



STATE BOARD OF EQUALIZATION
450 N STREET, SACRAMENTO, CALIFORNIA
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BETTY T. YEE
First District, San Francisco

BILL LEONARD
Second District, Ontario/Sacramento

MICHELLE STEEL
Third District, Rolling Hills Estates

JOHN CHIANG
State Controller

STEVE SHEA
Acting Member
Fourth District, Los Angeles

RAMON J. HIRSIG
Executive Director

**STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento**

PRELIMINARY RECORD OF BOARD ACTION

Tuesday, July 21, 2009

The following is a preliminary record of Board actions taken at the July 21, 2009 Board Meeting. This is not an official record and is subject to correction or modification. The official record of the Board's actions is 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.

If you would like specific information regarding items on this Preliminary Record of Board Action, please telephone Rose Smith at (916) 323-9656 or e-mail: Rose.Smith@boe.ca.gov Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

Board Meeting

A. Homeowner and Renter Property Tax Assistance Hearings
There are no items for this matter.

B. Corporate Franchise and Personal Income Tax Hearings

- B1.a. John Hugo, 209495
- B1.b. Linda S. Williams, 313247

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
The Board dismissed Mr. Hugo's appeal for lack of jurisdiction; the FTB grant of relief to Ms. Williams is accordingly unchanged.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes

B2. Rochelle M. Dorfler, 306426

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's appeal denied.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes

B3. Frank Cutler, 400347 -- Appearance Waived

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's appeal denied.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes

B4. Ajay Ranchhod, 449283

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's appeal denied.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes

C. Sales and Use Tax Appeals Hearing

C1. On Sports, Inc., 334978 (KH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
The Board ordered that the petition be submitted for decision, granting the petitioner 30 days to file supporting documents, the Department 30 days to respond, and the Appeals Division 30 days thereafter to review the petitioner's supporting documents, the Department's response and provide its recommendation to the Board.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes

D. Special Taxes Appeals Hearing

This item is scheduled for the afternoon session.

There are no items for the following matters:

- E. Property Tax Appeals Hearings
- F. Public Hearings

G. Tax Program Nonappearance Matters – Consent**G1. Legal Appeals Matters**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Hearing Notice Sent – No Response
 1. Chacko A. Thomas, 421109 (KH)

G2. Franchise and Income Tax Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Ms. Yee	Yes
No final determination on sub-item 18.	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Decisions
 1. Gracia AlexanderRares, 450430
 2. David Altman, 442780
 3. Amanda Andreasen, 441067
 4. Wilmer P. Arias, 400110
 5. Juan Perez Babauta, Sr., 423974
 6. Tamatha Booker, 332377
 - 7a. Pamela Brookwell, 330695
 - 7b. Kenneth Brookwell, 330137
 8. Robert R. Frunz, 439537
 9. Bryan Hall, 378091
 10. Luat T. Ly, 443343
 11. Vielka Macia, 449285
 12. Thomas B. McCleary and Jill E. Fallick, 374681
 13. Marithza Barzey McFadden, 401100
 14. Novartis Vaccines and Diagnostics, Inc., 397618

15. Jose P. Rimando, 422588
16. Guy E. Shannon, 439839
17. Henry Ting, 418000
- Petitions for Rehearing
 - ~~18. Haik Arakelian and Alice Arakelian, 442173~~
 19. Karl Eisenhammer, 429657
 20. Carol Grant, 429678
 21. Richard Grant, 429665
 22. Christopher Gyorgy, 427533
 23. Eldo Klingenberg, 427408
 24. Marla D. Shannon, 424614
- Hearing Notices Sent – No Response
 25. Brenda Galvin, 446061
 26. Darla Kay Marsh, 462002

G3. Homeowner and Renter Property Tax Assistance Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Decisions
 1. Damecia Brown, 442782
 2. David Centeno, 425545
 3. Angela Dunlap, 432134
 4. Joanne E. Hendershott, 426794
 5. Alicia Hernandez, 424201
 6. Eldon Douglas Hower, 422816
 7. Debbie Jackson, 437797
 8. Lan Nguyen, 423669
 9. H. P. Orr, 426309
 10. Pamela J. Rose, 470191
 11. Sandra Royals, 422921
 12. Florencio Silva, Jr., 427077
 13. Theresa M. Ubben, 432800
 14. Abdullahi Warsame, 437912
 15. Suk Nam Yoon, 431584

G4. Sales and Use Taxes Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes – except not participating in sub-item 4

- Redeterminations
 1. Primedia Specialty Group, Inc., 325642 (AS)
 2. Luminenrtoic, Inc., 458984 (AC)
 3. Spiniello Companies, 488402 (AP)
- Relief of Penalty/Interest
 4. Canon Anelva Corporation, 487485 (GH)
- Denials of Claims for Refund
 5. 7-Eleven, Inc., 308510 (FH)
 6. Chassis Systems, Inc., 382281 (OH)
 7. Ford Motor Credit Company, 245530 (OH)
 8. Panta Systems, Inc., 459964 (GH)
 9. Quest Sales and Services, Inc., 467966 (OH)

