



STATE BOARD OF EQUALIZATION
450 N STREET, SACRAMENTO, CALIFORNIA
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0080
(916) 322-2270 • FAX (916) 324-3984
www.boe.ca.gov

BETTY T. YEE
First District, San Francisco

BILL LEONARD
Second District, Ontario/Sacramento

MICHELLE STEEL
Third District, Rolling Hills Estates

JEROME E. HORTON
Fourth District, Los Angeles

JOHN CHIANG
State Controller

RAMON J. HIRSIG
Executive Director

STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
November 17-19, 2009
NOTICE AND AGENDA
Meeting Agenda (as of 12:15 p.m., 11/17/09)

Agenda Changes

Tuesday, November 17, 2009

9:30 a.m. Board Committee Meeting Convenes\*

Board Meeting Convenes upon Adjournment of the Board Committee Meeting\*\*

Agenda items occur in the order in which they appear on the agenda. When circumstances warrant, the Board's Chair may modify the order of the items on the agenda. Items may be postponed to a subsequent day; however, items will not be moved to an earlier day.

Board Committee Meetings\*

Legislative Committee .....Mr. Horton, Committee Chair

I. 2010 Legislative Proposals

Set forth below are suggestions for property and business taxes legislation to be sponsored by the Board in the second year of the 2009-10 Legislative Session. Additional suggestions will be included on the agenda for December 2009.

Property Taxes

- 1-1 Amend Revenue and Taxation Code sections 61 and 5096 to (1) correct a renumbering error and (2) correct a cross reference error.
1-2 Amend Revenue and Taxation Code sections 63.1 and 69.5, related to (1) the parent-child change in ownership exclusion and (2) base year value transfers for those over 55, to clarify instances when the real property is held in a trust.
1-3 Amend Revenue and Taxation Code section 218 to replace specified disasters with a generic overall provision to retain homeowners' exemption on properties destroyed in governor-declared disasters.

- 1-4 Amend Revenue and Taxation Code section 276.1 to extend from 30 days to 90 days the time for a disabled veteran to file a claim to receive the disabled veterans' exemption retroactively to the effective date of disability in cases where the necessary disability rating letter issued by the United States Department of Veterans Affairs is not timely.
- ~~1-5 Amend Revenue and Taxation Code section 1611 to update language related to methods that a county assessment appeals board must use to record its hearings and, if requested, make a copy available to the appellant, in order to reflect technological advances.~~

## **2010 Legislative Proposals**

### **Business Taxes-Sales and Use Taxes**

- 3-1 Add section 6225.1 to the Revenue and Taxation Code to allow the Board to register certain persons that incur a use tax liability on a regular basis, who are not otherwise required to be registered.
- 3-2 Amend Revenue and Taxation Code sections 6452.1, 6453, 6487.3, and 18510 to eliminate the sunset date of December 31, 2009, in order to continue to require the Franchise Tax Board to provide a line for payment of use tax on the state income tax returns.
- 3-3 Amend Business and Professions Code section 7145.5 to authorize the Board to request the Contractor's State License Board for a denial or suspension of a contractor's license for failure to resolve any outstanding final tax or fee liabilities.
- 3-4 Amend Unemployment Insurance Code section 1088.5 to allow the Board to use the new employee registry information maintained by the Employment Development Department for tax enforcement purposes.

## **2010 Legislative Proposals**

### **Business Taxes-Special Taxes and Fees**

- 4-1 Amend Revenue and Taxation Code sections 41030, 41031, 41032, 41136, 41136.1, 41137, 41137.1, 41138, 41139, 41140, 41141, 41142, 45855, 45863, 45981, and 45982 and amend Public Resources Code section 42463 to reflect recent changes in California state government organizational structure.

## ~~II. Table of Sections Scheduled to Sunset by January 1, 2012~~

~~Notification of law sections administered by the Board that will sunset by January 1, 2012.~~

## **III. Final Status of Proposals for Board-Sponsored Legislation in 2009**

Report on final status of proposals for Board-Sponsored Legislation in 2009.

Business Taxes Committee..... Ms. Yee, Committee Chairwoman

1. Proposed Regulation for *Audit Procedures* in General  
Request approval and authorization to publish proposed Regulation 1698.5, Audit Procedures.

Customer Services and Administrative Efficiency Committee.....

