

THURSDAY, JUNE 20, 2002

The Board met at its offices at 450 N Street, Sacramento, at 9:30 a.m., with Mr. Chiang, Chair, Mr. Klehs, Vice Chair, and Mr. Parrish present, Ms. Mandel present on behalf of Dr. Connell in accordance with Government Code section 7.9.

ANNOUNCEMENT OF CLOSED SESSION

The Board recessed at 9:31 a.m. and reconvened immediately in closed session with Mr. Chiang, Mr. Klehs, Mr. Parrish and Ms. Mandel present.

CLOSED SESSION

The Board met to discuss settlements (Revenue and Taxation Code sections 7093.5, 7093.5(b)(3), 30459.1 and 50156.11) and personnel matters (Govt. Code § 11126 (a)).

The Board recessed at 9:35 a.m. and reconvened immediately in open session with Mr. Chiang, Mr. Klehs, Mr. Parrish and Ms. Mandel present.

ADMINISTRATIVE SESSION

ADMINISTRATIVE MATTERS, CONSENT

With respect to the Administrative Matters, Consent Agenda, upon a single motion of Mr. Klehs, seconded by Mr. Parrish and unanimously carried, Mr. Chiang, Mr. Klehs, Mr. Parrish and Ms. Mandel voting yes, Mr. Andal absent, the Board made the following orders:

Action: Adopt the following resolutions extending its best wishes on their respective retirements and its appreciation for their service to the State Board of Equalization and the State of California (Exhibit 6.4).

James A. Bakker, Systems Software Specialist III, Technology Services Division,
Headquarters

Nancy L. McDonald, Transactions Supervisor, Personnel Management Division,
Headquarters

John C. Jack Adophson, Staff Information Systems Analyst, Technology
Services Division, Headquarters

Action: Approve the Board Meeting Minutes of May 7-9, 2002.

Action: Approve the proposed substantive revisions to Compliance Policy and Procedures Manual Chapter 7, Collections (Exhibit 6.5).

THURSDAY, JUNE 20, 2002

Action: Approve the extensions of time to complete and submit 2002-03 Local Assessment Rolls pursuant to Revenue and Taxation Code section 155 granted to Butte, Kings, Los Angeles and Orange Counties.

Exhibits to these minutes are incorporated by reference.

BOARD COMMITTEE REPORTS

Customer Services and Administrative Efficiency Committee

Upon motion of Mr. Klehs, seconded by Mr. Parrish and unanimously carried, Mr. Chiang, Mr. Klehs, Mr. Parrish and Ms. Mandel voting yes, Mr. Andal absent, the Board approved the Customer Services and Administrative Efficiency Committee report (Exhibit 6.6).

Business Taxes Committee

Upon motion of Mr. Klehs, seconded by Mr. Parrish and unanimously carried, Mr. Chiang, Mr. Klehs, Mr. Parrish and Ms. Mandel voting yes, Mr. Andal absent, the Board approved the Business Taxes Committee report (Exhibit 6.7).

LEGAL APPEALS MATTERS, ADJUDICATORY

Joudah Eliav, 89000092450

10-1-94 to 9-30-97, \$9,673.54 Tax

\$00.00 Penalty, Negligence

Considered by the Board: March 14, 2002

Contribution Disclosures pursuant to Government Code section 15626: No contributions were disclosed.

Action: Mr. Klehs moved that the petition be redetermined as recommended by the Appeals Section. Mr. Parrish made a substitute motion to reduce the disputed measure of tax with regard to the cash infusion. The motion was seconded by Mr. Klehs but failed to carry, Mr. Parrish and Mr. Andal voting yes, Mr. Chiang, Mr. Klehs and Ms. Mandel voting no.

Upon motion of Mr. Klehs, seconded by Mr. Chiang and duly carried, Mr. Chiang, Mr. Klehs and Ms. Mandel voting yes, Mr. Andal and Mr. Parrish voting no, the Board ordered that the appeal be redetermined as recommended by the Appeals Section.

Upon motion of Mr. Parrish, seconded by Mr. Andal and duly carried, Mr. Andal, Mr. Parrish and Ms. Mandel voting yes, Mr. Chiang and Mr. Klehs voting no, the Board ordered a reduction in the disputed measure of tax for the pet medicine.

