



STATE BOARD OF EQUALIZATION  
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BILL LEONARD  
Second District, Sacramento/Ontario

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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  
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 Matters .....Mr. 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 Values .....Ms. 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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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](mailto: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.