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

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Credits and Cancellations
 1. Angel Ivan San Jose, 221377 (AS)
 2. Telco Food Products, Inc., 487695 (EH)
 3. Effective Engineering, Inc., 485669 (AC)
 4. Modulus Video, Inc., 486788 (GH)
 5. Sikder Group, Inc. III, 486256 (AR)
 6. Spiniello Companies, 463921 (AP)
- Refunds
 7. Universal Film Exchanges, Inc., 479023 (AC)
 8. Universal City Studios, Inc., 479020 (AC)
 9. A. Daigger and Company, Inc., 469760 (OH)
 10. Foster Poultry Farms, 440266 (KH)
 11. Chiron Diagnostics Corp., 487731 (OH)
 12. Mercedes-Benz USA, LLC, 485775 (KH)
 13. Fortinet, Inc., 484724 (GH)

14. Owens & Minor Distribution, Inc., 466863 (OH)
15. Touchstar Software Corporation, 474065 (OH)
16. Travis Credit Union, 450709 (JH)
17. Long Beach Acceptance Corporation, 478140 (EA)
18. A-L Financial Corporation, 477191 (EA)
19. Members 1st Credit Union, 473244 (KH)
20. Heritage Community Credit Union, 473374 (KH)

G6. Special Taxes Matters
There are no items for this matter.

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

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Not Participating

- Refund
 1. Constellation Wines U.S., Inc., 401031 (ET) 'CF'

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

- H1. Legal Appeals Matters
 - Hearing Notices Sent – No Response
 1. Cheryl's Fashion Art, Inc., 335122 (AC)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition denied.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes

2. Ibrahim A. Alarrabiyat and Bassam Ahmed Quran, 362789 (EH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayers' petition denied.	Ms. Yee	Yes
	Mr. Leonard	No
	Ms. Steel	No
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes

3. Eric John Estelle, 342275, 342276 (GH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petitions denied.	Ms. Yee	Yes
	Mr. Leonard	No
	Ms. Steel	No
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes

➤ Cases Heard But Not Decided

4. B & R Industries, Inc., 254513 (EA)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition granted.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes

➤ Petitions for Release of Seized Property

5. ~~Kil Hwan Chang and Myong Jo Chang, 474045 (ET)~~6. ~~Yong Kun Kim and Ok Nyo Kim, 474047 (ET)~~

➤ Local Tax Reallocation Hearing

7. City of Compton, 469256

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Jurisdiction's petition granted.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes

H2. Franchise and Income Tax Matters

➤ Decision

1. John D. Bogdanoff and Janora G. Bogdanoff, 440634

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayers' appeal denied.	Ms. Yee	Yes
The Board directed staff to send a letter to the California Victim Compensation and Government Claims Board recommending favorable consideration of the request for relief filed by the taxpayer.	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes

➤ Petition for Rehearing

2. Video Express, Inc., 378528

H3. Homeowner and Renter Property Tax Assistance Matters

➤ Decision

1. James Cato, Jr., 426289

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's appeal denied.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes

H4. Sales and Use Taxes Matters

➤ Redetermination

1. Catherine S. Weinberger, 270408 (AP)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition granted.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes

There are no items for the following matters:

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

I1. Property Taxes Matters

➤ Unitary Escaped Assessment

1. Verizon California, Inc. (201) – ‘CF’

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Not participating

I2. Offers-in-Compromise Recommendations

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes

1. Parvis P. Tousian
2. Frederik J. Nel
3. Ronald W. Stewart
4. Richard & Charlene Busch
5. C & J Vantage Leasing Co.
6. Yee Sook Kim
7. Bruce S. Coe & Glen Coe Pizza
8. Richard Austin

Chief Counsel Matters

J. Rulemaking

J1. Adoption of Proposed Amendments to Sales and Use Tax Regulation 1620,
Interstate and Foreign Commerce

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved as recommended by staff.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes

There are no items for the following matters:

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

Administrative Session

- N. Consent Agenda
These items are scheduled for the afternoon session.
- O. Adoption of Board Committee Reports and Approval of Committee Actions
There are no items for this matter.