Daniel Joseph Cullinan, Mark B. Raynaud, and Richard Griffith, 89000694310

4-1-94 to 4-30-96, \$37,834.85 Tax

\$3,783.48 Penalty, Negligence

Considered by the Board: March 27, 2002

THURSDAY, JUNE 20, 2002

Contribution Disclosures pursuant to Government Code section 15626: No contributions were disclosed.

Action: Upon motion of Mr. Andal, seconded by Mr. Klehs and unanimously carried, Mr. Chiang, Mr. Klehs, Mr. Andal, Mr. Parrish and Ms. Mandel voting yes, the Board ordered that the petition be redetermined as recommended by the Appeals Section.

James D. Green and Brian J. Wilmes, 66259

12-2-97 to 12-31-99, \$00.00 Tax

Considered by the Board: Hearing Request Withdrawn

Contribution Disclosures pursuant to Government Code section 15626: No contributions were disclosed.

Action: The Board deferred consideration of this matter to the next Sacramento Board meeting.

Reuben David Chudy, 15520

1-1-92 to 12-31-97, \$244,837.30 Tax

\$61,209.43 Penalty, Fraud

\$4,691.71 Penalty, Failure to File

Considered by the Board: May 7, 2002

Contribution Disclosures pursuant to Government Code section 15626: No contributions were disclosed.

Action: Upon motion of Mr. Andal, seconded by Mr. Klehs and unanimously carried, Mr. Klehs, Mr. Andal, Mr. Parrish and Ms. Mandel voting yes, and Mr. Chiang not participating, the Board ordered to deny the petition for rehearing.

CORPORATE FRANCHISE AND PERSONAL INCOME TAX MATTERS, ADJUDICATORY

Jon and Rita Minnis, 100638

1995, \$1.00 or more Claim for Refund

1996, \$1.00 or more Claim for Refund

Milpitas Materials Company, 104667

12-31-95 \$1.00 or more Claim for Refund

Considered by the Board: Formal Opinion

Contribution Disclosures pursuant to Government Code section 15626: No contributions were disclosed.

Action: Upon motion of Mr. Klehs, seconded by Mr. Chiang and unanimously carried, Mr. Chiang, Mr. Klehs, Mr. Parrish and Ms. Mandel voting yes, Mr. Andal abstaining, the Board adopted the formal opinion.

THURSDAY, JUNE 20, 2002

Crisa Corporation, 34424

1987, \$116,378.00 Assessment

1988, \$227,597.00 Assessment

1989, \$278,825.00 Assessment

Considered by the Board: Formal Opinion

Contribution Disclosures pursuant to Government Code section 15626: No contributions were disclosed.

Action: Upon motion of Mr. Klehs, seconded by Mr. Parrish and unanimously carried, Mr. Chiang, Mr. Klehs, Mr. Andal, Mr. Parrish and Ms. Mandel voting yes, the Board adopted the formal opinion

Julie Goldberg Botvin and Estate of Melvin Botvin, 136828

1988, \$10,665.61 Claim for Refund

1989, \$4,192.00 Claim for Refund

1990, \$2,986.00 Claim for Refund

1991, \$3,065.00 Claim for Refund

1992, \$3,068.00 Claim for Refund

1993, \$1,727.00 Claim for Refund

Considered by the Board: May 7, 2002

Contribution Disclosures pursuant to Government Code section 15626: No contributions were disclosed.

Action: Upon motion of Mr. Parrish, seconded by Mr. Andal and duly carried, Mr. Chiang, Mr. Andal, and Mr. Parrish voting yes, Mr. Klehs voting no, Ms. Mandel not participating, the Board adopted a decision sustaining the action of the Franchise Tax Board and directed staff to send a letter to the California Victim Compensation and Government Claims Board recommending favorable consideration of the request for relief filed by the taxpayer.

LEGAL APPEALS MATTERS, CONSENT

The Board deferred consideration of the following matter: *Pedro Munoz Jimenez and Jacinto Munoz Jimenez, 100565, Delano Furniture Center Inc., 89002238240.*

Action: (Motion expunged.)

With respect to the Legal Appeals Matters Consent Agenda, upon a single motion of Mr. Klehs, seconded by Mr. Andal and unanimously carried, Mr. Chiang, Mr. Klehs, Mr. Andal, Mr. Parrish and Ms. Mandel voting yes, the Board made the following orders:

Agonafer Shiferaw, 109209

1-1-97 to 12-31-99, \$17,402.32 Tax

\$2,288.96 Penalty, Negligence

Action: Redetermine as recommended by the Appeals Section.

