



## 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](http://www.boe.ca.gov)

BETTY T. YEE  
First District, San Francisco

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

## PRELIMINARY RECORD OF BOARD ACTION

Thursday, May 31, 2007

The following is a preliminary record of Board actions taken at the May 31, 2007 Board Meeting. This is not an official record and is subject to correction or modification. The official record of the Board's actions is the minutes of the Board, which will be adopted at a subsequent meeting.

The Board's decision reflects only the issues resolved by the Board at the meeting. Issues resolved prior to the meeting are not reflected in this document.

If you would like specific information regarding items on this Preliminary Record of Board Action, please telephone Rose Smith at (916) 323-9656 or e-mail: [Rose.Smith@boe.ca.gov](mailto:Rose.Smith@boe.ca.gov). Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

### BOARD COMMITTEE MEETINGS

For voting results on committee items, please see Item O, Approval of Board Committee Minutes, page 23 of this document.

**BOARD MEETING****ORAL HEARINGS****A. Homeowner and Renter Property Tax Assistance Hearings**

A1. Leonardo L. Calica, 377400

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Appeal Denied	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

A2. Mary E. Knox, 378575

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Appeal Denied	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

**B. Corporate Franchise and Personal Income Tax Hearings**

B1. Cedo Popovic and Mirjana Popovic, 353602

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayers' Claim Denied	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

- B2. Taiheiyo Cement USA, Inc., 332855  
Postponed

- B3. Kenneth B. Rawlings and Linda E. Rawlings, 343163

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayers' Appeal Granted as to Issue 1; Apply Fair Market Value	Ms. Yee	No
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	No
	Mr. Chiang/Ms. Mandel	Yes

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayers' Appeal Denied as to Issue 2; Apply California Underpayment Rate method	Ms. Yee	Yes
	Mr. Leonard	No
	Ms. Steel	No
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

- C. Sales and Use Tax Appeals Hearings**  
These items were scheduled for the afternoon session.
- D. Special Taxes Appeals Hearings**  
These items were scheduled for June 1, 2007.
- E. Property Tax Appeals Hearings**  
There were no items for this matter.
- F. Public Hearing**  
These items were scheduled for June 1, 2007.

**G. TAX PROGRAM NONAPPEARANCE MATTERS – CONSENT****G1 Legal Appeals Matters**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendations	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes - not participating in sub-item 1

- Hearing Notice Sent – No Response
  1. AT&T Capital Leasing Services, 313549, 330371 (OHB)
- Petitions for Release of Seized Property
  2. Cleopatra Smokes, Inc., 392273 (ET)
  3. Jong Hoon Ko, 387415 (ET)
  4. Raif Badwan, 395645 (ET)
  5. Bashar Nagi Algabyali, 390979 (ET)
  6. Samrith Vong, 390974 (ET)

**G2 Franchise and Income Tax Matters**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendation	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

- Petition for Rehearing
  1. James O. Delozier, 317251

**G3 Homeowner and Renter Property Tax Assistance Matters**

There were no items for this matter.

**G4 Sales and Use Taxes Matters**

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Approved Staff Recommendations	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes - not participating in sub-items 2, 8, 9, 10 and 21

## ➤ Redeterminations

1. Atlantic Richfield Company, 342563 (AA)
2. Regents of the University of Cal, 341720 (BH)
3. Electronics for Imaging, Inc., 372073 (BH)
4. Sutter's Place, Inc., 325628 (GH)
5. Olympus America, Inc., 328703 (OHB)
6. Pactiv Corporation, 332326 (OHA)
7. Lancaster Group US, LLC, 301404 (OHB)
8. Edison Material Supply, LLC, 303526 (EAB)
9. Edison Material Supply, LLC, 325636 (EAB)
10. Edison Material Supply, LLC, 351534 (EAB)
11. GB Import Sales & Service, LLC, 266102 (AS)
12. Tyco Plastics LP, 353330 (OHA)
13. Metalforming, Inc., 353090 (OHA)
14. Stremicks Heritage Foods, Inc., 296288 (EA)
15. Powerlight Corporation, 372396 (CH)
16. Louis Leon Fattoruso, 310557 (EHC)

