

WEDNESDAY, NOVEMBER 13, 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, Mr. Andal and Mr. Parrish present, Ms. Mandel present on behalf of Dr. Connell in accordance with Government Code section 7.9.

### **SPECIAL PRESENTATION**

On behalf of the Department of General Services, Mr. Bow presented the Energy Star Award to the State Board of Equalization.

### **ANNOUNCEMENT OF CLOSED SESSION**

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

### **CLOSED SESSION**

The Board met to discuss pending litigation, settlements (Revenue and Taxation Code section 7093.5) and personnel matters (Govt. Code § 11126 (a)).

The Board recessed at 10:00 a.m. and reconvened immediately in open session with Mr. Chiang, Mr. Klehs, Mr. Andal, Mr. Parrish and Ms. Mandel present.

### **ANNOUNCEMENT OF ACTION TAKEN IN CLOSED SESSION**

James E. Speed, Executive Director, announced the appointment of Gilbert Haas to Chief, Investigations Division.

### **ADMINISTRATIVE SESSION**

#### **ADMINISTRATIVE MATTERS, CONSENT**

The Board deferred consideration of the Proposed Compliance Policy and Procedures Manual Revisions, Chapter 7, Collections.

With respect to the Administrative Matters, Consent Agenda, upon a single 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 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 11.4).

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Kerry M. King, Information Systems Technician Specialist II, Technology Services Division, Headquarters

Aurora Leon, Sheetfed Offset Press Operator II, Reproduction Unit, West Sacramento

Jennifer L. Polich, Business Taxes Compliance Supervisor III, Torrance District Office

Action: Adopt the following resolutions extending its best wishes on their respective careers and its appreciation for their service to the State Board of Equalization and the State of California (Exhibit 11.5).

Victoria Caldeira, Assistant to Board Member, Board Member's Office, Second District

Teresa Goehring, Administrative Assistant II, Board Member's Office, Second District

Ann Jordan, Chief of Staff, Board Member's Office, Second District

Donna Sotelo, Staff Services Analyst, Board Member's Office, Second District

Action: Adopt the Board Meeting Minutes of August 20-22, 2002, September 11-12, 2002, and October 2-3, 2002.

Action: Approve the Superior Accomplishment Award Nominations (Exhibit 11.6).

Action: The Board deferred consideration to later in the day regarding the Effects of Proposition 10 on Cigarette and Tobacco Products Consumption

Action: Approve the 2003 Timberland Production Zone Values (Exhibit 11.7).

Action: Approve the January 2003 Assessors' Handbook Section 222, Standard Form List, for Publication (Exhibit 11.8).

Action: Approve the January 2003 Assessors' Handbook Section 531, Residential Building Costs, for Publication (Exhibit 11.9).

Action: Approve the January 2003 Assessors' Handbook Section 534, Rural Building Costs, for Publication (Exhibit 11.10).

Action: Approve the January 2003 Assessors' Handbook Section 581, Equipment Index and Percent Good Factors, for Publication (Exhibit 11.11).

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**CHIEF COUNSEL MATTERS****RULEMAKING****Property Tax Rule 21, Possessory Interest, Section 100 Change**

Upon motion of Mr. Klehs, seconded by Mr. Chiang and unanimously carried, Mr. Chiang, Mr. Klehs, Mr. Andal, Mr. Parrish and Ms. Mandel voting yes, the Board adopted the section 100 changes to *Property Tax Rule 21, Possessory Interest* (Exhibit 11.12).

**Property Tax Rule 904, Unitary and Nonunitary Property Value Determinations and Petitions for Reassessment, Section 100 Change**

Upon motion of Mr. Klehs, seconded by Mr. Chiang and unanimously carried, Mr. Chiang, Mr. Klehs, Mr. Andal, Mr. Parrish and Ms. Mandel voting yes, the Board adopted the section 100 changes to *Property Tax Rule 904, Unitary and Nonunitary Property Value Determinations and Petitions for Reassessment* (Exhibit 11.13).

**LEGAL APPEALS MATTERS, ADJUDICATORY**

Albert Kelly Ruiz, 89000025720

7-1-95 to 6-30-98, \$8,515.89 Tax

\$851.63 Penalty, Negligence

Considered by the Board: September 12, 2002

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

Action: Mr. Parrish moved to grant the petition for rehearing, seconded by Mr. Klehs but failed to carry, Mr. Chiang and Mr. Parrish voting yes, Mr. Klehs, Mr. Andal and Ms. Mandel voting no.

