



BEFORE THE STATE BOARD OF EQUALIZATION  
OF THE STATE OF CALIFORNIA

In the Matter of the Appeal of )  
 )  
PIONEER LAUNDRY CO., AMALGAMATED )  
LAUNDRIES, WATSONVILLE AND PAJARO )  
VALLEY STEAM LAUNDRIES, METROPOLITAN )  
LAUNDRY COMPANY, LTD. )

Appearances:

For Appellants: D. A. Sargent, Certified Public Accountant  
of D. A. Sargent & Company  
For Respondent: Chas. J. McColgan, Franchise Tax Commis-  
sioner

O P I N I O N

These are appeals pursuant to Section 25 of the Bank and Corporation Franchise Tax Act (Chapter 13, Stats. 1929, as amended) from the action of the Franchise Tax Commissioner in overruling the protest of Pioneer Laundry Co., Amalgamated Laundries, Watsonville and Pajaro Valley Steam Laundries and Metropolitan Laundry Company, Ltd., based upon the returns of the above companies for the taxable year ended December 31, 1931. The amount of the proposed additional taxes involved in these appeals are as follows:

Pioneer Laundry Co a.....	\$ 68.93
Amalgamated Laundry.....	~110.60
Watsonville and Pajaro Valley Steam Laundry.....	\$ 97.97
Metropolitan Laundry Company, Ltd.....	\$128.44.

The additional taxes were proposed due to the fact that the Franchise Tax Commissioner did not allow as a deduction from income for the year ended December 31, 1931, depreciation allowance computed upon the basis of January 1, 1928 values. As the problems involved in all of these appeals are practically identical, and as the Appellants are represented by the same counsel, the Board of Equalization has considered the proceedings as a consolidated appeal.

Although the Act, in the case of property acquired prior to January 1, 1928, permits depreciation allowance to be computed upon the basis of the fair market value of the property as of January 1 1928, rather than on the basis of the cost of the property [Section 8(f)], nevertheless it is necessary that the January 1, 1928 values be established by competent evidence. In the instant appeals, the above requirement has not been met. The Appellants have not filed with this Board any evidence tending to show the fair market value of their property as of January

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1, 1928.

Although oral hearings before the Board in the instant appeal were duly set and the Appellants duly notified as to the time and place thereof, the Appellants have not availed themselves of the opportunity to appear before the Board and present evidence in substantiation of their claims. The following letter was received by the Board setting forth the reasons why the Appellants did not avail themselves of this opportunity:

"September 27, 1932

State Board of Equalization  
118 State Building  
San Francisco, California

Gentlemen:

In the matter of the appeals of

Amalgamated Laundries, Inc.  
Metropolitan Laundry Co. Ltd.  
Pioneer Laundry Company, and  
Watsonville and Pajaro Valley  
Steam Laundries, Inc.

We have decided not to make an appearance in the above mentioned cases at the hearing set for Thursday, September 29, 1932. our reasons are as follows:

1. The fact that 1932 profits of the above mentioned companies have declined to such an extent that the questions involved in these appeals will probably have no bearing upon the franchise taxes to be paid by these companies in 1933.
2. The legal costs in connection with such hearings will be considerable, due to the retaining of attorneys and paying for the attendance of the appraisers who made up the original appraisals for these various companies.

Thanking you for past favors, we are

Yours very truly,

D. A. SARGENT & COMPANY

BY D. A. SARGENT  
Certified Public Accountant"

In view of the lack of evidence as to January 1, 1928 value: we must hold that the Franchise Tax Commissioner acted properly in disallowing as deductions from Appellants' income for the taxable year 1931, depreciation allowance computed upon the

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basis of such January 1, 1928 values,

O R D E R

Pursuant to the views expressed in the opinion of the Board of Equalization on file in this proceeding, and good cause appearing therefor,

IT IS ORDERED, ADJUDGED AND DECREED that the action of **Honorable Chas. J. McColgan**, Franchise Tax Commissioner, in overruling the protest of Pioneer Laundry Co., Amalgamated Laundries, Watsonville and Pajaro Valley Steam Laundries, and Metropolitan Laundry Company, Ltd., against proposed assessments of additional taxes under Chapter 13, Statutes of 1929 as amended based upon the returns of the above companies for the taxable year ended December 31, 1931, be and the same is hereby sustain

Done at Sacramento, California, this 10th day of October, 1932.

R. E. Collins, Chairman  
Fred E. Stewart, Member  
Jno, C. Corbett, Member  
H. G. Cattell, Member

ATTEST: Dixwell L. Pierce, Secretary