

STATE BOARD OF EQUALIZATION  
450 N STREET, SACRAMENTO, CALIFORNIA  
(PO BOX 942879, SACRAMENTO, CA 94279-0001)  
TELEPHONE (916) 445-6479  
FAX (916) 324-3984  
www.boe.ca.gov



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Executive Director

**STATE BOARD OF EQUALIZATION MEETING  
450 N STREET, SACRAMENTO  
SEPTEMBER 11-12, 2002  
NOTICE AND AGENDA**

**WEDNESDAY, SEPTEMBER 11, 2002**

**BOARD COMMITTEE MEETINGS\* (convenes 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
    - SB 39 Property taxation: new construction: underground storage tanks
  - ❑ Business Taxes
    - AB 3012 Cigarette tax increase: operative dates
    - SB 1843 Cigarette tax enforcement

❖ **Customer Services & Administrative Efficiency Committee—Room 121**

Mr. Chiang, Chair

Staff, Ms. Jerri Dale (916) 445-6188

- Board consideration of Fiscal Year 2003-04 Budget Change Proposals (BCPs)
  - Proposal No. 1 Production Printers Replacement
  - Proposal No. 2 Support Budget Needs
  - Proposal No. 3 Taxpayer Assistance Center Workload Growth
  - Proposal No. 4 Board Proceedings Division Workload Growth
  - Proposal No. 5 Public Records Act Response Workload
  - Proposal No. 6 SB 1701 – Alternative Cigarette Stamping

❖ **Business Taxes Committee—Room 121**

Mr. Parrish, Chair

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

- Proposed regulatory changes to clarify the definition of “worn on the body” in regard to orthotic and prosthetic devices; and to include specified clinics as health facilities per AB 646 (Regulation 1591, Medicines and Medical Devices)

**BOARD MEETING\*\* (convenes upon adjournment of the Business Taxes Committee)**

❖ **SENIOR CITIZEN & HOMEOWNERS AND RENTER ASSISTANCE CLAIM HEARING**

- ❑ Bogomil Atanasov, 152408

**❖ CORPORATE FRANCHISE AND PERSONAL INCOME TAX HEARINGS**

- ❑ Christian Community Credit Union, 144236
- ❑ J. Allen & Carol A. Beebe, 88463  
OCAT, Inc., 88699
- ❑ Antonio Langham, 141888
- ❑ Garrison Hearst, 142388
- ❑ Robert K. and Judith S. Adams, 149730

**BOARD COMMITTEE MEETING\* (convenes at 1:30 p.m.)****❖ Property Tax Committee—Room 121**

Dr. Connell, Chair

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

- Guidelines on the Assessment of Billboards – Status Report
- Appraiser Certification Rules – Proposed Property Tax Rule 284, and Revisions to Rules 281, 282 and, 283

**BOARD MEETING\* (convenes upon adjournment of the Property Tax Committee)****❖ PUBLIC HEARINGS**

- Proposed Amendment of Sales and Use Tax Regulation 1502, Computers, Programs and Data Processing

Regulation 1502, Computers, Programs and Data Processing, is proposed to be amended to interpret, implement and make specific Revenue and Taxation Code section 6011 and 6012. Amendment is proposed to provide that 50 percent of the lump-sum charge for an optional software maintenance agreement is for the sale of tangible personal property and is subject to tax, and the remaining 50 percent of the lump-sum charge is a nontaxable charge for repair; to make non-substantive revisions throughout the regulation that reformat text and language consistent with current standards and delete references to obsolete computer processes; to conform the definition of digital pre-press instructions to the language used in recently amendments to Regulations 1540, Advertising Agencies and Commercial Artists, and 1541, Printing and Related Arts, and to remove gender-specific language.

- Proposed Adoption of Sales and Use Tax Regulation 1535, Race Horse Breeding Stock

Proposed Regulation 1535, Racehorse Breeding Stock, is proposed to be promulgated to interpret, implement and make specific Revenue and Taxation Code section 6358.5, which provides an exemption for state, but not from local or district, sales and use tax for sales and purchases of racehorse breeding stock. The proposed regulation provides definitions of terms used in the statute and clarification with respect to the application of the partial exemption to the sale and use of racehorse breeding stock. The proposed regulation has an operative date of September 1, 2001.