Upon motion of Mr. Andal, seconded by Mr. Klehs and duly carried, Mr. Klehs, Mr. Andal and Ms. Mandel voting yes, Mr. Chiang and Mr. Parrish voting no, the Board ordered to deny the petition for rehearing.

Max Wayne Holmes, 186279

Considered by the Board: Memorandum Opinion

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

Action: Upon 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 adopted the memorandum opinion.

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Ed Staub & Sons Petroleum, Inc., 30361

4-1-95 to 3-31-98, \$22,710.34 Tax

Staub Petroleum Products, Inc., 40674

7-1-95 to 6-30-98, \$175,769.51 Tax

Considered by the Board: May 30, 2002

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

Action: Upon 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 ordered that the petition be redetermined as recommended by the Appeals Section.

Consolidated Electrical Distributors Inc., 89000254960, 89000254970

10-1-92 to 9-30-95, \$357,870.37 Tax

Considered by the Board: August 21, 2002

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. Andal, Mr. Parrish and Ms. Mandel voting yes, the Board ordered that the petition be redetermined as recommended by the Appeals Section.

### **CORPORATE FRANCHISE AND PERSONAL INCOME TAX MATTERS, ADJUDICATORY**

Khosrow and Turan M. Ghadiri, 94729

1986, \$28,700.00 Tax

\$7,175.00 Penalty, Delinquent Filing

\$26,582.88 Penalty, Negligence

1987, \$17,594.00 Tax

\$4,398.50 Penalty, Delinquent Filing

\$14,173.10 Penalty, Negligence

1988, \$12,039.00 Tax

\$3,009.75 Penalty, Delinquent Filing

\$601.95 Penalty, Negligence

Considered by the Board: August 1, 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 adopted a decision which included mutual concessions of the parties.

Bronco Wine Co., 138562

9-30-96, \$35,362.00 Claim for Refund

Considered by the Board: Formal Opinion

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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 adopted the formal opinion.

Antonio Langham, 141888  
1998, \$149,433.00 Assessment

Garrison Hearst, 142388  
1997, \$44,316.00 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. Andal and unanimously carried, Mr. Chiang, Mr. Klehs, Mr. Andal, Mr. Parrish and Ms. Mandel voting yes, the Board adopted the formal opinion.

#### **SALES AND USE TAX MATTERS, ADJUDICATORY**

Lucky Stores Inc., 183933, 183935, 183937

8-4-00 to 11-2-00, \$194,613.70

11-3-00 to 11-30-00, \$144,000.00

8-4-00 to 11-02-00, \$602,545.10

Considered by the Board: September 12, 2002

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

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 approved the relief of penalty as recommended by staff.

#### **LOCAL TAX REALLOCATION MATTER, ADJUDICATORY**

Cities of Fremont, Signal Hill & Long Beach, 172019

1-1-98 to 6-30-01, \$50,000.00 or less

Considered by the Board: September 12, 2002

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

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 approved the local tax reallocation as recommended by staff.

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**PROPERTY TAX MATTERS, ADJUDICATORY**

Williams Communications Procurement, LLC, 183699

2002, \$635,400,000.00 Unitary Value

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 and Mr. Parrish yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board ordered that the value be reduced as recommended by staff.

**LEGAL APPEALS MATTERS, CONSENT**

With respect to the Legal Appeals Matters Consent Agenda, upon a single motion of Mr. Klehs, 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:

Crane, Borkenhagen Enterprises, Inc., 30686

10-1-95 to 9-30-98, \$64,534.93 Tax

\$00.00 Penalty, Negligence

Action: Deny the petition for rehearing as recommended by the Appeals Section.

N.V. Heathorn Inc., 126793

1-1-97 to 12-31-99, \$317.22 Tax

Action: Redetermine as recommended by the Appeals Section.

Richter &amp; Ratner Contracting Corp., 100561

1-1-97 to 12-31-99, \$38,409.71 Tax

Action: Redetermine as recommended by the Appeals Section.

Efren Pina Carrillo and Eduardo Pina Carrillo, 127685

1-1-97 to 7-22-99, \$248,127.00 Tax

\$1,471.89 Penalty, Negligence

\$575.15 Penalty, Failure to File

Action: Redetermine as recommended by the Appeals Section.

P. W. Ross &amp; L. K. Wan, Inc., 145721

1-1-96 to 6-30-01, \$00.00 Tax

\$1,192.66 Penalty, Failure to File

Action: Redetermine as recommended by the Appeals Section.

