



STATE BOARD OF EQUALIZATION
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State Controller, Sacramento

JAMES E. SPEED
Executive Director

STATE BOARD OF EQUALIZATION MEETING
450 N Street, Capitol Square, Sacramento
February 5-6, 2002
NOTICE AND AGENDA

TUESDAY, FEBRUARY 5, 2002

BOARD COMMITTEE MEETINGS* (convene at 9:30 a.m.)

❖ **Legislative Committee—Room 122**

Mr. Klehs, Chair

Staff, Ms. Margaret Shedd (916) 322-2376

➤ **Legislative Bills—Recommendations for Board Positions**

- Property Taxes—AB 1315, Property taxation: taxable value
- Business Taxes—AB 1768, Cigarette stamps discounts
- Administration—AB 1752, Public Records

➤ **2002 Legislative Proposals**—Set forth below are suggestions for Property Taxes legislation to be sponsored by the Board in the second year of the 2001-2002 Legislative Session. Additional suggestions will be included on the agenda for March, 2002.

- Amend Section 63.1 of the Revenue and Taxation Code to reinstate the parental signature requirement on the parent-child change in ownership exclusion claim form.
- Amend Sections 75.51, 1603, and 2611.1 of, and repeal Section 620.5 of, the Revenue and Taxation Code to provide clarification of the assessment appeal deadline extension and conform other sections of law to recent law changes.
- Amend Section 170 of the Revenue and Taxation Code to provide that if one or more additional assessments are required due to full repair, restoration, or reconstruction of property that was damaged or destroyed, the assessments shall not be made until all refunds attributable to the damage or destruction have been paid to the assessee.
- Add Section 531.01 to the Revenue and Taxation Code to provide that a board of supervisors may authorize an assessor to not issue escape assessments where the cost of assessing and collecting taxes exceeds the taxes due.

❖ **Business Taxes Committee—Room 121**

Mr. Chiang, Chair

Staff, Mr. Ramon Hirsig (916) 445-1441

➤ Proposed regulation regarding process for reviewing local tax reallocation inquiries

- Regulation 1807, Process for Reviewing Local Tax Reallocation Inquiries

➤ Proposed regulatory changes regarding application of tax to graphic arts and related enterprises:

- Regulation 1543, Publishers
- Regulation 1528, Photographers, Photocopiers, Photo Finishers and X-Ray Laboratories
- Regulation 1541, Printing and Related Arts
- Regulation 1540, Advertising Agencies, Commercial Artists and Designers

BOARD MEETING (convenes upon adjournment of the Business Taxes Committee)—
Room 121**

❖ **Corporate Franchise and Personal Income Tax Appeal – Jeopardy Assessment Hearing**

- ❑ Koo & Hong Entertainment, 151478
Susie Young Byun, 145396
Johnny Koo, 151533
Susie Young Byun, Transferee for Corporation Koo & Hong Entertainment, Inc., 151525
Johnny Koo, Transferee for Corporation Koo & Hong Entertainment, Inc., 151512

❖ **Corporate Franchise and Personal Income Tax Hearings**

- ❑ David L. Wiitala, 109486
- ❑ Milpitas Materials Company, 104667
Jon and Rita Minnis, 100638
- ❑ Dee Baird, 60036

❖ **Business Taxes Appeals Hearings**

- ❑ Drew L. Hyer and Mary Hyer, 890000366970
- ❑ Kenneth Michael Wolff, 89000966450, 89000966440, 89002070250
- ❑ Fastener Hardware Limited, 28883
- ❑ Time, Inc., 58320
- ❑ Barnes & Noble.com, 89872
- ❑ Peter A. Forster, 59272
- ❑ The Golden 1 Credit Union, 103814

BOARD COMMITTEE MEETING* (convene at 1:30 p.m.)

❖ **Property Tax Committee—Room 121**

Dr. Connell, Chair

Staff, Mr. David Gau (916-445-1516)

- Staff's request for Board authorization to publish revised Assessors' Handbook Section 576, Assessment of Vessels

BOARD MEETING (convenes upon adjournment of the Property Tax Committee)—Room 121**

❖ **Public Hearing**

- Property Taxes— Board will hear state assesses' presentations on capitalization rates and other factors and procedures affecting the 2002-03 value of state-assessed properties.

WEDNESDAY, FEBRUARY 6, 2002

BOARD MEETING (convenes at 9:30 a.m.)—Room 121**

❖ **ANNOUNCEMENT OF CLOSED SESSION**

❖ **CLOSED SESSION**

- Discussion and approval of staff recommendations regarding settlement cases (R & T Code § 7093.5, 7093.5(b)(3), 30459.1 and 50156.11)
- Discussion and action on Personnel Matters (Govt. Code § 11126 (a))

❖ ADMINISTRATIVE SESSION**➤ Executive Director's Report****➤ Consent Agenda**

- ❑ Retirement Resolutions— Approve employee retirement resolutions
 - Edward Steele
 - Faith A. Wagner
 - Larry Augusta
- ❑ Board Meeting Minutes—Approve the Board Meeting Minutes
 - November 28-29, 2001
 - December 19-20, 2001
- ❑ Proposed non-substantive revisions to Audit Manual chapters 1, 2, 3, 4, 6 and 8
- ❑ Proposed substantive revisions to Audit Manual chapters 2, 4, 6, 7 and 8