THURSDAY, JUNE 20, 2002

Pedro Munoz Jimenez and Jacinto Munoz Jimenez, 100565

10-1-95 to 9-30-95, \$16,083.19 Tax

\$00.00 Penalty, Negligence

Action: The Board took no action.

Patrick J. & Michell D. Costa, 89002195820

7-1-93 to 6-30-96, \$15,892.42 Tax

\$8,354.50 Penalty, Negligence

Action: Redetermine as recommended by the Appeals Section.

Mai-Lee Le, 111292

1-1-97 to 4-10-00, \$23,070.67 Tax

Action: Redetermine as recommended by the Appeals Section.

Fire Star Financial, Inc., 40798, 115313

7-1-96 to 12-31-96, \$1,970.14 Tax

\$00.00 Penalty, Negligence

7-1-97 to 12-31-99, \$12,487.38 Tax

\$00.00 Penalty, Negligence

Wespac Financial Corporation, 40816, 115312

7-1-96 to 12-31-96, \$1,796.15 Tax

\$00.00 Penalty, Negligence

7-1-97 to 12-31-99, \$10,859.48 Tax

\$00.00 Penalty, Negligence

Action: Redetermine as recommended by the Appeals Section.

Manuel Gurion, Ester Gurion, and Zenaida Laxamana, 99213

7-1-96 to 6-30-99, \$13,615.00 Tax

\$7,880.42 Penalty, Fraud

Action: Redetermine as recommended by the Appeals Section.

Jesus Rodriguez Macias, 109075

4-1-97 to 4-30-00, \$22,181.12 Tax

\$7,492.18 Penalty, Negligence

Action: Redetermine as recommended by the Appeals Section.

Universal Computer Services, Inc., 89000868280, 15900

4-1-94 to 9-30-95, \$00.00 Tax

\$00.00 Penalty, Negligence

1-1-96 to 12-31-96, \$00.00 Tax

\$00.00 Penalty, Negligence

Action: Redetermine as recommended by the Appeals Section.

THURSDAY, JUNE 20, 2002

Top Notch Data, Inc., 15891

7-1-95 to 6-30-98, \$00.00 Tax

Action: Redetermine as recommended by the Appeals Section.

Delano Furniture Center Inc., 89002238240

10-1-93 to 12-31-97, \$156,222.42 Tax

\$39,064.45 Penalty, Fraud

Action: The Board deferred consideration of this matter.

CORPORATE FRANCHISE AND PERSONAL INCOME TAX MATTERS, CONSENT

The Board deferred consideration of the following matter: *Dale Mitchell Heindel, 103375.*

With respect to the Corporate Franchise and Personal Income Tax Matters Consent Agenda, upon a single motion of Mr. Andal, seconded by Mr. Chiang and unanimously carried, Mr. Chiang, Mr. Klehs, Mr. Andal, Mr. Parrish and Ms. Mandel voting yes, the Board made the following orders:

David H. Sarricks, 102317

1998, \$1,295.00 Tax

\$323.75 Penalty, Notice and Demand

\$323.75 Penalty, Delinquent Return

Action: Sustain the action of the Franchise Tax Board and impose a \$1,000.00 frivolous appeal penalty.

James M. O'Neill, 126820

1996, \$1,777.00 Assessment

Action: Sustain the modified action of the Franchise Tax Board.

John II Douglas, 132600

1998, \$251.71 or more Assessment

Action: Sustain the action of the Franchise Tax Board.

Robert D. Sherman, 133970

1998, \$1,343.00 Tax

\$335.75 Penalty, Late Filing

Action: Sustain the action of the Franchise Tax Board and impose a \$1,000.00 frivolous appeal penalty.

Virginia Lee Pearson, 140792

1995, \$10,905.00 Claim for Refund

1996, \$7,648.26 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

THURSDAY, JUNE 20, 2002

Mamoun A. Aryan, 141525

1997, \$274.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Mark E. Saylor, 142004

1996, \$2,581.00 Tax

\$645.25 Penalty, Late Filing

Action: Sustain the action of the Franchise Tax Board and impose a \$1,000.00 frivolous appeal penalty.

Stanley and Patricia Eckholm, 143560

1996, \$3,318.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Garrett Lawrence Bailey, 144414

1995, \$5,385.00 Tax

\$1,077.00 Penalty, Accuracy

1996, \$5295.00 Tax

\$00.00 Penalty, Accuracy

Action: Sustain the action of the Franchise Tax Board.

