STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION
450 N STREET, SACRAMENTO, CALIFORNIA, 95814
PO BOX 942879, SACRAMENTO, CA 94279-0081
916-445-6479 • FAX 916-324-3984
www.boe.ca.gov

CAROLE MIGDEN
First District, San Francisco
Chairwoman

CLAUDE PARRISH
Third District, Long Beach
Vice Chairman

BILL LEONARD
Second District, Ontario

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
NOTICE AND AGENDA

Tuesday, October 19, 2004

Agenda items occur sequentially. When circumstances warrant, the Chairwoman may modify the order of the items on the agenda.

BOARD COMMITTEE MEETING* (convenes at 9:30 a.m.)

PROPERTY TAX COMMITTEE ..... Mr. Parrish, Chairman

1. Assessors' Handbook Section 267, *Welfare, Church, and Religious Exemptions*

BOARD MEETING** (convenes upon adjournment of the Board Committee Meeting)

ORAL HEARINGS

B. CORPORATE FRANCHISE AND PERSONAL INCOME TAX HEARINGS

B1 W. Rocke and Glenda L. Garcia, 252189
For Appellant: Stephen C. Schwarz, CPA
W. Rocke Garcia, Taxpayer
For Franchise Tax Board: Renel Sapiandante, Tax Counsel

B2 Tammy Brewer, 251574
For Appellant: Tammy Brewer, Taxpayer
For Franchise Tax Board: Suzanne Small, Tax Counsel

B3 Rick Spain, 206124, 237220
For Appellant: Rick Spain, Taxpayer
For Franchise Tax Board: Mark McEvilly, Tax Counsel

D. SALES AND USE TAX APPEALS HEARINGS

D1 Davinder Singh Pabla, Mohinder Singh Pabla and Dial Kaur Pabla
194819, 205731
For Petitioner: Rattan Dhaliwal, Attorney
For Department: Kevin Hanks, Hearing Representative

D2 Roofing Technology, 32808
For Petitioner: John E. Youngk, Taxpayer
For Department: Sharon Jarvis, Tax Counsel

D3 Tah Lih Investment, Inc., 194099
For Petitioner: Edward G. Wang, CPA
For Department: Kevin Hanks, Hearing Representative

D4 Ayesh H. Ayesh, 235815
For Petitioner: Ayesh H. Ayesh, Taxpayer
George Fakhouri, CPA
For Department: Kevin Hanks, Hearing Representative

D5 IMA North America, Inc., 203064
For Petitioner: James Kleier, Attorney
For Department: Randy Ferris, Tax Counsel

D6 Bikecology, Inc., 225006
For Petitioner: David Bertoni, Attorney
For Department: Sharon Jarvis, Tax Counsel

D7 Ceramiche Di Cintone, Inc., 214245
For Petitoner: Tony Campanile, Taxpayer
For Department: Kevin Hanks, Hearing Representative

D8 Joyeria Internacional, Inc., 139250
For Petitioner: Kurt Miller, Attorney
Antonio Castaneda, Taxpayer
For Department: Randy Ferris, Tax Counsel

D9 Century Theatres, Inc., 282251
For Claimaint: Carley Roberts, Representative
Andrew McCullough, Taxpayer
For Department: Jeffrey Graybill, Tax Counsel

PETITION FOR RELEASE OF SEIZED PROPERTY

D10 J Top World Corporation, 271883
For Petitioner: Jae Soo Aoh, Taxpayer
For Department: Blanca Breeze, Tax Counsel

E. PROPERTY TAX APPEAL HEARINGS

E1 Cricket Communications (2762), 269795 – “CF”
For Petitioner: Peter Hladek, Representative
Amy Frees, Representative
For Department: Shirley Johnson, Tax Counsel

E2 U.S. TelePacific Corporation (7757), 267288 – "CF"
For Petitioner: Jeffrey A. Mannisto, Attorney
Harvey Rochman, Attorney
Arnie Tesh, Witness
Alfred Harutunian, Witness
Manoj P. Dandekar, Witness
Dominic Santos, Witness
For Department: Reed Schreiter, Tax Counsel

E3 WilTel Communications, Inc. (7819), 270215 – "CF"
For Petitioner: Peter W. Michaels, Attorney
For Department: Reed Schreiter, Tax Counsel

E4 Altrio Communications, Inc. (7910), 269835 – "CF"
For Petitioner: Appearance Waived
For Department: Lou Ambrose, Tax Counsel

F. PUBLIC HEARINGS

F1 Proposed Amendments to Sales and Use Tax Regulation 1619, Foreign Consuls .....Ms. Thurston

Regulation 1619, Foreign Consuls, is proposed to be amended to interpret, implement and make specific Revenue and Taxation Code section 6352. Amendments are proposed, effective June 1, 2003, to incorporate new requirements announced by the federal government for demonstrating exempt sales to foreign consuls and the records that must be retained in the event of audit.