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Onesource Building Services, Inc., 89002230410, 89002230420

10-1-93 to 12-31-95, \$00.00 Tax

4-1-94 to 12-31-95, \$00.00 Tax

Action: Redetermine as recommended by the Appeals Section.

The Neiman-Marcus Group Inc., 40653, 89000856350

10-1-94 to 12-31-97, \$00.00 Tax

7-1-92 to 6-30-94, \$00.00 Tax

Action: Redetermine as recommended by the Appeals Section.

The Babcock & Wilcox Company, 89000822290, 89000822310

10-1-92 to 9-30-95, \$00.00 Tax

\$00.00 Penalty, Negligence

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

\$00.00 Penalty, Negligence

Action: Redetermine as recommended by the Appeals Section.

Lender Support Systems Inc., 139108

1-1-98 to 12-31-00, \$41,069.08 Tax

Action: Redetermine as recommended by the Appeals Section.

Palace Holdings Inc., 89000032940

4-1-94 to 3-31-97, \$00.00 Tax

\$00.00 Penalty, Negligence

Action: Redetermine as recommended by the Appeals Section.

L-P Redwood, LLC, 63574, 127373

12-31-97 to 6-30-98, \$00.00 Tax

Action: Redetermine as recommended by the Appeals Section.

Internatinal Inboard Marine Inc., 144393

10-1-97 to 9-30-00, \$00.00 Tax

Action: Redetermine as recommended by the Appeals Section.

### **CORPORATE FRANCHISE AND PERSONAL INCOME TAX MATTERS, CONSENT**

With respect to the Corporate Franchise and Personal Income Tax Matters Consent Agenda, upon a single motion of Mr. Klehs, 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:

Joan M. Aman (Hansen), 156523

1988, \$8,690.85 Assessment

Action: Modified the action of the Franchise Tax Board.

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**Francisco Ambriz, 169481**

1999, \$1,043.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

**Avis One Limited Partnership, 136805****Avis Three Limited Partnership, 136812**

1999, \$1,499.98 Claim for Refund

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

**Bardess Group, LTD, 162835**

1998, \$2,000.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

**Colgate-Palmolive Company, 152028**

1974, \$141,657.00 Claim for Refund

1975, \$135,148.00 Claim for Refund

1976, \$208,620.00 Claim for Refund

1977, \$143,248.00 Claim for Refund

1978, \$174,448.00 Claim for Refund

1979, \$149,266.00 Claim for Refund

1980, \$163,219.00 Claim for Refund

1981, \$233,821.00 Claim for Refund

1982, \$212,068.00 Claim for Refund

1984, \$69,480.00 Claim for Refund

1985, \$97,268.00 Claim for Refund

1986, \$238,699.00 Claim for Refund

1987, \$220,355.00 Claim for Refund

1989, \$331,910.00 Claim for Refund

1990, \$292,216.00 Claim for Refund

1991, \$101,273.00 Claim for Refund

Action: Sustain the modified action with concession by the Franchise Tax Board.

**Ralph Hansen., 142381**

1996, \$16,940.89 Assessment

Action: Modify the action of the Franchise Tax Board.

**Jennifer L. Imes, 102705**

1998, \$381.00 Claim for Refund

Action: Modify the action of the Franchise Tax Board.

**Wayne P. and Arlene F. Johnson, 155462**

1997, \$3,312.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

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Lawrence L. McCracken, 153367

1996, \$1.00 or more Assessment

Action: Sustain the action of the Franchise Tax Board.

Joseph K. and Patricia A. McEwan, 155527

1992, \$1.00 or more Assessment

Action: Sustain the action of the Franchise Tax Board.

Leonard R. and Denise K. McNeil, 76201

1995, \$12,111.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Kevin R. Santos, 164329

1995, \$694.00 Claim for Refund

1996, \$774.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Cesar A. Valenzuela, 155034

1999, \$583.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Denice Watkins, 155125

1985, \$185.50 or more Assessment

Action: Modify the action of the Franchise Tax Board.

David L. Wiggins, 156559

1997, \$57.00 Assessment

Action: Sustain the action with concession by the Franchise Tax Board.

Karen Y. Williams, 163245

1999, \$375.00 Assessment

Action: Modify the action of the Franchise Tax Board.

Frank Cardi, 110571

1997, \$2,389.00 Assessment

Action: Deny the petition for rehearing.

Terrill L. Croghan, 140836

1995, \$813.00 Assessment

Action: Deny the petition for rehearing.

