STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION
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Fourth District, Los Angeles

JOHN CHIANG
State Controller

RAMON J. HIRSIG
Executive Director

STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
NOTICE AND AGENDA
Meeting Agenda (as of 04/01/08 8:00 a.m.)

Agenda Changes

Tuesday, April 8, 2008

9:30 a.m. Board Committee Meeting Convenes*
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 Chair, Dr. Chu, may modify the order of the items on the agenda.

Board Committee Meetings*

Legislative Committee .....Dr. Chu, Committee Chair

I. 2008 Legislative Proposals-Business Taxes (Sales and Use Taxes)

Set forth below are suggestions for sales and use taxes legislation to be sponsored by the Board in the second year of the 2007-2008 Legislative Session.

3-7 Repeal Section 7076.5 of the Sales and Use Tax Law to delete the January 1, 2009 sunset date of the Managed Audit Program and thereby extend the program indefinitely.

II. 2008 Legislative Bills

A. Discussion Item: Update and status of bills containing Board-sponsored provisions.

1. AB 0010c, Use Tax: Vehicles, Vessels, and Aircraft: 12 month Test
   Author: Budgets
2. AB 1012, Property Tax: Disabled Veterans' Exemption cleanup
   Author: Calderon
3. AB 1895, Sales Tax: Statute of Limitations: Corporate Officer Liability
   Author: Silva
4. AB 1901, Business Taxes: One day Interest for Late Payment
   Author: Silva

5. AB 1919, Sales Tax: Navy and Marine Thrift Store Exemption
   Author: Silva
6. AB 1926, Business Taxes: Interest Equalization
   Author: Horton
7. AB 1957, Use Tax: Report on FTB return
   Author: Eng
8. AB 2047, Business Taxes: Offers in Compromise
   Author: Horton
9. AB 3009, Sales Tax: Consumer: Itinerant Vendors
   Author: Brownley
10. AB 3079, Business Tax Proposals:
    Author: AR&T
    - Info Sharing: Department of Industrial Relations
    - Use Tax: In-state Purchasers: Statute of Limitations
    - Fuel: Train Operator Informational Returns
11. SB 0008c, Use Tax: Vehicles, Vessels, and Aircraft: 12 month Test
    Author: Budgets
12. SB 1450, Sales Tax: Navy and Marine Thrift Store Exemption
    Author: Dutton
13. SB 1495, Property Tax: Disaster: Disabled Veterans' Exemption
    Author: Kehoe
14. SB 1777, Property Tax Omnibus Bill:
    Author: SR&T
    - Disabled Veterans' Exemption cleanup
    - Cost-effective Annual Boat Reassessment
    - Code reference correction
    - PCOR: Remove detail from statute
    - On-line Appraiser Continuing Education
    - Disaster: Base Year Value Transfers
    - Exemptions: Property Leased to Public Schools

    Board Meetings: Place of Meetings

B. Discussion Item: Update and status of bills of interest to the Board.

1. AB 1839, BT: SUT: Deletes the provisions that allow an affiliate of a retailer, or lender to claim a bad debt deduction for sales tax reported and paid by a retailer on transactions held by a lender that are determined to be uncollectible. - Author: Calderon
2. AB 1840, BT: SUT: Specifies that a "retailer engaged in business in this state" means any retailer that has substantial nexus with this state for purposes of the commerce clause of the United States Constitution and any retailer upon whom federal law permits this state to impose a use tax collection duty.- Author: Calderon
3. AB 1956, BT: SUT: Requires the Board to submit a report to the Legislature on transactions involving digital property within this state that includes, among other things, a proposed regulation that would provide that sales of digital property are subject to tax for purposes of the Sales and Use Tax Law- Author: Calderon

