



STATE BOARD OF EQUALIZATION
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BETTY T. YEE
First District, San Francisco

BILL LEONARD
Second District, Ontario/Sacramento

MICHELLE STEEL
Third District, Rolling Hills Estates

JUDY CHU, Ph.D.
Fourth District, Los Angeles

JOHN CHIANG
State Controller

RAMON J. HIRSIG
Executive Director

STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
APRIL 15, 2009
NOTICE AND AGENDA
Meeting Agenda (as of 5:00 p.m. 04/14/09)

Agenda Changes

Wednesday, April 15, 2009

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, may modify the order of the items on the agenda. Items may be postponed to a subsequent day; however, items will not be moved to an earlier day.

Board Committee Meetings*

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

2009 Legislative Bills

I. Status Update and Action on BOE-sponsored Bills

- 1. AB 347 Penalty for failure to provide records timely, Author: Block
2. AB 469 Use Tax: Report on FTB return , Author: Eng
3. AB 592 Confidentiality of investigators' home addresses , Author: Lowenthal
4. AB 659 Dry cleaners: consumers not retailers , Author: Hayashi
5. AB 693 Business Taxes: One day Interest for Late Payment , Author: Silva
6. AB 1547 Business Taxes Omnibus Bill, Author: AR&T
• Sales Tax Permit Reinstatement Fee Increase
• 12 month test: "California resident" and return to state for repairs
• Fee Procedures Law: filing of final returns after closeout
• Redefine 'terminal' for fuel tax purposes
• Diesel tax refunds: sales to consulates
• Definition of 'biodiesel'
7. SB 765 Sales tax: Navy and Marine thrift store exemption Author: Dutton

- 8. [SB 824](#) Property Tax Omnibus Bill:, Author: SR&T
 - Code reference corrections
 - Preliminary Change in Ownership Report: Remove detail from statute
 - Disaster: Base Year Value Transfers
 - Exemptions: Property Leased to Public Schools
 - Also, Board Meetings: Place of Meetings

II. Recommendation for Board Position:

- 1. [AB 1265](#) Sales Tax: Disabled Veterans: Itinerant Vendors: Consumers not retailers, Author: Ma
- 2. [AB 1523](#) Sales Tax: Exemption: Fixed Price Contracts, Author: Calderon
- 3. [SB 809](#) Sales Tax: Exemption: Disabled Veterans: Itinerant Vendors, Author: Committee on Veterans Affairs

[Property Tax Committee](#)Ms. Steel, Committee Chair

- 1. Non-Production Computers – Business Property Assessment Practices Guidelines
Request Board adoption of valuation factors, including classification descriptions, for non-production computers for inclusion in 2010 revision of Assessors' Handbook Section 581, *Equipment Index and Percent Good Factors*.
- 2. Guidelines for Substantiating Additional Obsolescence for State-Assessed Telecommunications Properties
Request Board adoption and publication of *Guidelines* for state assessees of telecommunications equipment on how to substantiate claims for additional or extraordinary obsolescence.

Board Meeting**

Special Presentation Ms. Yee

- Presentation of Retirement Resolution
Michele H. (Mickie) Stuckey

A. Homeowner and Renter Property Tax Assistance Hearing
There are no items for this matter.

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

~~B1a. John Hugo, 209495~~

~~B1b. Linda S. Williams, 313247~~

For Appellant: _____ John Hugo, Taxpayer
 _____ Linda S. Williams, Taxpayer
 _____ Donald Williams, Witness
 _____ Mary Catherine Bohlen, Witness

For Franchise Tax Board: _____ Mark McEvilly, Tax Counsel

- B2. [Nemat Maleksalehi and Maryam Maleksalehi, 395817+](#)
 For Appellant: Nemat Maleksalehi, Taxpayer
 Barzin Barry Sabahat, Attorney
 For Franchise Tax Board: Raul Escatel, Tax Counsel
- B3. [David E. Houtz, 389846+](#)
 For Appellant: Pilar Garcia, Representative
 For Franchise Tax Board: Bruce Langston, Tax Counsel

C. Sales and Use Tax Appeals Hearings

- C1. [Shahrokh Matin, 379882 \(CH\)+](#)
 For Claimant: Shahrokh Matin, Taxpayer
 For Department: Chris Schutz, Tax Counsel

There are no items for the following matters:

- D. Special Taxes Appeals Hearing
 E. Property Tax Appeals Hearings

F. Public Hearing

This item is scheduled for the afternoon session.

