



STATE BOARD OF EQUALIZATION  
450 N STREET, SACRAMENTO, CALIFORNIA  
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0081  
916-445-6479 • FAX 916-324-3984  
www.boe.ca.gov

CAROLE MIGDEN  
First District, San Francisco  
Chairwoman

CLAUDE PARRISH  
Third District, Long Beach  
Vice Chairman

BILL LEONARD  
Second District, Ontario

JOHN CHIANG  
Fourth District, Los Angeles

STEVE WESTLY  
State Controller, Sacramento

TIMOTHY W. BOYER  
Interim Executive Director

**STATE BOARD OF EQUALIZATION MEETING  
450 N Street, Room 121, Sacramento  
NOTICE AND AGENDA**

**January 27, 2004**

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

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

**AA. BUSINESS TAXES COMMITTEE**

Mr. John Chiang, Chairman  
Mr. Ramon Hirsig, Staff (916) 445-1441

1. Proposed revisions to Business Taxes Committee Procedures Manual Section 500.15, Audit and Compliance Manual Revisions
2. Should Regulation 1584, Membership Fees, be updated to address the application of tax to sales of memberships, when the person who sells the memberships is not the person who sells tangible personal property at the membership store?

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

**❖ PROPERTY TAX HEARING – PETITION FOR REASSESSMENT OF UNITARY ESCAPED ASSESSMENT**

1. Broadwing Communications Service (7630), 214611 – “CF”  
For Petitioner: John Corum, Representative  
For Department: Paul Steinberg, Tax Counsel

**❖ CORPORATE FRANCHISE AND PERSONAL INCOME TAX HEARINGS**

2. Melville Nguyen, 220529  
For Appellant: Melville Nguyen, Taxpayer  
For Franchise Tax Board: Kathleen Cooke, Tax Counsel
3. ~~Aurora E. Fisher, 174601~~  
~~For Appellant: Christie L. Fraser, Attorney~~  
~~For Franchise Tax Board: Mark McEvilly, Tax Counsel~~

4. Dover Corporation, 192551  
Novacap, Inc., 192556  
A-C Compressor Corporation, 192031  
For Appellant: Brian E. Gledhill, Attorney  
Anthony Kosinski, Taxpayer  
For Franchise Tax Board: Dennis Haase, Tax Counsel
5. Da-Mark Associates, LLC, 209028  
For Appellant: Stan Finberg, Taxpayer  
Jerry Smaler, CPA  
For Franchise Tax Board: Dennis Haase, Tax Counsel
6. Yang Wang, 215137  
For Appellant: Yang Wang, Taxpayer  
For Franchise Tax Board: Katherine Courtnier, Tax Counsel
7. Square D Company/Circuit Foil USA, Inc., 162822  
For Appellant: Richard A. Hanson, Attorney  
For Franchise Tax Board: Lorig Mushegain, Tax Counsel
8. Bill B. and Sandra L. Robinson, 203265  
For Appellant: Bill B. Robinson, Taxpayer  
Sandra L. Robinson, Taxpayer  
For Franchise Tax Board: Christine Roloff, Tax Counsel

❖ **SPECIAL TAXES APPEALS HEARING**

9. Zarko Stanojevic, 169130  
For Petitioner: Zarko Stanojevic, Taxpayer  
Nevenka H. Morris, Interpreter  
Zarko Radic, Witness  
For Department: Judy Nelson, Tax Counsel

❖ **SALES AND USE TAX APPEALS HEARINGS**

10. McDonnell Douglas Corporation, 106386  
For Petitioner: Joseph A. Vinatieri, Attorney  
Jason C. DeMille, Attorney  
Tim Lemaster, Witness  
For Department: Randy Ferris, Tax Counsel
11. MTC Distributing, 116257, 213504  
For Petitioner: William D. Johns, Taxpayer  
For Department: Jeffrey Graybill, Tax Counsel
12. Conway Communications, LLC, 197547  
For Petitioner: Michael J. Conway, Taxpayer  
Mark Stockdale, CPA  
For Department: Trecia Nienow, Tax Counsel

