



STATE BOARD OF EQUALIZATION
450 N STREET, SACRAMENTO, CALIFORNIA
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0080
(916) 322-2270 • FAX (916) 324-3984
www.boe.ca.gov

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BILL LEONARD
Second District, Ontario/Sacramento

MICHELLE STEEL
Third District, Rolling Hills Estates

JUDY CHU
Fourth District, Los Angeles

JOHN CHIANG
State Controller

RAMON J. HIRSIG
Executive Director

**STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
September 11-12, 2007**

**NOTICE AND AGENDA
Meeting Agenda (as of 3:40 p.m., 9/10/2007)**

Agenda Changes

Recorded Earlier on Tuesday, September 11, 2007

Tuesday, September 11, 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+

- Legislative Bills – Recommendation for Board Positions:
 1. Legislative Counsel Proposed Amendments to SB 1040 (Kehoe)
 - Emergency Telephone Users Surcharge
- Legislative Bills – For Discussion Only:
 - Status Update of Board-Sponsored Measures and Bills with a Board Position
- Women, Infants, and Children (WIC) Program – Discussion and Recommendation for Board Action
 - Current WIC program requirement that infant formula suppliers hold a valid seller's permit.

BOARD MEETING**

ORAL HEARINGS

- A. HOMEOWNER AND RENTER PROPERTY TAX ASSISTANCE HEARINGS**
There are no items for this matter.

B. CORPORATE FRANCHISE AND PERSONAL INCOME TAX HEARINGS

(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

- ~~B1. Nissan North America, Inc., 303581
For Appellant: John Rucker, Representative
Jess B. Penilla, Representative
For Franchise Tax Board: Suzanne Small, Tax Counsel~~
- B2. Accounting Solutions, 378329
For Appellant: Wendy Abkin, Attorney
Richard J. Sideman, Attorney
For Franchise Tax Board: Christopher Parker, Tax Counsel
- B3. Taiheiyo Cement USA, Inc., 332855
For Appellant: Jess B. Penilla, Attorney
Steve West, CPA
Chris Schutz, Attorney
For Franchise Tax Board: Ann Hodges, Tax Counsel
- B4. James Fischer Montgomery and Diane Montgomery, 309423
For Appellant: Charles J. Moll, III, Attorney
For Franchise Tax Board: John Penfield, Tax Counsel
- B5. Bobby L. Sanders, Sr., 378102
For Appellant: Bobby L. Sanders, Sr., Taxpayer
For Franchise Tax Board: Suzanne Small, Tax Counsel

BOARD MEETING RECOVENES AT 1:30 P.M.**C. SALES AND USE TAX APPEALS HEARINGS**

(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

- C1. John K. Lewis, 308137 (UT)
For Petitioner: John Lewis, Taxpayer
For Department: Christine Bisauta, Tax Counsel
- C2. Shahrokh Matin, 308003 (CH)
For Petitioner: Shahrokh Matin, Taxpayer
For Department: Kevin Hanks, Hearing Representative
- C3. Naveed Asghar, 42045 (KH)
Appearance Waived

- C4. Cardinal Health 110, Inc., 97990, 160722, 326200 (OHA)
For Petitioner: Richard E. Nielsen, Attorney
Anthony Ott, Representative
For Department: Robert Tucker, Tax Counsel
- C5. Robert E. Barabino, 296178 (UT)
For Petitioner: Matthew Heinrich, Representative
Robert Barabino, Taxpayer
For Department: Carla Caruso, Tax Counsel

Local Tax Reallocation Hearing

(Contribution Disclosure forms not required pursuant to Gov. Code § 15626.)

- 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
Robert Cendejas, Attorney
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

D. SPECIAL TAXES APPEALS HEARING

(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

- D1.a. Atlantic Richfield Company, 348075, 158211, 167993 (MT)
D1.b. BP West Coast Products, LLC, 216210, 264250, 307637, 349423 (MT)
D1.c. BP Products North America, Inc., 306843 (MT)
For Petitioner: Sean O. Morris, Attorney
For Dept. of Health Services: Tim Ford, Representative
For Department: Carolee Johnstone, Tax Counsel

E. PROPERTY TAX APPEALS HEARINGS

There are no items for this matter.

ADJOURN

The meeting will reconvene on Wednesday, September 12, 2007, at 9:30 a.m.

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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.

The hearing location is accessible to people with disabilities. Please contact Claudia Madrigal at (916) 324-8261, or e-mail Claudia.Madrigal@boe.ca.gov if you require special assistance.

Gary Evans, Acting 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.
- + Material is available for this Item.
- ++ Material will be available at a later date.
- "CF" Constitutional Function – The Deputy State Controller may not participate in this matter under Government Code section 7.9.



