

STATE BOARD OF EQUALIZATION

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Third District, Rolling Hills Estates

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Fourth District, Los Angeles

JOHN CHIANG
State Controller

RAMON J. HIRSIG
Executive Director

**STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
July 17, 2007
NOTICE AND AGENDA
Meeting Agenda (as of 10:17 a.m., 7-10-07)
Agenda Changes**

Listen Live on Tuesday, July 17, 2007

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

Board Meeting convenes upon adjournment of the Board Committee Meeting.**

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 MEETING*

Legislative Committee Ms. Chu, Committee Chairwoman+

Suggestions for Sales and Use Taxes legislation to be sponsored by the Board in the first year of the 2007-2008 Legislative Session. Additional suggestions will be included on the agenda for August 2007.

➤ **2007 Legislative Proposals-Business Taxes (Sales and Use Taxes)**

- Amend Section 7093.6 of the Sales and Use Tax Law to allow the Board to compromise certain final tax liabilities of 1) businesses that are not discontinued or transferred if the final tax liability arises from transactions in which the taxpayer did not receive sales tax or use tax reimbursement, 2) persons liable for successor liability, and 3) consumers incurring a use tax liability. To the extent they are applicable, similar provisions would be incorporated into the Board-administered special taxes and fees programs.
- Amend Section 6829 of the Sales and Use Tax Law to incorporate a three-year statute of limitations from the date the Board learns that an entity has terminated for issuing a deficiency determination against corporate officers and other responsible persons.

➤ **Legislative Bills**

Recommendation for Board Positions

- SB 111 (Ashburn & Migden): Property Tax-Seismic Retrofitting
- SB 559 (Kehoe): Property Tax: Change in Ownership Exclusion
- AB 83 (Lieber): Property Tax: State-County Property Assessment and Revenue for Education Funding Program (PARE)
- AB 402 (Ma): Property Tax: Change in Ownership Exclusion

For Discussion Only

- SB 1024 (Kehoe): Emergency Telephone User Surcharge: Clean up
- AB 231 (Eng): Emergency Telephone User Surcharge: Basis

BOARD MEETING**

ORAL HEARINGS

A. Homeowner and Renter Property Tax Assistance Hearing
(Contribution Disclosure forms required pursuant to Gov. Code, § 15626.)

A1. ~~Laura J. Cowings, 340623~~
For Claimant: ~~Laura J. Cowings, Taxpayer~~
For Franchise Tax Board: ~~Lisa Lawson, Administrator II~~

B. Corporate Franchise and Personal Income Tax Hearings
(Contribution Disclosure forms required pursuant to Gov. Code, § 15626.)

B1. Cynthia Garofalo, 383332
For Appellant: Cynthia Lynn Garofalo, Taxpayer
Bruce Dale Garofalo, Witness
For Franchise Tax Board: Suzanne Small, Tax Counsel

B2. Helen Arbini and Jerrold E. Arbini, 255904
For Appellant: Jerrold Arbini, Taxpayer
Michael P. Casterton, Attorney
For Franchise Tax Board: Bruce Langston, Tax Counsel

B3. Donald E. Schrock and Lucie Kay Schrock, 341970
For Appellant: Donald E. Schrock, Taxpayer
Lucie Kay Schrock, Taxpayer
Carol P. Schaner, Attorney
For Franchise Tax Board: Suzanne Small, Tax Counsel

B4. John I. Alioto and Linda M. Alioto, 204713
For Appellant: John I. Alioto, Taxpayer
For Franchise Tax Board: Bruce Langston, Tax Counsel

22. James Wagner, 342994
23. James T. Wandrey, 351688
24. Lloyd Yost, 281156
Joy Rippeth, 304640
- Petitions for Rehearing
25. Alfred J. Antonini, 283987
26. John Buergel, 300340
27. James C. Ross, 311707
28. Donnie Schroeder, 332676