- Proposed Adoption of Sales and Use Tax Regulation 1671.1, Rebates and Incentives

Proposed Regulation 1671.1, Rebates and Incentives, is proposed to be promulgated to interpret, implement and make specific Revenue and Taxation Code sections 6011 and 6012. The regulation is proposed to promulgate in regulatory form current Board policies regarding when rebates and buy-downs are included in gross receipts or sales price, with the new requirement that the customer have knowledge of certain rebates and buy-downs.

➤ Proposed Adoption of Sales and Use Tax Regulation 1703, Interest and Penalties

Proposed Regulation 1703, Interest and Penalties, is proposed to be amended to interpret, implement and make specific Revenue and Taxation Code sections 6485 and 6514. Amendments are proposed to declare that the applicable burden of proof for a finding of fraud is “clear and convincing evidence.”

❖ **BUSINESS TAXES APPEALS HEARINGS**

- ❑ Chris K. Sugai, 40759
- ❑ Cellular Solutions, Inc., 89000355440
- ❑ Industrial Systems Associates, Inc., 42237
- ❑ Norvel R. Wright, 89000689740
- ❑ Veracom Holdings Corporation, 89002072300
- ❑ Tulip Publishing & Graphics, Inc., 134874
- ❑ Orville Vincent Paul, Jr. (Deceased) and Barbara Theresa Paul, 113126
- ❑ Scott R. Hicks, 87617

**THURSDAY, SEPTEMBER 12, 2002**

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

❖ **CLOSED SESSION**

- Discussion and approval of staff recommendations regarding settlement cases (R&T Code § 7093.5, 30459.1, 50156.11)
- Discussion of potential litigation case—Writ of Mandate: Department of Rehabilitation (Govt. Code § 11126 (e))
- Discussion of possible enforcement action for failing to apply Rule 139 – Disaster Relief Related to September 11 (Govt. Code § 11126 (e))
- Discussion and action on court case—El Dorado Palm Springs Ltd. v. Riverside County Board of Supervisors, Court of Appeal Fourth Appellate District, Division 2, E030299, (Superior Court No. RIC 337011) (Govt. Code § 11126 (e))
- Discussion and action on court case—Martha Marquez v. State Board of Equalization, Sacramento County Superior Court Case No. 01AS02924 (Govt. Code § 11126 (e))
- Discussion and action on court case—Kevin Freels, as Administrator of the Estate of Jack D. Freels v. State Board of Equalization, Sacramento County Superior Court Case No. 95AS05455 (Govt. Code § 11126 (e))
- Discussion and action on Personnel Matters (Govt. Code § 11126 (a))

❖ **ADMINISTRATIVE SESSION**

- FY 2003–2004 Budget Reduction Options
- San Bernardino County Time Request for 2002-2003 Local Assessment Roll
- Adoption of Proposed 2003 Board Workload Plan
- **CONSENT AGENDA**
  - ❑ Approval of Retirement Resolutions
    - Kenneth Krikava
    - William Wesley Hamiel
    - Stephanie JoAnn Sims
  - ❑ Adoption of Board Meeting Minutes
    - July 9, 2002
    - July 31-August 1, 2002

- ❑ Adoption of Corrected Board Meeting Minutes
    - March 12, 2002
    - April 18, 2002
  - ❑ Adoption of 2003 Diesel Fuel Tax Rate for Interstate Users
  - ❑ Adoption of 2002-2003 Emergency Telephone Users Surcharge Rate
  - ❑ Adoption of 2003 Hazardous Waste Fees, and 2002 Occupational Lead Poisoning Prevention Fee
- **BOARD COMMITTEE REPORTS**
- ❑ Approval of the September 11, 2002 Board Committee Minutes
    - Legislative Committee
    - Customer Services and Administrative Efficiency Committee
    - Business Taxes Committee
    - Property Tax Committee
- ❖ **CHIEF COUNSEL MATTERS**
- A. Rulemaking**
- Discussion of appropriate action to be taken regarding the withdrawn Regulation from the Office of Administrative Law
    1. Regulation 1616, Federal Areas
  - Section 100 Changes (No Regulatory Effect)
    2. Regulation 1525.2, Manufacturing Equipment
- B. Property Tax Matters**
- Consideration of Findings and Decisions – State Assessee Petition for Reassessment of Unitary Escape Assessment
    1. Pac-West Telecomm, Inc. (2043), 19387
  - Consideration of Notices of Decision – Applications for Review, Equalization and Adjustment of Assessments
    2. City of Long Beach, 133283
    3. City of Los Angeles, 133353
- ❖ **TAX PROGRAM NON-APPEARANCE MATTERS—ADJUDICATORY**
- C. Legal Appeals Matters**
- Petitions for Rehearing
    1. VTE Sports Productions, Inc., 33985
    2. Young Boo Moon, 89000024880
    3. Z.E.I. Acquisition Corporation, 89002234310
    4. Conam-MMP, Inc., 89000966320
    4. Conam Inspection, Inc., 89002320200
  - Cases Heard But Not Decided
    5. Naranbhai B. Patel, 34350
    5. Naranbhai Bapudas Patel, 34351
    6. Home Tech Security, Inc., 97864
    7. Baron Brothers Nursery, Inc., 93435
    8. Barnes & Noble.Com, 89872
    9. Fashion Marking Services, Inc., 89002434400
    10. Vasant Kale, 89002204350