F2 Proposed Amendments to the Rules of Practice, Regulation 5060, 5061, 5062, 5063, and 5064.....Ms. Cazadd

The proposed amendments to the Rules of Practice 5060-5064 interpret and make specific statutory changes governing welfare exemption claim filing requirements and hearing procedures for appealing the Board staff's denial of exemption.

G. TAX PROGRAM NON-APPEARANCE MATTERS – CONSENT

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

- Petition for Rehearing
  1. Steve Gonzalez Alfaro, 198278
- Hearing Notice Sent – No Response
  2. Brian C. Brown, 220983
     Robert C. Hemmer, 221890
- Petition for Release of Seized Property
  3. Giao Van Nguyen, 271876

G2 Franchise and Income Tax Matters..... Ms. Stanislaus

- Decisions
  1. William D. Dogherra, 219662
  2. Mary Elizabeth Grondie, 235456
  3. David Jenkins, 251232
  4. Southern Wine & Spirits of America, 249301
  5. Sean M. Staab, 249316
  6. Estate of Charles G. Tison, 251031
  7. John A. and Barbara J. Vertullo, 241944
- Petitions for Rehearing
  8. Ignatius Anyanwu, 213522
  9. Bruno W. and Charlene O. Schmidt, 192618
  10. Debra Sipich, 239334
  11. Richard E. and Pamela D. Zierenberg, 195329

G3 Homeowner and Renter Property Tax Assistance Matters..... Ms. Stanislaus

- Decisions
  1. Warren J. Chatman III, 240046, 244126
  2. Hsueh-Hua Cheng, 253855
  3. Penkwei S. Chow, 254003
  4. Woo Wha Chu, 254005
  5. Michael Dinh, 254015
  6. Donna L. Holland, 253643
  7. Moses Jacko, 260545
  8. Maria E. Lagarde, 252847
  9. Lam Minh Le, 253615
  10. Patrick Sean Lovett, 255894
  11. Letha F. Maurer, 253820
  12. Lisé L. Miller, 255096
  13. James J. Morrison, 254063
  14. Welven T. Porter, 252959
  15. David Rendon, 253630
  16. Timothy L. Ross, 256243
  17. Flora M. Sheaffer, 257938
  18. Jackie K. Shen, 257942
  19. Hui Ping Shih, 257943
  20. Patricia A. Smith, 252110
  21. Augustine Soto, 252115
  22. Linda Spears, 252116
  23. Arlene Stoico, 252123
  24. Wei Ying Sun, 257947
  25. Catherine Thomas, 256313
  26. Anh Tran, 252177
  27. Huei Ping Chen Tsao, 257975
  28. Koey Vann, 252606
  29. Chi-Sheng Wang, 256335

30. Kwok Wei Wong, 257988
31. Yuan-Chi Wu, 257991
32. Yung Shan Yen, 257999

G4 Sales and Use Taxes Matters .....Mr. Young

- Redeterminations
  1. Scott Mednick & Associates, Inc., 146406
  2. ARC-COM Fabrics, Inc., 249782
  3. ATS Systems Oregon, Inc., 244377
  4. Conseco Finance Vendor Service Corporation, 198986
  5. Corporate Software & Technology, 160886
  6. Stevens Communications, Inc., 223047
  7. Sierracities.com, Inc., 89002345340
- Relief of Penalty
  8. Kern Oil & Refining Company, 253141
  9. Prestige Air, LLC, 262277
  10. Prestige Air, LLC, 262278
  11. Bemusic, Inc., 264516
- Denials of Claims for Refund
  12. Merillat Corporation, 207086
  13. Greenpoint Credit Corporation, 272722
  14. Quality Stores, Inc., 245988
  15. H & R Services, Inc., 201950
  16. Prediwave Corporation, 224776
- Denials of Relief of Penalty
  17. VW Credit Leasing, Ltd., 249458
  18. Cannon Power Corporation, 264771