## ➤ Relief of Penalty/Interest

17. Agilent Technologies, Inc., 394654 (GH)
18. Netversant National, Inc., 392139 (OHC)
19. Ontario L., LLC, 394673 (EH)

## ➤ Denials of Claims for Refund

20. Computer Sciences Corporation, 395199 (AS)
21. American Telephone-Telegraph Company, 250022 (OHB)
22. Epsilon Trading, Inc., 389926 (OHA)
23. Americredit Financial Service, Inc., 289485 (OHC)
24. Newport Acceptance Corporation, 395197 (EA)

### G5 Sales and Use Taxes Matters – Credits, Cancellations, and Refunds

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendations	Ms. Yee	Yes
	Mr. Leonard	Yes
No Final Determination on sub-item 19	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes - not participating in sub-items 12 and 14

- Credits and Cancellations
  1. Polymer Machinery Company, 393428 (OHA)
  2. SPA Mart, Inc., 393465 (KH)
  3. Allan Bryan Coon, 394787 (AR)
- Refunds
  4. Technicolor, Inc., 388476 (AC)
  5. Ceradyne, Inc., 377109 (EAA)
  6. Chevron U.S.A., Inc., 355876 (BH)
  7. Computer Sciences Corporation, 204176 (AS)
  8. Computer Sciences Corporation, 314683 (AS)
  9. The Golden 1 Credit Union, 339201 (KH)
  10. Motorola, Inc., 388449 (OHA)
  11. Epsilon Trading, Inc., 194157 (OHA)
  12. NEC Corporation of American, 358660 (KH)
  13. Hempel USA, Inc., 388998 (OHC)
  14. Daimler Chrysler Corporation, 390178 (CHA)
  15. Western United Insurance Company, 360867 (EAA)
  16. Mercedes-Benz USA, LLC, 383135 (KH)
  17. Cepheid, 393630 (GH)
  18. Netflix, Inc., 271160 (GH)
  19. ~~Montgomery Ward, LLC, 394694 (OHA)~~
  20. WFS Financial Inc., 387737 (EAA)
  21. Sonic-Buena Park H, Inc., 360044 (EA)
  22. Hydril Company LP, 215275 (OHC)
  23. Patelco Credit Union, 387736 (BH)
  24. Travis Credit Union, 381013 (JHF)
  25. Wescom Credit Union, 383296 (AP)
  26. Altura Credit Union, 336866 (EH)
  27. All Good Pallets, Inc., 388178 (CH)
  28. Americredit Financial Service, Inc., 351502 (OHC)
  29. Americredit Financial Service, Inc., 271446 (OHC)
  30. Lobel Financial Corporation, 384570 (EA)
  31. Newport Acceptance Corporation, 296477 (EA)
  32. Westlake Services, Inc., 381011 (AS)
  33. Orange County's Credit Union, 351401 (EA)

34. CIG Financial, 380442 (EAA)
35. Sun Community Federal Credit Union, 265062 (FHA)
36. Meriwest Credit Union, 313714 (GH)
37. First City Credit Union, 357058 (AS)
38. Golden Bay Federal Credit Union, 325771 (GH)

### **G6 Special Taxes Matters**

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Approved Staff Recommendations	Ms. Yee	Yes
No Final Determination on sub-items 3, 4, 5, 6 and 7	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes - not participating in sub-item 2

- Relief of Penalty
  1. Big West of California, LLC, 394514 (MT)
  2. Wal-Mart Stores, Incorporated, 390025 (ER)
- Denials of Claims for Refund
  3. ~~Paramount Petroleum Corporation, 169046 (MT)~~
  4. ~~Paramount Petroleum Corporation, 216272 (MT)~~
  5. ~~Paramount Petroleum Corporation, 303346 (MT)~~
  6. ~~Paramount Petroleum Corporation, 307629 (MT)~~
  7. ~~Paramount Petroleum Corporation, 349783 (MT)~~

### **G7 Special Taxes Matters – Credits, Cancellations, and Refunds**

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Approved Staff Recommendations	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes - not participating in sub-item 2