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**Wes Keller, 142151**

1997, \$633.00 Assessment

Action: Deny the petition for rehearing.

**Robert D. Sherman, 133970**

1998, \$1,343.00 Tax

\$335,75.00 Penalty, Late Filing

Action: Deny the petition for rehearing.

**Aaron C. Stuck, 133558**

1998, \$434.00 Tax

\$108.50 Penalty

Action: Deny the petition for rehearing.

**Larry L. and Kathy L. Vandermoon, 92235**

1994, \$2,105.00 Tax

\$421.00 Penalty, Accuracy-Related

1995, \$1,357.00 Tax

\$271.40 Penalty, Accuracy-Related

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. Parrish and unanimously carried, Mr. Chiang, Mr. Klehs, Mr. Andal, Mr. Parrish and Ms. Mandel voting yes, the Board made the following orders:

**Helen Cantor, 154350**

2001, \$215.00 Claim for Credit

**Betty M. Asman, 155148**

2001, \$240.00 Claim for Credit

**Yakov Kras, 162361**

2001, \$1.00 or more Claim for Credit

Action: Adopt the formal opinion.

**Barbara R. Benuzzi, 155556**

2001, \$473.00 Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

**Edward V. Chavarria, 157355**

2001, \$1.00 or more Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

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**Ming Cheung, 166398**

2001, \$1.00 or more Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

**Jim L. Curry, 166392**

2001, \$326.40 Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

**Ida Holloway, 156101**

2001, \$1.00 or more Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

**Gloria J. Mattingly, 146606**

2000, \$240.00 Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

**Agustina R. Morales, 164084**

2001, \$1.00 or more Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

**Michelle Murphy, 164125**

2001, \$348.00 Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

**Dennis Petree, 167592**

2001, \$300.00 Claim for Credit

Action: Reverse the action of the Franchise Tax Board.

**Russell Roberts, 157237**

2001, \$2,400.00 Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

**Jeny E. Rodriguez, 156758**

2001, \$430.00 Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

**Roaslyn K. Session, 155239**

2001, \$247.00 Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

**Gharehmoon Shahoony, 154572**

2001, \$400.00 Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

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**Yevgenya Shevtsov, 151096**

2001, \$348.00 Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

**Sabrina Stephens, 165050**

1999, \$650.00 Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

**Jakeem Stevens, 155273**

2001, \$1.00 or more Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

**Dong Seon Suh, 163283**

2001, \$600.00 Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

**Boris Tabachnikov, 156535**

2001, \$358.00 Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

**Aleksandr Tartakovsky, 168008**

2001, \$1.00 or more Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

**Carol Taylor, 155460**

2001, \$1.00 or more Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

**Gail Y. Taylor, 165067**

2001, \$1.00 or more Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

**Catherine H. Ung, 144668**

2001, \$240.00 Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

**Francisca Lidia Urrutia, 166390**

2001, \$1.00 or more Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

**Ebony Valentine, 166346**

2001, \$1.00 or more Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

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**Sydney Watkins, 156531**

2001, \$1.00 or more Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

**Tony Yang, 157953**

2001, \$1.00 or more Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

**Maan Zatar, 155986**

2001, \$350.00 Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

**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. Parrish and unanimously carried, Mr. Chiang, Mr. Klehs, Mr. Andal, Mr. Parrish and Ms. Mandel voting yes, the Board made the following orders:

**Bruce Patrick McNall, 89000418610**

9-2-84 to 12-31-87, \$527,433.86

Action: Approve the redetermination as recommended by staff.

**Bruce Patrick McNall, 89000418620**

4-1-88 to 6-30-91, \$119,885.23

Action: Approve the redetermination as recommended by staff.

**Oracle Corporation, 105408**

1-1-93 to 5-31-95, \$86,125.12

Action: Approve the redetermination as recommended by staff.

**Stephen John Jordan, 88707**

7-1-93 to 6-30-95, \$87,247.28

Action: Approve the redetermination as recommended by staff.

**Steelcase Inc., 89000805590**

4-1-94 to 9-30-97, \$2,731,069.96

Action: Approve the redetermination as recommended by staff.

**Dealer Computer Services Inc., 89000891150**

1-1-93 to 12-31-95, \$168,150.32

Action: Approve the redetermination as recommended by staff.

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**Bayside Dredging Company, 136114**

9-30-98, \$2,082,076.15

Action: Approve the redetermination as recommended by staff.

**Skylark West LLC, 138822**

12-12-99, \$92,193.75

Action: Approve the redetermination as recommended by staff.