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

- Credits and Cancellations
  1. Saddleback Recreational Vehicles, Inc., 269638
- Refunds
  2. Los Angeles Department of Water & Power, 164045
  3. Pomona Valley Community Hospital, Ltd., 271334
  4. Anthony Manufacturing Corporation, 268635
  5. California Pacific Medical Center, 269027
  6. Summit Medical Center, 268231
  7. Alta Bates Summit Medical Center, 268222
  8. GEA Power Cooling Systems, Inc., 207096
  9. Professional Hospital Supply, Inc., 240728
  10. Ranroy Company, Inc., 217694
  11. The Golden 1 Credit Union, 266399
  12. Ethicon, Inc., 186037
  13. Rain Bird Sales, Inc., 268647
  14. Ford Motor Company, 270809
  15. Marine World Joint Power Authority, 271298
  16. Emerzian Woodworking, Inc., 207892

17. Marcelo Ruben Garcia, 184498
18. Interreactive Coating Technologies Corporation, 271389
19. Greenpoint Credit Corporation, 46717
20. ACAD Corporation, 270322
21. LNT Inc., 266398
22. Microsoft Corporation, 197917
23. Owens & Minor Distribution, Inc., 210085
24. GTE California Incorporated, 270615
25. Los Angeles Department of Water & Power, 165684
26. Graybar Electric Company, Inc., 172713
27. Valley Credit Union, 262415
28. Travis Credit Union, 266964
29. Recot, Inc., 269350
30. Cerner DHT Inc., 249251
31. Lobel Financial Corporation, 268713
32. Modern Finance Company, 191006
33. Middleton MZ, LLC, 260147
34. Nuvell Credit Corporation, 266958
35. Parmatech, Inc., 241103
36. CIG Financial, 252867
37. Heritage Community Credit Union, 270607

G6 Special Taxes ..... Mr. Gau

- Redeterminations
  1. Vista Paint Corporation, 128529
  2. Vista Paint Corporation, 259650
  3. Amita International Trading Corporation, 250846

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

- Credits and Cancellations
  1. Vista Paint Corporation, 98097
  2. Vista Paint Corporation, 98080
  3. Vista Paint Corporation, 89000960690
  4. Vista Paint Corporation, 89000960680
  5. Vista Paint Corporation, 89000960670
  6. Vista Paint Corporation, 223775
  7. Vista Paint Corporation, 170047
- Refunds
  8. Equilon Enterprises, LLC, 254398 – “CF”
  9. Mandela Gateway Associates, A California LP, 266365
  10. Atlantic Richfield Company, 206947

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

- Petitions for Reassessment of Unitary Value
  1. Pacific Gas & Electric Company (0135), 269508 – “CF”
  2. Duke Energy Oakland, LLC (1105), 270197 – “CF”
  3. Duke Energy South Bay, LLC (1118), 270198 – “CF”

H. TAX PROGRAM NONAPPEARANCE MATTERS – ADJUDICATORY

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

- Hearing Notice Sent – No Response
  1. American Standard Auctioneers, Liquidators, Appraisers, LLC, 145706
- Hearing Notice Sent – Appearance Waived
  2. U.S. Telecom, Inc., 129004
- Cases Heard but not Decided
  3. Glasstone, Inc., 190970
  4. Carpeteria Markarian Company, Inc., 197090

H2 Franchise and Income Tax Matters ..... Ms. Stanislaus

- Decisions
  1. Omar Ahmad, 202283
  2. Northwest Energetic Services, LLC, 236696
  3. Estate of Alice Godsil, 222708
  4. William R. Hallemeyer, 246264
  5. Dajasha J. Love, 240774
  6. Paul Simmons, 224039
- Matter for Board Consideration
  7. Mark R. Raus, 220515

H4 Sales and Use Taxes Matters .....Mr. Young

- Relief of Penalty
  1. Pratt & Whitney Power Systems, Inc., 246470
  2. Borders, Inc., 246251

H6 Special Taxes Matters .....Mr. Gau

- Redeterminations
  1. Tosco Corporation, 133015 – “CF”
  2. Shell Oil Company, 165523
- Denial of Claim for Refund
  3. Olympian Gulf Properties, 245294