- 13. Moufeed Kaid Mohamed, 165922  
 For Petitioner: Ronald Matlin, CPA  
 For Department: Kevin Hanks, Hearing Representative
- 14. Tschudin Grinding Systems, 146132  
 For Petitioner: Maria Cuffaro, Representative  
 For Department: John Abbott, Tax Counsel
- 15. Bhawni Corporation, 153966  
 For Petitioner: Stewart Burch, Enrolled Agent  
 For Department: Robert Tucker, Tax Counsel
- ~~16. Propeller Portable Computer Products, Inc., 158412  
 For Petitioner: Becky Christensen, Controller  
 For Department: Randy Ferris, Tax Counsel~~
- 17. Mohammed Ali Khan, 169997  
 For Petitioner: Ronald Dahl, Attorney  
 Mohammed Ali Khan, Taxpayer  
 For Department: Sharon Jarvis, Tax Counsel
- 18. Sodini Enterprises, Inc., 164578  
 For Petitioner: Bradley Kass, Attorney  
 For Department: Kevin Hanks, Hearing Representative

❖ **PUBLIC HEARING**

- 19. **PROPOSED AMENDMENTS TO CONFLICT OF INTEREST CODE, REGULATION 6001 .....Ms. Ograd**

There are no proposed changes to the Board’s Conflict of Interest Code itself. The proposed changes to Appendix A reflect the classification and organizational changes that have taken place at the Board since the Conflict of Interest Code was amended last year. The statement regarding those auditors filing pursuant to Regulation 18733 is being amended to reflect new Form 700-A adopted by the Fair Political Practices Commission. In Appendix B, the name of the Ballast Water Management Fee Law is being changed to the Marine Invasive Species Fee Collection Law.

❖ **TAX PROGRAM NONAPPEARANCE MATTERS - ADJUDICATORY**

- A. Franchise and Income Tax Matters ..... Ms. Stanislaus**
  - Matters for Board Consideration
    - 1. Oil Third Partial Consent Decree Cash Account Escrow, 139239
  - Petitions for Rehearing
    - ~~2. Maurice A. Mayben, Jr., 186286~~
    - 3. Polaroid Corporation, 62415

**B. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds .....Mr. Hirsig**

- Credits and Cancellations
  1. Heilig-Meyers Furniture Company, 245011

**❖ TAX PROGRAM NONAPPEARANCE MATTERS – CONSENT****C. Legal Appeals Matters .....Mr. Levine**

- Petitions for Rehearing
  1. Office Furniture L.A., Inc., 140910
  2. Doris Cutler, 28800
  3. Phillip N. Cutler, 29001
  4. National Film Laboratories, Inc., 89000013400
- Hearing Notice Sent – No Response
  5. Tah Lih Investment, Inc., 194099
  6. Fastener Hardware Limited, 156397
- Petition for Release of Seized Property
  7. Chantha Thong, 241430

**D. Franchise and Income Tax Matters ..... Ms. Stanislaus**

- Decisions
  1. Sahibzada Tariq Ahmad Rafeeqi and Khalida T. Rafeeqi, 203268
  2. Amertranz Worldwide, Inc., 204954
  3. Arlene Antoine, 212926
  4. Hugh M. Boyd (Deceased), 208988
  5. Jessica Caimol, 220026
  6. Randy W. Carlson, 212924
  7. Mario Flamenco, 219075
  8. Perseveranda M. Goins, 218631
  9. Karen Johnson, 209802
  10. Deborah L. Kmet, 217866
  11. William L. Ludlum, 216413
  12. Magnetek, Inc., 198051
  13. Joseph E. Marcoux, 89002464010
  14. Kenneth J. Mariotti, 217300
  15. A. Aaron Medlock, 218483
  16. Michael Michalisin, 202133
  17. James J. and Cynthia Nules, 218529
  18. Anthony E. O'Hanlon, 210194
  19. Ana Rita Palmer, 213508
  20. Viren Patel, 210174
  21. Shirley R. Pogany, 213290
  22. Jerome and Sachiko Queeney, 207237
  23. Michael Spiering, 213326
  24. Mark O. Takanen, 217721
  25. Diosdado V. Telmo, 214772
  26. James E. Tucker, 213108
  27. Michael L. Williams, 219533
  28. Roger Yuezhi and Li Li Zhong, 215261
- Petition for Rehearing
  29. Dieter Stussy, 202274