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STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
September 11-12, 2007

NOTICE AND AGENDA
Meeting Agenda (as of 5:00 p.m., 8-31-2007)

Agenda Changes

Recorded Earlier on Wednesday, September 12, 2007

Wednesday, September 12, 2007

Board Meeting Reconvenes at 9:30 a.m.**

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 MEETING**

F. PUBLIC HEARINGS

- F1 Proposed Amendments to Sales and Use Tax Regulation 1802, Place of Sale and Use for Purposes of Bradley-Burns Uniform Local Sales and Use Taxes+ Ms. Ruwart

Regulation 1802, Place of Sale and Use for Purposes of Bradley-Burns Uniform Local Sales and Use Taxes, is proposed to be amended to provide that, operative January 1, 2008, all sellers who are required to collect local use tax on transactions of \$500,000 or more shall report the local use tax revenues derived therefrom directly to the jurisdiction where the property is first functionally used.

- F2 Proposed Amendments to Regulation 4703, Seizures and Forfeitures+ Ms. Brisbane

Cigarette & Tobacco Products Licensing Act Reg. 4703: proposed amendments clarify that licensed distributors are excluded from seizures of unstamped cigarettes and that unstamped cigarettes and/or untaxed tobacco products are subject to seizure unless there is an exemption or lawful possession under the Rev. & Tax. Code.

F3 Proposed to Adoption of Regulation 5000 et seq, *Board of Equalization Rules for Tax Appeals*+Mr. Heller

The Board will hear public comments on the proposed repeal of the Rules of Practice (Cal. Code of Regs., tit. 18, § 5010 et seq.) and the promulgation of the new, *Board of Equalization Rules for Tax Appeals* (Cal. Code of Regs., tit. 18, § 5000 et seq.). The new rules will provide more comprehensive information regarding the administrative and appellate review processes for all the tax and fee programs administered by the Board. The new rules will also address areas of concern regarding the issuance of decisions, publication of opinions, procedures for scheduling hearings, and the nature of Board hearings.

G. TAX PROGRAM NONAPPEARANCE MATTERS – CONSENT

(Contribution Disclosure forms not required pursuant to Gov. Code § 15626.)

G1 Legal Appeals MattersMr. Levine

- Petition for Rehearing
 1. Harry R. Sawl, 298342 (UT)
- Petition for Release of Seized Property
 2. Pragudha Financial Services, Inc., 406193 (ET)

G2 Franchise and Income Tax MattersMs. Kelly

- Decisions
 1. James A. Adamic, 358685
 2. Joseph R. Banister, 348720
 3. Jose M. Clavel, 374601
 4. Christina Greene, 361294
 5. Cedric Heffner, 349126
 6. Iceffine King, 360721
 7. David L. Kramer and Catherine D. Kramer, 358722
 8. Linda Joyce Leonard, 353422
 9. Ronald S. Mayers and Ann D. Mayers, 258574
 10. Amy L. Moreno and Arturo Moreno, Jr., 377876
 11. Shlomo Rechnitz, 357302
 12. Sammy Thiru, 360361
 13. Katherine A. Trost, 357291
- Petitions for Rehearing
 14. Alfred J. Braun, 335261
 15. Thomas R. Camerato, 311016
 16. Gloria Cox, 335266
 17. Daniel L. Mahnke, 334606
 18. Brian K. Shaw, 341954

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

- Decisions
 1. Harlan Barnes, 378595
 2. Catherine R. Blalock, 374334
 3. Emric A. Calvin, Jr., 373294
 4. Su Giang, 378768
 5. Judith M. Gonzales, 363044
 6. Ruo Hong Li, 382655
 7. In Sung Lim, 378239
 8. R Z Liu, 383480
 9. Grigory Magidin, 377688
 10. Caridad U. Naughton, 378349
 11. Anatoliy Nedavniy, 378351
 12. Alfred O. Parham, 372897
 13. Semen M. Peremen, 374533
 14. Theang Pich, 387789
 15. Mavis I. Piechota (Deceased), 358671
 16. Zeynab Raouf-Kazerouni, 380747
 17. Ella Shved-Mogilevskaya, 377283
 18. David Silverman, 379230
 19. Richard A. Smith, 328286
 20. Homer Stafford, 383496
 21. Hung K. Wang, 379516
 22. S.H. Yun, 379227