**D. Franchise & Income Tax Matters**

- Opinions
  1. Pacific Corp., 90027
- Decisions
  2. John T. Nickel, 104288
  3. Sam Anton, 126840
  4. David Scharf, M.D., Inc., 134020
  5. Donoco Enterprises Trust, 135314
  5. Donald K. Mullins, 135331
  5. Keithlee Family Trust, 135339
  6. Eugene P. Smith, 136380
- Petitions for Rehearing
  7. Dale Mitchell Heindell, 103375
  8. Richard Delgado, 129715

**E. Sales and Use Taxes Matters—Credits, Cancellations and Refunds**

- Credits and Cancellations
  1. AT&T Communications of Calif., 150422

**E.1. Special Taxes Matters—Credits, Cancellations & Refunds**

- Refunds
  1. SunAmerica Life Insurance Company, 89000899800 – “CF”

**❖ TAX PROGRAM NON-APPEARANCE MATTERS—CONSENT****F. Legal Appeals Matters**

- Hearing Notice Sent – No Response
  1. Dennis R. Wade, 89002438270
- Hearing Notice Sent – Appearance Waived
  2. Harbor Electronics, Inc., 80109
  2. Harbor Electronics, Inc., 89000681020
  3. Albert Kelly Ruiz, 89000025720
  4. Basim Jawad Ridha, 75690
  5. Summit Imports, Inc., 89002311430
  6. Alan Mitchell Brawer, 89002195380
  7. Rodney Nardi, 55870
  7. Hollywood at the El Rey Incorp., 55875

**G. Franchise & Income Tax Matters**

- Decisions
  1. Alphonso Eiland, 130105
  2. Kendall L. Jones, 150796
  3. Dawn Granath, 152567
  4. Karen Schoonmaker, 152618
  5. Steve Miraglia, 153385
  6. Jerald J. Droll, 154078
  7. Peter Y. Huang, 163814
- Petitions for Rehearing
  8. Stanley D. Kaye, 118471
  9. Dorothy Eakins, 139376
  10. Timothy K. Quick, 89002465050

**H Homeowner and Renter Property Tax Assistance Matters**

- Decisions
  1. Tracy Walker, 139751
  2. Louis Charles Shepherd, Jr., 153316
  3. Nami Park, 153320
  4. Doris Holly-Barksdale, 154044
  5. Catherine Nnoruka, 154085
  6. Julia Flores, 154117
  7. Glenn Johnson, 154123
  8. Leonard Haring, 154128
  9. Sophialoan La, 156133
  10. Daniel W. James, 156249
  11. Remigio Gutierrez, 156254
  12. Flarieh Isakharian, 156268
  13. Kimberly Aguilar, 156880
  14. Mikhail Poyurovskiy, 166738

**I. Sales and Use Taxes Matters**

- Redeterminations
  1. Econo-Lube, Inc., 58339
  2. Pharmacia & UpJohn Company, 109505
  3. Peak Technologies, Inc., 151016
  4. Aircraft Ventures LLC, 141462
  5. Super Marine of California Ltd., 143439
  6. Thermo Black Clawson, Inc., 141871
  7. Atofina Chemicals, Inc., 154909
- Relief of Penalty
  8. Lucky Stores, Inc., 183933
  9. Lucky Stores, Inc., 183935
  10. Agilent Financial Services, Inc., 183731
  11. Calpeak Power LLC, 183932
  12. Lucky Stores, Inc., 183937
- Denials of Claims for Refund
  13. Troy Plastics of California, Inc., 157345
  14. Advanced Architectural Frames, 143621
  15. Principal Life Insurance Company, 185947
  16. Coach, Inc., 129060

