



STATE BOARD OF EQUALIZATION
450 N STREET, SACRAMENTO, CALIFORNIA, 95814
(PO BOX 942879, SACRAMENTO, CA 94279-0081
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Fourth District, Los Angeles

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State Controller, Sacramento

**STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
June 30-July 1, 2004
NOTICE AND AGENDA**

RAMON J. HIRSIG
Executive Director

Wednesday, June 30, 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 10:00 a.m.)

PROPERTY TAX COMMITTEE Mr. Parrish, Chairman

- 1. Amendments to Rules of Practice 5060, 5061, 5062, 5063 and 5064

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

ORAL HEARINGS

B. CORPORATE FRANCHISE AND PERSONAL INCOME TAX HEARINGS

- B1 Jeffrey A. Spillers, 220154
For Appellant: Jeffrey A. Spillers, Taxpayer
For Franchise Tax Board: Lisa Lawson, Tax Counsel
- B2 Gerald L. Kreuzberg and Beverly Gray-Kreuzberg, 242016
For Claimant: Beverly Gray-Kreuzberg, Taxpayer
For Franchise Tax Board: Jean Cramer, Tax Counsel
- B3 James and Jean A. Bagley, 217274
For Appellant: Derick J. Brannan, Representative
Kathleen Dill, Representative
James Bagley, Taxpayer
Jean Bagley, Taxpayer
For Franchise Tax Board: Charlene Woodward, Tax Counsel
- ~~B4 Douglass W. Dunn, 215857
For Appellant: Douglass W. Dunn, Taxpayer
For Franchise Tax Board: Christine Roloff, Tax Counsel~~

C. SPECIAL TAXES APPEAL HEARINGS

- ~~C1 Raffi Ohanes Sepetjian, 195054~~
~~For Petitioner: Robert Petersen, CPA~~
~~Raffi Sepetjian, Taxpayer~~
~~For Department: Monica Gonzalez Brisbane, Tax Counsel~~

D. SALES AND USE TAX APPEALS HEARINGS

- D1 George M. Wilkins, Jr., 170195, 195685
 For Petitioner: George H. Ellis, Representative
 For Department: Kevin Hanks, Hearing Representative
- ~~D2 Joyeria Internacional, Inc., 139250~~
~~For Petitioner: Kurt Miller, Attorney~~
~~Antonio Castaneda, Taxpayer~~
~~For Department: Randy Ferris, Tax Counsel~~
- ~~D3 National Medical Care, Homecare Division, Inc., 59219, 60413,~~
~~89000080330, 89000080340, 89000080360, 89000080370, 89000080380~~
~~For Petitioner: Joseph Micallef, Representative~~
~~For Department: Kevin Hanks, Hearing Representative~~

CHIEF COUNSEL MATTERS**J. RULEMAKING**

Sales and Use Tax Ms. Thurston

Section 100 Changes to Regulations

- J1 Request for authorization to amend Sales and Use Tax Regulation
1527.5, Rural Tax Investment Exemption
- J2 Request for authorization to amend Sales and Use Tax Regulation
1533.1, Farm Equipment
- J3 Request for authorization to amend Sales and Use Tax Regulation
1533.2, Diesel Fuel
- J4 Request for authorization to amend Sales and Use Tax Regulation
1534, Timber Harvesting Equipment
- J5 Request for authorization to amend Sales and Use Tax Regulation
1535, Racehorse Breeding Stock
- J6 Request for authorization to amend Sales and Use Tax Regulation
1603, Taxable Sales of Food Products

Authorization to Publish

- J7 Request for authorization to publish Sales and Use Tax Regulation
1619, Foreign Consuls

Property Tax Rules.....Ms. Cazadd**Section 100 Changes to Rule**

- J8 Request for authorization to amend Property Tax Rule 131, Fruit and Nut Tree and Grapevine Exemption
- J9 Request for authorization to amend Property Tax Rule 302, Board's Function & Jurisdiction
- J10 Request for authorization to amend Property Tax Rule 305, Application

