., 309841 (KH)
 - For Petitioner: Kent Hallmeyer, Taxpayer
 - For Department: Denise Riley, Tax Counsel
- ~~C4. Mikhail Obolsky, 186902 (BH)

 - ~~For Petitioner: Tammy Hart, CPA~~
 - ~~For Department: Kevin Hanks, Hearing Representative~~~~

~~C5. Daimler Chrysler Corporation, 297523 (CH)
 For Claimant: Peter O. Larsen, Attorney
 Jon D. Universal, Attorney
 For Department: Sharon Jarvis, Tax Counsel~~

C6a. United Parcel Service, Inc., 98724, 126831, 131381, 153034, 192709, 242411 (OH)

C6b. United Parcel Service, Inc., 98726, 131383, 131431, 153036, 207917, 242304 (EAA)

C6c. United Parcel Service, Inc., 272826 (CH)
 For Claimant: Richard D. Birns, Attorney
 Howard Mantel, Representative
 Brenda Fountain, Representative
 Bruce Macrae, Representative
 For Department: Bradley Heller, Tax Counsel

D. SPECIAL TAXES APPEALS HEARING

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

~~D1. Desert Grocers, Inc., 168288 (ET)
 For Petitioner: Abe Golomb, Representative
 For Department: Monica Brisbane, Tax Counsel~~

E. PROPERTY TAX APPEALS HEARING

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

Petition for Reassessment of Unitary Escaped Assessment

E1. Alpine PCS, Inc. (2746), 315652 – “CF”
 For Petitioner: Robert F. Broz, Taxpayer
 Michael Gendelman, Attorney
 For Department: Dana Flanagan-McBeth, Tax Counsel

F. PUBLIC HEARINGS

F1 Timber Harvest ValuesMs. Stuckey
 On or before June 30, 2006, the Board will estimate the immediate harvest value and adopt schedules for each species or sub-classification of timber harvested between July 1 and December 31, 2006. Revenue and Taxation Code section 38204(a).

F2 Proposed Amendments to Motor Vehicle Fuel Tax and Diesel Fuel Tax..... Ms. Johnstone
 Regulation 1125, *Two-Party Exchange*, and Regulation 1423, *Two-Party Exchange*, and amend Regulation 1123, *Supplier* and existing Regulation 1420, *Supplier*.

Proposed regulations permit two fuel suppliers to shift the primary liability for motor vehicle and diesel fuel tax from one supplier to the other under a two-party exchange agreement under certain conditions (Regulations 1125 and 1423, *Two-Party Exchange*), and proposed amendments specify that primary liability remains with the first supplier if those conditions are not met. (Regulations 1123 and 1420, *Supplier*.)

CHIEF COUNSEL MATTERS

J. Rulemaking

J1 Request concept approval on draft *Cigarette and Tobacco Products Licensing Regulations (AB 71)*Ms. Cazadd

There are no items for the following matters:

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

ADMINISTRATIVE SESSION

N. Consent Agenda Mr. Evans

- N1 Retirement Resolutions**
- Douglas R. Carroll
 - Victor V. Day
 - James D. Gallo
 - Patti M. Pomeroy
 - Jo Anne Rushing
 - Robert L. Sayles, Jr.

- N2 Approval of Board Meeting Minutes**
- March 7 – 8, 2006
 - March 28 - 29, 2006
 - April 18, 2006

- N3 Approval time extensions for Butte, Lassen, Los Angeles, Madera, Modoc, Monterey, Orange, San Benito, Tehama, Yolo and Yuba Counties to complete and submit 2006-07 Local Assessment Roll, pursuant to Revenue and Taxation Code section 155**

O. Approval of Board Committee Meeting Minutes

- O1 Business Tax Committee – April 18, 2006
- O2 Property Tax Committee – June 27, 2006
- ~~O3 Legislative Committee – June 27, 2006~~

P. Other Administrative Matters

P1 Executive Director’s Report.....**Mr. Hirsig**
 Executive Director’s opportunity to report on matters of interest to the Board.

- 1. Department of Motor Vehicles Report of Sale Project Update
- 2. Headquarters’ Windows Project Update
- 3. Budget Hearings Update

~~**P2 Adoption of the 2006-07 Private Railroad Car Tax Rate – “CF” Mr. Hayes**~~

~~**P3 Adoption of the 2006 Private Railroad Car Roll – “CF” Mr. Siu**~~

~~**P4 Adoption of the 2006 State Assessed Property Roll – “CF” Mr. Siu**~~

ANNOUNCEMENT OF CLOSED SESSION..... **Mr. Evans**

Q. Closed Session

- Q1 Discussion and approval of staff recommendations regarding settlement cases. (Rev. & Tax. Code §§ 6901, 7093.5, 30459.1 and 50156.11)
- Q2 Pending litigation: *Appeal of Barona Band of Mission Indians, Barona Group of Capitan Grande Band of Mission Indians; and Barona Tribal Gaming Authority v. Betty T. Yee, Bill Leonard, Claude Parrish, John Chiang, and Steve Westly, each in his or her official capacity as a Member of the California State Board of Equalization, USDC So. Dist.CA: 05-CV-0257-IEG (POR) (Govt. Code § 11126(e))*
- Q3 Discussion and action on personnel matters. (Govt. Code § 11126(a))

ANNOUNCEMENT OF OPEN SESSION **Mr. Evans**

ADJOURN

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If you would like specific information regarding items on this Notice and Agenda, 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.

The hearing location is wheelchair accessible. If you require assistance, please contact Cathy Stroh at (916) 324-2599, or e-mail Cathy.Stroh@boe.ca.gov to make special arrangements.

Gary Evans, Acting 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.