**Ozark Lady Inc., 163049**

2-11-00, \$616,250.00

Action: Approve the redetermination as recommended by staff.

**Chancecarson Inc., 144897**

8-17-00, \$301,125.00

Action: Approve the redetermination as recommended by staff.

**Appeal-Democrat, Inc., 141517**

7-1-99 to 6-30-01, \$107,292.00

Action: Approve the redetermination as recommended by staff.

**Delta Air Lines Inc., 89002094570**

7-1-92 to 9-30-95, \$647,396.94

Action: Approve the redetermination as recommended by staff.

**Pearson Education Inc., 130647**

1-1-97 to 3-31-00, \$341,241.93

Action: Approve the redetermination as recommended by staff.

**DII Technologies Design, Inc., 135959**

7-1-97 to 6-30-00, \$80,706.87

Action: Approve the redetermination as recommended by staff.

**Pay Point Electronic Payment Systems Inc., 168324**

11-3-94 to 12-31-97, \$77,234.85

Action: Approve the redetermination as recommended by staff.

**Oracle Corporation, 105407**

7-1-95 to 12-31-95, \$99,742.50

Action: Approve the redetermination as recommended by staff.

**Comdisco Inc., 190205**

8-1-01 to 8-31-01, \$200,258.28

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

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**Manhattan Associates Inc., 188417**

1-1-96 to 12-31-00, \$82,342.36

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

**Trader Joe's Company, 191886**

1-1-02 to 1-31-02, \$140,412.24

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

**Trader Joe's Company, 191887**

2-1-02 to 2-28-02, \$140,412.24

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

**Simplexgrinnell LP, 191885**

4-1-02 to 6-30-02, \$81,635.60

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

**Windell L. Whitfield, 89000038440**

10-1-89 to 9-30-92, \$63,392.56

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

**United Parcel Service Inc., 153045**

10-1-97 to 12-31-00, \$2,926,000.00

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

**Bush Printing Specialties Inc., 63129**

1-1-97 to 3-31-00, \$202,699.97

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

**Twin Med Inc., 139870**

7-1-98 to 6-30-01, \$172,158.00

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

**California Broadcast Center, LLC, 100645**

1-1-99 to 6-30-00, \$81,955.00

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

**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. Parrish and unanimously carried, Mr. Chiang, Mr. Klehs, Mr. Andal, Mr. Parrish and Ms. Mandel voting yes, Mr. Chiang not participating in *Farmers Group Inc., 115792* and *Rusnak/Pasadena, 129085*, the Board made the following orders:

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**Daisy Systems Corporation, 193816**

10-1-84 to 5-31-89, \$306,718.32

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

**Life Like Products Inc., 192993**

7-1-97 to 6-15-00, \$64,877.87

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

**ICN Pharmaceuticals Inc., 193077**

7-13-98, \$1,615,584.30

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

**Robert A. Lamb, 188503**

12-15-99, \$65,255.00

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

**Visionlink LLC, 188649**

1-12-00, \$70,943.13

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

**Heavy Lift Helicopters Inc., 192201**

11-15-95, \$82,367.65

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

**Wilmington Trust Co., 193076**

1-29-99, \$1,129,070.72

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

**F-W Oil Interests Inc., 154787**

6-30-99, \$296,938.00

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

**Whitmarsh Family Trust DTD 2-24-95, 188404**

6-12-00, \$74,523.55

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

**PPK Yacht Services Inc., 190981**

1-5-01, \$166,351.22

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

**Compucyte Corporation, 190982**

1-1-97 to 12-31-00, \$55,088.13

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

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Dean Allen Wood, 190390

4-1-00 to 1-31-01, \$411,601.11

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

Laurie D. McKinley, 193365

1-1-99 to 3-31-02, \$99,942.88

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

Arcadia Finacial LTD, 187464

1-1-96 to 3-31-01, \$3,143,961.76

Action: Approve the refund as recommended by staff.

Americredit Financial Service Inc., 192134

1-1-02 to 3-31-02, \$1,227,067.01

Action: Approve the refund as recommended by staff.

Marine Air Federal Credit Union, 191208

4-1-98 to 6-30-01, \$126,899.22

Action: Approve the refund as recommended by staff.

Insurance Company of the West, 192597

10-1-98 to 12-31-01, \$245,475.63

Action: Approve the refund as recommended by staff.

Owens & Minor West Inc., 193211

4-1-96 to 6-30-99, \$422,546.92

Action: Approve the refund as recommended by staff.