Mr. Leonard, Committee Chair

1. Status Report Regarding Online Educational and Learning Products
  - Demonstration of Taxpayers' Rights Advocate Video and Enhanced Sales and Use Tax for Nonprofit PowerPoint with Voice-over.
  - Status Report Regarding Online Educational and Learning Products.

**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**  
(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)
  - B1. John Nelson and Ivy Nelson, 469840 +  
For Appellant: Rita Madgett-Scott, Representative  
For Franchise Tax Board: Diane Ewing, Tax Counsel  
Bruce Langston, Tax Counsel
  - B2. Filtrona Industrial Corporation, 427430 +  
For Appellant: Jeffrey Healy, Representative  
Kimberly Reeder, Representative  
For Franchise Tax Board: Craig Scott, Tax Counsel  
Bruce Langston, Tax Counsel
  - ~~B3. Keith Costello, 432902 +  
For Appellant: Keith Costello, Taxpayer  
Glenn R. Abel, Attorney  
For Franchise Tax Board: Diane Ewing, Tax Counsel  
Bruce Langston, Tax Counsel~~
- C. **Sales and Use Tax Appeals Hearings**  
These items are scheduled for Wednesday, November 18, 2009.
- D. Special Taxes Appeals Hearings  
There are no items for this matter.

**E. Property Tax Appeals Hearings**

These items are scheduled for Thursday, November 19, 2009.

**F. Public Hearings**

There are no items for this matter.

**G. Tax Program Nonappearance Matters – Consent**

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

**G1. Legal Appeals Matters .....Mr. Levine**

- Petitions for Rehearing
  1. City of Sacramento, 472921\*\*\*
  2. Main Street California, Inc., 224746 (OH)
- Hearing Notices Sent – No Response
  3. Charan Singh Dhillon and Sukhwinder Singh, 437867 (KH)
  4. Ki Hwan Pae, 445598, 445929 (GH)
  5. Michael Joseph Cavallaro, 440139 (CH)
  6. CTC Liquidation, Inc., 420935 (BH)
  7. R.S. Basso, LLC, 396034 (JH)
- Hearing Notices Sent – Appearance Waived
  8. Sherlock Systems, Inc., 435794 (OH)
  9. Nalco Energy Services, LP, 104749, 135768 (OH)
- Petitions for Release of Seized Property
  10. Biricti Kahsai, 491643 (ET)
  11. Rajwant Kaur Dhillon, 496359 (ET)
  12. Mehra Corporation, 496329 (ET)

**G2. Franchise and Income Tax Matters .....Ms. Kelly**

- Decisions
  1. Michael B. Azzam and Amalia Azzam, 431459
  2. Adalberto Barrios, 433000
  3. Daniel Buckler, 431056
  4. Ivy L. Calvin and Wendy D. Calvin, 469771
  5. Jose Luis Contreras, Jr., 447585
  6. Estate of Defang Ma (Deceased), 424293
  7. Mary Ann Del Valle, 431501
  8. Norman Edwards (Deceased), 451525
  9. Tammy S. Fisher, 419982
  10. Richard M. Friedel, 439485
  11. Ivo I. Georgiev, 443908
  12. Gamiel C. Gran and Gail K. Gran, 258344
  13. Christopher D. Harper, 439956
  14. Karl Ihrig, 449600
  15. Futo Tehshyong Kao, 404648
  16. Edmond C. Ku and Ellen Ku, 406864
  17. Eric G. Leonard, 451531
  18. Charles Lewis and Georgia Lewis, 405936
  19. Kenneth K. Low and Linda Marissa Low, 474345

