



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

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Second District, Ontario/Sacramento

MICHELLE STEEL
Third District, Rolling Hills Estates

JUDY CHU
Fourth District, Los Angeles

JOHN CHIANG
State Controller

RAMON J. HIRSIG
Executive Director

STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
April 24-25, 2007
NOTICE AND AGENDA
Meeting Agenda (as of 9:41 a.m., 4-19-07)
Agenda Changes

Tuesday, April 24, 2007

Recorded Audio from April 24, 2007

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 Chairwoman, Ms. Yee, may modify the order of the items on the agenda.

BOARD COMMITTEE MEETINGS*

Legislative Committee Ms. Chu, Committee Chairwoman+

➤ Legislative Bill – Recommendation for Board Position:

- 1. SB 554 (Migden): Cigarette Tax Law: Definition of Cigarette

This bill would change the definition of cigarette under the Cigarette Tax law to mean any product that contains nicotine, is intended to be burned or heated under ordinary conditions of use, and consists of or contains one of several specified forms of tobacco.

Customer Services And Administrative Mr. Leonard, Committee Chair+
Efficiency Committee

- 1. Update on the Board of Equalization's Electronic Services Projects and Activities

Update on the current e-services projects and activities, current e-filing numbers, new services available and others services to expect over the next 60 days, current and planned outreach activities, the status of the 2007/08 project and Budget Change Proposals, and the status of the Feasibility Study Report for 2008/10.

Property Tax Committee Ms. Steel, Committee Chairwoman+

1. Proposed adoption of definition of "Semiconductor Manufacturing Equipment" defining the scope of the Valuation Factors Studies.
2. Proposed adoption of definition of "Biopharmaceutical Equipment and Fixtures" defining the scope of the Valuation Factor Studies.
3. Proposed adoption of definition of "Non-Production Computers" defining the scope of the Valuation Factors Studies.

BOARD MEETING****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 Gov. Code, § 15626.)

B1. Jackie Bolds, 354039

For Appellant:

Jackie G. Bolds, Taxpayer

Jerrel Bolds, Representative

For Franchise Tax Board:

Suzanne Small, Tax Counsel

B2. Christopher L. Bittman and Kendra J. Noble, 352180

Konrad S. Rautenberg and Cheryl E. Noriye, 353822

Stephen J. Cullen, 355266

William Jurika and Michelle Jurika, 355276

For Appellant:

Joan E. Low, Representative

For Franchise Tax Board:

Craig Scott, Tax Counsel

C. Sales And Use Tax Appeals Hearings

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

C1.a. United Parcel Service, Inc., 98724, 126831, 131381, 153034, 192709, 242411 (OH)

C1.b. United Parcel Service, Inc., 98726, 131383, 131431, 153036, 207917, 242304 (EAA)

C1.c. United Parcel Service, Inc., 272826 (CH)

For Claimant:

Howard Mantel, Representative

Brenda Fountain, Representative

Bruce Macrae, Representative

For Department:

Christine Bisauta, Tax Counsel

~~C2. Schilling Robotics, LLC, 295382 (JH)
For Petitioner: Barton McDougal, CPA
For Department: Robert Stipe, Tax Counsel~~

BOARD MEETING RECONVENES AT 1:30 P.M.**

ORAL HEARINGS

C. Sales And Use Tax Appeals Hearings

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

- C3. Linda Prieto, 288214 (GH)
For Petitioner: Appearance Waived
For Department: Kevin Hanks, Hearing Representative
- C4. Inner Circle Entertainment II, Inc., 283636 (BH)
For Petitioner: Frank Finelli, Taxpayer
For Department: Cary Huxsoll, Tax Counsel
- C5. Harry R. Sawl, 298342 (UT)
For Petitioner: Harry Sawl, Taxpayer
Frank Tammen, Witness
Lynn Sawl, Witness
For Department: Carla Caruso, Tax Counsel
- C6. Anil Kumar Sharma, 318327 (KH)
For Petitioner: Anil Sharma, Taxpayer
For Department: Kevin Hanks, Hearing Representative

D. Special Taxes Appeals Hearings

- D1. Cheuk Fung, 209724 (MT)
For Petitioner: Cheuk Fung, Taxpayer
For Department: Robert Tucker, Tax Counsel

E. Property Tax Appeals Hearings

There are no items for this matter.