Farmers Group Inc., 115792

1-1-98 to 12-31-00, \$911,557.02

Action: Approve the refund as recommended by staff. Mr. Chiang not participating.

Infonet Services Corporation, 192844

10-1-97 to 12-31-00, \$52,242.59

Action: Approve the refund as recommended by staff.

Avon Products Inc., 192684

10-1-98 to 12-31-00, \$97,251.99

Action: Approve the refund as recommended by staff.

Taylor Publishing Company, 167160

4-1-99 to 12-31-99, \$137,636.20

Action: Approve the refund as recommended by staff.

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**Rusnak/Pasadena, 129085**

1-1-01 to 3-31-01, \$65,777.38

Action: Approve the refund as recommended by staff. Mr. Chiang not participating.

**Target Corporation 157445**

1-1-01 to 6-30-01, \$75,890.92

Action: Approve the refund as recommended by staff.

**Los Angeles Doctors Hospital, 188231**

10-1-98 to 9-30-01, \$84,725.72

Action: Approve the refund as recommended by staff.

**Installation Service Corp., 192468**

10-1-98 to 9-30-01, \$69,402.94

Action: Approve the refund as recommended by staff.

**J.B.R. Inc., 193179**

1-1-99 to 12-31-01, \$52,472.66

Action: Approve the refund as recommended by staff.

**Alonzo Printing Co. Inc., 78002**

1-1-97 to 12-31-01, \$110,091.66

Action: Approve the refund as recommended by staff.

**Matrix Integrated Systems, 188377**

7-1-97 to 3-31-00, \$50,698.18

Action: Approve the refund as recommended by staff.

**Complas Inc., 191084**

4-1-99 to 3-31-02, \$159,386.99

Action: Approve the refund as recommended by staff.

**San Joaquin Sand & Gravel, 171501**

4-1-01 to 12-31-01, \$80,108.06

Action: Approve the refund as recommended by staff.

**Quiel Bros. Electric Sign Service Co., 193162**

4-1-00 to 12-31-01, \$52,436.37

Action: Approve the refund as recommended by staff.

**Petro-Diamond Incorporated, 166765**

1-1-01 to 3-31-01, \$219,372.57

Action: Approve the refund as recommended by staff.

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**Beckman Coulter Inc., 127989**

7-1-96 to 12-31-00, \$190,859.89

Action: Approve the refund as recommended by staff.

**Bush Printing Specialities Inc., 82826**

10-1-96 to 3-31-00, \$70,054.09

Action: Approve the refund as recommended by staff.

**Mentus, 142755**

1-1-99 to 12-31-01, \$76,758.87

Action: Approve the refund as recommended by staff.

**Thompson Publishing Corp., 152167**

10-1-98 to 3-31-00, \$264,251.37

Action: Approve the refund as recommended by staff.

**O'Connor Hospital, 192348**

1-1-98 to 12-31-00, \$73,025.73

Action: Approve the refund as recommended by staff.

**Continuum Home Medical Inc., 83406**

7-1-97 to 6-30-00, \$73,161.18

Action: Approve the refund as recommended by staff.

**Sysco Food Service of L.A. Inc., 166351**

7-1-01 to 9-30-01, \$50,386.36

Action: Approve the refund as recommended by staff.

**Paine Webber Incorporated, 113445**

1-1-97 to 12-31-00, \$188,861.92

Action: Approve the refund as recommended by staff.

**Bobst Group Inc., 168036**

10-1-97 to 12-31-00, \$78,562.88

Action: Approve the refund as recommended by staff.

**Mentor Graphics Corp., 106778**

7-1-99 to 12-31-99, \$66,278.01

Action: Approve the refund as recommended by staff.

**Suss Micro Tec Inc., 157152**

1-1-01 to 9-30-01, \$59,263.59

Action: Approve the refund as recommended by staff.

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**SVG Lithography Systems Inc., 104748**

4-1-00 to 6-30-00, \$140,016.24

Action: Approve the refund as recommended by staff.

**Peak Technologies Inc., 172119**

7-1-00 to 9-30-00, \$343,566.09

Action: Approve the refund as recommended by staff.

**A-L Financial Corporation, 149685**

10-1-99 to 12-31-00, \$150,185.12

Action: Approve the refund as recommended by staff.

**Pomegranate Communications, Inc., 193160**

1-1-98 to 3-31-01, \$98,419.01

Action: Approve the refund as recommended by staff.

