



STATE BOARD OF EQUALIZATION
450 N STREET, SACRAMENTO, CALIFORNIA, 95814
PO BOX 942879, SACRAMENTO, CA 94279-0081
916-322-2270 • FAX 916-324-3984
www.boe.ca.gov

BETTY T. YEE
Acting Member
First District, San Francisco

BILL LEONARD
Second District, Sacramento/Ontario

CLAUDE PARRISH
Third District, Long Beach

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, January 25, 2005

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

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

LEGISLATIVE COMMITTEE Ms. Yee, Chairwoman

Suggestions for Property Taxes and Business Taxes (General, Sales and Use Taxes, and Special Taxes) legislation to be sponsored by the Board in the first year of the 2005-06 Legislative Session. Additional suggestions will be included on the agenda for February 2005.

- **2005 Legislative Proposals—Property Taxes**
 - Amend Revenue and Taxation Code sections 254.5 and 254.6 to clarify the procedures for supplemental clearance certificates for managing general partners.
 - Amend section 63.1 of the Revenue and Taxation Code to provide that the existence of a stepparent will not disqualify a grandchild from receiving the grandparent-grandchild change in ownership exclusion when the stepparent is still considered to be a “child” (as a son-in-law or daughter-in-law) of the grandparent for purposes of the parent-child change in ownership exclusion.
- **2005 Legislative Proposals—Business Taxes (General)**
 - Amend section 6479.3 of the Sales and Use Tax Law to eliminate the requirement that persons voluntarily electing to remit amounts due by electronic funds transfers must do so for a minimum of one year. Similar amendments would be made to the Special Taxes laws.
- **2005 Legislative Proposals—Business Taxes (Special Taxes)**
 - Amend section 22979.2 of the Business and Professions Code to include imported cigarettes when computing the administration fee for manufacturers and importers that begin operations after January 1, 2004.

- Amend section 22978.4 of the Business and Professions Code to revise the distributor and wholesaler invoicing requirements for the sale of cigarettes or tobacco products.
- Amend sections 22978.7 and 22979.7 of the Business and Professions Code to clarify the penalty for second or subsequent violations of the Cigarette and Tobacco Products Licensing Act.
- Add section 30361.5 to the Revenue and Taxation Code to apply excess tax reimbursement to persons that represent amounts as reimbursement for taxes imposed upon the distribution of tobacco products when such amounts are computed upon an amount that is not taxable or is in excess of the tax amount.

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

ORAL HEARINGS

A. CORPORATE FRANCHISE AND PERSONAL INCOME TAX HEARINGS

- A1 Weyerhaeuser Company & Subsidiaries, 104355, 246164
For Claimant: Jeffrey M. Vesely, Attorney
Kerne H.O. Matsubara, Attorney
For Franchise Tax Board: Carl Joseph, Tax Counsel
- A2 ~~Alan F. and Rita K. Shugart, 221743~~
For Appellant: Christopher Whitney, CPA
For Franchise Tax Board: Jozel Brunett, Tax Counsel
- A3 W. Rocke and Glenda L. Garcia, 252189
For Appellant: Charles Sabes, Attorney
John C. Pfahnl, Jr., CPA
For Franchise Tax Board: Renel Sapiandante, Tax Counsel
- A4 APAC Group, 259988
For Claimant: I. L. Leiber, CPA
Robert Andrews, Taxpayer
For Franchise Tax Board: John Penfield, Tax Counsel
- A5a Richard Courtney, 219041 - Request to Vacate Decision dated 9/8/04
A5b Richard Courtney, 219041
For Appellant: Richard Courtney, Taxpayer
For Franchise Tax Board: Mark McEvelly, Tax Counsel

B. SALES AND USE TAX APPEALS HEARINGS

- B1 J. Beck, Inc., 205030
For Claimant: Steven K. Beckett, Attorney
Lawrence D'Souza, Representative
For Department: Sharon Jarvis, Tax Counsel
- B2 American Mechanical Dredge, Inc., 217925
For Petitioner: John F. Mizner, Attorney
For Department: Randy Ferris, Tax Counsel
- B3 ~~Fassel Mahmoud Elder, 197550~~
For Petitioner: Fassel M. Elder, Taxpayer
George Fakuri, CPA
For Department: Kevin Hanks, Hearing Representative
- B4 James Harper, 240351
For Petitioner: John M. Thorpe, Attorney
James Harper, Taxpayer
For Department: Anthony Epolite, Tax Counsel
- B5 Juvenile Lifestyles, Inc., 199168
For Petitioner: Saralyn Currie, Taxpayer
Gregory J. Rebens, Attorney
James Phillips, CPA
For Department: Kevin Hanks, Hearing Representative
- B6 Chuck Patterson, Inc., 209737
For Petitioner: Abe Golomb, Representative
For Department: Sharon Jarvis, Tax Counsel
- B7a Angela D. Dayan, 187063
B7b Angela D. Dayan and A.D., Inc., 209386, 269686
For Petitioner: Angela D. Dayan, Taxpayer
For Department: Kevin Hanks, Hearing Representative