Adoption of Revised Language

- J11 Request for adoption of revised language to proposed Property Tax Rule 136, Limited Liability Companies as Qualifying Organizations for the Welfare Exemption

ADMINISTRATIVE SESSION**N. Consent Agenda..... Ms. Pellegrini****N1 Approval of Board Employee Retirement Resolutions**

- Don Chapman
- David O. Keefer
- Shirley Nilsson
- Stanley J. Rose
- Kathleen Schatz

N2 Approval of Corrected Board Meeting Minutes

- May 28, 2003

N3 Approval of extensions of time to complete and submit 2004-05 Local Assessment Rolls pursuant to Revenue and Taxation Code section 155 granted to Butte, Colusa, Fresno, Glenn, Inyo, Lassen, Los Angeles, Madera, Modoc, Mono, Monterey, Orange, Plumas and Yuba Counties**N4 Proposed Revisions to Audit Manual Chapter 10, Occasional Sales - Sale of a Business****O. Board Committee Report**

- O1 Property Tax Committee

P. Other Matters**P1 Adoption of the 2004-05 Private Railroad Car Tax Rate – “CF” Mr. Hayes****P2 Adoption of the 2004 State Assessed Property Roll – “CF” Mr. Siu****P3 Adoption of the 2004 Private Railroad Car Roll – “CF” Mr. Siu****P4 Approval of Contract Over \$1 Million.....Mr. Hirsig/Mr. Powers**
Contractor to be determined. Purpose of contract is to provide cigarette tax stamps, application machinery, validation devices, and tracking system.

P5 Offers in Compromise Recommendations..... Ms. Ogrod

1. IMX Sales & Marketing, Inc.
2. Hamid Ahwazi
3. Gerald Vern Mitchell
4. Robert Allan Gunn

ANNOUNCEMENT OF CLOSED SESSION..... Ms. Pellegrini**Q. CLOSED SESSION**

- Q1 Discussion and approval of staff recommendations regarding settlement cases (R&T Code § 6901, 7093.5, 30459.1 and 50156.11)
- Q2 Discussion and action on personnel matters (Govt. Code § 11126(a))

OPEN SESSION**ADJOURN**

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.

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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.

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Executive Director

Thursday, July 1, 2004

BOARD MEETING* (10:00 a.m.)

P. OTHER MATTERS

P1 SPECIAL PRESENTATIONS

- Superior Accomplishment Award Program

G. TAX PROGRAM NON-APPEARANCE MATTERS – CONSENT

G1 Legal Appeals MattersMr. Levine

- Petitions for Rehearing
1. Akira Sonomura, 171771
2. Lee Anthony Brown and Janis I. Brown, 169040
➤ Hearing Notice Sent – Appearance Waived
3. Beyond.Com Corporation, 181603, 181605, 202809

G2 Franchise and Income Tax Matters Ms. Stanislaus

- Decisions
1. Burris & Glaus, Inc., 237016
2. Peter E. Hansen, 218238
3. Terry W. and Shirley I. Jensen, 218186
4. Fakhradin and Laura Mirian, 198390
5. Francia Schwartz, 223855
6. Ronald E. Smith, 241487
7. David C. Walker, 241996
➤ Petition for Rehearing
8. Bill B. and Sandra L. Robinson, 203265

G3 Homeowner and Renter Property Tax Assistance Matters Ms. Stanislaus

- Decisions
1. Abraham Humble, 245058
2. Jamie Hunt, 240103
3. Regina Jones, 244269
4. Nina Leivi, 244449
5. Andres Luna, 245597
6. Greg Maddox, 245595