G4 Sales and Use Taxes Matters Ms. Henry

- Redeterminations
 1. Printronix, Inc., 380580 (EAA)
 2. Arco Material Supply Company, 342565 (AS)
 3. Target Corporation, 361951 (OHA)
 4. Herbalife International America, Inc., 255274 (AS)
 5. Kwikset Corporation, 390209 (EAA)
 6. Maxim Integrated Products, Inc., 390347 (GH)
 7. Cargill, Inc., 290110 (OHA)
 8. Maxell Corporation of America, 218844 (OH)
 9. Messer Griesheim Industries, Inc., 361134 (OHB)
 10. Niagara Conservation Corporation, 225014 (OHB)
 11. ESI Altamont Acquisitions, Inc., 307989 (CH)
 12. Draeger Medical, Inc., 382903 (OHB)
- Relief of Penalty/Interest
 13. Toyota Motor Credit Corporation, 405328 (AS)
 14. Sport-Chalet, Inc., 405327 (JHF)
 15. First Financial Corporation Services, Inc., 404659 (EA)
 16. Ross Dress For Less, Inc., 405329 (CH)

- Denials of Claims for Refund
 17. Qualex, Inc., 270545 (OHB)
 18. T Square Logistics Services Corporation, 378137 (UT)
 19. Northrop Grumman Systems Corporation, 377304 (AS)
 20. Ford Motor Credit Company, 335913 (OHA)
 21. Trega Biosciences, Inc., 209391 (FH)
 22. QLX Photoprocessing, Inc., 270546 (OHB)
 23. Sprint Communications Company LP, 344618 (OHA)

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

- Credits and Cancellations
 1. Clougherty Packing Company, 373168 (AA)
 2. Luke Brugnara, 403470 (BH)
 3. CMI International Corporation, 403303 (OHA)
 4. Joseph Finley, 404357 (FHB)
 5. Habib Ghannadian, 398298 (FH)
 6. Leiner Health Products, LLC, 405311 (AS)
- Refunds
 7. L.A. Unified School District, 287897 (AS)
 8. Kaiser Foundation Health Plan, Inc., 398517 (AP)
 9. Bacon O'Brien Design, Inc., 289300 (AS)
 10. Amgen, 403722 (AR)
 11. City of Hope National Medical Center, 397631 (AP)
 12. Gottschalks, Inc., 331065 (KHO)
 13. Coastal Tractor, 357833 (GHC)
 14. Novellus Systems, Inc., 382198 (GH)
 15. Fleet Business Credit Corporation, 404471 (OHA)
 16. Daktronics, Inc., 354945 (OHA)
 17. Mercedes-Benz USA, LLC, 396408 (KH)
 18. Time Warner Entertainment Company, LP, 312205 (AC)
 19. Martin Door Manufacturing, 403684 (OH)
 20. Nuance Communications, Inc., 402877 (OHB)
 21. Three Man Corporation, 339406 (FH)
 22. Zhone Technologies, Inc., 402390 (CH)
 23. Britesmile, Inc., 404469 (CH)
 24. Scharzkopf Technologies Corporation, 391852 (OHB)
 25. Wachovia Dealer Services, Inc., 399593 (EAA)
 26. Kaiser Foundation Hospitals, 398554 (AP)
 27. Oliver A. Goldsmith, 395912 (AP)
 28. Northrop Grumman Systems Corporation, 377304 (AS)
 29. City of Hayward, 396772 (CH)
 30. Ford Motor Credit Company, 335913 (OHA)
 31. Travis Credit Union, 394718 (JHF)
 32. Wescom Credit Union, 394874 (AP)
 33. Lucent Technologies, Inc., 393587 (OHB)
 34. Lobel Financial Corporation, 401434 (EA)
 35. Westlake Services, Inc., 401101 (AS)

36. Capital One Auto Finance, Inc., 348061 (OHA)
37. United Auto Credit Corporation, 396779 (EAA)
38. Lincoln Finance Company, 380722 (FH)
39. A-L Financial Corporation, 399086 (EA)
40. Triad Financial Corporation, 329572 (EA)
41. Ontario T, Inc., 374795 (EH)
42. Cal State 9 Credit Union, 401102 (CH)
43. DTS, Inc., 345306 (AC)
44. Open Text, Inc., 405229 (EAA)
45. Sprint Communications Company, LP, 344618 (OHA)
46. Inwood Credit Union, 351206 (CH)
47. CG Bretting Manufacturing Company, Inc., 390375 (OHA)
48. Salinas Valley Dodge Chrysler, 400881 (GHC)

G6 Special Taxes Matters Mr. King

- Relief of Penalty
 1. Trammo Petroleum, Inc., 395351 (MT)
 2. Dell Marketing, LP, 404674 (ER)

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

- Refunds
 1. Trammo Petroleum, Inc., 358803 (MT)
 2. Trammo Petroleum, Inc., 295177, 317655 (MT) “CF”

G8 Property Tax Matters..... Mr. Kinnee

- Timber Yield Tax Claim for Refund
 1. Roseburg Forest Products Company, 414132

There are no items for the following 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 Matters Mr. Levine

- Hearing Notice Sent – No Response
 1. Alpine Mountain Homes, Inc., 288136 (KHM)
- Hearing Notice Sent – Appearance Waived
 2. National Medical Care, Home Care Division, Inc., 59219, 60413, 89000080330, 89000080340, 89000080370, 89000080380 (OHA)
- Case Heard But Not Decided
 3. Anil Kumar Sharma, 318327 (KH)

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

- Decision
 1. Affiliated Funding Corporation, 317945

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

- Credit and Cancellation
 1. Paul J. Polizzi, 243663 (GH)

H6 Special Taxes Matters
There are no items for this matter.