Nexink Corporation, 144874

12-31-00, \$953,39 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Henry R. and E. Elaine Himmelmann, 144935

1998, \$885.00 Tax

Action: Sustain the action of the Franchise Tax Board.

William R. and Colette M. Hittinger, 144937

1997, \$920.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

THURSDAY, JUNE 20, 2002

Timothy K. Quick, 89002465050

1987, \$16,917.00 Tax

\$8,458.50 Penalty, Late Filing and Notice and Demand

1988, \$10,839.00 Tax

\$2,709.75 Penalty, Late Filing

1989, \$57,711.00 Tax

\$28,855.50 Penalty, Late Filing and Notice and Demand

1990, \$37,857.00 Tax

\$18,928.50 Penalty, Late Filing and Notice and Demand

1991, \$27,262.00 Tax

Action: Sustain the action of the Franchise Tax Board as to 1987, 1988, 1990, and 1991 and modified 1989.

Jack E. and Deline M. Easterday, 94727

1994, \$2,400.00 Tax

1995, \$32,014.00 Tax

\$4,588.00 Penalty

Action: Deny the petition for rehearing.

Dale Mitchell Heindel, 103375

1980, \$2,204.59 Claim for Refund

Action: The Board deferred consideration of this matter.

Abolghasem A. Moghadam, 107050

1996, \$13,436.19 Claim for Refund

Action: Deny the petition for rehearing.

Arde V. Atheian, 112506

1998, \$82.02 Claim for Refund

Action: Grant the petition for rehearing.

Joanne G. Lustman, 113604

1995, \$1,545.00 Tax

\$309.00 Penalty

1996, \$1,292.00 Tax

\$258.40 Penalty

Action: Deny the petition for rehearing.

Randy E. Paden, 113643

1997, \$667.00 Assessment

Action: Deny the petition for rehearing.

THURSDAY, JUNE 20, 2002

Jack R. and Patricia J. Finnegan, 115429
1991, \$4,910.00 Assessment
Action: Deny the petition for rehearing.

Tisha Garcia, aka Tisha Ayotte, 118675
1996, \$348.00 Assessment
Action: Deny the petition for rehearing.

Penny Z. Knelman, 127561
1998, \$1,189.00 Tax
 \$297.25 Penalty, Late Filing
 \$347.75 Penalty, Notice and Demand
Action: Deny the petition for rehearing.

HOMEOWNER AND RENTER PROPERTY TAX ASSISTANCE MATTERS, CONSENT

With respect to the Homeowner and Renter Property Tax Assistance Matters Consent Agenda, upon a single motion of Mr. Klehs, seconded by Mr. Andal and unanimously carried, Mr. Chiang, Mr. Klehs, Mr. Andal, Mr. Parrish and Ms. Mandel voting yes, the Board made the following orders:

Otis Rutherford, 129780
2000, \$1.00 or more Claim for Credit
Action: Sustain the action of the Franchise Tax Board.

Kevin Vo, 141850
2001, \$240.00 Claim for Credit
Action: Sustain the action of the Franchise Tax Board.

Martha L. Solis, 144146
2001, \$240.00 Claim for Credit
Action: Sustain the action of the Franchise Tax Board.

Jamileh Shahroudi, 144153
2001, \$1.00 or more Claim for Credit
Action: Sustain the action of the Franchise Tax Board.

Y. S. Park, 154534
2001, \$1.00 or more Claim for Credit
Action: Sustain the action of the Franchise Tax Board.

THURSDAY, JUNE 20, 2002

SALES AND USE TAX MATTERS, REDETERMINATIONS, RELIEF OF PENALTIES AND DENIALS OF CLAIMS FOR REFUND, CONSENT

With respect to the Sales and Use Tax Matters, Redeterminations, Relief of Penalties and Denials of Claims for Refund, Consent Agenda, upon a single motion of Mr. Klehs, seconded by Mr. Andal and unanimously carried, Mr. Chiang, Mr. Klehs, Mr. Andal, Mr. Parrish and Ms. Mandel voting yes, the Board made the following orders:

Liquid Carbonic Industries Corp. 89000851960

1-1-93 to 12-31-95, \$871,130.51

Action: Approve the redetermination as recommended by staff.