20. Roger B. Menard and Mimi Platt, 422886
  21. Shelley E. McAlpine, 400659
  22. Daniel McInerney, 449284
  23. Glenn M. Rosen and Peggy A. Rosen, 462041
  24. Michael Ruggiero and Christine Sadel, 439529
  25. Johnny Stake, 468636
  26. Clinton Tinker, 468753
  27. Alvin J. Washington, 434784
  28. Theodore S. Wentworth and Diana Wentworth, 476742
  29. Barbara J. Whipple, 466276
  30. Robert M. Yeakey and Veronique Marie Yeakey, 468749
  - Petition for Rehearing
  31. Jeremiah S. Ryder, 399886
- G3. Homeowner and Renter Property Tax Assistance Matters .....Ms. Kelly
- Decisions
    1. Elizabeth Dela Torre, 463915
    2. Bertha Garcia, 464119
    3. Maria Pacheco, 435517
    4. Rosalina A. Reyes, 448041
    5. Georgina Rogers, 436644
    6. Jack Stuart, 432467
- G4. Sales and Use Taxes Matters .....Ms. Henry
- Redeterminations
    1. Ralf Mandt-Rauch, 483500 (AS)
    2. Desiree C. (Garcia) Nutley, 478049 (EH)
    3. AGM Glass Machinery, Inc., 418977 (OH)
    4. Funny World, Inc., 394048 (AS)
    5. In L.A. Jewelry, Inc., 451064 (AA)
    6. Stanley Security Solutions, Inc., 445616 (OH)
    7. Amway Corporation, 436837 (OH)
  - Relief of Penalty/Interest
    8. EMC Corporation, 506836 (OH)
    9. Equilon Enterprises, LLC, 495651 (OH)
    10. Tower Energy Group, 506347 (AS)
    11. Home Shopping, LP, 505748 (OH)
    12. ATS Automation Tooling Systems, Inc., 506652 (OH)
  - Denials of Claims for Refund
    13. American Material Management Alliance, Inc., 333020 (EH)
    14. STMicroelectronics, Inc., 374890 (CH)
    15. Integrated Supply Network, Inc., 462796 (JH)
    16. 3M Company, 398837 (OH)
    17. Ford Motor Credit Company, 93946 (OH)

- G5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds ..... Ms. Henry
- Credits and Cancellations
    1. Stephen J. Heuer, 505497 (GH)
    2. Unisys Corporation, 458688 (OH)
    3. Made2Manage Systems, Inc., 426243 (OH)
    4. California State Automobile Association, 507302 (BH)
    5. Worldwide Environmental Products, Inc., 470167 (EA)
    6. T A Operating Corporation, 461733 (OH)
  - Refunds
    7. Walt Disney Pictures & Television, 435361 (OH)
    8. Disney Worldwide Services, 435366 (OH)
    9. Chevron U.S.A., Inc., 489793 (BH)
    10. Raymar Information Technology, Inc., 467806 (KH)
    11. Harcourt, Inc., 494470 (OH)
    12. Hitco Carbon Composites, Inc., 485941 (AS)
    13. Professional Hospital Supply, Inc., 490851 (EH)
    14. Verity, Inc., 422052 (BH)
    15. Ripon Manufacturing Company, 426880 (KH)
    16. Stohlman & Rogers, Inc., 465762 (KH)
    17. Anheuser-Busch, Inc., 424505 (OH)
    18. Raytheon Technical Services Company, 464433 (OH)
    19. APV North America, Inc., 483751 (OH)
    20. Powell Electrical Systems, Inc., 467817 (OH)
    21. Safilo USA, 477959 (OH)
    22. NWA Fuel Services Corporation, 469435 (OH)
    23. Tyco Telecommunications (US), Inc., 424233 (OH)
    24. UPS Oasis Supply Corporation, 340492 (OH)
    25. DC Shoes, Inc., 473695 (FH)
    26. Francisco Abel Machuca, 434880 (EH)
    27. Owens & Minor Distribution, Inc., 494879 (OH)
    28. Owens & Minor Distribution, Inc., 494990 (OH)
    29. Owens & Minor Distribution, Inc., 494987 (OH)
    30. Owens & Minor Distribution, Inc., 494992 (OH)
    31. General Electric Company, 240394 (OH)
    32. 3M Company, 398837 (OH)
    33. CalMat Co., 492971 (AA)
    34. J.E. DeWitt, Inc., 447331 (AP)
    35. Ford Motor Credit Company, 93946 (OH)
    36. Shreve & Co. Jewelers, LTD, 473169 (OH)
    37. General Atomics Aeronautical Systems, Inc., 478142 (FH)
    38. Nestle USA-Prepared Foods Division, Inc., 465756 (OH)
    39. Siemens Transportation, 252135 (OH)
    40. Olson and Company Steel, 486416 (CH)
    41. Nuvel Credit Corporation, 399888 (OH)
    42. Frederick Arnold Shaw, LLC, 494059 (AA)
    43. A-L Financial Corp., 488221 (EA)
    44. 1<sup>st</sup> United Services Credit Union, 482551 (CH)

- 45. Medcal Sales, LLC, 494427 (EH)
- 46. Pacific Cabinets, Inc., 469584 (OH)
- 47. H & E Equipment Services, Inc., 473163 (OH)

G6. Special Taxes Matters

There are no items for this matter.