- Credits and Cancellations
  1. Smiland Paint Company, 395174 (MT)
- Refunds
  2. Metropolitan Life Insurance Company, 388764 (ET) - “CF”

There were 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****H1 Legal Appeals Matters**

- Petitions for Rehearing
  1. ~~Orna Amzaleg, 171769 (AS)~~
- Memo Opinions
  2. Robert L. Reynolds, 208940 (KHM)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Adopted original Memorandum Opinion	Ms. Yee	Yes
	Mr. Leonard	No
	Ms. Steel	No
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

## 3. Hosmer Chandler McKoon, 273016 (EA)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Adopted Memorandum Opinion	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

- Cases Heard but not Decided
  4. Global Micro, Inc., 273209 (EH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendation	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

There were no items for the following matters:

- H2 Franchise and Income Tax 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

### ➤ Credit and Cancellation

#### 1. Federated Pub AUC Agency of Upland, 382422 (EH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Claim Granted	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

### ➤ Refund

#### 2. Modern Finance Company, 378340 (AC)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Refund Granted	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

There were 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

## I. TAX PROGRAM NONAPPEARANCE MATTERS

### I1 Property Taxes Matter

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendations	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Not participating

- Audits
  1. Pacific Bell Telephone Company (279) – “CF”
  2. Total Call International, Inc. (7876) – “CF”
- Unitary Escaped Assessments
  3. (a) Verizon Wireless (2513) – “CF”
  - (b) Cingular Wireless, LLC (2606) – “CF”
  - (c) Sprint PCS (2720) – “CF”
  - (d) Cricket Communications, Inc. (2762) – “CF”

## I2 Offers-in-Compromise Recommendations

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendations	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

1. Jackie La Douceur
2. Renaissance Home, Inc.
3. James Medel

### CHIEF COUNSEL MATTERS

This matter was scheduled for Friday, June 1, 2007

- J. Rulemaking

There were no items for the following matters:

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

### ADMINISTRATIVE SESSION

These matters were scheduled for Friday, June 1, 2007:

- N. Consent Agenda  
O. Approval of Board Committee Meeting Minutes  
P. Other Administrative Matters

### Q. Closed Session

This matter was scheduled for Friday, June 1, 2007

**BOARD MEETING RECONVENES AT 1:30 P.M.\*****Board Member Annual Photograph****State Assessed Properties Value Setting**

- Property Tax Matter - "CF"

Electric Generation Facilities  
SBE Company Nos. 1100-1199

## Consent Agenda Items

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Approved Staff Value Recommendations	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang	Yes

## Non-Consent Agenda Items

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Approved Staff Value Recommendations	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang	Yes

Energy Companies  
SBE Company Nos. 100-199

## Consent Agenda Items

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Approved Staff Value Recommendations	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang	Yes

## Non-Consent Agenda Items

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Value Recommendations	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang	Yes

Pipeline Companies  
SBE Company Nos. 400-499

## Consent Agenda Items except SBE Company Nos. 467 and 480

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Value Recommendations	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang	Yes

## SBE Company Nos. 467 and 480

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Value Recommendations	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Not Participating
	Mr. Chiang	Yes

## Non-Consent Agenda Items

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Value Recommendations	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang	Yes

Railroad Companies  
SBE Company Nos. 800-899

Consent Agenda Items

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Value Recommendations	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang	Yes

Non-Consent Agenda Items

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Value Recommendations	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang	Yes

Radio Telephone and Paging Companies  
SBE Company Nos. 3000-3999

Consent Agenda Items

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Value Recommendations	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang	Yes

## Non-Consent Agenda Items

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Value Recommendations	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang	Yes

Interexchange Telephone Companies  
Company Nos. 2000-2499 and 7500-8999

## Consent Agenda Items

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Value Recommendations	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang	Yes

## Non-Consent Agenda Items

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Value Recommendations	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang	Yes

Wireless Telephone Companies  
SBE Companies Nos. 2500-2799

Consent Agenda Items

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Value Recommendations	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang	Yes

Non-Consent Agenda Items

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Value Recommendations	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang	Yes

