



STATE BOARD OF EQUALIZATION

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Second District, Ontario

JOHN CHIANG
Fourth District, Los Angeles

STEVE WESTLY
State Controller, Sacramento

JAMES E. SPEED
Executive Director

**STATE BOARD OF EQUALIZATION MEETING
450 N Street, Capitol Square, Sacramento
February 5-6, 2003
NOTICE AND AGENDA**

WEDNESDAY, FEBRUARY 5, 2003

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

❖ LEGISLATIVE COMMITTEE—Room 122

Ms. Carole Migden, Chairwoman

Ms. Margaret Shedd, Staff (916) 322-2376

➤ **Legislative Bills-Recommendations for Board Positions**

- ❑ Property Taxes
 - AB 82 Property taxes: homeowners' property exemption
 - SB 17 Property taxation: change in ownership
 - SB 3x Property taxation: change in ownership
- ❑ Business Taxes
 - SB 47 Sales and use tax: MIC extension
 - SCA 2 Local government: sales taxes: transportation
 - SB 2x Sales and use tax: MIC extension
- ❑ Administration
 - SCA 1 Access to government information

Set forth below are suggestions for Property Taxes and Business Taxes (Sales and Use Taxes and Special Taxes) legislation to be sponsored by the Board in the first year of the 2003-2004 Legislative Session. Additional suggestions will be included on the agenda for March, 2003.

➤ **2003 Legislative Proposals—Property Taxes**

- ❑ Amend Section 69.4 of, and add Section 74.7 to, the Property Taxes Law to remove the new construction exclusion from Chapter 2, Change In Ownership, and add it to Chapter 3, New Construction.
- ❑ Amend Sections 75.11 and 532 of the Property Taxes Law to delete the phrase "or change in control."
- ❑ Amend Government Code Section 51203 to correct the Revenue and Taxation Code reference and Government Code Section 51283 to require that an assessee be notified of cancellation value.

➤ **2003 Legislative Proposals—Business Taxes (Sales and Use Taxes)**

- ❑ Amend Section 1653.5 of the Vehicle Code to allow the Board to access the social security number data maintained by the Department of Motor Vehicles.
- ❑ Add Article 2.5 (commencing with Section 7076.1) to the Sales and Use Tax Law to reauthorize the Board to implement a managed audit program.

➤ **2003 Legislative Proposals—Business Taxes (Special Taxes)**

- ❑ Amend Sections 30438 and 30449 of the Cigarette and Tobacco Products Tax Law to allow any person owning or claiming any interest in cigarettes, as specified, to file a petition with the Board requesting the release or recovery of the cigarettes.

❖ BUSINESS TAXES COMMITTEE—Room 121

Mr. John Chiang, Chairman

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

- Proposed regulatory changes regarding clip-on sunglasses furnished pursuant to a prescription (Regulation 1592, Eyeglasses and Other Ophthalmic Materials)

❖ CUSTOMER SERVICES AND ADMINISTRATIVE EFFICIENCY COMMITTEE—ROOM 121

Mr. Bill Leonard, Chairman

Ms. Jerri Dale, Staff (916) 445-6188

- Fiscal Year 2003-04 Finance Letter (Reclassification)

BOARD MEETING* (convenes upon adjournment of the Customer Services and Administrative Efficiency Committee)—Room 121**❖ TAX PROGRAM NONAPPEARANCE MATTERS - ADJUDICATORY****A. Legal Appeals Matters**

- Petitions for Rehearing
 1. Yamaha Motor Corporation U.S.A., 102973
Yamaha Motor Corporation U.S.A., 89000448380
 2. Lifescan, Inc., 29592
Lifescan, Inc., 37314
Lifescan, Inc., 48966
 3. Barnes & Noble.Com, 89872

B. Franchise and Income Tax Matters

- Decisions
 1. Roberto Brutocao, 140415
Venture Communications, Inc., 141641
- Petitions for Rehearing
 2. Atlantic Richfield Company, 134085
 3. Dale Mitchell Heindell, 103375

C. Homeowner and Renter Property Tax Assistance Matter

- Decision
 1. Athina B. Salmo, 157240

D. Sales and Use Taxes Matter

- Redetermination
 1. AT & T Communications, Inc., 152004

❖ TAX PROGRAM NONAPPEARANCE MATTERS – CONSENT**E. Legal Appeals Matters**

- Petition for Rehearing
 1. Vasant Kale, 89002204350
- Hearing Notice Sent-No Response
 2. David J. Pedroli, 151696
 3. Frankie Renee Rios, 117109
 4. James Anderzen Burger, 201684
 5. Rebhya Abdeljawad, 198216

F. Franchise and Income Tax Matters

- Decisions
 1. Rebecca Aiello-Swan, 149981
 2. Ruth N. Alvarado, 171559
 3. Elsie Bakkenson, 170161
 4. Steven R. Ball, 141468
 5. Heather K. Cahn, 162184
 6. Desmond Howard, 173221
 7. Joseph Leonard Neufeld, 169531
 8. P.C. Dynamics, Inc., 164399