G. Tax Program Nonappearance Matters – Consent

(Contribution Disclosure forms not required pursuant to Gov. Code § 15626.)

- G1. Legal Appeals Matters.....Mr. Levine
- Petitions for Rehearing
 1. Ravi Singh Sekhon, 329684 (ET)
 2. Tal Rubin, 360275 (AC)
 3. Larry M. Stenshoel, 260717, 298896, 89000147300, 89000147320 (GH)
 4. Lloyd R. Jensen, Sr., and Wilma L. Jensen, 349155 (UT)
 - Hearing Notices Sent – No Response
 5. Ranjit Singh Gill, 431263 (KH)
 - Petitions for Release of Seized Property
 6. Gill's Food Mart, Inc., 473743 (ET)
 7. Dirhem Hezam Saleh Hasan, 474008 (ET)
 8. Sayed Nasrat Naseemi, 474024 (ET)
 9. Amanjot Singh, 469814 (ET)
 10. Adellita Adel Kurdi, 473757 (ET)
 11. Mohammad Yunus, 472790 (ET)
 12. Joe Alkakos, 474588 (ET)
- G2. Franchise and Income Tax MattersMs. Kelly
- Decisions
 1. Camille E. Atkinson, 406120
 2. Brian K. Bates and Gerlyn N. Singson-Bates, 423110
 3. Santiago O. Carrera, 414596
 4. Kris Christianson and Carolyn Christianson, 395923
 5. Florence Colston and John D. Colston, 424353

6. Marlene L. Davis, 431493
 7. Jules De Vigne, 395926
 8. Kasey D. Ellison, 440364
 9. Michael Feely and Janet Feely, 424286
 10. Douglas W. Fritts, 417835
 11. Bart M. Hackley, Jr., and Sally R. Hackley, 328955
 12. Virginia M. Harp, 405941
 13. Caroline S. Hieber, 414958
 14. Kenneth P. Hopfensperger and Catherine C. Klein-Hopfensperger, 424338
 15. Courtney Kennedy, 405921
 - 16a. Thomas Lang, 362362
 - 16b. Phyllis M. Lang, 380410
 17. Kim Lebo, 434776
 18. Peter J. McIntyre and Kathryn R. McIntyre (Deceased), 405586
 19. Abraham G. Medina, Sr., and Yolanda R. Medina, 418272
 20. Nettie Becker Escrow, Inc., 418269
 21. Amber E. Powell, 429328
 22. Guanqi Rao, 399806
 23. Robert Russell and Jill Russell, 424188
 24. James C. Schmidt and Pamela K. Schmidt, 378042
 25. Juan Verduzco, Jr., 431766
 26. Robin Wright, 421004
 27. Cindy M. Yeley, 426248
 - Petitions for Rehearing
 28. Jose R. Angeles, 400667
 29. David Grossman, 377155
 30. Larry Mazur, 377123
 31. Stanley E. Newton and Eunice A. Newton, 424090
 32. Marc Pretscher, 414671
 33. John H. Vories, 389158
 - Hearing Notice Sent – No Response
 34. Fred Kennedy, 388647
 - Hearing Notices Sent – Appearance Waived
 - ~~35. Frank Cutler, 400347~~
 36. Lippard Associates, Inc. and Sussex Financial Enterprises, Inc., 402128
- G3. Homeowner and Renter Property Tax Assistance MattersMs. Kelly
- Decisions
 1. Rochelle A. Anderson, 424048
 2. Tari Bowen-James, 406890
 3. Robert Brown, 422992
 4. Claude Henry Espinoza, 426672
 5. Leon Jackson III, 383479
 6. Mary J. Kearbey, 436157
 7. Fedir Kornatyi, 420326

8. Julie Meadows, 398218
9. Bhupendra N. Patel, 406622
10. Tellzenia Sanders, 387184
11. Susan Ann Singh-Bonaparte, 400106
12. Ngoc Thi Tran, 332740
13. T. T. Tran, 423825
14. ~~Catherine H. Ung, 423820~~

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

- Redetermination
 1. Louis and Company, 353897 (EA)
- Relief of Penalty/Interest
 2. Recreational Equipment, Inc., 476932 (OH)
- Denials of Claims for Refund
 3. Big 5 Corp., 424989 (AS)
 4. S.T.U.B. Satertainment USA, Inc., 425727 (EH)