C. SPECIAL TAXES APPEALS HEARINGS

THERE ARE NO ITEMS FOR THIS MATTER

D. HOMEOWNER AND RENTER PROPERTY TAX ASSISTANCE HEARINGS

THERE ARE NO ITEMS FOR THIS MATTER

E. PROPERTY TAX APPEAL HEARINGS

THERE ARE NO ITEMS FOR THIS MATTER

F. PUBLIC HEARINGS*THERE ARE NO ITEMS FOR THIS MATTER***G. TAX PROGRAM NON-APPEARANCE MATTERS – CONSENT****G1 Legal Appeals MattersMr. Levine**

- Petition for Rehearing
 1. Ashok V. Parmar, Purnima A. Parmar, and Mahinder Parmar, 89678, 89816, 89000005150
- Hearing Notices Sent – No Response
 2. Harjinder S. Birdi, 215318
 3. Big Sky Entertainment Corporation, 219184
 4. Vicente Aranda, 220110
- Petitions for Release of Seized Property
 5. Daniel Suor and Vuthony Lim, 287309
 6. Mark Albert Williams, 288943

G2 Franchise and Income Tax Matters Ms. Stanislaus

- Opinion
 1. Elizabeth Montes, 224954
Dennis A. Speldrick, 225542
- Decisions
 2. John Barry, 250920
 3. Ami E. and Alice K. Berkowitz, 259984
 4. Danette Brown, 266630
 5. Matthew D. Close, 265394
 6. Thomas R. Delong, 219482
 7. Lawrence O. and Donna J. Deti, 260839
 8. Stephen G. Donelan, 258768
 9. Paul F. Dossin, 259949
 10. George C. and Lois J. Dostal, 260834
 11. Brandon J. Gaffney, 253994
 12. Amir and Zainab Kanji, 262253
 13. Tarlochan Singh Lasher, 260933
 14. James G. Malick, 237213
 15. P.I.S. Inc., 255799
 16. Retrotech, LLC, 254442
 17. Adolfo Reyes, 262547
 18. Maarifa and Alyssa Roho, 265790
 19. Susan Lynne Sabin, 260586
 20. Forrest Sackey, 259428
 21. Howell and Sandra B. Thomas, 268638
- Petitions for Rehearing
 22. Colin G. Campbell, 224478
 23. Wayne A. Cronos, 219478
 24. George Green, 243529

25. Hernan Jacobo, 243392
26. Mark R. Raus, 220515
27. Douglas C. Roberts, 221165
28. Brian M. Sakae, 215268

G3 Homeowner and Renter Property Tax Assistance Matters Ms. Stanislaus

- Decisions
 1. Joseph B. Felton, 260831
 2. Mary Ann Greenly, 257684
 3. Patrick Henry, 261157
 4. Baolian Li, 255089
 5. Kieu A. Luong, 264536
 6. Jennifer Peach, 260986
 7. Amanda Perez, 268771
 8. Pamela Rene Saucer, 263143
 9. William C. Young, 264530
 10. Alberto Zaragoza, 263156
- Petitions for Rehearing
 11. Betty I. Higgins, 251392
 12. Theresa M. Slater, 243390

G4 Sales and Use Taxes Matters Ms. Henry

- Redeterminations
 1. U.S. Borax, Inc., 244125
 2. U.S. Borax, Inc., 244121
 3. County of San Diego, 196703
 4. Great Circle Family Foods LLC, 244406
 5. Exxon Mobil Corporation, 238357
 6. Corporate Express Office Products, Inc., 171210
 7. Cornerstone Propane, L.P., 244756
 8. Thompson PBE, Inc., 209821
 9. Plastofilm Industries, Inc., 252970
 10. McGraw-Hill, Inc., 186691
 11. Wallace Computer Services, Inc., 254680
 12. Patterson Fan Company, Inc., 260813
- Relief of Penalty
 13. Wickes Furniture Company, Inc., 282337
 14. Newport Fab LLC, 289955
 15. Philips Medical Capital LLC, 286515
 16. Ontario T, Inc., 288786
- Denials of Claims for Refund
 17. HBS Equipment Corporation, 282915
 18. Suncare Respiratory Services, Inc., 289574
 19. Reid Plastics West, Inc., 110528
 20. Centellax, Inc., 250575
 21. The Standard Register Company, 290022
 22. Lori Hannigan Grigg, 89002149110