**E. Homeowner and Renter Property Tax Assistance Matters ..... Ms. Stanislaus**

## ➤ Decisions

1. Wayne F. Belnap, 204809
2. Akop M. Dzulfayan, 221845
3. Jahronay Jacobs, 212624
4. Cathy Lewis, 215864
5. Rogelio G. Martin, 218280
6. Ronald Milne, 212613
7. Sue Perry, 218342
8. Tammie Robertson, 218271
9. Tara Robinette, 212743
10. Moysey Gekhtberg, 216008
 

<ul style="list-style-type: none"> <li>Ida Brichkov, 216017</li> <li>Etya Rozenberg, 216019</li> <li>Esfir Feldman, 216023</li> <li>Rakhil Rudyak, 216025</li> <li>Grigoriy Grosman, 220698</li> <li>Khasya Ravkina, 220709</li> <li>Fanya Virina, 220714</li> <li>Sergey Feygelson, 220729</li> <li>Mikhail Gelmont, 220740</li> <li>Revekka Berkovskaya, 220748</li> <li>Grigory Sandler, 220769</li> <li>Ananiy Shayevich, 220771</li> <li>Yefim Yusim, 220777</li> <li>Sofiya Vinokur, 220783</li> <li>Semyon L. Dragunsky, 220804</li> <li>Shendel Shvartsman, 220822</li> <li>Bronya Livshits, 220832</li> <li>S. Pivchik, 220836</li> <li>Aleksandr Goldman, 220841</li> <li>Lisa P. Khazak, 220843</li> <li>Bronya Broytman, 220845</li> <li>Abram Shilman, 220849</li> <li>Maria Dvorkina, 220915</li> <li>Tsipa Bakman, 220918</li> <li>Khaya Dayen, 220932</li> <li>Fenya Agranovich, 220934</li> <li>David Livshits, 220939</li> <li>Vulf Margolin, 220942</li> <li>Sarra Kertsman, 220946</li> <li>Sofia Itina, 220948</li> <li>Anna Fiterman, 220954</li> <li>Ginda Bukrinskaya, 220962</li> <li>Berta Radovilsky, 220967</li> <li>Yevgenya Rotiner, 220970</li> <li>Zina Shalat, 220972</li> </ul>	<ul style="list-style-type: none"> <li>Isaak Elyashev, 216016</li> <li>Moysey Melamud, 216018</li> <li>Yeva Vaysman, 216022</li> <li>Valya Tendler, 216024</li> <li>Victor Nessim-Gorsky, 220697</li> <li>Yevdokiya Kreymer, 220706</li> <li>Burykh Voldman, 220710</li> <li>Basia Volder, 220722</li> <li>Genya Shapiro, 220733</li> <li>Vladimir Tverdokhlebov, 220747</li> <li>Anna Lukatskaya, 220761</li> <li>Lylia Golenberg, 220770</li> <li>Maria Rudezman, 220775</li> <li>Lisa Radzay, 220779</li> <li>Yefim Lirisman, 220786</li> <li>Yefim D. Gorinshteyn, 220806</li> <li>Anna Zinger, 220830</li> <li>Filipp Ulitskiy, 220833</li> <li>Irina M. Vernik, 220837</li> <li>Alexander Rubin, 220842</li> <li>Rozaliya V. Ronina, 220844</li> <li>Sofiya Manoylo 220846</li> <li>Yelizaveta Eydelman, 220852</li> <li>Naum M. Kizler, 220917</li> <li>Iren Shkurovich, 220931</li> <li>Valentin Shrayer, 220933</li> <li>E. Szasz, 220938</li> <li>Eleanor Fried, 220940</li> <li>Mikhail A. Kats, 220943</li> <li>Roza Kurnovskaya, 220947</li> <li>Riva Gurevich, 220950</li> <li>Lilya Gamretsky, 220959</li> <li>Iosif I. Cherner, 220965</li> <li>Genya Leyfer, 220968</li> <li>Riva V. Alsher, 220971</li> <li>Ida M. Radovolsky, 220973</li> </ul>
---	--

