



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**

**PRELIMINARY RECORD OF BOARD ACTION**

**Wednesday, October 1, 2008**

The following is a preliminary record of Board actions taken at the October 1, 2008 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 Meeting** – Please see Page 11, O., Adoption of Board Committee Report and Approval of Committee Actions, for voting results.

**Board Meeting**

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

B. Corporate Franchise and Personal Income Tax Hearings

~~B1a. Terry M. Furst, 309733~~

~~B1b. Larrie R. Furst, 342121~~

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

C1. International Investment Properties, Inc., 313013 (KH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Petition Partially Granted/Denied  Approved staff's revised recommendation.	Dr. Chu	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## C2. Gilberto Gonzalez Perez, 396030 (AR)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No final Board determination. Postponed	Dr. Chu Mr. Leonard Ms. Steel Ms. Yee Mr. Chiang/ Ms. Mandel	

## C3. Balbir Singh Dhillon and Ranbir K. Dhillon, 127834 (GH)—Waived Appearance

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Petition Partially Granted/Denied	Dr. Chu Mr. Leonard	Yes Yes
Approved staff's revised recommendation.	Ms. Steel Ms. Yee Mr. Chiang/ Ms. Mandel	Yes Yes Yes

**D. Special Taxes Appeals Hearing**

D1a. Ravi Singh Sekhon, 329682 (ET)

D1b. Ravi Singh Sekhon, 329684 (ET)

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

E. Property Tax Appeals Hearings  
There are no items for this matter.

**F. Public Hearing**

F1. Proposed Amendments to Sales and Use Tax Regulation 1602.5, *Reporting Methods for Grocers*

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

**G. Tax Program Nonappearance Matters – Consent****G1. Legal Appeals Matters**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendations	Dr. Chu	Yes
No final determination on sub items 2 and 5	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Petitions for Rehearing
  - 1a. Ameritrans, Inc., 315414, 315417 (KH)
  - 1b. Ameriwest, Inc., 281204, 315418 (KH)
  - ~~2. Cigarettes Cheaper!, 80069 (JH)~~
  3. Jamshid Malakouti, 308952 (EH)
- Hearing Notice Sent – No Response
  4. Dinerland, 379964 (CH)
- Petitions for Release of Seized Property
  - ~~5. Ibrahim Said Mekhail, 457966 (ET)~~
  6. Ajmer Singh Nijjar, 449686 (ET)

**G2. Franchise and Income Tax Matters**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendations	Dr. Chu	Yes
No final determination on sub items 2 and 5	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Decisions
  1. Patricia Cairns, 340155
  - ~~2. K. Muller Property Number One, LLC, 382823~~
  - 3a. Ronald C. Ladrech and Melissa A. Ladrech, 381604
  - 3b. Auditorium Travel Inn, Inc., 382893
  4. Scott Lockard, 377163
  - ~~5. John Stroup and Judith Stroup, 354089~~
  6. Manuel Velazquez De Leon and Mayra Velazquez De Leon, 379668

## G3. Homeowner and Renter Property Tax Assistance Matters

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

- Decision
  1. Hui X. Zhao, 377652

## G4. Sales and Use Taxes Matters

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

- Redeterminations
  1. Karen L. Dore, 345458 (EH)
  2. Abner Witherspoon, Inc., 380586 (EH)
- Denial of Claim for Refund
  3. Aero Transit, Inc., 445500 (UT)

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

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

- Credits and Cancellations
  1. Angela McCormack, 423332 (EH)
  2. Gary Lee Watkins, 450953 (KH)
- Refunds
  3. P & R Paper Supply, Inc., 420984 (EH)
  4. Therma-Wave, Inc., 449194 (CH)
  5. Quest Media & Supplies, Inc., 457798 (KH)
  6. Mercedes-Benz Credit Corp, 316758 (OH)
  7. Merillat Corporation, 357435 (OH)
  8. Shelter Products, Inc., 445330 (OH)

9. Packaging Plus, LLC, 424085 (AA)
10. Wescom Credit Union, 445776 (AP)
11. Schawk Holdings, Inc., 392159 (AA)
12. Balboa Thrift & Loan Association, 446217 (FH)
13. Ciena Communications, Inc., 449437 (OH)
14. Solar Integrated Technological, Inc., 341979 (AA)
15. Netezza Corporation, 442180 (OH)
16. Schawk USA, Inc., 394849 (OH)