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

Mr. Gau

- Credits and Cancellations
  - 1. Santa Maria Refining Company, 371844 (MT) ‘CF’
  - 2. Pan Pacific Retail Properties, Inc., 444206 (MT)
- Refunds
  - 3. McLane/Suneast, Inc., 462371 (ET)
  - 4. Diageo North America, Inc., 473563 (ET) ‘CF’

G8. Property Tax Matters ..... Mr. Gau

- Petitions for Reassessment of Unitary Value
  - 1. Southwest Gas Corporation (152), 492249 ‘CF’
  - 2a. Pacific Terminals, LLC (488), 495429 ‘CF’
- Petition for Reallocation of Unitary Value
  - 2b. Pacific Terminals, LLC (488), 496063 ‘CF’
- Petition for Reassessment and Penalty Abatement on Unitary Value
  - 3. Astound Broadband, LLC (7832), 495663 ‘CF’
- Petition for Penalty Abatement on Unitary Value
  - 4. Calaveras Telephone Company (210), 492251 ‘CF’

There are no items for the following matters:

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

**H. Tax Program Nonappearance Matters – Adjudicatory**

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

H1. Legal Appeals Matters .....Mr. Levine

- Hearing Notice Sent – No Response
  - 1. [Michael Donovan Thompson, 381893 \(AR\) +](#)
- Cases Heard But Not Decided
  - 2. [A Realty Publications, Inc., 343231, 373181, 379332, 391653 \(EH\) +](#)
  - 3. [Select Office Solutions, Inc., 187460, 345451 \(AP\) +](#)
  - 4. [Elufa Corporation, 350440 \(AA\) +](#)
- Petition for Release of Seized Property
  - 5. [Zuma Arc, Inc., 466074 \(ET\) +](#)

- H2. Franchise and Income Tax Matters .....Ms. Kelly
- Decision
    1. Gregory E. Mudwilder and Patricia A. Mudwilder, 444049
  - Petition for Rehearing
    2. Melvin L. George, Sr. and Laura Lee George, 443087
  - Hearing Notices Sent – Appearance Waived
    3. Marc Pretscher, 441638
    4. Marc Pretscher, 444263
- H3. Homeowner and Renter Property Tax Assistance Matters  
There are no items for this matter.
- H4. Sales and Use Taxes Matters .....Ms. Henry
- Relief of Penalty/Interest
    1. General Petroleum Corporation, 493595 (AA)
- H5. Sales and Use Taxes Matters – Credits, Cancellations,  
and Refunds .....Ms. Henry
- Credit and Cancellation
    1. Artoor Keshish-Moses, 493010 (AC)
- H6. Special Taxes Matters ..... Mr. Gau
- Denial of Relief of Penalty
    1. Big West of California, LLC, 460290 (MT)

There are no items for the following matters:

- H7. Special Taxes Matters – Credits, Cancellations, and Refunds  
H8. Property Tax Matters  
H9. Cigarette License Fee Matters

- H10. Legal Appeals Property Tax Matters .....Mr. Ambrose
- Petition for Penalty Abatement on Unitary Value
    1. Vizada, Inc. (7948), 492252 – ‘CF’
  - Petition for Reassessment of Unitary Value
    2. Gilroy Energy Center, LLC (1129), 495853 – ‘CF’
    3. Los Esteros Critical Energy Facility, LLC (1143), 495857 – ‘CF’
    4. I-wireless, LLC (2780), 495445 – ‘CF’
    5. Level 3 Communications, LLC (7761), 495662 – ‘CF’

## I. Tax Program Nonappearance Matters

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

- I1. Property Taxes Matters..... Mr. Gau
- Unitary Assessment
    1. Local Fiber, LLC, (7976) – ‘CF’

- Unitary Land Escaped Assessments
    - 2a. Pacific Gas and Electric Company, (135) – ‘CF’
    - 2b. Southern California Gas Company, (149) – ‘CF’
    - 2c. Foresthil Telephone Company, (235) – ‘CF’
    - 2d. Los Angeles SMSA Ltd., Partnership, (2532) – ‘CF’
    - 2e. AT&T Mobility, LLC, (2606) – ‘CF’
    - 2f. California Rural Service Area #1, Inc., (2671) – ‘CF’
    - 2g. Sprint PCS, (2720) – ‘CF’
    - 2h. MetroPCS California, LLC, (2733) – ‘CF’
    - 2i. NTCH-CA, Inc., (2764) – ‘CF’
    - 2j. Royal Street Communications, LLC, (2779) – ‘CF’
    - 2k. Trillion Partners, Inc., (8094) – ‘CF’
  - Board Roll Changes
    - 3. 2006, 2007, 2008 and 2009 Board Rolls of State Assessed Property – ‘CF’
12. Offers in Compromise Recommendations ..... Ms. Ogrod/ Ms. Yang
- 1. Valgene E. Christensen and Joan J. Christensen
  - 2. Fereidoon Esfandiary and Mr. Café
  - 3. Corner Cigars Distributing, Inc.