Yevgenia Rubin, 220974  
 Zelman Vaynblat, 223244  
 Bentsion K. Tepermeyster, 223273  
 Basya Khusid, 223275  
 Nadia Yuzova, 223277  
 Taisa Liakhovetskaia, 223286  
 Ludmila Shushpanova, 223294  
 Zinaida Rabzinovich, 223369

Abram Byk, 223236  
 Yakov Shroyer, 223245  
 Berta Soboleva, 223274  
 Mevta Sapozhnikova, 223276  
 Irina Gzimboym, 223281  
 Rasya Lesova, 223291  
 Yaroslav Zayats, 223348

- Petition for Rehearing
  11. Zena Joy Lewis, 182330

**F. Sales and Use Taxes Matters .....Mr. Hirsig**

- Redeterminations
  1. Pioneer Foods, Inc., 218315
  2. Textron Financial Corporation, 198723
  3. Huntair, Inc., 187470
  4. Folger Adam Security, Inc., 209735
- Relief of Penalty
  5. Baxter Healthcare Corporation, 236381
  6. Central Concrete Supply Company, Inc., 246150
  7. Pratt & Whitney Power Systems, Inc., 246470
  8. Kent A. Logan, 242776
  9. DCFS Trust, 246147
  10. Pacific Bell Leasing Company, 246231
  11. Gero Vita Laboratories, Inc., 220470
  12. Tempur-Pedic, Inc., 246306
  13. Borders, Inc., 246251
  14. Middleton Hyundai-Isuzu, LLC, 246131
  15. Budget Rent A Car System, Inc., 246182
- Denials of Claims for Refund
  16. Nordstrom, Inc., 216148
  17. Square D Company, 246318
  18. Wayne-Dalton Corporation, 240684
  19. Integration Technologies, LLC, 245408
  20. Love's Country Stores of California, 138246

**G. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds .....Mr. Hirsig**

- Credits and Cancellations
  1. Coastal Imports, Inc., 240086
  2. Newegg Computers, 244156
  3. Nanette Ujdur, 245455
  4. Heilig-Meyers Furniture Company, 245005
  5. Marcella L. Bade, 245451
- Refunds
  6. Marian Medical Center, 216903
  7. Westfalia Separator, Inc., 234644
  8. Seagate Technology, 131452
  9. Oliver De-Silva, Inc., 245411
  10. Delano Regional Medical Center, 196345

11. United Duralume Products, Inc., 242188
12. The Regents of the University of California, 245580
13. Anritsu Company, 236088
14. San Jose Mercury News, Inc., 245410
15. J. R. Simplot Company, 205029
16. Square D Company, 162657
17. Howard Industries, Inc., 245541
18. Photo Control Corporation, 182693
19. LTX Corporation, 133062
20. Suss Micro Tec, Inc., 224772
21. Wayne-Dalton Corporation, 240680
22. Integration Technologies, LLC 49291
23. Sunamerica Life Insurance Company, 187267
- ~~24. Marine World Joint Power Authority, 246270~~
25. Premier Waterworld Concord, Inc., 242699
26. Qwest Interprise America, Inc., 239619
27. Careee and Company, Ltd., 244073
28. Metatec International, Inc., 152710
29. Edison Material Supply, LLC, 222457
30. Neptune Management Corporation, 242701
31. Novar Controls Corporation, 239922
32. GTE Wireless Service Corporation, 140901
33. Tenet Health System QA, Inc., 245603
34. Ledcor Industries (USA), Inc., 173291
35. Calpeak Power, LLC, 216997
36. McClellan Jet Services, LLC, 183167
37. Exodus Communications, Inc., 183234
38. Southern California Edison Company, 222370
39. GMC Sales Corporation, 207102
40. Ambrosia Interior Design, Inc., 246214
41. Grimmway Enterprises, Inc, 145338
42. Palmone, Inc., 243658
43. Wescom Credit Union, 239621
44. Nova Information Systems, Inc., 236089
45. ASM Lithography, Inc., 238392
46. Enplas Tesco, Inc., 224767
47. DirecTV Enterprises, Inc., 174341
48. Americredit Financial Service, Inc., 220492
49. Lobel Financial Corporation, 238519
50. Transouth Financial Corporation, 242700
51. Union Acceptance Corporation, 217088
52. Mercury Casualty Company, 245373