G3 Homeowner and Renter Property Tax

Assistance Matters.....Ms. Kelly

- Decisions
 1. Julie Berg, 334817
 2. John D. Bray, 379685
 3. Tuyet T. Dang, 373267
 4. Alice Joseph Derkrikorian, 374557
 5. Timothy Eldridge, 378579
 6. Petronila P. Fernandez, 373093
 7. Taunya Gaitan, 345942
 8. Sang N. Hoang, 373213
 9. Eddie James, 378576
 10. James Jewell, 378770
 11. Myung Joo Jung, 374512
 12. Dukye Lim, 374438
 13. Agustina M. Macasieb, 377349
 14. Victor Magallanez, 373092
 15. Richard Pruitt, 374319
 16. Sajjad Riyaz, 349075
 17. Kuang Chin Wan, 378581
- Petition for Rehearing
 18. Jean Day, 348949

G4 Sales and Use Taxes Matters Ms. Henry

- Redeterminations
 1. I.S.W., Inc., 356502 (AS)
 2. Contract Hardware, Inc., 253692 (OHA)
 3. Donahue & Associates Int'l, Inc., 354584 (OHA)
 4. Nexl, Inc., 381888 (OHB)
- Relief of Penalty/Interest
 5. Richemontnorth America, Inc., 399543 (OHB)
 6. Walt Disney World Company, 399527 (EA)
- Denials of Claims for Refund
 7. Ericsson, Inc., 399663 (OHC)
 8. Transouth Financial Corporation, 308884 (OHB)

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

- Refunds
 1. 525 Studios, Inc., 397215 (AS)
 2. S.W. School Supply, Inc., 394230 (EH)
 3. Bakersfield Memorial Hospital, 397742 (ARH)
 4. Yeager Skanska, Inc., 354446 (EH)
 5. Scripps Health, 361682 (FH)
 6. Southwest Traders Incorporated, 388617 (EH)
 7. Penske Truck Leasing Company, L.P., 374794 (OHB)
 8. Mercedes Benz USA, LLC., 387704 (KH)
 9. Hawaiian Gardens Card Club, Inc., 397181 (AA)
 10. Trench Limited, 393427 (OHA)
 11. Fujitsu Computer Systems Corporation, 316138 (GH)
 12. Sierra Central Credit Union, 262339 (KH)
 13. Ericsson, Inc., 267916 (OHC)
 14. Arcadia Financial LTD., 382211 (OHB)
 15. Transouth Financial Corporation, 305188 (OHB)
 16. Delaware G3 Enterprises, Inc., 389759 (KH)
 17. Barry Callebaut USA LLC, 351499 (OHB)
 18. RI Heritage Inn of San Bernadino, 399923 (OHA)
 19. High Desert Federal Credit Union, 378912 (EH)

G6 Special Taxes Matters Ms. Bartolo

- Redeterminations
 1. Webb Oil, Inc., 244367 (MT) – “CF”
 2. Desert Grocers, Inc., 168288 (ET)
 3. Maria Juana Chavez, 222501(ET)
- Denials of Claim for Refund
 4. Ashok V. Parmar, 339011 (ET)
 5. Ashok V. Parmar, 339012 (ET)
 6. Ashok V. Parmar, 339013 (ET)
 7. Ashok V. Parmar, 339015 (ET)

G7 Special Taxes Matters – Credits, Cancellations, and Refunds..... Ms. Bartolo

- Credit and Cancellation
 1. Shell Martinez Refining Company, 402395 (MT) – “CF”
- Refunds
 2. Shell Martinez Refining Company, 333748 (MT) – “CF”
 3. Bel Air Mart, 379480 (ET)

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

- Petition for Rehearing
 1. B & R Industries, Inc. 254513 (EA)
- Cases Heard But Not Decided
 - 2a. Fakheri, Inc., 269581 (AC)
 - 2b. Comm Club LLC, 269579 (AC)
 3. DC Motors, LLC 285802 (EA)
 4. Carpet U.S.A. Ltd., 299501 (AS)
 5. Elier Rivera, 259745 (AA)
 6. Parquette Industries, Inc., 283835 (JHF)
 7. General Electric Capital Corporation, 104862 (OHA)
- Matter for Board Consideration
 8. Sierra Railroad Company, 287920, 288213 (JHF)