**1:30 p.m. Board Meeting Reconvenes\*\***

**B. Corporate Franchise and Personal Income Tax Hearings**  
(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

B4. [Connie S. Ray, 418262 +](#)

For Appellant: Connie S. Ray, Taxpayer  
Emily Foehr, Representative

For Franchise Tax Board: Diane Ewing, Tax Counsel  
Bruce Langston, Tax Counsel

~~B5. [Donald G. Northrup and Dacrey Northrup, 467011 +](#)~~

~~For Appellant: David B. Porter, Attorney~~

~~For Franchise Tax Board: Jenna Mayfield, Tax Counsel~~  
~~Mark McEvelly, Tax Counsel~~

B6. [Victoria Soufflet, 461166 +](#)

For Appellant: Victoria Soufflet, Taxpayer  
L. Tracy Mackenzie, Representative

For Franchise Tax Board: Delinda Tamagni, Tax Counsel  
Bruce Langston, Tax Counsel

~~B7. [Lester Eaton and Karen Eaton, 481267 +](#)  
For Appellant: \_\_\_\_\_ Lester Eaton, Taxpayer  
\_\_\_\_\_ Karen Eaton, Taxpayer  
For Franchise Tax Board: \_\_\_\_\_ Maria Brosterhous, Tax Counsel  
\_\_\_\_\_ Jean Cramer, Tax Counsel~~

### Chief Counsel Matters

J. Rulemaking  
This item is scheduled for Thursday, November 19, 2009.

There are no items for the following matters:

K. Business Taxes

L. Property Taxes

M. Other Chief Counsel Matters  
This item is scheduled for Thursday, November 19, 2009.

### Administrative Session

The following items are scheduled for Thursday, November 19, 2009.

N. Consent Agenda

O. Adoption of Board Committee Reports and Approval of Committee Actions

P. Other Administrative Matters

### Q. Closed Session

These items are scheduled for Thursday, November 19, 2009.

**Adjourn** - The meeting will reconvene on Wednesday, November 18, 2009, at 9:30 a.m.

If you wish to listen to and/or view a live broadcast of the Board meeting, please go to <http://www.boe.ca.gov> and click on Webcast.

If you wish to receive this Notice and Agenda electronically, you can subscribe at [www.boe.ca.gov/agenda](http://www.boe.ca.gov/agenda).

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](mailto:MeetingInfo@boe.ca.gov). Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

The hearing location is accessible to people with disabilities. Please contact Claudia Madrigal at (916) 324-8261, or e-mail [Claudia.Madrigal@boe.ca.gov](mailto:Claudia.Madrigal@boe.ca.gov) if you require special assistance.

Diane G. Olson, 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.
- \*\*\* Municipalities are exempt from Contribution Disclosure requirements, for further information please telephone Rick Bennion, Contribution Disclosure Analyst at (916) 445-2130 or email: [Richard.Bennion@boe.ca.gov](mailto:Richard.Bennion@boe.ca.gov).
- + Material is available for this Item.
- ++ Material will be available at a later date.
- "CF" Constitutional Function – The Deputy State Controller may not participate in this matter under Government Code section 7.9.



STATE BOARD OF EQUALIZATION

450 N STREET, SACRAMENTO, CALIFORNIA  
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0080  
(916) 322-2270 • FAX (916) 324-3984  
www.boe.ca.gov

BETTY T. YEE  
First District, San Francisco

BILL LEONARD  
Second District, Ontario/Sacramento

MICHELLE STEEL  
Third District, Rolling Hills Estates

JEROME E. HORTON  
Fourth District, Los Angeles

JOHN CHIANG  
State Controller

RAMON J. HIRSIG  
Executive Director

**STATE BOARD OF EQUALIZATION MEETING**  
**450 N Street, Room 121, Sacramento**  
**November 17-19, 2009**  
**NOTICE AND AGENDA**  
**Meeting Agenda (as of 12:15 p.m., 11/17/09)**

[Agenda Changes](#)

**Wednesday, November 18, 2009**

**9:30 a.m. Board Meeting Reconvenes\*\***

Agenda items occur in the order in which they appear on the agenda. When circumstances warrant, the Board's Chair may modify the order of the items on the agenda. Items may be postponed to a subsequent day; however, items will not be moved to an earlier day.