F. Public Hearing**F1 Property Taxes – State Assessee Presentations on the Valuation of State-Assessed Properties Mr. Siu**

The Board will hear:

1. State assesses' presentations on the valuation of state-assessed properties.

G. Tax Program Nonappearance Matters – Consent

These matters are scheduled for Wednesday, April 25, 2007.

H. Tax Program Nonappearance Matters – Adjudicatory

These matters are scheduled for Wednesday, April 25, 2007.

I. Tax Program Nonappearance Matters

These matters are scheduled for Wednesday, April 25, 2007.

CHIEF COUNSEL MATTERS

These matters are scheduled for Wednesday, April 25, 2007:

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

ADMINISTRATIVE SESSION

These matters are scheduled for Wednesday, April 25, 2007:

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

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 accessible to people with disabilities. Please contact Claudia Madrigal at (916) 324-8261, or e-mail Claudia.Madrigal@boe.ca.gov if you require special assistance.

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



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STATE BOARD OF EQUALIZATION MEETING 450 N Street, Room 121, Sacramento April 24-25, 2007

NOTICE AND AGENDA

Meeting Agenda (as of 9:01 a.m., 4-20-07)

[Agenda Changes](#)

Wednesday, April 25, 2007

[Recorded Audio from April 25, 2007](#)

Board Meeting convenes at 9:30 a.m. *

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

BOARD MEETING

SPECIAL PRESENTATIONS

Superior Accomplishment Award Program

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**
These matters are scheduled for Tuesday, April 24, 2007.
- C. Sales And Use Tax Appeals Hearings**
These matters are scheduled for Tuesday, April 24, 2007.
- D. Special Taxes Appeals Hearings**
These matters are scheduled for Tuesday, April 24, 2007.

E. Property Tax Appeals Hearings

There are no items for this matter.

F. PUBLIC HEARING

This matter is scheduled for Tuesday, April 24, 2007.

G. Tax Program Nonappearance Matters – Consent

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

G1 Legal Appeals MattersMr. Levine

- Petitions for Rehearing
 1. Marcella Maria Rosales, 308469 (KH)
- Hearing Notice Sent – No Response
 2. S & A Equipment, 97857 (OHC)
- Hearing Notice Sent – Appearance Waived
 3. Daniel Mahlon Newell, 289946 (UT)
- Petition for Release of Seized Property
 4. Phien Thi Huynh, 388367 (ET)

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

- Decision
 1. Jon Trickel, 336547
- Petitions for Rehearing
 2. Dawn B. Forbes, 305181
 3. James W. James, 260720
 4. John Noyes, 311022

G3 Homeowner and Renter Property Tax**Assistance Matters..... Mr. Schreiter**

- Decisions
 1. Maria Mancilla Esteta, 362991
 2. Donna Firsov, 363011
 3. Rosa Mendivil, 350273
- Petition for Rehearing
 4. Sydell Dublin, 328880

G4 Sales and Use Taxes Matters Ms. Henry

- Redeterminations
 1. Foss Maritime Company, 348259 (UT)
 2. Newport Franklin, Inc., 348810 (OHB)
 3. Weatherford U S LP, 260488 (OHC)
- Relief of Penalty/Interest
 4. Rapid Gas, Inc., 390149 (AS)
 5. Jack In The Box, Inc., 390572 (FH)
 6. Cleansource, Inc., 390579 (GH)

- 7. Stryker Sales Corporation, 386722 (OHA)
- Denials of Claim for Refund
 - 8. G-Two Graphic Service, Inc., 262553 (AC)
 - 9. Ritz Camera Centers, Inc., 342942 (OHB)
 - 10. Prestige Air LLC, 376629 (UT)
 - 11. Tesoro Refining & Marketing Co., 356850 (OHC)
- Denials of Relief of Penalty/Interest
 - 12. Xyratex International Limited, 390148 (GH)