Unisys Corporation, 89000852200

7-1-91 to 6-30-95, \$198,714.08

Action: Approve the redetermination as recommended by staff.

Critical Air Medicine Inc., 138696

3-30-00, \$57,350.00

Action: Approve the redetermination as recommended by staff.

Stephen M. Scherer, 151083

12-2-98 to 12-02-98, \$301,092.00

Action: Approve the redetermination as recommended by staff.

GTEM Inc., 89002195520

6-1-92 to 12-31-95, \$504,735.79

Action: Approve the redetermination as recommended by staff.

Future Media Productions, Inc., 170053

1-1-98 to 12-31-00, \$99,985.32

Action: Approve the relief of penalty as recommended by staff.

Infinity Extrstn Engrng, Inc., 140418

1-1-98 to 12-31-00, \$56,802.89

Action: Approve the denial of claim for refund as recommended by staff.

Motel 6 Operating LP, 99991

10-1-97 to 9-30-00, \$350,000.00

Action: Approve the denial of claim for refund as recommended by staff.

THURSDAY, JUNE 20, 2002

**SALES AND USE TAX MATTERS, CREDITS, CANCELLATIONS AND REFUNDS,
CONSENT**

With respect to the Sales and Use Tax Matters, Credits, Cancellations and Refunds, Consent Agenda, upon a single motion of Mr. Klehs, seconded by Mr. Andal and unanimously carried, Mr. Chiang, Mr. Klehs, Mr. Andal, Mr. Parrish and Ms. Mandel voting yes, the Board made the following orders:

California Hall Corporation, 169187

7-1-98 to 12-31-00, \$75,831.74

Action: Approve the credit and cancellation as recommended by staff.

File New Corporation, 169701

4-1-01 to 9-30-01, \$76,271.60

Action: Approve the credit and cancellation as recommended by staff.

E-TEK Dynamics Inc., 170158

4-1-01 to 6-30-01, \$161,700.67

Action: Approve the credit and cancellation as recommended by staff.

GWW LLC, 170235

4-24-98, \$76,384.01

Action: Approve the credit and cancellation as recommended by staff.

Schubert Family Trust DTD 5-12-86, 168688

7-27-99, \$109,414.83

Action: Approve the credit and cancellation as recommended by staff.

Agencia Aduanal Mayo Obregon, 167982

11-30-00, \$124,930.00

Action: Approve the credit and cancellation as recommended by staff.

Hospital of the Good Samaritan, 140904

1-1-00 to 06-30-01, \$66,335.48

Action: Approve the refund as recommended by staff.

Technicolor Inc., 169216

6-26-94 to 3-31-01, \$1,221,612.41

Action: Approve the refund as recommended by staff.

Technicolor Inc., 169217

6-26-94 to 3-31-01, \$108,192.18

Action: Approve the refund as recommended by staff.

THURSDAY, JUNE 20, 2002

Technicolor Inc., 169218

6-26-94 to 3-31-01, \$1,111,254.53

Action: Approve the refund as recommended by staff.

Technicolor Inc., 169219

6-26-94 to 3-31-01, \$147,235.79

Action: Approve the refund as recommended by staff.

Technicolor Inc., 169221

6-26-94 to 3-31-01, \$620,869.90

Action: Approve the refund as recommended by staff.

Keyes Motors Inc., 116489

1-1-98 to 3-31-01, \$126,729.23

Action: Approve the refund as recommended by staff.

Key Howard Incorporated, 116907

1-1-98 to 3-31-01, \$104,286.42

Action: Approve the refund as recommended by staff.

Simpson Paper Company, 118734

1-1-98 to 6-30-98, \$154,837.02

Action: Approve the refund as recommended by staff.

Asbury Tucker & Associates inc., 168888

4-1-98 to 3-31-01, \$121,931.21

Action: Approve the refund as recommended by staff.

Avon Products Inc., 167131

4-1-96 12-31-00, \$379,636.71

Action: Approve the refund as recommended by staff.

California Casualty Management Co., 133979

4-1-98 to 6-30-01, \$690,235.39

Action: Approve the refund as recommended by staff.

Pirelli Tire Corporation, 102915

4-1-95 to 12-31-97, \$791,892.30

Action: Approve the refund as recommended by staff.

American Suzuki Motor Corp., 166697

7-1-96 to 9-30-99, \$154,722.93

Action: Approve the refund as recommended by staff.