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

- Credits and Cancellations
 1. CSI Leasing, Inc., 450470 (OH)
 2. Maureen Cunningham, 308949 (BH)
 3. Thermo Keytek, LLC, 475188 (OH)
- Refunds
 4. Betts Spring Company, 462175 (KH)
 5. Starcrest Products of California, Inc., 424691 (EH)
 6. Starcrest Products of California, Inc., 475797 (EH)
 7. El Pollo Loco, Inc., 475337 (EA)
 8. The Golden 1 Credit Union, 468426 (KH)
 9. Ace Hardware Corporation, 465399 (OH)
 10. The Eggo Company, 441080 (OH)
 11. 21st Century Insurance Company, 415444 (AC)
 12. Chrysler, LLC, 449274 (OH)
 13. Vertis, Inc., 441874 (OH)
 14. Webcraft, LLC, 431110 (OH)
 15. California Culinary Academy, LLC, 475348 (OH)
 16. MetroPCS Wireless, Inc., 474396 (OH)
 17. Pacific Clay Products, 465397 (EH)
 18. Air Products & Chemicals, Inc., 447948 (OH)
 19. Cricket Press, Inc., 423266 (AA)
 20. Credit One Corporation, 420963 (EA)
 21. Inovant, LLC, 457629 (BH)
 22. Volcano Corporation, 473676 (KH)
 23. A–L Financial, Corporation, 468417 (EA)
 24. Kern County Employees Federal Credit Union, 465398 (AR)
 25. Harlow’s Kitchen Concepts, Inc., 465504 (EH)

- 26. Initiate Systems, Inc., 462178 (OH)
- 27. Coban Research & Technologies, Inc., 466556 (OH)
- 28. C & T Welding, Inc., 474547 (KH)

G6. Special Taxes Matters

There are no items for this matter.

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

Mr. Gau

- Credit and Cancellation
 - 1. Atlantic Richfield Company, 466759 (MT)
- Refunds
 - 2. Kaiser Air, Inc., 442523 (MT) – ‘CF’
 - 3. Heraeus Metal Processing, Inc., 475623 (EF)

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. Levine

- Petitions for Release of Seized Property
 - 1. Sun Ja Song, 469789 (ET)
 - 2. Yun Hyang Swensen and Juventino Avendano Meraz, 467973 (ET)

H2. Franchise and Income Tax MattersMs. Kelly

- Decisions
 - 1. Thomas A. Bladow, 374589
 - 2. Marlene D. Canter, 421269
 - 3. Elias Erazo and Griselda Erazo, 441320
 - 4. Maria Theresa Gonzales, 404649
 - 5. Michael Maurer and Anna G. Maurer, 351807
 - 6. Jose Arnel Viray, 361472

H3. Homeowner and Renter Property Tax Assistance Matters.....Ms. Kelly

- Decision
 - 1. John V. Dawson, 387778

H4. Sales and Use Taxes Matters

There are no items for this matter.

H5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds

Ms. Henry

- Refunds
 - 1. Affymetrix, Inc., 462490 (GH)
 - 2. Phong Thanh Nguyen, 483115 (GH)

- H6. Special Taxes Matters Mr. Gau
 ➤ Denial of Claim for Refund
 1. Tesoro Refining, Marketing, and Supply Company, 441539 (MT)

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
 ➤ Audits
 1. MetroPCS California, LLC (2733) – “CF”
 2. Royal Street Communications, LLC (2779) – “CF”
 ➤ Board Roll Changes
 3. 2006, 2007 and 2008 Board Rolls of State-Assessed Property – “CF”
- I2. Offers-in-Compromise RecommendationsMs. Ogrod/Ms. Fong
 1. Andrew Lau
 2. Chuan Ling Huang and Zi Hua Li

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

C. Sales and Use Tax Appeals Hearings

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

- C2. [Gurminder Singh Parmar, 400369 \(KH\)+](#)
 For Petitioner: Gurminder Singh Parmar, Taxpayer
 For Department: Scott Lambert, Hearing Representative
- C3. [Joel Sanchez, 356200 \(KH\)+](#)
 For Petitioner: Joel Sanchez, Taxpayer
 Peter Holtz, CPA
 For Department: Scott Lambert, Hearing Representative

F. Public Hearing

F1. Property Taxes – State Assessee Presentations on the Valuation of State-Assessed Properties..... Mr. Thompson

The Board will hear State assessee’s 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

Chief Counsel Matters**J. Rulemaking** Mr. HellerSection 100 Changes to Regulations+

- J1. Adopt proposed revisions to Sales and Use Tax Regulations:
 1532, *Teleproduction or Other Postproduction Service Equipment*
 1533.1, *Farm Equipment and Machinery*
 1533.2, *Diesel Fuel Used in Farming Activities or Food Processing*
 1534, *Timber Harvesting Equipment and Machinery*
 1535, *Racehorse Breeding Stock*

These regulations are proposed to be amended under Rule 100 to make it clear that the partial exemption for sales and purchases of specified property under specified conditions extends to the additional one-percent sales and use tax, operative April 1, 2009.