**Allenbrook Inc., 145823**

7-1-99 to 9-30-00, \$75,855.51

Action: Approve the refund as recommended by staff.

**UCSF-Stanford Health Care, 112477**

7-1-98 to 3-31-00, \$168,412.73

Action: Approve the refund as recommended by staff.

**Millennium Marketing Group Inc., 103763**

10-1-98 to 6-30-01, \$158,135.95

Action: Approve the refund as recommended by staff.

**Convenience Acquisition Co., LLC, 144787**

1-1-01 to 6-30-01, \$93,213.20

Action: Approve the refund as recommended by staff.

**EM-J Graphics, Inc., 138254**

7-1-98 to 6-30-01, \$124,634.66

Action: Approve the refund as recommended by staff.

**UMC Group (USA), 153796**

7-1-99 to 9-30-01, \$110,018.44

Action: Approve the refund as recommended by staff.

**Concord Disc Manufacturing Corp., 192312**

1-1-99 to 12-31-01, \$192,218.73

Action: Approve the refund as recommended by staff.

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**Tuchenhagen-Darrow LLC, 164698**

1-1-00 to 3-31-00, \$116,170.56

Action: Approve the refund as recommended by staff.

**Nova Crystals, Inc., 167148**

1-1-01 to 12-31-01, \$170,418.07

Action: Approve the refund as recommended by staff.

**Delaware Mitchell Inter'l, Inc., 152166**

4-3-00 to 12-31-01, \$194,334.26

Action: Approve the refund as recommended by staff.

**Siemens Power Transmission & Distributor, 173026**

7-1-01 to 12-31-01, \$132,921.93

Action: Approve the refund as recommended by staff.

**General Motors Acceptance Corp., 187847**

1-1-98 to 6-30-01, \$4,707,170.56

Action: Approve the refund as recommended by staff.

**Ultramar Inc., 139746**

4-1-00 to 12-31-01, \$1,742,801.67

Action: Approve the refund as recommended by staff.

**Kaiser Foundation Hospitals, 165592**

1-1-01 to 6-30-01, \$389,705.00

Action: Approve the refund as recommended by staff.

**Granite Rock Co., 192633**

4-1-02 to 6-30-02, \$67,733.22

Action: Approve the refund as recommended by staff.

**Intervision Systems Technology Inc., 115642**

4-1-00 to 12-31-01, \$105,716.57

Action: Approve the refund as recommended by staff.

**Radio Computing Services, Inc., 128122**

7-1-00 to 9-30-00, \$139,825.00

Action: Approve the refund as recommended by staff.

**Travis Credit Union, 192586**

4-1-98 to 6-30-02, \$253,651.25

Action: Approve the refund as recommended by staff.

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**Orange County Teachers Federal Credit Union, 192588**

1-1-98 to 12-31-01, \$158,201.22

Action: Approve the refund as recommended by staff.

**Lockheed Martin Corporation, 80548**

4-1-96 to 9-30-99, \$450,435.77

Action: Approve the refund as recommended by staff.

**SPECIAL TAXES MATTERS, REDETERMINATIONS AND RELIEF OF PENALTIES,  
CONSENT**

With respect to the Special Taxes Matters, Redeterminations and 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, Mr. Chiang not participating in *Atlantic Richfield Company, 194554* and Ms. Mandel not participating in accordance with Government Code section 7.9 in *Coastal West Ventures, Inc., 162159*, *Atlantic Richfield Company, 194554*, and *Heineken USA, Inc., 191109*, the Board made the following orders:

**Coastal West Ventures, Inc., 162159**

2-1-96 to 2-29-96, \$539,728.60

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

**Reliance Development Group, 164207**

1-1-98 to 12-31-99, \$156,769.02

Action: Approve the redetermination as recommended by staff.

**Trustees Sepulveda Family L Trust, 170455**

9-1-99 to 3-31-00, \$61,174.27

Action: Approve the redetermination as recommended by staff.

**Atlantic Richfield Company, 194554**

6-1-01 to 6-30-01, \$239,194.17

Action: Approve the relief of penalty as recommended by staff. staff. Mr. Chiang not participating. Ms. Mandel not participating in accordance with Government Code section 7.9.

**Heineken USA, Inc., 191109**

1-1-02 to 3-31-02, \$58,761.23

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

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**PROPERTY TAX MATTERS, CONSENT**

With respect to the Property Taxes Matters, Consent Agenda, upon a single 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 in accordance with Government Code section 7.9, the Board made the following orders:

***Petitions for Reassessment of 2002 Unitary Value***

Pacific Gas & Electric Company, 184071

2002, \$13,224,700,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.