THURSDAY, JUNE 20, 2002

Apple Computer Inc., 169256

1-1-91 to 9-30-98, \$3,050,712.35

Action: Approve the refund as recommended by staff.

Ikos Systems Inc., 140429

7-1-00 to 3-31-01, \$144,312.24

Action: Approve the refund as recommended by staff.

Lotus Development Corporation, 37313

7-1-97 to 9-30-97, \$639,846.75

Action: Approve the refund as recommended by staff.

Husky Injection Molding Sys Inc., 131012

1-1-98 to 12-31-00, \$222,853.14

Action: Approve the refund as recommended by staff.

Alcatel Networks, Inc., 162552

1-1-00 to 6-30-00, \$1,562,028.35

Action: Approve the refund as recommended by staff.

Ford Motor Company, 168306

10-1-00 to 2-28-02, \$1,401,775.51

Action: Approve the refund as recommended by staff.

Daimler Chrysler Corporation, 168571

1-1-01 to 2-28-02, \$2,044,895.41

Action: Approve the refund as recommended by staff.

American Sterling Insurance Co, 142776

7-1-98 to 3-31-01, \$104,252.95

Action: Approve the refund as recommended by staff.

Hitachi Semiconductor (Amer) Inc., 158172

10-1-97 to 9-30-01, \$90,652.51

Action: Approve the refund as recommended by staff.

Pirelli Tire LLC, 102916

1-1-98 to 3-31-01, \$501,851.80

Action: Approve the refund as recommended by staff.

Pirelli Tire LLC, 168253

1-1-98 to 3-31-01, \$139,175.55

Action: Approve the refund as recommended by staff.

THURSDAY, JUNE 20, 2002

Silverado Stell, 169293

8-1-98 to 12-31-00, \$287,945.84

Action: Approve the refund as recommended by staff.

Barco Projection Systems Inc., 142395

4-1-01 to 6-30-01, \$63,448.24

Action: Approve the refund as recommended by staff.

David Henri Neutel, 118725

1-1-98 to 6-30-99, \$86,755.87

Action: Approve the refund as recommended by staff.

SPECIAL TAXES MATTERS, RELIEF OF PENALTIES, CONSENT

With respect to the Special Taxes Matters, Relief of Penalties, Consent Agenda, upon a single motion of Mr. Klehs, seconded by Mr. Andal and unanimously carried, Mr. Chiang, Mr. Klehs, Mr. Andal, Mr. Parrish and Ms. Mandel voting yes, the Board made the following orders:

Nextel of California, Inc., 167223

10-1-01 to 11-30-01, \$131,334.40

Action: Approve the relief of penalty as recommended by staff.

SPECIAL TAXES MATTERS, REFUNDS, CONSENT

With respect to the Special Taxes Matters, Refunds, Consent Agenda, upon a single motion of Mr. Andal, seconded by Mr. Parrish and unanimously carried, Mr. Chiang, Mr. Klehs, Mr. Andal, Mr. Parrish and Ms. Mandel voting yes, Ms. Mandel not participating on *Public Service Mutual Ins. Co., 170406*, in accordance with Government Code section 7.9, the Board made the following orders:

City of Riverside, 170177

7-1-97 to 12-31-01, \$121,327.64

Action: Approve the refund as recommended by staff.

City of Los Angeles, 171050

1-1-01 to 3-31-01, \$89,342.50

Action: Approve the refund as recommended by staff.

City of Los Angeles, 171051

4-1-01 to 9-30-01, \$322,984.73

Action: Approve the refund as recommended by staff.

THURSDAY, JUNE 20, 2002

Shell Oil Products Company, 102107

4-1-97 to 6-30-98, \$62,273.67

Action: Approve the refund as recommended by staff.

Public Service Mutual Ins. Co., 170406

12-15-01 to 3-31-02, \$56,974.14

Action: Approve the refund as recommended by staff. Ms. Mandel not participating in accordance with Government Code section 7.9.

Central California Power Agency, 170289

1-1-00 to 12-31-00, \$58,752.80

Action: Approve the refund as recommended by staff.

CORPORATE FRANCHISE AND PERSONAL INCOME TAXES HEARINGS**Raymond Smoot, 144851**

1993, \$1.00 or more Claim for Refund

1994, \$1.00 or more Claim for Refund

For Claimant: Raymond Smoot

For Franchise Tax Board: Kathleen Cooke, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: No contributions were disclosed.