**J. Sales and Use Taxes Matters—Credits, Cancellations and Refunds**

- Credits and Cancellations
  1. Camera Platforms Internat'l, Inc., 184842
  2. Amgen, 185997
  3. Transamerican Plastics Corp., 183733
  4. Bugle Boy Industries, inc., 185858
  5. Colinear System, Inc., 184335
  6. Arashinder Singh, 184334
- Refunds
  7. D.Longo, Inc., 161357
  8. Bofors, Inc., 167172
  9. Mc-Grath Steel Co., 186346
  10. Toshiba Machine Co. America, 154559
  11. Comp USA, Inc., 17115
  12. Tri-City Hospital District, 98670
  13. Southwest Marine, Inc., 60024
  14. Mc-Whorter Stationery Co., Inc., 144012
  15. Mitsubishi International Corp., 185757

16. Great Lakes Dredge & Dock Co., 182807
17. Benchmark Confrnc. Resorts Calif., 183144
18. Miele, Incorporated, 162325
19. Principal Life Insurance Co., 28982
20. Reliant Energy Etiwanda, LLC, 163713
21. Associated Sales & Bag Co., inc., 100008
22. Re'Nu Office Systems, Inc., 142409
23. G P Resources, Inc., 145227
24. Northridge Equipment Co., 119175
25. California State Automobile Assn., 135462
26. California State Automobile Assn., 183143
27. Odenberg, Inc., 97572
28. Patelco Credit Union, 127953
29. Sym-Tek Incorporated of Minnesota, 181842
30. Interwave Communications, Inc., 164708

**K. Special Taxes Matters**

- Relief of Penalty
  1. Geico General Insurance Co., 184325 – “CF”
  2. Government Employees Insurance Co., 184326 – “CF”
  3. Safety National Casualty Corp., 185733 – “CF”
- Redeterminations
  4. National Petroleum Marketing, Inc., 89000189310

**L. Special Taxes Matters—Credits, Cancellations and Refunds**

- Refunds
  1. McLane Suneast, Inc., 183555
  2. American Procurement & Lgstcs Co., 183556
  3. American Home Assurance Co., 156372 – “CF”
  4. McLane Sunwest, Inc., 186370

**M. Property Taxes Matters**

- Petition for Reassessment of Unitary Value
  1. San Diego Gas & Electric Co., 183395 – “CF”
  2. Southern California Gas Co., 183411 – “CF”
  3. Primus Telecommunications, Inc., 174275 – “CF”
- Petition for Penalty Abatement on Unitary Value
  4. Lodi Gas Storage LLC, 183584 – “CF”
  5. Via Wireless LLC, 183956 – “CF”
  6. Ubiquitel Operating Company, 183768 – “CF”
  7. Omnipoint Communications, inc., 184073 – “CF”
  8. Federal Communications Corp., 174283 – “CF”
  9. Mt Big Bear, Inc., 183582 – “CF”
  10. True America Communications, 183708 – “CF”
  11. Enhanced Gloal Convergence Services, Inc., 174267 – “CF”
  12. U.S.A. Softronic Corporation, 173592 – “CF”
  13. Verizon Avenue Corp., 173595 – “CF”
  14. Novatel Global LLC, 183766 – “CF”
  15. BAK Communications, LLC, 183410 – “CF”
  16. Dial Thru International Corporation, 183413 – “CF”
  17. Universal Access, Inc., 183736 – “CF”

❖ **TAX PROGRAM NON-APPEARANCE MATTERS—NOT SUBJECT TO CONTRIBUTION DISCLOSURE STATUTE**

**N. Property Taxes Matters ----- Mr. Gau**

- Unitary Assessment
  1. Winstar Communications, LLC, (7935) – “CF”
- Audit
  2. Rythym Links, Inc., (7719) – “CF”
- Roll Corrections
  3. 2001 and 2002 Board Rolls - “CF”

❖ **CORPORATE FRANCHISE AND PERSONAL INCOME TAX HEARINGS**

- ❑ William and Edna Fehring, 162752
- ❑ Bronco Wine Co., 138562

❖ **LOCAL TAX REALLOCATION HEARING**

- ❑ Cities of Fremont, Signal Hill and Long Beach, 172019

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](mailto: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 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.

\*Public comment on any committee agenda item will be accepted at the beginning of the committee meeting.

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

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.