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

- Credit and Cancellation
 1. 301 North Canon LLC, 284691
- Refunds
 2. Kawasaki Motors Corporation USA, 224851
 3. International Paper Company, 287539
 4. Fotokem Industries, Inc., 234739
 5. Wells Fargo Foothill, Inc., 173596
 6. Creative Litho, 250573
 7. County of Alameda, 284016
 8. Pacific Racing Association, 289031
 9. Hydraulic Controls, Inc., 245781
 10. ESRI, Inc., 284017
 11. Joe T. Morales, 287584
 12. Alternative Materials Technology, 264512
 13. Scripps Health, 265905
 14. San Jose Surgical Supply, Inc., 219115
 15. Wyse Technology, 235509
 16. Fujitsu Network Communications, Inc., 261872
 17. Chronimed, Inc., 187536
 18. Random House, Inc., 253334
 19. Exxon Mobil Corporation, 209389
 20. Printrak International, Inc., 206936
 21. Harris Corporation, 241232
 22. I. C. Security Printers, Inc., Mfg., 286894
 23. NEC Solutions (America), Inc., 239690
 24. Mercedes-Benz USA LLC, 269958
 25. Rehrig Pacific Company, 268183
 26. Teklogix Corporation, 196914
 27. Banana Republic (California) LLC, 284405
 28. Perceive, LLC, 224766
 29. Suncare Respiratory Services, Inc., 88323
 30. Spectrum Grafix, Inc., 243915
 31. Westinghouse Electric Company, LLC, 249234
 32. Xel Communications, Inc., 254691
 33. Lightconnect, Inc., 233910
 34. Xcel Pharmaceuticals, Inc., 286437
 35. AT&T Corporation, 282345
 36. GTE California, Inc., 51429
 37. The Standard Register Company, 285737
 38. American Cyanamid Company, 284800
 39. Teradyne, Inc., 284612
 40. Irvine Photo Graphics, Inc., 131493
 41. JRH Biosciences, Inc., 253553
 42. Axolotl Health Systems, Inc., 284162
 43. Onyx Software Corporation, 286434

44. Capital One Auto Finance, Inc., 244187
45. Morales Olive and Palm Trees LP, 287583
46. Heritage Community Credit Union, 272101

G6 Special Taxes Matters Mr. Gau

- Redetermination
 1. Texaco Refining and Marketing, Inc., 163292
- Relief of Penalty
 2. Axa Re America Insurance Company, 220208 – “CF”
 3. Virginia Surety Company, Inc., 240631 – “CF”

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

- Refunds
 1. BP West Coast Products LLC, 192498 – “CF”
 2. Ultramar, Inc., 233952 – “CF”
 3. Equitable Life Assurance Society of U.S., 284781 – “CF”

G8 Property Tax Matters Mr. Gau

THERE ARE NO ITEMS FOR THIS MATTER

H. TAX PROGRAM NONAPPEARANCE MATTERS – ADJUDICATORY

H1 Legal Appeals Matters Mr. Levine

- Petition for Rehearing
 1. Pacific PAC, Inc., 192571
- Hearing Notice Sent – Appearance Waived
 2. Damirus Corporation, 172808
- Cases Heard But Not Decided
 3. Joyeria Internacional, Inc., 139250
 4. D & G Marine, Inc., 82414, 90009, 207531
Doug Bombard Enterprises, Inc., 240445
- Matters for Board Consideration
 5. LSI Logic Corporation, 191373
 6. Cypress Semiconductor Corporation, 217681
 7. Sun Microsystems, Inc., 206151
 8. Symbol Technologies, Inc., 193082
 9. Exar Corporation, 205915, 222138
 10. LAM Research Corporation, 223039
 11. KLA-Tencor Corporation, 223040
 12. Rockwell Automation, Inc., 223054
 13. National Semiconductor Corporation, 223056
 14. Advanced Cardiovascular Systems, Inc., 223057
 15. Adaptec, Inc., 223059
 16. Powerwave Technologies, Inc., 234319
 17. ESS Technology, Inc., 222193
 18. Beckman Coulter, Inc., 221051
 19. Hewlett-Packard Company, 158429, 186038

20. Integrated Device Technology, Inc., 223058
21. Intel Corporation, 222188
22. Level One Communications, Inc., 222189

H2 Franchise and Income Tax Matters Ms. Stanislaus

- Opinion
 1. Southern Wine & Spirits of America, 249301
- Decisions
 2. Armando H. Arizmendiz, 246541
 3. James Kenney, 261084
 4. Robert J. Murphy, 255127
 5. Seymour I. Neuman, 252228