9. Ronna J. Robertson, 142068
 10. Nanopadol Seniwog, 160249
 11. William A. Tarver, 167934
 12. Don Roland Taylor II, 162741
 13. Arturo Vega, 173175
 14. Andy Walker, 158119
- Petition for Rehearing
15. Nathan Boatner, 138360

G. Homeowner and Renter Property Tax Assistance Matters

- Decisions
1. Arleen Fornis Avery, 182594
 2. Lydia A. Ballesteros, 173105
 3. Carmen A. Briseno, 173394
 4. Chester R. Collins, 174158
 5. Maria Curt, 174159
 6. Louise C. Dalske-Giarmona, 164187
 7. H. Frederick, Jr., 173811
 8. Maria Gallegos, 183601
 9. L. V. Gertos, 190055
 10. Joyce Goree, 190045
 11. S.S. Jain, 170690
 12. Ruth Jordan, 173488
 13. Allan I. Kottlisky, 170709
 14. Alma Neal, 191833
 15. Bibinaz Shikhoni, 172821
 16. Jacquelyn Tolan, 168007
 17. James M. Toller, 169653
 18. Michael Tucker, 172810
 19. Julia Villapando, 166053

H. Sales and Use Taxes Matters

- Redeterminations
1. Rapid Rack Industries, Inc., 117209
 2. The C.I.T. Group/Eqmnt. Financing, 158232
 3. Sefar America, Inc., 136565
 4. Catalina Glassbottom Boat, Inc., 153376
 5. Richard Blatt, 153372
 6. Talon Aviation LLC, 151705
 7. Timothy C. Wilkie, 167035
 8. Calif. Shock Trauma Air Rescue, 157779
 9. Rancho Aviation LLC, 182562
 10. Shelter Cove Yachts LLC, 154902
- Relief of Penalty
11. Apple Computer, Inc., 203914
 12. Homelife Corporation, 202367
 13. W. W. Grainger, Inc., 203107
 14. Tiffany & Company, 203121
- Denials of Claims for Refund
15. Viskase Sales Corporation, 113936
 16. Iscribe, Inc., 162309
 17. Essilor of America, Inc., 135655

I. Sales and Use Taxes Matters

- Credits and Cancellations
1. Trishan Air, Inc., 157307
 2. Bank of Amrica NT & SA, 204019
 3. Law Office of Raymond L. Riley, 203193
 4. Pacific Sportfishing Co., 202374
 5. Endeavors Technology, Inc., 202750
 6. Chat Communication Services, 203062

- Refunds
 7. Prudential Insurance Co. of Amer., 76992
 8. Nissan Motor Acceptance Corp., 203010
 9. Color West, Inc., 164565
 10. Don-A-Vee Jeep Eagle, Inc., 184380
 11. Pacific Capital Bank, N.A., 133817
 12. Thousand Oaks Prntng./Spclts., Inc., 140588
 13. Aerojet-General Corporation, 153659
 14. Telamon Corporation, 168456
 15. F P C, Inc., 151456
 16. Steven L. Hutnick, 156512
 17. Purchase Leasing Corp., 113346
 18. Silicon Graphics, Inc., 89000659870
 19. Molecular Dynamics, 83501
 20. Technology Credit Union, 131850
 21. BC Stocking Distributing, 142882
 22. Procter & Gamble Paper Prods. Co., 204434
 23. The Golden 1 Credit Union, 202151
 24. Hyundai Motor Finance Company, 115747
 25. Creative Design Interiors, Inc., 201910
 26. Parker-Hannifin Corporation, 89000805870
 27. Muller-Martini Corp., 145235
 28. HBO & Company of Georgia, 154773
 29. American Drug Stores, Inc, 204241
 30. Daimler Chrysler Corporation, 203011
 31. Bud Bailey Construction, Inc., 195666
 32. Light Bulb City, Inc., 154558
 33. Agilent Technologies, Inc., 187556
 34. Longs Drug Stores California, Inc., 203012
 35. Longs Drug Stores California, Inc., 203013
 36. Medstone International, Inc., 202371
 37. Glenayre Electronics, Inc., 173034
 38. Brian H. Weiner, 202149
 39. United Defense L P, 145225
 40. Implant Innovations, Inc., 144048
 41. McLane Suneast, Inc., 204443
 42. Quantum Plumbing and Heating, Inc., 134895
 43. Marriott Distribution Services, Inc., 113347
 44. IDEC Pharmaceuticals Corporation, 112530
 45. Dawn Patrol Incorporated, 109035
 46. Cirque Du Soleil America, Inc., 113327
 47. Onyx Acceptance Corp., 112373

J. Special Taxes Matters

- Credits and Cancellations
 1. Golden West Refining Company, 169129
 2. Coastal West Ventures, Inc., 174405
- Refunds
 3. Thrifty Payless, Inc., 203933
 4. Catherine L. Russell, 188568 – “CF”
 5. Unicare Life & Health Ins. Co., 165228 – “CF”
 6. XL Specialty Insurance Company, 195724 – “CF”
 7. Republic Western Insurance Co., 195728 – “CF”
 8. Frontier Pacific Insurance Co., 197748 – “CF”