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

- Opinion
 1. Benjamin R. Du, 339310
- Decisions
 2. Tonya Harris, 351399
 3. Walter J. Kubon Jr., 337056
- Petitions for Rehearing
 4. John Tu, 286420
David Sun, 286421
Kingston Technology Corporation, 288052

There are no items for the following matters:

H3 Homeowner and Renter Property Tax Assistance Matters

H4 Sales and Use Taxes Matters

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

- Refund
 1. Cisco Systems Capital Corporation, 373491 (GH)

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

- C4. Rogelio G. Cisneros, 343638 (GH)
 For Petitioner: Rogelio Cisneros, Taxpayer
 Cindy Ho, Attorney
 Robert Goldstein, Attorney
 For Department: Kevin Hanks, Hearing Representative
- C5. Marcella Maria Rosales, 308469 (KH)
 For Petitioner: Marcella Rosales, Taxpayer
 For Department: Carla Caruso, Tax Counsel

Local Tax Reallocation Hearing

- C6. City of Brisbane, City of Los Angeles, City of San Diego, City of San Jose, 384183
 For Petitioner: Al Koch, Attorney, City of Brisbane
 For Department: Carole Ruwart, Tax Counsel
- City of Los Angeles:
 For Affected Jurisdiction: Evelyn Fernandez Melone, Tax Auditor
- City of San Jose:
 For Affected Jurisdiction: David McPherson, Deputy Director of Finance
- City of San Diego
 For Affected Jurisdiction: Michael Lawson, Representative
 Julio Canizal, Supervising Economist

CHIEF COUNSEL MATTERS

- J. Rulemaking
- J1 ~~Petition to Amend Property Tax Rule 462.060, Change.....Mr. Lambert+~~
~~In Ownership – Life Estates and Estates for Years~~
- J2 *Petition to Amend Property Tax Rule 325, Notice andMr. Lambert+*
Clarification of Decision
- K. Business Taxes
 There are no items for this matter.
- L. Property Taxes
- L1 Consideration of Policy Change – Welfare ExemptionMr. Lambert+
 “Community Benefit Test” Under Revenue and Taxation
 Code section 214

M. Other Chief Counsel Matters

- M1 Cooperation with Native American Tribes – Taxation of..... Mr. Lambert
Cigarettes & Tobacco Products, MSA Issues

ADMINISTRATIVE SESSION**N. Consent Agenda Mr. Evans****N1 Approval of Board Employee Retirement Resolutions+**

- Janice Anderson
- Nadene Carpenter
- Bruce E. Henline
- Richard W. McGowan
- Sharon Shiraishi
- Richard Vagg

N2 Approval of Board Meeting Minutes

- May 31, 2007+
- June 1, 2007+

N3 Approve time extensions to Alpine, Amador, El Dorado, Humboldt, Inyo, Lassen, Modoc, Monterey, Placer, San Benito, Trinity and Yuba Counties to complete and submit 2007-08 Local Assessment Roll, pursuant to Revenue and Taxation Code section 155+**N4 Revision of the Timber and Timberland Values Manual+****O. Board Committee Reports**

- O1 Approval of Board Committee Minutes
- Legislative Committee

P. Other Administrative Matters

- P1 Adoption of the 2007-08 Private Railroad Car Tax Rate – “CF” Mr. Hayes+

P2 Adoption of the 2007 Private Railroad Car Roll – “CF” Mr. Siu**P3 Adoption of the 2007 State Assessed Property Roll – “CF” Mr. Siu****P4 Executive Director’s Report..... Mr. Hirsig**

1. Multistate Tax Commission – Federation of Tax Administrators - Update
2. Updated Tax Gap Proposal–Ms. Henry/Mr. Hayes+

P5 Chief Counsel Report

There are no items for this matter.

- * 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.