H3 Homeowner and Renter Property Tax Assistance Matters Ms. Stanislaus

- Decisions
 1. Pierre R. Marsh, 253623
 2. Stephen Sanders, 255543

H4 Sales and Use Taxes Matters Ms. Henry

- Redeterminations
 1. The Cessna Aircraft Company, 145715
 2. Cessna Finance Corporation, 187302
- Relief of Penalty
 3. Lion Motors, Inc., 283471
- Denial of Claim for Refund
 4. SNK America, Inc., 281279

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

- Credits and Cancellations
 1. Arnold J. Goldman, 259625
 2. Arnold J. Goldman, 259638
- Refunds
 3. SNK America, Inc., 224773
 4. Morgan Stanley & Company, Inc., 111375
 5. Valley Credit Union, 282865
 6. CIT Financial USA, Inc., 206926
 7. Corporate Carrots, Inc., 263739

H6 Special Taxes Matters Mr. Gau

THERE ARE NO ITEMS FOR THIS MATTER

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

THERE ARE NO ITEMS FOR THIS MATTER

H8 Property Tax Matters Mr. Gau

THERE ARE NO ITEMS FOR THIS MATTER

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

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

- Unitary Escaped Assessment
 - 1. Korea Telecom America, Inc., (7781) – “CF”
- Unitary & Nonunitary Land/Improvements Escaped Assessments
 - 2. Pacific Gas & Electric Company (135) - “CF”
 - Sierra Pacific Power Company (146) – “CF”
 - The Pacific Bell Telephone Company (279) – “CF”
 - Union Pacific Railroad Company (843) – “CF”
 - Sprint Communications Company, L.P., (2014) – “CF”
 - Electric Lightwave, Inc., (2430) – “CF”
 - Los Angeles SMSA Limited Partnership (2532) – “CF”
 - Sprint Spectrum L.P. (2722) – “CF”
 - Metro PCS California/Florida, Inc., (2733) – “CF”

CHIEF COUNSEL MATTERS

J. Rulemaking

Sales and Use Tax..... Ms. Jarvis

Section 100 Change to Regulations

- J1 [Request for authorization to amend Sales and Use Tax Regulation 1698, Records](#)
- J2 [Request for authorization to amend Sales and Use Tax Regulation 1703, Interest and Penalties](#)

Property Tax..... Mr. Ambrose

Request for adoption of revised language

- J3 [Rules of Practice, Regulation 5082.2, Property Tax Petitions: Finality of Decision; Petition for Rehearing](#)

The change to the proposed amendment removes the date limitation on the Board’s authority to modify a decision on a property tax petition to correct a clerical error. The change is necessary because the Board is not required to hear and decide petitions for property tax hearings, except petitions for reassessment of unitary and nonunitary value, by December 31 of the year of the notice. Moreover, the Board has authority to correct a petition for reassessment after December 31 because a correction of a clerical error would not be considered a decision on the petition.

Administrative.....Ms. Ogrod

Request for adoption of revised language

J4 Conflict of Interest Code, Regulation 6001, General Provision

Stylistic revisions are being made to the language of Regulation 6001. Proposed changes to Appendix A reflect classification and organizational changes that have taken place at the Board. New programs administered by the Board are being added to Appendix B. Additionally, Appendices A and B are being amended to ensure that employees neither over nor under report their economic interests. These revisions are consistent with the recommendations of the Fair Political Practices Commission.

K. Business Taxes*THERE ARE NO ITEMS FOR THIS MATTER***L. Property Tax..... Mr. Ambrose**

- Board Consideration of Findings and Decisions
 - L1 360 Networks (USA), Inc., (7779), 270478

M. Other Chief Counsel Matters*THERE ARE NO ITEMS FOR THIS MATTER***ADMINISTRATIVE SESSION****N. Consent Agenda..... Ms. Pellegrini****N1 Approval of Board Employee Retirement Resolutions**

- Kenneth D. Fox
- Jack A. Infranca
- Vicky S. Kjer
- Chuck O. Obasi
- William R. (Bill) Pitts
- L. Colleen Regalado
- Marilyn Springer

N2 Approval of Board Retirement Resolution

- Gary L. Orso

O. Board Committee Report

O1 Legislative 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. 2005-06 Board Budget

- P2 Offers-in-Compromise Recommendations.....Ms. Ograd**
1. Lubrication Systems, Inc.
 2. David and Susan Bagley
 3. Edward W. Shinner
 4. Luis Sanchez
 5. Lawrence Canter
 6. Scott Agajanian

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

OPEN SESSION

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.

Agenda items occur sequentially. When circumstances warrant, the Chair 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.