Local Exchange Telephone Companies  
SBE Company Nos. 200-399

Consent Agenda Items

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Value Recommendations	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang	Yes

**ADMINISTRATIVE MATTER**

- Adoption of 4-R Act Equalization Ratio for 2007-08

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Approved Staff Recommendation	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

**ORAL HEARINGS****C. Sales and Use Tax Appeals Hearings**

- C1. Warner Company Jewelers, Inc., 285782 (KH)

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Taxpayer's Petition Partially Granted/Denied Approved staff's revised recommendation	Ms. Yee	Yes
	Mr. Leonard	No
	Ms. Steel	No
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

- C2. Molino Enterprizes, Inc., 312681 (CH)

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Taxpayer's Petition Denied	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

C3.a. LMD International, Inc., 221804 (AC)

C3.b. LMD Warehouse & Distribution Corporation, 221808 (AB)

C3.c. Louis Diblosi, Jr., 221803 (AC)

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Taxpayers' Petition Denied	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

C4. Le Dac Nguyen, 298668 (CH)

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Taxpayer's Petition Denied	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

**ADJOURN**



## 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](http://www.boe.ca.gov)

BETTY T. YEE  
First District, San Francisco

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

## PRELIMINARY RECORD OF BOARD ACTION

**Friday, June 1, 2007**

The following is a preliminary record of Board actions taken at the June 1, 2007 Board Meeting. This is not an official record and is subject to correction or modification. The official record of the Board's actions is the minutes of the Board, which will be adopted at a subsequent meeting.

The Board's decision reflects only the issues resolved by the Board at the meeting. Issues resolved prior to the meeting are not reflected in this document.

If you would like specific information regarding items on this Preliminary Record of Board Action, please telephone Rose Smith at (916) 323-9656 or e-mail: [Rose.Smith@boe.ca.gov](mailto:Rose.Smith@boe.ca.gov). Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

### BOARD MEETING

### ORAL HEARINGS

- A. Homeowner and Renter Property Tax Assistance Hearings**  
These items were scheduled for May 31, 2007.
  
- B. Corporate Franchise and Personal Income Tax Hearings**  
These items were scheduled for May 31, 2007.

**C. Sales and Use Tax Appeals Hearings**

C5. Mariano T. Garcia, Jr., 288369 (CH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Petition Denied	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

C6. Schilling Robotics, LLC, 295382 (JHF)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Petition Denied	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

**Local Tax Reallocation Hearing**

C7. City of Brisbane, City of Los Angeles, City of San Diego, City of San Jose,  
384183  
Postponed to July Sacramento

**D. Special Taxes Appeals Hearings**

D1. Chevron USA., Inc., 165308, 215016, 260466, 260468, 306293, 346981  
Deferred

**E. Property Tax Appeals Hearings**

There were no items for this matter.

**F. Public Hearings****F1 Timber Harvest Values**

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Approved Staff Recommendations	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

**F2 Proposed Amendments to Regulation 1521, Construction Contractors**

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Deferred consideration, directing staff to work with industry regarding assembly/ installation labor issues	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

**CHIEF COUNSEL MATTERS****J. Rulemaking****J1 Request for Authorization to Publish Amendment to Cigarette & Tobacco Products Regulation 4703, *Seizures and Forfeitures***

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Approved Authorization to Publish Amendment	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

J2 Petition to Amend Property Tax Rule 462.060, *Change In Ownership - Life Estates and Estates for Years*

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Denied Petition	Ms. Yee	Yes
	Mr. Leonard	No
	Ms. Steel	No
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

J3 Petition to Amend Property Tax Rule 140.1, *Requirements*

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Denied Petition Directed staff to work with nonprofit housing communities on an administrative solution and bring back to the Board	Ms. Yee	Yes
	Mr. Leonard	No
	Ms. Steel	No
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

There were no items for the following matters:

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

**ADMINISTRATIVE SESSION**

**N. Consent Agenda**

N1 Approval of Board Employee Retirement Resolution

- Sheila Wilson

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved as Presented	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