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

- Credits and Cancellations
  1. Morton International, Inc., 170779
  2. Morton International, Inc., 246491
  3. Zeneca, Inc., 244466
- Refund
  4. PWG Vintners USA, Inc., 236812 – “CF”

**I. Property Taxes Matters ..... Mr. Gau**

- Petition for Reassessment of Private Railroad Car Tax
  1. Cryo-Trans, Inc., 241988 – “CF”
- Petition for Reassessment and Penalty Abatement on Unitary Escape Assessment
  2. 01 Communications, Inc., 241990 – “CF”

**❖ TAX PROGRAM NONAPPEARANCE MATTERS — NOT SUBJECT TO CONTRIBUTION DISCLOSURE STATUTE****J. Property Taxes Matters ..... Mr. Gau**

- Audits
  1. QAI, Inc. (7610) – “CF”
  2. AllCom USA (7875) – “CF”

**❖ CHIEF COUNSEL MATTERS****K. Property Taxes Matters ..... Ms. Cazadd**

- Board Consideration of Findings and Decisions
  1. All American Pipeline L.P. (465), 224027
  2. All American Pipeline L.P. (465), 225290
  3. High Desert Power Trust (1127), 224484
  4. Delta Energy Center, LLC (1128), 223881
  5. Pastoria Energy Facility, LLC (1131), 223879
  6. Calpine Construction Finance Company (1132), 223882
  7. Metcalf Energy Center, LLC (1133), 223880
  8. Otay Mesa Generating Facility, LLC (1134), 223878
  9. Indigo Generation, LLC (1141), 224754
  10. Larkspur Energy, LLC (1142), 224756
  11. PacWest Telecomm, Inc. (2043), 224022
  12. MPower Communications Corporation (7724), 221745
  13. Metromedia Fiber Network Services, Inc., (7837), 224024

❖ **ADMINISTRATIVE SESSION****BB. Offers in Compromise Recommendation .....Ms. Ograd**

1. James Leonis

~~**CC. Implementation of AB 71 – Limited Peace Officer**~~~~**Status Recommendation .....Mr. Boyer**~~

- ~~• Board authorization to grant limited peace officer status to certain employees in the Investigations Division~~

**DD. Request for a Delegation of Authority for Relief of Interest.... Mr. Hirsig/Mr. Gau**

- Sales and Use Tax/Property and Special Taxes Departments request a delegation of authority for relief of interest for amounts of \$50,000 or less when a taxpayer's failure to pay is due to disaster or unreasonable error or delay by a Board employee.

**EE. Consent Agenda ..... Ms. Pellegrini****1. Approval of Board Employee Retirement Resolutions**

- Eileen M. Baier
- Sally Shook
- Sandra L. Munoz
- Linda Ramsey
- Jean L. Manes
- Robert M. Martin
- Janice McGilvray-Simpson

**2. Approval of Board Meeting Minutes**

- October 15, 2003

**FF. BOARD COMMITTEE REPORT**

- Approval of the Business Taxes Committee Minutes

❖ **ANNOUNCEMENT OF CLOSED SESSION ..... Ms. Pellegrini****GG. CLOSED SESSION**

1. Discussion and approval of staff recommendations regarding settlement cases (R&T Code § 6901, 7093.5, 30459.1 and 50156.11)
2. Discussion and action on Personnel Matters (Govt. Code, § 11126(a))

Adjourn

Board Proceedings Division

Generally, 35 minutes are allocated for each hearing: 10 minutes for the taxpayer, 10 minutes for the Department, 5 minutes for the taxpayer's rebuttal, and 10 minutes for Members' questions.

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](mailto: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.

If substantial revisions to the published text of the regulations are approved at the hearing, the regulations will be republished for a new hearing date. If only revisions sufficiently related to the published text of the regulations are approved, a notice containing these revisions will be mailed to those persons who commented orally or in writing or who asked to be informed of such revisions. The notice will be mailed at least 15 days prior to the scheduled Board adoption of the regulations to allow time for additional comments.

Agenda items occur sequentially. When circumstances warrant, the Chairwoman 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](mailto:Gary.Evans@boe.ca.gov), to make special arrangements.