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

- Refund
 1. Nella Oil Company, LLC, 281412, 332367, 386966 (MT) “CF”

There are no items for the following matters:

H8 Property Tax Matters

H9 Cigarette License Fee Matters

H10 Legal Appeals Property Tax Matters

I. TAX PROGRAM NONAPPEARANCE MATTERS

(Contribution Disclosure forms not required pursuant to Gov. Code § 15626.)

I1 Property Taxes Matters..... Mr. Siu

- Audit
 1. RuralWest-Western Rural Broadband, Inc., (7996) “CF”

I2 Offers-in-Compromise RecommendationsMs. Ograd

1. Inland 99 Cents Wholesale, Inc.
2. KM Solutions, Inc.
3. Vaughn Christopher Jewell

CHIEF COUNSEL MATTERS

J. Rulemaking

J1 *Petition to Amend Property Tax Rule 21, Taxable Possessory Interests-Valuation+*..... Mr. Moon

The petition proposes to amend Property Tax Rule 21, *Taxable Possessory Interest–Valuation*, to modify (1) the criteria used in determining reasonably anticipated term of possession and (2) the burden of proof.

J2 *Petition to Amend Property Tax Rule 325, Notice and Clarification of Decision+* Mr. Moon

The petition proposes to amend Property Tax Rule 325, *Notice and Clarification of Decision*, to address an assessment appeals board's failure to issue a written notice of decision within the 120-day period.

J3 *Request for approval to submit revised language to the 15-day file on Regulation 1521, Construction Contractors, regarding application of tax to solar panels+* Mr. Tucker

Sales and Use Tax Regulation 1521, *Construction Contractors*, is proposed to be amended to provide that photovoltaic cells, solar panels, and solar modules should be considered materials when they function in the same manner as other materials such as roofing shingles, skylights, wall panels or windows, but that other photovoltaic cells, solar panels, and solar modules are accessory to a building and should be considered fixtures.

There are no items for the following matters:

- K. Business Taxes
- L. Property Taxes
- M. Other Chief Counsel Matters

ADMINISTRATIVE SESSION

N. Consent Agenda Mr. Evans

N1 *Retirement Resolutions+*

- Frank F. Bobadilla
- Joseph W. Clayton
- Maria Hendrick

N2 *Approval of 2008 Board Workload Plan+*

N3 *Approval of 2008 Diesel Fuel Tax Rate for Interstate Users+*

N4 *Summons to Annual Meeting of the Board and County Assessors+*

N5 *Approval of Revenue and Taxation Code section 6355, Coins and Bullion Bulk Sale Adjustment+*

N6 *2007-08 Emergency Telephone Users Surcharge Rate+*

O. Adoption of Board Committee Reports and Approval of Committee Actions

O1 Legislative Committee

P. Other Administrative Matters**P1 Executive Director's Report.....Mr. Hirsig**

- a. Fiscal Year 2007-08 Board of Equalization Budget – Update on Signed Budget+
- b. Board of Equalization Curtain Wall Update – Status of Final Construction Activities+

P2 Chief Counsel Report.....Ms. Cazadd

- a. Lessons Learned – Business License Inspection Program+ - Mr. Lambert/Mr. Haas

P3 Deputy Director's Report**a. Sales and Use Tax..... Ms. Henry**

- 1. Fiscal Year 2008/09 Statewide Compliance and Outreach Program Budget Change Proposal – (formerly known as the Business Licensing Inspection Program)+
- 2. Budget Change Proposal with Franchise Tax Board related to Joint Behavioral Compliance Study+
- 3. Additional Tax Gap Proposals and Legislative Ideas+

b. Property and Special Taxes Mr. Gau

- 1. Approval of Contract over \$1 Million – SICPA Products Security Contract+

c. Administration

There are no items for this matter.

ANNOUNCEMENT OF CLOSED SESSION..... Mr. Evans**Q. Closed Session**

- Q1. Pending Litigation: *Charles Patrick Woosley vs. State of California, Department of Motor Vehicles, Board of Control and Board of Equalization*, Los Angeles Superior Court Case No. CA000499 (Gov. Code § 11126(e))
- Q2. Discussion and action on personnel matters (Gov. Code § 11126(a))

ANNOUNCEMENT OF OPEN SESSION Mr. Evans**ADJOURN**

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