**C. Sales and Use Tax Appeals Hearings**

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

C1. [James Fishman, 355538 \(CH\) +](#)

For Petitioner: \_\_\_\_\_ James Fishman, Taxpayer  
For Department: \_\_\_\_\_ Cary Huxsoll, Tax Counsel

C2. [Nickolaos Papadopoulos and Dimitra Papadopoulos, 436833, 461505 \(GH\) +](#)

For Petitioner/Claimant: George H. Ellis, Representative  
For Department: Scott Lambert, Hearing Representative

C3. [Bruce Arthur Schoen, 421602 \(CH\) +](#)

For Petitioner: Bruce Schoen, Taxpayer  
Peter Pappas, Attorney  
For Department: Andrew Kwee, Tax Counsel

C4. [Jerjes A. Izhaq and Nemeh T. Zarour, 423914 \(KH\) +](#)

For Petitioner: Jerjes A. Izhaq, Taxpayer  
Nemeh T. Zarour, Taxpayer  
For Department: Scott Lambert, Hearing Representative

- C5. [Musleh Saleh Zokari, 392337 \(KH\) +](#)  
For Petitioner: Musleh Zokari, Taxpayer  
Gabriel Ruiz, Representative  
For Department: Scott Lambert, Hearing Representative

**1:30 p.m. Board Meeting Reconvenes\*\***

**C. Sales and Use Tax Appeals Hearing**

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

- C6. [Julie Lynn Cossey, 441252 \(KH\) +](#)  
For Petitioner: Julie L. Cossey, Taxpayer  
Anthony Harmon, Witness  
For Department: Scott Lambert, Hearing Representative

**Local Tax Reallocation Hearing**

(Contribution Disclosure forms not required pursuant to Gov. Code § 15626.\*\*\*)

- C7. [City of Los Angeles, City of San Jose, and City of Irvine, 472925 +](#)  
For Petitioner: Albin C. Koch, Representative  
Eric Myers, Representative  
Janis Varney, Representative  
For Affected Jurisdiction: Robin Sturdivant, Representative  
City of Merced  
For Department: Carole Ruwart, Tax Counsel

**Adjourn** - The meeting will reconvene on Thursday, November 19, 2009, at 9:30 a.m.

If you wish to receive this Notice and Agenda electronically, you can subscribe at [www.boe.ca.gov/agenda](http://www.boe.ca.gov/agenda).

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](mailto:MeetingInfo@boe.ca.gov). Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

The hearing location is accessible to people with disabilities. Please contact Claudia Madrigal at (916) 324-8261, or e-mail [Claudia.Madrigal@boe.ca.gov](mailto:Claudia.Madrigal@boe.ca.gov) if you require special assistance.

Diane G. Olson, 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.
- \*\*\* Municipalities are exempt from Contribution Disclosure requirements, for further information please telephone Rick Bennion, Contribution Disclosure Analyst at (916) 445-2130 or email: [Richard.Bennion@boe.ca.gov](mailto:Richard.Bennion@boe.ca.gov).
- + Material is available for this Item.
- ++ Material will be available at a later date.
- "CF" Constitutional Function – The Deputy State Controller may not participate in this matter under Government Code section 7.9.



STATE BOARD OF EQUALIZATION  
450 N STREET, SACRAMENTO, CALIFORNIA  
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0080  
(916) 322-2270 • FAX (916) 324-3984  
www.boe.ca.gov

BETTY T. YEE  
First District, San Francisco

BILL LEONARD  
Second District, Ontario/Sacramento

MICHELLE STEEL  
Third District, Rolling Hills Estates

JEROME E. HORTON  
Fourth District, Los Angeles

JOHN CHIANG  
State Controller

RAMON J. HIRSIG  
Executive Director

**STATE BOARD OF EQUALIZATION MEETING**  
**450 N Street, Room 121, Sacramento**  
**November 17-19, 2009**  
**NOTICE AND AGENDA**  
**Meeting Agenda (as of 12:15 p.m., 11/17/09)**

[Agenda Changes](#)