There are no items for the following matters:

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

Administrative Session**N. Consent Agenda** Ms. OlsonN1. Retirement Resolutions+

- Shirley Johnson
- Robert J. Stipe
- Robert L. Buntjer
- Theresa (Terré) Castaneda
- James K. Tang

N2. Approval of Board Meeting Minutes+

- February 3, 2009
- February 17, 2009

~~N3. Approval of Proposed Revisions to Compliance Policy and Procedures Manual Chapter 1, *General*; Chapter 2, *Registration*; Chapter 3, *Account Maintenance* and Chapter 7, *Collections*~~

~~Revisions to a few sections in CPPM Chapters 1, 2, and 3, and major rewrite of CPPM Chapter 7 to update the guidance provided and incorporate new policy and procedures.~~

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

- O1. Legislative Committee
 O2. Property Tax Committee

P. Other Administrative Matters

- P1. Executive Director's Report Mr. Hirsig
1. Facilities Update
 - a. Status of On-going Projects at 450 N Street
 - b. La Croix Davis Report – Summary of Findings
 - c. Site Search Update
 - ~~2. Board Resolution for Headquarters Facility~~
 3. 2008 Holiday Food Drive

Award presentation and acknowledgement and thank you to BOE employees for their outstanding efforts and contributions in collecting over 113,000 pounds of food and earning first place among participating state agencies for the 2008 State Employees' Food Drive.
- P2. Chief Counsel Report
There are no items for this matter.
- P3. Deputy Director's Report
- a. Sales and Use Tax
There are no items for this matter.
 - b. Property and Special Taxes Mr. Gau
 1. [Supplemental Reporting Requirements for Nonprofit Hospitals+](#)
Update on Board's staff meeting with interested parties for further input to proposed form BOE-278-H, *Supplemental Reporting Form – Organizational Clearance Certificate Holders Nonprofit Hospital Organizations*, and request for Board adoption of form BOE-278-H.
 2. [2009-10 Tobacco Products Tax Rate+](#)
 - a. Issue Paper 09-001 – Data Source for the Calculation of the Annual Tobacco Products Tax Rate
 - b. Determination of the Fiscal Year 2009-10 Tobacco Products Tax Rate
 - c. Administration Ms. Houser
 1. [Budget Update – 2008/09 and 2009/10 +](#)
Update on the status of the Spring Finance Letters, and May Revise requests, and the status of the Governor's Budget and the Governor's Executive Order S-16-08 State Employee Furlough. Possible Board action or direction may be requested regarding the Governor's Budget and the Governor's Executive Order S-16-08.

d. Technology Services..... Ms. Brannen

1. Presentation of the Board's Information Technology Strategic Plan+

Presentation of the Board's long term information technology strategic plan, titled "*The 2020 Plan: Roadmap to the Future*".

Announcement of Closed Session Ms. Olson

Q. Closed Session

- Q1. Pending litigation: *General Electric Capital Corporation v. State Board of Equalization*; San Francisco Superior Court, Case No. CGC 08-471479 (Gov. Code § 11126(e))
- Q2. Pending litigation: *Ashok V. Parmar, et al. v. California State Board of Equalization*, Los Angeles County Superior Court, Case No. BC 379013 (Gov. Code § 11126(e))
- Q3. Pending litigation: *Ilko v. State Board of Equalization*, United States Bankruptcy Court for the Southern District of California Bankruptcy, Case No. 01-07056 (Gov. Code § 11126(e))
- Q4. Pending litigation: *Governor Arnold Schwarzenegger, et al. v. State Controller John Chiang, et al.*, Sacramento County Superior Court, Case No. 34-2009-80000158 (Gov. Code § 11126(e))
- Q5. Pending litigation: *Schroeder, et al. v. Board of Equalization, et al.* Sacramento Superior Court Case No. 34-2008-00004467-CU-MT-GDS; *Frankot, et al. v. Board of Equalization, et al.*, Sacramento Superior Court Case No. 34-2008-00012174-CU-PO-GDS; and, *Allen, et al. v. Board of Equalization, et al.*, Sacramento Superior Court, Case No. 34-2008-00017014-CU-TT-GDS (Gov. Code § 11126(e)(2)(B)(i))
- Q6. 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.