## N2 Approval of Board Meeting Minutes

- March 20, 2007
- April 24-25, 2007

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Approved minutes as presented.	Ms. Yee	Yes
The minutes can be accessed at:	Mr. Leonard	Yes
<a href="http://www.boe.ca.gov/meetings/pubmeet07.htm">http://www.boe.ca.gov/meetings/pubmeet07.htm</a>	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

N3 Approval of form BOE-577, *Aircraft Property Statement*

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Approved as Presented	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

## N4 Approve time extensions to Butte, Calaveras, Los Angeles, Madera, Orange, Tehama and Tulare Counties to complete and submit 2007-08 Local Assessment Roll, pursuant to Revenue and Taxation Code section 155

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Approved Staff Recommendations	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes

**O. Approval of Board Committee Meeting Minutes****O1 Request for approval of Business Taxes Committee meeting minutes**

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Approved minutes as presented.	Ms. Yee	Yes
Voting results of each committee action item are recorded in the approved committee minutes, which can be accessed at:	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes
<a href="http://www.boe.ca.gov/meetings/btc2007.htm">http://www.boe.ca.gov/meetings/btc2007.htm</a>		

**O2 Request for approval of Legislative Committee meeting minutes**

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Approved minutes as presented.	Ms. Yee	Yes
Voting results of each committee action item are recorded in the approved committee minutes, which can be accessed at:	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes
<a href="http://www.boe.ca.gov/meetings/legcommittee.htm">http://www.boe.ca.gov/meetings/legcommittee.htm</a>		

**O3 Request for approval of Customer Services and Administrative Efficiency Committee meeting minutes**

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Approved minutes as presented.	Ms. Yee	Yes
Voting results of each committee action item are recorded in the approved committee minutes, which can be accessed at:	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Chu	Yes
	Mr. Chiang/Ms. Mandel	Yes
<a href="http://www.boe.ca.gov/meetings/custsrv/custsrv07.htm">http://www.boe.ca.gov/meetings/custsrv/custsrv07.htm</a>		

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

1. HdL Companies Request for Location-Specific Reporting of Local Tax – Discussion and Action

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
No action taken/ Request withdrawn	Ms. Yee Mr. Leonard Ms. Steel Ms. Chu Mr. Chiang/Ms. Mandel	

2. Taxpayers' Bill of Rights Follow-up – Mr. Gilman
  - a. Veterans Exemption

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
No action required/update only	Ms. Yee Mr. Leonard Ms. Steel Ms. Chu Mr. Chiang/Ms. Mandel	

- b. Underground Storage Tank Maintenance Fee

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
No action required/update only	Ms. Yee Mr. Leonard Ms. Steel Ms. Chu Mr. Chiang/Ms. Mandel	

- c. Update and status of other issues from 2007 Taxpayers' Bill of Rights Hearings

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No action required/update only	Ms. Yee Mr. Leonard Ms. Steel Ms. Chu Mr. Chiang/Ms. Mandel	

**P2 Chief Counsel Report**

There were no items for this matter.

**P3 Deputy Director's Report**

**1. Sales and Use Tax**

- a. Realignment of Sales and Use Tax Department

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved as Presented	Ms. Yee Mr. Leonard Ms. Steel Ms. Chu Mr. Chiang/Ms. Mandel	Yes No Yes Yes Abstain

**2. Property and Special Taxes**

There were no items for this matter.

**3. Administration**

- a. BOE Headquarters Construction Update  
(1) Windows and Deck Repair

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No action required/update only	Ms. Yee Mr. Leonard Ms. Steel Ms. Chu Mr. Chiang/Ms. Mandel	

## (2) Air Quality Testing

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No action required/update only	Ms. Yee Mr. Leonard Ms. Steel Ms. Chu Mr. Chiang/Ms. Mandel	

## b. Interagency Agreement Contract Over \$1 Million

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendations	Ms. Yee Mr. Leonard Ms. Steel Ms. Chu Mr. Chiang/Ms. Mandel	Yes Yes Yes Yes Yes

## c. Budget Hearings Update

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No action required/update only	Ms. Yee Mr. Leonard Ms. Steel Ms. Chu Mr. Chiang/Ms. Mandel	

**Q. Closed Session**

**ADJOURN**