Issue: Whether appellant timely filed his claims for refund prior to the expiration of the statute of limitations.

Action: Upon motion of Mr. Andal, seconded by Mr. Klehs and unanimously carried, Mr. Chiang, Mr. Klehs, Mr. Andal and Mr. Parrish voting yes, Ms. Mandel not participating, the Board sustained the action of the Franchise Tax Board. The Board directed staff to send a letter to the California Victim Compensation and Government Claims Board recommending favorable consideration of the request for relief filed by the taxpayer.

Ray A. Perry, 90021

1994, \$00.00 Tax

\$144.80 Penalty, Accuracy

For Appellant: Ray A. Perry

For Franchise Tax Board: Jozel Brunett, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: No contributions were disclosed.

Issues: Whether appellant is entitled to abatement of an accuracy-related penalty.

Whether respondent abused its discretion in refusing to abate interest.

Appellant's Exhibit: Miscellaneous Documents (Exhibit 6.8)

Action: Upon motion of Mr. Klehs, seconded by Mr. Andal and duly carried, Mr. Klehs, Mr. Andal and Mr. Parrish voting yes, Ms. Mandel voting no, Mr. Chiang abstaining, the Board adopted a decision which modified the action of the Franchise Tax Board.

THURSDAY, JUNE 20, 2002

Donald and Julia Galloway, 89002467700

1992, \$90,207.00 Tax

David L. (deceased) and Juanita F. Thomas, 31869

1992, \$96,203.00 Tax

\$23,730.25 Penalty, Late Filing

For Appellant: Robert Lewis, CPA

For Franchise Tax Board: Renel Sapiandante, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: No contributions were disclosed.

Issue: Whether appellants are entitled to subtract certain amounts from federal adjusted gross income as in the alternative, accumulated suspended passive losses, net operating losses, or a recovery under the tax benefit rule.

Action: Upon motion of Mr. Andal, seconded by Mr. Klehs and unanimously carried, Mr. Chiang, Mr. Klehs, Mr. Andal, Mr. Parrish and Ms. Mandel voting yes, the Board ordered that the appeal be submitted for decision, granting the appellant 30 days to submit additional documentation including Federal and State tax returns for the years prior to 1991 and 1992, the Franchise Tax Board 30 days to review the documentation and the Appeals Section 30 days thereafter to bring the matter back to the Board with a final recommendation.

TAXPAYERS' BILL OF RIGHTS REIMBURSEMENT CLAIM HEARING

Philip and Mary K. Lund, 133652

2000, \$850.00 Claim for Reimbursement

For Claimant: Mary K. Lund

For Franchise Tax Board: Jozel Brunett, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: No contributions were disclosed.

Issue: Whether claimant is entitled to reimbursement of accountants' fees incurred in connection with an appeal of deficiency assessments for 1992 and 1993.

Appellant's Exhibit: Miscellaneous Documents (Exhibit 6.9)

Action: Upon motion of Mr. Klehs, seconded by Mr. Andal and unanimously carried, Mr. Chiang, Mr. Klehs, Mr. Andal, Mr. Parrish and Ms. Mandel voting yes, the Board ordered that the claim for reimbursement be submitted for decision.

The Board recessed at 10:45 a.m. and reconvened at 10:50 a.m. with Mr. Chiang, Mr. Klehs, Mr. Andal, Mr. Parrish and Ms. Mandel.

THURSDAY, JUNE 20, 2002

FINAL ACTION ON CLAIM HEARD JUNE 20, 2002

Mr. Andal moved to deny the claim for reimbursement in the matter of *Philip and Mary K. Lund, 133652*. Mr. Parrish made a substitute motion that the claimant be reimbursed for the cost of her accountant at the rate of \$75.00 per hour for four hours. The motion was seconded by Mr. Andal but failed to carry, Mr. Parrish voting yes, Mr. Chiang, Mr. Andal and Ms. Mandel voting no, Mr. Klehs abstaining.

Upon motion of Mr. Andal, seconded by Mr. Chiang and unanimously carried, Mr. Chiang, Mr. Klehs, Mr. Andal, and Ms. Mandel voting yes, Mr. Parrish abstaining, the Board ordered that the claim for reimbursement be denied.

The Board adjourned at 10:55 a.m.

The foregoing minutes are adopted by the Board on August 1, 2002.

THURSDAY, JUNE 20, 2002