4. AB 2297, BT: BOE to calculate the revenue impact of reclassifying any alcoholic beverage from beer to a distilled spirit.- Author: Saldana
5. AB 2461, PT: Split Roll: Revenue Study. Requires the Board to conduct a study to determine the amount of revenue that would be generated if "nonresidential commercial property" had been reassessed at its fair market value in the prior year. - Author: Davis
6. AB 2568, PT: Disabled Veterans' Exemption: 100% Exemption. Exempts the home of any person eligible for the disabled veterans' exemption. - Author: Houston
7. AB 2579, PT: Base Year Value Transfers. Related to the "one time only" limitation, allows each spouse to make a separate one-time claim. Author: Niello
8. AB 3035, PT: Welfare Exemption: Supplemental Assessment. Expands the grace period to qualify for the welfare exemption on newly purchased property from 90 to 180 days. - Author: Huffman
9. SB 0153, PT: Change in Ownership Exclusion: Co-owners Death. Creates a change in ownership exclusion for the transfer of an interest in a home from the decedent to the surviving co-owner. In the case of other types of co-owned property, limits the exclusion to $500,000 of assessed value. - Author: Migden
10. SB 1098, BT: SUT: Among other things, provide amnesty for unpaid tax, interest and penalties on any sales of tangible personal property by a medical cannabis dispensary, as defined, prior to October 1, 2005 if the dispensary applies for relief by March 31, 2009 and begins prospective compliance with the Sales and Use Tax Law, as specified. - Author: Migden

Customer Service and Administrative Efficiency Committee ..... Mr. Leonard, Committee Chair

- Security Deposit Program Update

  Update regarding the Board of Equalization's release of security deposits, new criteria for releasing security and taxpayer security release denial letters.

Board Meeting**

Oral Hearings

A. Homeowner and Renter Property Tax Assistance Hearing
(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

A1. David Adelman, 394379
For Appellant: Darren Pluth, Representative
For Franchise Tax Board: Lisa Lawson, Hearing Representative

B. Corporate Franchise and Personal Income Tax Hearing
(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

B1. Kenneth Banks, 327922
For Appellant: Kenneth Banks, Taxpayer
Jennifer Askay, Witness
For Franchise Tax Board: Judy Hirano, Tax Counsel

C. Sales and Use Tax Appeals Hearings
This item will be heard in the afternoon session.

There are no items for the following matters:
D. Special Taxes Appeals Hearings
E. Property Tax Appeals Hearings

F. Public Hearing

F1. Property Taxes – State Assessees Presentations on the Valuation of State-Assessed Properties..... Mr. Siu

The Board will hear State assessees' presentations on the valuation of state-assessed properties.

Speaker: Peter Michaels, Law Office of Peter Michaels
State Assessed Gas/Electric, Intercounty Pipeline, Telephone and Railroad Companies

G. Tax Program Nonappearance Matters – Consent
(Contribution Disclosure forms not required pursuant to Gov. Code § 15626.)

G1. Legal Appeals Matters ..... Mr. Angeja

- Petition for Rehearing
  1. Hagop Vartanian, 255764 (KHO)
- Hearing Notice Sent No Response
  ~~2. Rajinder Singh Garcha, 30060 (KH)~~
- Petitions for Release of Seized Property
  3. Tieng Duc Nguyen, 432533 (ET)
  4. Tuan Le, 430348 (ET)
  5. Bay Briar Shoppe, Inc., 405478 (ET)
  6. Hamidullah Nawabi, 418254 (ET)
  7. M & B Corporation, 417080 (ET)

G2. Franchise and Income Tax Matters..... Ms. Kelly

- Decisions
  1. Anthony R. Doyle and Ilona N. Koti-Doyle, 349001
  2. Patrick Flocchini, 361406
  3. Fred Jackmovich and Adele Jackmovich, 380411
  4. Fred Jackmovich, 381169

5. Roger Romero, 382838
6. Jeffrey T. Stinchcomb, 394004
7. Kayla L. Williams, 397041

- Decisions on Petitions for Rehearing
  8. John Buergel, 353717
  9. John Cirino and Sepideh Cirino, 361476
  10. Walter J. Kubon, Jr., 337056
  11. Nathalie M. Lohrli, 329170

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

- Decisions
  1. Gloria Burns, 394079
  2. Yolanda Alexander Dozier, 339298
  3. Patricia A. Lee, 386729
  4. Karen R. Murphy, 378378
  5. Lawrence Richard Brown, 389602
  6. Joe P. Rios, 377238
  7. Bobbie Scott, 348658