7. J.G. Oppenheimer, 241054
8. Earle L. Penn, 244182
9. David J. Perez, 239352
10. Mary Reardon, 245585

G4 Sales and Use Taxes MattersMr. Young

- Redeterminations
 1. Communications Supply Corporation, 183963
 2. Richmar Foods, Inc., 242262
 3. Anheuser-Busch, Inc., 219444
 4. Corporate Express Document & Printing Management, Inc., 171102
 5. Sotheby's, Inc., 184529
 6. Nextiraone, LLC, 236468
 7. Fleming Companies, Inc., 242260
 8. BST Promark, Inc., 220987
 9. James Edward Klein, 234558
- Denial of Claim for Refund
 10. Angelus Sanitary Can Machine Company, 242283

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

- Credits and Cancellations
 1. Cimm's Inc., 259554
 2. Leiner Health Products, Inc., 257618
 3. Montgomery Ward, LLC, 261760
- Refunds
 4. Madison/Graham Color Graphics, Inc., 191093
 5. Toyota Motor Sales, U.S.A., Inc., 182706
 6. Imagic, 255360
 7. Electro Rent Corporation, 242278
 8. Con-Rak Erectors, Inc., 258366
 9. Wells Fargo Leasing Corporation, 222082
 10. Fresno Distributing Company, 258814
 11. Specialized Builder's Hardware, 256032
 12. Cypress Semiconductor Corporation, 253566
 13. AT&T Communications of California, 252405
 14. Johnson Controls Battery Group, Inc., 217742
 15. California Rural Service Area #1, Inc., 258813
 16. Johnson & Murphy Advertising, LLC, 129062
 17. UWMC Hospital Corporation, 144015
 18. Wells Fargo Bank (Auto Lease), 143438
 19. Taylor Made Golf Company, Inc., 258541
 20. Solid Networks, Inc., 258175
 21. US Bank NA, 258478
 22. Xponent Photonics, Inc., 234091
 23. Worldwide Environmental Product, Inc., 262532
 24. Aviall Services, Inc., 258161
 25. Fusion Medical Technologies, Inc., 255811

26. USE Credit Union, 230364
27. Westlake Services, Inc., 253331
28. United Auto Credit Corporation, 233669
29. Rancho Santa Fe Thrift & Loan, 217069

G6 Special Taxes*THERE ARE NO ITEMS FOR THIS MATTER***G7 Special Taxes Matters – Credits, Cancellations, and Refunds..... Mr. Gau**

- Refunds
 1. W.A. Dwelle, Inc., 221660
 2. Shell Oil Company, 249225
 3. Safety-Kleen (Buttonwillow), Inc., 174391
 4. Beneto, Inc., 262279

H. TAX PROGRAM NONAPPEARANCE MATTERS – ADJUDICATORY**H1 Legal Appeals MattersMr. Levine**

- Petition for Rehearing
 1. Tah Lih Investment, Inc., 194099

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

- Decision
 1. Peter W. and Natasha Skillsky, 193977

H3 Homeowner and Renter Property Tax Assistance Matters*THERE ARE NO ITEMS FOR THIS MATTER***H4 Sales and Use Tax MattersMr. Young**

- Redetermination
 1. Nations Healthcare of California, Inc., 155919

H5 Sales and Use Tax Matters – Credits, Cancellations and Refunds.....Mr. Young

- Credit and Cancellation
 1. Daran Eliseo Festa, 259379
- Refunds
 2. Channell Commercial Corporation, 203759
 3. Sony Corporation of America, 249347
 4. The Golden 1 Credit Union, 255303
 5. The Golden 1 Credit Union, 252134
 6. SCI Technology, Inc., 150656
 7. R T C Industries, Inc., 249227
 8. Wells Fargo Financial Acceptance Cal., 253081
 9. SBC Datacomm, Inc., 244596
 10. Cetecom, Inc., 220279
 11. WFS Financial, Inc., 245529
 12. Americredit Financial Service, Inc., 249236

- H6 Special Taxes Matters Mr. Gau**
- Redetermination
 - 1. Bahram Shiralian, 99027
- H7 Special Taxes Matters – Credits, Cancellations and Refunds Mr. Gau**
- Refund
 - 1. Safety-Kleen (Westmorland) Inc., 173800

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