**Thursday, November 19, 2009**

**9:30 a.m. Board Meeting Reconvenes\*\***

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

**E. Property Tax Appeals Hearings**

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

**Petitions for Reassessment of Unitary Value**

E1. [Qwest Communications Corporation \(2463\), 494029 – 'CF' +](#)

For Petitioner: Peter Hladek, Representative  
Christopher Zamora, Representative  
Andrew Davis, Representative  
For Department: Andrew Jacobson, Tax Counsel

E2. [Sprint PCS \(2720\), 495664 – 'CF' +](#)

For Petitioner: Gene Harris, Taxpayer  
Louis Dancer, Taxpayer  
Richard Wiley, Attorney  
Jerome Weinert, Representative  
For Department: Matthew Burke, Tax Counsel

E3. [Golden State Water Company \(101\), 495665 – 'CF' +](#)

For Petitioner: Peter Hladek, Representative  
Andrew Davis, Representative  
For Department: Carole Ruwart, Tax Counsel

**Chief Counsel Matters****J. Rulemaking**

[Section 100 Changes to Regulations +](#) ..... Mr. Heller

- J1. Adopt proposed revisions to Alcoholic Beverage Tax Regulations:
- Regulation 2504, *Distilled Spirits Produced, Packaged, or Bottled*
  - Regulation 2505, *Bottled or Packaged Distilled Spirits Acquired in California*
  - Regulation 2506, *Bottled or Packaged Distilled Spirits Imported*
  - Regulation 2507, *Distilled Spirits Sold or Exported*
  - Regulation 2508, *Distilled Spirits Invoices and Bottling or Packaging Records*
  - Regulation 2509, *Prepayment of Distilled Spirits Tax; Consolidated Returns*
  - Regulation 2512, *Beer and Wine Production; Beer Bottling; Wholesalers' Beer and Wine Purchases*
  - Regulation 2513, *Beer and Wine Imported*
  - Regulation 2514, *Beer and Wine Sold*
  - Regulation 2525, *Contents*
  - Regulation 2530, *Inventories*
  - Regulation 2535, *Distilled Spirits*
  - Regulation 2536, *Beer Manufacturers*
  - Regulation 2537, *Wine Growers*
  - Regulation 2538, *Beer and Wine Importers*
  - Regulation 2540, *Common Carrier Receipts and Delivery Reports*
  - Regulation 2541, *Common Carrier Tax Reports*
  - Regulation 2542, *Public Warehouses*
  - Regulation 2543, *Customs Brokers*
  - Regulation 2544, *Conversion of Liters to Gallons*
  - Regulation 2557, *Powdered Distilled Spirits*
  - Regulation 2560, *Treated as Sales*
  - Regulation 2561, *Exports and Sales for Export*

Staff request for the Board's authorization to complete Rule 100 changes to correct grammatical errors and revise outdated references in specified Alcoholic Beverage Tax regulations.

**M. Other Chief Counsel Matters**

M1. [Opinion and Recommendation on Federal Ban and Attorney General's De-Listing of Flavored Cigarettes and Roll-Your-Own Tobacco Products; Board Approval Requested +](#) ..... Mr. Ferris/  
Mr. Haas

Analysis and Recommendation on Federal Ban and Attorney General's Removal of Flavored Cigarettes and Roll-Your-Own Tobacco Products from Tobacco Directory.

## Administrative Session

### N. Consent Agenda ..... Ms. Olson (Contribution Disclosure forms not required pursuant to Gov. Code § 15626.)

#### N1. [Retirement Resolutions +](#)

- Frederick T. Bagood
- Patricia A. Clough
- Kathleen Cobb
- Lucille C. Lascano
- Steven Macken
- Susan A. Mayhew
- Richard L. Rinetti
- Frances L. Schmelter
- Edwin Studer, Jr.

#### N2. Approval of Board Meeting Minutes

- [July 21, 2009 +](#)

#### N3. [Approval of 2010 Timberland Production Zone Values +](#)

For the 2010 lien date, request approval for certification by the Board to county assessors of the current values of lands zoned for timberland production.

#### N4. [Approval of Effects of Proposition 10 on Cigarette and Tobacco Products Consumption +](#)

Section 130105(c) of the Health and Safety Code requires the Board to determine the effect of Proposition 10 on the consumption of cigarettes and tobacco products and directs that a transfer of funds to certain Proposition 99 and Breast Cancer programs be made to backfill for revenue losses to those programs resulting from consumption changes triggered by Proposition 10. The intent is to keep the funding levels of such programs from declining any more than they would have decreased without the Proposition 10 tax increase.