G4. Sales and Use Taxes Matters ..... Ms. Henry

- Redeterminations
  1. L'Oreal USA Sales, Inc., 209556 (OHB)
  2. L'Oreal USA Sales, Inc., 218317 (OHB)
  3. Tesoro Refining & Marketing Company, 391125 (OHC)
  4. Century-TCI CA Communications, LP, 378524 (OHB)
  5. Crystal Decisions, Inc., 379039 (GH)
  6. Hon Hai Precision Industry Company, Ltd., 404549 (EA)
  7. Van Unen/Miersma Propane, Inc., 298294 (KH)
  8. L'Oreal USA S/D, Inc., 255772 (OHB)
- Relief of Penalty/Interest
  9. 99 Cents Only Stores, 434016 (AA)
  10. Barney's, Inc., 433833 (OHB)
  11. Bobst Group North America, Inc., 433838 (OHB)
  12. CIT Technology Financing Services I, LLC, 433837 (OHB)
- Denial of Claim for Refund
  13. William Lyon Homes, Inc., 330495 (EAA)

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

- Credits and Cancellations
  1. Sheila Grover, 421692 (KH)
  2. SKA Consulting, LLC, 418407 (UT)
  3. Jeong Soon Yi, 433143 (FH)
- Refunds
  4. Methodist Hospital Southern California, 400671 (AP)
  5. California Casualty Management CO, 350100 (OH)
  6. The Golden 1 Credit Union, 424229 (KH)
  7. The Boeing Company, 213345 (OHA)
  8. Greyhound Lines, Inc., 390089 (OHC)

9. Mercedes-Benz USA, LLC, 422400 (KH)
10. Claudia J. Martinic, 437894 (UT)
11. Align Technology, Inc., 433116 (GH)
12. Gambro Renal Products, Inc., 332066 (OH)
13. Lobel Financial Corporation, 422581 (EA)
14. Modern Finance Company, 325438 (AC)
15. Penryn Enterprises, Inc., 396110 (KH)
16. Fred Pierce Enterprises, Inc., 432885 (KHO)
17. Long Beach Acceptance Corporation, 427371 (EA)
18. ABC Window Company, Inc., 318322 (EH)
19. Central Coast Cinemas, Inc., 431935 (GH)

G6. Special Taxes Matters
There are no items for this matter.

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

- Refund
  1. Classic Distributing & Beverage Group, Inc, 432958 (ET) **"CF"**

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

H1. Legal Appeals Matters ..... Mr. Angeja

- Petitions for Rehearing
  1a. Atlantic Richfield Company, 158211, 167993, 348075 (MT)
  1b. BP West Coast Products, LLC, 216210, 264250, 307637, 349423 (MT)
  1c. BP Products North America, Inc., 306843 (MT)
  2. Chevron U.S.A., Inc., 165308, 215016, 260466, 260468, 306293, 346981 (MT)
  3. Onnik Mooradian and Mariette Mooradian, 220157, 220158, 292978, 293031 (MT
- Hearing Notices Sent – No Response
  4. Phillip N. Cutler, 377150 (AC)
  5. Doris Lydia Cutler, 380705, 381147 (AC)
- Cases Heard But Not Decided
  6a. Eulipia, Inc., 300130 (GH)
  6b. Los Gatos Restaurants, Inc., 299490 (GH)
  7. Stephen Charles Borkenhagen, 302079 (GH)
  8. Laurencio Gutierrez, Sergio Gutierrez, and Ruben Gutierrez Alvarez, 312859 (FH)

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

- Decisions
  1. Lisa M. Fagundes, 317594
  2. Ramona Romero, 343076

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

- Credits and Cancellations
  1. Saddleback Recreational Vehicles, 432967 (EH)
  2. PC Technologies, Inc., 432756 (AC)

H6. Special Taxes Matters.....Mr. Gau

- Denial of Relief of Penalty
  1. Republic Indemnity Company of California, 298649 (ET) **"CF"**

There are no items for the following 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
(Contribution Disclosure forms not required pursuant to Gov. Code § 15626.)

I1. Property Taxes Matters.....Mr. Gau

- Audit
  1. Sierra Pacific Power Company (146) **"CF"**
- Unitary Land Escaped Assessments
  2a. Pacific Gas and Electric Company (135) **"CF"**
  2b. Sprint PCS (2720) **"CF"**
  2c. Edge Wireless, LLC (2753) **"CF"**
- Board Roll Changes
  3. 2005, 2006 and 2007 Board Rolls of State-Assessed Property **"CF"**

I2. Offers-in-Compromise Recommendations
There are no items for this matter.