❖ **TAX PROGRAM NONAPPEARANCE MATTERS – NOT SUBJECT TO CONTRIBUTION DISCLOSURE STATUTE**

K. Property Tax Matters

- Audits
 1. TCAST Communications, Inc. (7625) – “CF”
 2. Broadwing Communications Services, Inc. (7630) – “CF”
 3. WorldxChange Corporation (7933) – “CF”

❖ **SALES AND USE TAX APPEALS HEARINGS**

- ❑ Plastic Pilings, Inc., 104744
- ❑ Merrill Lynch-Pierce-Fenner-Smith, 90818
- ❑ American President Lines LTD., 104741, 75923
- ❑ EGS and Company Trust, 135923

BOARD MEETING* (convenes at 1:30 p.m.)—Room 121

❖ **PUBLIC HEARINGS**

➤ **PROPERTY TAXES – STATE ASSESSEE PRESENTATIONS ON CAPITALIZATION RATES & OTHER FACTORS AFFECTING VALUES**

Board will hear: 1) state assessee’s presentations on capitalization rates and other factors and procedures affecting 2003-04 values of California state-assessed public utilities and railroads; and,
2) private railroad car assessee’s presentations on factors and procedures affecting 2003-04 taxable values of private railroad cars.

➤ **PROPOSED AMENDMENT OF SALES AND USE TAX REGULATION 1616, FEDERAL AREAS**

Regulation 1616, Federal Areas, is proposed to be amended to interpret, implement and make specific Revenue and Taxation Code section 6352. Amendments are proposed to provide that Indian retailers are not required to collect use tax upon on-reservation sales to non-Indians and Indians who do not reside on a reservation, of tangible personal property that (1) is intended for use in relation to on-reservation gaming activities, as defined; (2) promotes on-reservation gaming activities, as defined; (3) is made from raw materials produced on the reservation; (4) reflects or illustrates tribal history, culture or tradition; (5) is intended for use in an on-reservation activity; or, (6) is not generally available for purchase outside of a reservation.

➤ **PROPOSED “ADMINISTRATIVE REGULATIONS” SECTION FOR VARIOUS EXISTING AND NEW SPECIAL TAXES REGULATIONS**

The Board proposes to add a new “Chapter 9.9, Special Taxes Administration,” containing Regulations 4901, Records, and 4902, Relief from Liability, to provide consistent guidance and clarification among all of the special tax programs in the Property and Special Taxes Department, as well as consistency with the same subjects under the Sales and Use Tax regulations. The Board proposes to add and amend existing regulations to cross-refer to the administrative regulations in the new Chapter 9.9.

❖ **SALES AND USE TAX APPEALS HEARINGS**

- ❑ Gary Fisher, 89002181700
- ❑ Gurmail Athwal, 153923
- ❑ Toyota Motor Distributors, Inc., 55844, 168174
- ❑ Toyota Motor Sales U.S.A., Inc., 55273, 132784

❖ PETITION FOR RELEASE OF SEIZED PROPERTY

- ❑ Naim Mashhour and Eyda Mashhour and Rami Michel Darghalli, 202617
Rami Michell Darghalli, 202618
Rami Michell Darghalli, 202621
Rami Michell Darghalli & Faiz Mohamed Munassar, 202622

❖ CORPORATE FRANCHISE AND PERSONAL INCOME TAX HEARINGS

- ❑ Milgard Manufacturing, Inc., 135840
- ❑ Robert V. and Anne Kuenzel, 155432
- ❑ Baxter Healthcare Corporation, 140712
- ❑ American General Realty Investment, 156726

THURSDAY, FEBRUARY 6, 2003**BOARD MEETING**(convenes at 9:30 a.m.) Room 121****❖ CLOSED SESSION**

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

❖ ADMINISTRATIVE SESSION**➤ PROPOSED 2003 BOARD MEETING DATE CHANGES****➤ CONSENT AGENDA**

- ❑ **Approval of Board Meeting Minutes**
 - November 12-13, 2002
 - December 3-5, 2002
 - December 18-19 2002
 - January 8-9, 2003
- ❑ **Approval of proposed revisions to Compliance Policy and Procedures Manual**
 - Chapter 3, Account Maintenance
 - Chapter 9, Miscellaneous

➤ BOARD COMMITTEE REPORTS

- ❑ Approval of the February 5, 2003 Board Committee Minutes
 - Legislative Committee
 - Business Taxes Committee
 - Customer Services and Administrative Efficiency Committee

❖ CHIEF COUNSEL MATTERS**A. Rulemaking**

- Request for adoption of revised language to Sales and Use Tax Regulation 1802, Place of Sale and Use for Purposes of Bradley-Burns Uniform Local Sales and Use Taxes

❖ SALES AND USE TAX APPEALS HEARING

- ❑ Robert C. Jones, 62359

If you would like specific information regarding items on this Board Meeting Agenda Notice 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.

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.

Agenda items occur sequentially. When circumstances warrant, the Chairwoman may modify the order of items as they appear on the agenda. Any committee agenda item may be brought to the Board at its next meeting. 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, to make special arrangements.