These items are scheduled for the afternoon session:

- P. Other Administrative Matters
- Q. Closed Session

C. Sales and Use Tax Appeals Hearings

C2. Ocean Palace, Inc., 425058 (GH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
The Board ordered a reaudit.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes

C3. Krishna Devi, Nazar Ram, and Amar Singh, 341721 (CH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
The Board ordered that the petition be submitted for decision, granting the petitioner 30 days to file supporting documents, the Department 30 days to respond, and the Appeals Division 30 days thereafter to review the petitioner's supporting documents, the Department's response and provide its recommendation to the Board.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes

Local Tax Reallocation Hearing

C4. City of Sacramento, 472921

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Jurisdiction's petition denied.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes

D. Special Taxes Appeals Hearing--Seized Property Appeal Hearing

D1. Wafaa Abou Qassim, Inc., 484200 (ET)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition denied.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes

Administrative Session**N. Consent Agenda**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes

N1. Retirement Resolutions

- Malene Evans
- Peter C. Gaffney
- Robert R. Geniella
- Kathryn A. Hernandez
- Kenneth Rumenapp

N2. Approval of Board Meeting Minutes

- April 15, 2009
- April 28 - 30, 2009
- May 27, 2009

N3. Adoption of Property Tax Forms

- BOE-58-AH *Claim for Reassessment Exclusion for Transfer Between Parent and Child*
- BOE-58-G *Claim for Reassessment Exclusion for Transfer from Grandparent to Grandchild*
- BOE-67-A *Notice of Supplemental Assessment (Counties without Section 1605(c) Provisions)*
- BOE-260-B *Claim for Exemption from Property Taxes of Aircraft of Historical Significance*
- BOE-261-GNT *2009 Disabled Veterans' Exemption Change of Eligibility Report*
- BOE-261-G *20__ Claim for Disabled Veterans' Property Tax Exemption*
- BOE-263 *Lessors' Exemption Claim*
- BOE-263-B *Lessees' Exemption Claim*
- BOE-267-A *20__ Claim for Welfare Exemption (Annual Filing)*
- BOE-267-H *Claim for Welfare Exemption Supplemental Affidavit, Housing-Elderly or Handicapped Families*
- BOE-267-L *Welfare Exemption Supplemental Affidavit, Housing-Lower-Income Households*
- BOE-267-L1 *Welfare Exemption Supplemental Affidavit, Low-Income Housing Property of Limited Partnership*
- BOE-267-R *Welfare Exemption Supplemental Affidavit, Rehabilitation-Living Quarters*
- BOE-267-S *Religious Exemption*
- BOE-268-A *Public School Exemption*
- BOE-269-AH *Claim for Veterans' Organization Exemption*
- BOE-502-AH *Change of Ownership Statement, Real Property or Manufactured Homes Subject to Local Property Taxes*
- BOE-502-D *Change in Ownership Statement, Death of Real Property Owner*
- BOE-571-A *Agricultural Property Statement for 2010*
- BOE-571-L *Business Property Statement for 2010*
- BOE-576-D *2010 Vessel Property Statement*
- BOE-577-A *20__ Airport Operations Report*
- BOE-901-V *Application for Deduction for Vehicle's License Fees from Property Tax*

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes

N4. Approval of Proposed Revisions to Compliance Policy and Procedures Manual Chapter 1, *General*; Chapter 2, *Registration*; Chapter 3, *Account Maintenance* and Chapter 7, *Collections* Chapters

~~N5. Approval of Proposed Revisions to Compliance Policy and Procedures Manual Chapter 9, *Miscellaneous*~~

P. Other Administrative Matters

P1. Executive Director's Report

- a. Request for time extensions from Alpine, Amador, Colusa, Inyo, Napa, Plumas and San Benito Counties to complete and submit 2009-10 Local Assessment Roll, pursuant to Revenue and Taxation Code section 155
- b. Registered Warrants

P2. Chief Counsel Report

There are no items for this matter.

P3. Deputy Director's Report

- a. Sales and Use Tax
There are no items for this matter.
- b. Property and Special Taxes
 1. Adoption of the 2009-10 Private Railroad Car Tax Rate –“CF”

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Not participating

2. Adoption of the 2009 Private Railroad Car Roll – “CF”

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Not participating

3. Adoption of the 2009 State-Assessed Property Roll – “CF”

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Not participating

c. Administration

1. Contracts Over \$1 Million – This item is for Board approval
 - a. ~~Department of Justice contract renewal that provides legal services in the areas of employment law litigation~~
 - b. Department of Technology Services contract renewal that provides multiple data processing services

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved as presented.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Shea	Yes
	Mr. Chiang/ Ms. Mandel	Yes

2. Facilities Update and Direction
 - a. Update on the on-going projects at 450 N Street
 - b. Update on site search
3. 2009/10 Budget Update, Furlough Plan and Layoffs
4. 2010/11 Budget Concepts - Possible Board action or direction
 - a. *BOE Facilities Master Plan* – requests resources to protect the health and safety of employees by moving Headquarters and the San Diego District staff to new facilities
 - b. *Sales and Use Tax 1 Percent Rate Increase Ramp Down* – requests resources to ramp down the temporary 1 percent sales and use tax rate increase

- c. *Increase Revenue through Agricultural Inspection Station Tax Leads* – provides permanent funding to expand the current successful pilot program
 - d. *Continuation of Fuel Taxes Compliance and IFTA Leads* – provides funding for two successful limited-term Fuel Tax projects that protect and enhance the tax base of the Transportation Taxes Program
- d. Technology Services
There are no items for this matter.

Q. Closed Session

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