#### N5. [Approval of Proposed Revisions to Compliance Policy and Procedures Manual Chapter 5, Returns +](#)

Proposed section 570.095 incorporates new procedures for processing unapplied remittances.

#### N6. [Approval of Proposed Property Tax Form BOE-263-C, Church Lessors' Exemption Claim +](#)

SB 824 (Stats. 2009, ch. 67) amended Revenue and Taxation Code section 214,6 to provide that property leased by a church to a public school, community college, state college, or state university, and used jointly by a church, may be eligible for the welfare exemption from property taxes, and required that a claim be filed annually with the county assessor.

N7. [Approval of Assessors' Handbook Section 531, Residential Building Costs +](#)

Request approval for publication of 2010 revision of Assessors' Handbook 531, *Residential Building Costs*.

N8. [Approval of Assessors' Handbook Section 534, Rural Building Costs +](#)

Request approval for publication of 2010 revision of Assessors' Handbook 534, *Rural Building Costs*.

**O. Adoption of Board Committee Reports and Approval of Committee Actions**

O1. Legislative Committee

O2. Business Taxes Committee

O3. Customer Service and Administrative Efficiency Committee

**P. Other Administrative Matters**

There are no items for the following matters:

P1. Executive Director's Report

P2. Chief Counsel Report

P3. Deputy Director's Report

There are no items for the following matters:

a. Sales and Use Tax

b. Property and Special Taxes

c. [Administration +](#)..... Ms. Houser

1. [Contract Over \\$1 Million—This item is for Board approval.+](#)

Hygiene Technology International, Inc. contract amendment that increases the amount of the contract and extends the term.

2. Facilities Update—This item provides information and may require Board action or direction.

- Headquarters Facilities—Update on the Headquarters Remediation Project including the activated swing space moves within the building.
- Site Search Selection—Update on the site search selection for the Headquarters annex.

3. 2009/10 and 2010/11 Budget Update, Furlough Plan and Layoffs

Information on recent developments regarding the Governor's 2009/10 and 2010/11 Budget, Governor's Executive Order S-16-08 State Employee Furlough, and layoffs. Possible action or direction may be requested regarding the Governor's Budget and Executive Order.

d. Technology

There are no items for this matter.

Announcement of Closed Session ..... Ms. Olson

**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: *Sprint Communications v. Board of Equalization*, San Francisco County Superior Court Case No. CGC-06-455982 (Gov. Code § 11126(e))
- Q3. Pending litigation: *Governor Arnold Schwarzenegger, et al. v. State Controller John Chiang, et al.*, Sacramento County Superior Court Case No. 34-2009-80000158 (Gov. Code § 11126(e))
- Q4. Pending litigation: *Schroeder, et al. v. Board of Equalization, et al.* Sacramento Superior Court Case No. 34-2008-00004467-CU-MT-GDS; *Frankot, et al. v. Board of Equalization, et al.*, Sacramento Superior Court Case No. 34-2008-00012174-CU-PO-GDS; and, *Allen, et al. v. Board of Equalization, et al.*, Sacramento Superior Court, Case No. 34-2008-00017014-CU-TT-GDS (Gov. Code § 11126(e)(2)(B)(i))
- Q5. Discussion and action on personnel matters (Gov. Code § 11126(a))

Announcement of Open Session..... Ms. Olson

**Adjourn**

If you wish to receive this Notice and Agenda electronically, you can subscribe at [www.boe.ca.gov/agenda](http://www.boe.ca.gov/agenda).

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](mailto:MeetingInfo@boe.ca.gov). Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

The hearing location is accessible to people with disabilities. Please contact Claudia Madrigal at (916) 324-8261, or e-mail [Claudia.Madrigal@boe.ca.gov](mailto:Claudia.Madrigal@boe.ca.gov) if you require special assistance.

Diane G. Olson, 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.
- \*\*\* Municipalities are exempt from Contribution Disclosure requirements, for further information please telephone Rick Bennion, Contribution Disclosure Analyst at (916) 445-2130 or email: [Richard.Bennion@boe.ca.gov](mailto:Richard.Bennion@boe.ca.gov).

- + Material is available for this Item.
- ++ Material will be available at a later date.
- "CF" Constitutional Function – The Deputy State Controller may not participate in this matter under Government Code section 7.9.