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

- Credits and Cancellations
 - 1. Interplay Productions, 341715 (EAA)
 - 2. Top Furniture Company, Inc., 390595 (CH)
 - 3. Yrene Asalde-Infante, 387204 (AA)
 - 4. Daniel J. Maitland, 316701 (EA)
 - 5. Ronald D. Searls, 383355 (AP)
 - 6. Neelm Kumari Schade, 388960 (UT)
 - 7. Showcase Home Ent Center, Inc., 388133 (EH)
- Refunds
 - 8. Owens & Minor West, Inc., 293737 (OHB)
 - 9. Prime Wheel Corporation, 381467 (AS)
 - 10. Mercury Air Group, Inc., 384770 (AS)
 - 11. Specialty Steel Service Company, Inc., 373673 (KH)
 - 12. Trans Bay Steel Corporation, 386714 (JHF)
 - 13. 24 Hour Fitness, Inc., 387631 (CH)
 - 14. Fleet Card Fuels, 379510 (ARH)
 - 15. Sierra Aluminum Company, Inc., 362183 (EH)
 - 16. Fabrica International, 287948 (OHA)
 - 17. Science Applications Intl. Corporation, 318323 (FH)
 - 18. J.B. Dewar Inc., 381464 (GH)
 - 19. Mammoth Mountain Ski Area, 381015 (KH)
 - 20. R.R. Donnelley & Sons Company, 335792 (OHB)
 - 21. Ritz Camera Centers, Inc., 297818 (OHB)
 - 22. Baker Hughes Oilfield Oper., Inc., 387748 (OHC)
 - 23. Seneca Capital Management LLC, 267102 (BH)
 - 24. Buford B. Wiley Consulting, Inc., 379040 (UT)
 - 25. Cisco Systems Capital Corporation, 373491 (GH)
 - 26. Blockbuster, Inc., 374796 (OHC)
 - 27. Philips Products, Inc., 354084 (OHA)
 - 28. Visterra Credit Union, 340738 (EH)
 - 29. Zappos.com, Inc., 339175 (EH)
 - 30. GOR Acquisition Corporation, 299312 (AC)
 - 31. Scharzkopf Technologies Corp, 381463 (OHB)
 - 32. Ultratech Stepper, Inc., 380443 (GH)
 - 33. Visa International Service Assn., 387287 (BH)

- 34. Pro-Shore, LLC, 349808 (CH)
- 35. Credit One Corporation, 296947 (EA)
- 36. Premier America Credit Union, 350101 (AC)
- 37. A-L Financial Corporation, 383622 (EA)
- 38. 10 West Motorsports, Inc., 357109 (EHC)
- 39. Kinecta Federal Credit Union, 386717 (AS)

G6 Special Taxes Matters

There are no items for this matter.

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

- Refunds
 - 1. Duke Energy Merchants LLC, 378394 (MT)
 - 2. Anahead Kouroumilan, 353923 (MT)
 - 3. Ramos Oil Company, Inc., 314392 (MT)
 - 4. National Indemnity Company, 350355 (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

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

H1 Legal Appeals MattersMr. Levine

- Memo Opinion
 - 1. Robert L. Reynolds, 208940 (KHM)
- Cases Heard But Not Decided
 - 2. Effective Engineering, Inc., 143932 (AC)
 - 3. Shannon Elaine Mc Kelvey, 242685 (KHM)

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

- Decisions
 - 1. Craig Dillard, 342261
 - 2. Tony Jibilian, 346087

H3 Homeowner and Renter Property Tax Assistance Matters..... Mr. Schreiter

- Decision
 - 1. Cynthia Fowler, 348940

H4 Sales and Use Taxes Matters Ms. Henry

- Denial of Claims for Refund
 - 1. Bericap LLC, 294804 (EH)

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

- Refund
 1. Husky Injection Molding Sys., Inc., 346221 (OHB)

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 Gov. Code § 15626.)

I1 Property Taxes Matters.....Mr. Gau

- Audits
 1. Sprint Nextel Corporation (2737) - “CF”
 2. Verizon Wireless Companies: - “CF”
 - (a) Verizon Wireless (VAW) LLC (2512) - “CF”
 - (b) Sacramento Valley Limited Partnership (2513) – “CF”
 - (c) Los Angeles SMSA Ltd., Partnership (2532) – “CF”
 - (d) Fresno MSA Limited partnership (2552) – “CF”
 - (e) GTE Mobilnet of California, Ltd. Partnership (2559) – “CF”
 - (f) GTE Mobilnet of Santa Barbara L.P. (2627) – “CF”
 - (g) Cellco Partnership (2667) – “CF”
 - (h) California RSA #4 Partnership (2669) – “CF”
- Unitary Land Escaped Assessments
 3. (a) Cingular Wireless, LLC (2606) – “CF”
 - (b) Sprint PCS (2720) – “CF”
- Unitary Escaped Assessments
 4. (a) Sprint Communications Company, L.P. (2014) – “CF”
 - (b) Los Angeles SMSA Ltd. Partnership (2532) – “CF”
 - (c) GTE Mobilnet of California, Ltd. Partership (2559) – “CF”
 - (d) Sprint PCS (2720) – “CF”
 - (e) Sprint Nextel Corporation (2737) – “CF”
 - (f) OmniPoint Communications, Inc. (2748) – “CF”