Chief Counsel Matters

J. Rulemaking

J1. Alcohol Beverage Tax Flavored Malt Beverages: Regulation 2558, *Distilled Spirits*, Regulation 2559, *Presumption-Distilled Spirits*, Regulation 2559.1, *Rebuttable Presumption–Distilled Spirits*, Regulation 2559.3, *Internet List*, and Regulation 2559.5, *Correct Classification*+ ..... Ms. Brisbane

Report on public comments regarding (1) the Formal Issue Paper relied upon and (2) the March 21, 2008, changes to the original proposed text of Alcoholic Beverage Tax Regulation 2558, *Distilled Spirits;* Regulation 2559, *Presumption – Distilled Spirits*; Regulation 2559.1, *Rebuttable Presumption – Distilled Spirits*; Regulation 2559.3, *Internet List*; and Regulation 2559.5, *Correct Classification*; and recommendation to adopt the changes.

~~J2. Proposed Amendments to *Board of Equalization Rules for Tax (Cal. Code Regs., tit. 18, § 5000 et seq.) Appeals*+.....Ms. Scott~~

~~Proposal to adopt Section 100 changes to *Rules for Tax Appeals* regulations, which correct grammatical errors in specified sections.~~

K. Business Taxes

There are no items for this matter.

L. Property Taxes

L1. Assessment of Cable Television Taxable Possessory Interests+ Mr. Lambert

Proposed form of Letter to Assessors on the assessment of cable television and video service taxable possessory interests

L2. State Assessee Property Tax Appeals Procedures+.....Mr. Ambrose

Alternative proposals for distribution of unsolicited late materials and revision of hearing summaries

M. Other Chief Counsel Matters

There are no items for this matter.

1:30 p.m. Board Meeting Reconvenes**

C. Sales and Use Tax Appeals Hearings

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

C1. Aladdin Persian Rug, LLC, 374411 (CH)

For Petitioner:	Fardin Sayyar, Enrolled Agent
	Matthew Gheisari, Taxpayer
	Parviz E. Sohi, Witness
	Saeed (Sam) Lavasani, Witness
	Davood B. Dilmaghani, Witness
For Department:	Robert Tucker, Tax Counsel

Administrative Session

N. Consent Agenda ..... Ms. Olson

N1. Retirement Resolutions+
- Ellen M. Juka
- Joseph D. Young
- Marla K. Blumenthal
- Victoria T. Winter

N2. Approval of Board Meeting Minutes
- January 31-February 1, 2008+
- February 26, 27, 28, 2008+

N3. 2008 Timber Advisory Committee Membership+

N4. 2008-09 Tobacco Products Tax Rate+

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

O1. Legislative Committee

O2. Customer Service and Administrative Efficiency Committee

P. Other Administrative Matters

P1. Executive Director's Report ..... Mr. Hirsig

a. Headquarters Building Remediation Update+

An update will be provided on the status of the Board of Equalization's 450 N Street Headquarters Building in Sacramento.

P2. Chief Counsel Report
There are no items for this matter.

P3. Deputy Director's Report

There are no items for the following matters:
a. Sales and Use Tax
b. Property and Special Taxes

c. Administration ..... Ms. Houser

1. Contracts Over $1 Million+
   - Interagency Agreement with California Department of Transportation
   - Standard Agreement with International Network Consulting, Inc. (a Master Service Agreement vendor)
2. Update on Proposed fiscal Year 2008-2009 Budget
   - Feedback on Senate Sub-Committee 4 Hearing held April 7, 2008
   - Assembly Sub-Committee 4 Hearing (currently set for April 15, 2008)

Announcement of Closed Session ..... Ms. Olson

Q. Closed Session

Q1. Pending litigation: *BARNESANDNOBLE.COM LLC v. State Board of Equalization* San Francisco County Superior Court, Case Number 456465; First District Court of Appeal, Case Number A120834 (Gov. Code § 11126(e))

Q2. Pending litigation: *BARNESANDNOBLE.COM LLC v. Betty T. Yee, Bill Leonard, Michelle Steel, Judy Chu, John Chiang, Wayne Hopkins, Joseph D. Young*, United States District Court, Eastern District of California, Case No. 2:07-cv-02776-WBS-KJM (Gov. Code § 11126(e))

Q3. Pending litigation: *Schroeder, et al.* v. *State Board of Equalization, et al.* Superior Court of California for Sacramento County, Case No. 34-2008-00004467-CU-MT-GDS (Gov. Code § 11126(e)(2)(B)(i))

Q4. Discussion and action on personnel matters (Gov. Code § 11126(a))

Announcement of Open Session ..... Ms. Olson

Adjourn

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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.

Diane G. Olson, 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.