H7 Special Taxes Matters – Credits, Cancellations, and Refunds.....Mr. Gau

- Refund
  1. Olympian Gulf Properties, 245294

H8 Property Tax Matters.....Mr. Gau

- Petition for Reassessment of Unitary Value
  1. Virgin Mobile USA, LLC (2767), 252152 – “CF”

I. TAX PROGRAM NONAPPEARANCE MATTERS - NOT SUBJECT TO CONTRIBUTION DISCLOSURE STATUTE

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

- Audit
  1. Cal-Ore Telephone Company (328) – "CF"
- Unitary Escaped Assessments
  2. Norcast Communications (7998) [2003 & 2004] – "CF"
     Hands on Sign Language Services (7999)
     G2 Solutions, Inc. (8000)

CHIEF COUNSEL MATTERS

J. Rulemaking

Sales and Use Tax ..... Ms. Thurston

Section 100 Changes to Regulations

J1 Request for authorization to amend Sales and Use Tax Regulation 1588, Seeds, Plants and Fertilizer
J2 Request for authorization to amend Sales and Use Tax Regulation 1589, Containers and Labels
J3 Request for authorization to amend Sales and Use Tax Regulation 1630, Packers, Loaders, and Shippers

ADMINISTRATIVE SESSION

N. Consent Agenda ..... Ms. Pellegrini

N1 Approval of Board Employee Retirement Resolutions
- Marcia L. Davis
- Todd A. Dingley
- Janet A. Kauffman
- Gerard F. Kelleher
- Eugene S. Kim
- Barbara McCrory
- Don D. F. "Dade" Powers
- Leroy Stevenson
- Linda Villeneuve

N2 Approval of Board Meeting Minutes
- August 24, 2004
- September 8, 2004

N3 Prepayment of Sales Tax on Motor Vehicle Fuel, Diesel Fuel and Jet Fuel
N4 Property Tax Base Year Value Transfer Claim Form
N5 2005 Hazardous Waste Fees and Occupational Lead Poisoning Prevention Fee

O. Board Committee Report

O1 Property Tax Committee

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. Discussion of Legislation

P2 Approval of Contracts Over $1 Million..... Mr. Powers

1. Approval of agreement with the Department of Toxic Substances Control that expires December 31, 2004 (Renewal).

P3 Interagency License Requirements.....Mr. McGuire

1. Report on state agencies that issue occupational permits or licenses to retailers.

ANNOUNCEMENT OF CLOSED SESSION..... Ms. Pellegrini

Q. Closed Session

Q1 Discussion and approval of staff recommendations regarding settlement cases (R&T Code Section 6901, 7093.5, 30459.1 and 50156.11)

Q2 Pending litigation: *All American Pipeline, L.P. v. State Board of Equalization, Santa Barbara County, San Luis Obispo County and Kern County,* Santa Barbara County Superior Court Case No. 01132604 (Government Code Section 11126(e)

Q3 Discussion and action on personnel matters (Government Code Section 11126(a))

OPEN SESSION

R. TAXPAYERS' BILL OF RIGHTS HEARINGS

R1 BUSINESS TAXPAYERS' BILL OF RIGHTS HEARINGS .....Mr. Gilman

Individuals have the opportunity to present their ideas, concerns, and recommendations regarding legislation, the quality of agency services, and other issues related to the Board's administration of its tax programs. At the Business Taxes hearings you can comment on the administration of sales and use taxes, environmental fees, fuel taxes, and excise taxes.

R2 PROPERTY TAXPAYERS' BILL OF RIGHTS HEARINGS.....Mr. Gilman

Individuals have the opportunity to present their ideas, concerns, and recommendations regarding legislation, the quality of agency services, and other issues related to the Board's administration of its tax programs. At the Property Taxes hearings you can comment on the property taxes programs and laws administered by the Board, and identify ways to resolve any problems identified in the Property Taxpayers' Advocate's Annual Report.

ADJOURN

If you wish to receive this Notice and Agenda electronically, you can subscribe at 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. 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.

"CF" Constitutional Function – The Deputy State Controller may not participate in this matter under Government Code section 7.9.

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 who commented orally or in writing or who 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 time for additional comments.

Agenda items occur sequentially. When circumstances warrant, the Chairwoman may modify the order of items as they appear on the agenda. The hearing location is accessible to the disabled. If you require special assistance, please contact Gary Evans at (916) 445-4394, or e-mail Gary.Evans@boe.ca.gov, to make special arrangements.