I2 Offers-in-Compromise RecommendationsMs. Ograd

1. Jenny Suh
2. Desert Valley Medical, Inc.

CHIEF COUNSEL MATTERS**J. Rulemaking**

- J1 Request to Publish *Chapter 3: Property Taxes*, of the Board of Equalization *Rules for Tax Appeals* Ms. Cazadd/+
Mr. Lambert

The Board of Equalization *Rules for Tax Appeals* provides comprehensive guidance regarding the administrative and appellate review processes for the tax programs administered by the Board.

- J2 Request for Adoption of Revised Language to Sales and Use Tax Regulation 1603, *Taxable Sales of Food Products* Mr. Huxsoll/+
Mr. Treichelt

Proposed revisions to Regulation 1603 are regarding the application of tax to charges for mandatory and optional gratuities.

- J3 Petition to Amend Property Tax Rule 462.060, *Change.....* Mr. Lambert/+
In Ownership - Life Estates And Estates For Years Mr. Lebeau

The petition proposes to change current law that a life estate is substantially equal to the value of the fee interest.

There are no items for the following matters:

- K. Business Taxes
L. Property Taxes

- M. Other Chief Counsel Matters Ms. Cazadd/+
Ms. Thurston

M1 Bankruptcy Update – Comprehensive Report

ADMINISTRATIVE SESSION

- N. Consent Agenda Mr. Evans+

N1 Approval of Board Employee Retirement Resolution

- Corazon E. Pascual

N2 Approval of Board Employee Resolution

- Chris Schutz

N3 Approval of Board Meeting Minutes

- January 31, 2007
- February 1, 2007
- February 27, 2007
- February 28, 2007

- N4 Approval of Board Meeting Date
 - October 17, 2007 – Shell Beach
- N5 Approval of 2007-08 Other Tobacco Products Tax Rate
- N6 Approval of Proposed Revisions to Audit Manual Chapter 2, Preparation of Field Audit Reports
- N7 Approve time extensions to Mariposa and Santa Cruz Counties to complete and submit 2007-08 Local Assessment Roll, pursuant to Revenue and Taxation Code section 155

O. Approval of Board Committee Meeting Minutes

- O1 Legislative Committee
- O2 Customer Services and Administrative Efficiency Committee
- O3 Property Tax Committee

P. Other Administrative Matters

P1 Executive Director's Report.....Mr. Hirsig

- 1. Strategic Plan Update
- 2. Tax Gap Plan–For discussion and approval–Ms. Henry/Mr. Hayes+
- 3. Organizational Proposals – For Discussion and Approval+
 - a. Technology Services Division
 - b. External Affairs Department
 - c. Board Proceedings Division
- 4. Taxpayer Bill of Rights Hearing Actions–Mr. Gilman

P2 Chief Counsel Report

There are no items for this matter.

P3 Deputy Director's Report

- 1. Sales and Use Tax Ms. Henry
 - a. Tax Amnesty Final Report
- 2. Property and Special Taxes..... Mr. Gau+
 - a. Opening of California/Mexico Border
- 3. Administration Ms. Johnson
 - a. CEA Salary Compaction Issues
 - b. Budget Hearing Update
 - c. Interagency Agreement Contract Over \$1 Million+
 - d. Facilities Update
 - i. Board Hearing Room
 - ii. Curtain Wall

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: *Nortel Networks, Inc. v. State Board of Equalization of the State of California*, Los Angeles County Superior Court Case No. BC 341568
- Q3. Pending Litigation: *barnesandnoble.com llc v. State Board of Equalization*, San Francisco Superior Court No. 456465
- Q4. Discussion and action on personnel matters (Gov. Code § 11126(a))

ANNOUNCEMENT OF OPEN SESSION Mr. Evans

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