➤ Board Committee Reports

- ❑ Approval of the February 5, 2002 Board Committee Minutes
 - Legislative Committee
 - Business Taxes Committee
 - Property Tax Committee

❖ CHIEF COUNSEL MATTERS**➤ [Rulemaking](#)**

- ❑ Adoption of changed version of Cigarette and Tobacco Products Tax
 - Regulation 4011, Distributors Not Engaged In Business in this State
 - Regulation 4061, Unused Stamps and Unused Meter Settings

➤ Property Tax Matters

- ❑ State Assessee Petitions for Reassessment of Unitary Value—Findings and Decisions
 - Southern California Edison Company
 - 360 Networks (USA), Inc.

❖ TAX PROGRAM NONAPPEARANCE MATTERS—ADJUDICATORY**➤ Legal Appeals Matters**

- Hearing Notice Sent—Appearance Waived
- Cases Heard But Not Decided
- Petitions for Rehearing

➤ Franchise and Income Tax Matters

- Opinions
- Decisions

❖ TAX PROGRAM NONAPPEARANCE MATTERS—CONSENT**➤ Legal Appeals Matters**

- Hearing Notice Sent—No Response
- Hearing Notice Sent—Appearance Waived
- Hearing Request Withdrawn

➤ Franchise and Income Tax Matters

- Decisions
- Petitions For Rehearing

➤ Homeowner and Renter Property Tax Assistance Matters

- Decisions

➤ Sales and Use Tax Matters—Redeterminations, Denials of Relief of Penalty, Denial of Claims for Refunds

- Redeterminations
- Denials of Relief of Penalty

- **Sales and Use Tax Matters—Credits, Cancellations & Refunds**
 - Credits and Cancellations
 - Refunds
- **Special Taxes Matters**
 - Relief of Penalty
 - Denials of Claims for Refund
- **Special Taxes Matters—Credits, Cancellations & Refunds**
 - Refunds
- **Property Taxes Matters—Not Subject to Contribution Disclosure Statute**
 - Unitary Escaped Assessment
 - Board Roll Changes

❖ **Business Taxes Appeals Hearings**

- ❑ KCI USA, Inc., 89000831350
- ❑ Fred Irwin Eastman, 89002405250
Frederick Irwin Eastman, 89002289890
Frederick Irwin Eastman, 89002371000
Fred I. Eastman , 89000098620
- ❑ Bahram Shiralian, 89000369260
Bahram Shiralian, 89000369320
Bahram Shiralian, 89000369300
- ❑ Innovative Interfaces, Inc., 89000320240, 89000320230
- ❑ Orville Lewis, 111288
- ❑ Z.E.I. Acquisition Corporation, 89002234310

BOARD MEETING* (convenes at 1:30 p.m.)

❖ **PUBLIC HEARINGS**

- Proposed adoption of Diesel Fuel Tax Regulation 1434, Sales of Diesel Fuel to the United States and its Agencies and Instrumentalities
 - The adoption of Regulation 1434 is proposed to clarify who should file a claim for refund for the tax on tax-paid diesel fuel sold to the United States and how the claim should be filed, including clarification of who should file a claim for refund when the United States uses an access card to purchase diesel fuel.
- Proposed Amendment to Sales and Use Tax Regulation 1603, Taxable Sales of Food Products
 - The amendment to Regulation 1603 is proposed to re-write for clarity the definition of caterers, explain when sales to caterers of property related to the furnishing and serving of meals are sales for resale, clarify when caterers may purchase free of tax, to explain what charges are included in gross receipts, to explain when event planers are considered “caterers” within the meaning of the statute, to explain when sales by caterers to social clubs and fraternal organizations are sales for resale and when tips, gratuities, and service charges are included in gross receipts, when charged for premises supplied by the customer are included in gross receipts, and specify the application of tax to transactions by private chefs who are caterers and to food items sold through “honor boxes.”
- Proposed Amendment to Sales and Use Tax Regulation 1699, Permits
 - The amendment is proposed to define when seller’s permits may be issued to “buying companies,” as defined, and to explain the conditions under which a seller’s website may be issued a seller’s permit.

If you would like specific information regarding other items on this Board Meeting Agenda Notice 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.

Deborah Pellegrini, 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.

If substantial revisions to the published text of the regulations are approved at the hearing, the regulations will be re-published for a new hearing date. If only revisions sufficiently related to the published text of the regulations are approved, a notice containing these revisions will be mailed to those persons that commented orally or in writing or that asked to be informed of such revisions. The notice will be mailed at least 15 days prior to the scheduled Board adoption of the regulations to allow them time for additional comments.

Agenda items occur sequentially. When circumstances warrant, the Chairman may modify the order of items as they appear on the agenda. Any committee agenda item may be brought to the Board at its next meeting. The hearing location is accessible to the disabled. If you require special assistance, please contact Gary Evans at 916-445-4394 to make special arrangements.