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

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

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

- Refund
  1. T.F. Louderback, Inc., 405473 (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**

H1. Legal Appeals Matters

- Petitions for Rehearing
  1. Markos Demitrios Kaffatos, 255852 (ET)

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

## 2. The Customer Company, 113119 (JH)

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

## ➤ Hearing Notices Sent – No Response

## 3. Quick Pick Food Stores Liquor, Inc., 254339 (EA)

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

## 4. Tobacco Retailing USA, Inc., 139097 (AA)

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

## ➤ Cases Heard But Not Decided

## 5. Justin F. McJones and Madeleine A. McJones, 311626 (UT)

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

## 6. Vector Design, Inc., 255265 (AC)

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

## 7. Vista Café, Inc., 328978, 332208 (AS)

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

## 8a. Norman P. Shockley, Jr., 306953 (GH)

## 8b. Acclaim Technology, Inc., 341204 (GH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No final Board determination.	Dr. Chu	
	Mr. Leonard	
	Ms. Steel	
	Ms. Yee	
	Mr. Chiang/ Ms. Mandel	

## 9. Viktor Benes Continental Pastries, Inc., 336688 (AC)

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

## H2. Franchise and Income Tax Matters

## ➤ Decision

## 1. Kayla L. Williams, 397041

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Appeal Denied	Dr. Chu	Yes
	Mr. Leonard	Yes
	Ms. Steel	No
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## ➤ Petition for Rehearing

## 2. Boyd Holdings, 362328

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

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

## ➤ Credit and Cancellation

## 1. Clear Vision Management, Inc., 440337 (EH)

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

## ➤ Refund

## 2. Redwood Credit Union, 426890 (JH)

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

There are 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 Matters

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

➤ Board Roll Changes - "CF"

1. 2005, 2006, 2007 and 2008 Board Rolls Of State-Assessed Property

### I2. Offers-in-Compromise Recommendations

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

1. Tom Sargon Jillo

## Chief Counsel Matters

### J. Rulemaking

- ~~J1. Petition to Adopt a Regulation to Designate Qualified Veteran Itinerant Vendors as Consumers of Tangible Personal Property~~

There are no items for the following matters:

- K. Business Taxes
- L. Property Taxes

**M. Other Chief Counsel Matters**

M1. *Loeffler v. Target Corp.* Second District Court of Appeal No. B199287  
Los Angeles Superior Court No. 360004

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

**Administrative Session****N. Consent Agenda**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendations	Dr. Chu	Yes
Approved Calendar B for sub item 8.	Mr. Leonard	Yes
	Ms. Steel	Yes
No final determination on sub item 4	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

N1. Approval of Board Employee Retirement Resolutions

- Doug Heinz
- Larry V. Hopkin
- Judith Jackson
- Linda Kirkham
- Robert O'Neill, Jr.

N2. Approval of Board Retirement Resolution

- Bruce Dear

N3. 2008-09 Emergency Telephone Users Surcharge Rate

~~N4. Sales Tax Prepayment Rate on Motor Vehicle Fuel, Diesel Fuel and Jet Fuel~~

N5. Summons to Annual Meeting of the Board and County Assessors

N6. Approval of Proposed Revisions to Audit Manual Chapter 2, *Preparation of Field Audit Reports*, Chapter 3, *Audit Working Papers*, and Chapter 4, *General Audit Procedures*

N7. Approval of Proposed Revisions to Compliance Policy and Procedures Manual Chapter 4, Section 405.035, *Release and Refund of Security - Active Accounts*

N8. Approval of 2009 Board Workload Plan

**O. Adoption of Board Committee Reports and Approval of Committee Actions****O1. Property Tax Committee**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Adopted committee report.	Dr. Chu	Yes
For details see:	Mr. Leonard	Yes
<a href="http://www.boe.ca.gov/proptaxes/p/cwplan08.htm">http://www.boe.ca.gov/proptaxes/p/cwplan08.htm</a>	Ms. Steel	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

**1. Business Property Assessments**

<u>POSITION</u>	<u>MEMBER</u>	<u>COMMITTEE VOTE</u>
Approved Staff Recommendation	Dr. Chu	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

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

- a. Governor's Employee Safety Awards (GESA)

**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

- 1. Facilities – Headquarters
- 2. Fiscal Year 2008/09 Budget Update

**Q. Closed Session**