Ms. Mandel not participating in accordance with Government Code section 7.9.

Sierra Pacific Power Company, 183767

2002, \$179,900,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.

Ms. Mandel not participating in accordance with Government Code section 7.9.

Citizens Telecommunications Company of California, 184072

2002, \$143,400,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.

Ms. Mandel not participating in accordance with Government Code section 7.9.

Calnev Pipe Line LLC, 183581

2002, \$73,700,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.

Ms. Mandel not participating in accordance with Government Code section 7.9.

Ventura Pipeline System, 183742

2002, \$4,750,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.

Ms. Mandel not participating in accordance with Government Code section 7.9.

UNOCAP-Tosco Pipeline Company, 183580

2002, \$72,900,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.

Ms. Mandel not participating in accordance with Government Code section 7.9.

Santa Maria Valley Railroad Co., 183412

2002, \$1,154,691.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.

Ms. Mandel not participating in accordance with Government Code section 7.9.

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**Sprint Communications Company., LP, 183745**

2002, \$1,015,200,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.  
Ms. Mandel not participating in accordance with Government Code section 7.9.

**Cable & Wireless USA Inc., 186903**

2002, \$69,400,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.  
Ms. Mandel not participating in accordance with Government Code section 7.9.

**Electric Lightwave Inc., 183274**

2002, \$113,400,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.  
Ms. Mandel not participating in accordance with Government Code section 7.9.

**VarTec Telecom Inc., 183740**

2002, \$2,910,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.  
Ms. Mandel not participating in accordance with Government Code section 7.9.

**Verizon Wireless (VAW) LLC, 183404**

2002, \$195,200,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.  
Ms. Mandel not participating in accordance with Government Code section 7.9.

**Sacramento Valley Limited Partnership, 183405**

2002, \$185,200,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.  
Ms. Mandel not participating in accordance with Government Code section 7.9.

**Los Angeles SMSA Limited Partnership, 183403**

2002, \$872,700,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.  
Ms. Mandel not participating in accordance with Government Code section 7.9.

**Fresno MSA Limited Partnership, 183400**

2002, \$82,800,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.  
Ms. Mandel not participating in accordance with Government Code section 7.9.

**GTE Mobilnet of California, Inc., 183401**

2002, \$381,800,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.  
Ms. Mandel not participating in accordance with Government Code section 7.9.

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**GTE Mobilnet of Santa Barbara, 183399**

2002, \$37,100,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.

Ms. Mandel not participating in accordance with Government Code section 7.9.

**California RSA #4, Partnership, 183397**

2002, \$13,700,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.

Ms. Mandel not participating in accordance with Government Code section 7.9.

**Nextel of California, Inc., 183718**

2002, \$647,200,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.

Ms. Mandel not participating in accordance with Government Code section 7.9.

**Pacific Bell Wireless, LLC, 183269**

2002, \$905,300,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.

Ms. Mandel not participating in accordance with Government Code section 7.9.

**Edge Wireless, LLC, 184069**

2002, \$10,900,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.

Ms. Mandel not participating in accordance with Government Code section 7.9.

**Southwestern Bell Mobile Systems LLC, 183268**

2002, \$90,800,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.

Ms. Mandel not participating in accordance with Government Code section 7.9.

**Cingular Wireless, LLC, 183267**

2002, \$12,800,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.

Ms. Mandel not participating in accordance with Government Code section 7.9.

**Broadwing Communications Services, Inc., 183418**

2002, \$146,200,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.

Ms. Mandel not participating in accordance with Government Code section 7.9.

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**Cox California Telecom, LLC, 183741**

2002, \$117,600,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.  
Ms. Mandel not participating in accordance with Government Code section 7.9.

**Mpower Communications, Corp., 182547**

2002, \$59,300,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.  
Ms. Mandel not participating in accordance with Government Code section 7.9.

**Genuity Solutions Inc. (formerly GTE California Incorporated), 183416**

2002, \$342,600,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.  
Ms. Mandel not participating in accordance with Government Code section 7.9.

**Teleglobe USA Inc., 183266**

2002, \$60,900,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.  
Ms. Mandel not participating in accordance with Government Code section 7.9.

**360Networks (USA) Inc., 183959**

2002, \$133,700,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.  
Ms. Mandel not participating in accordance with Government Code section 7.9.

**New Edge Network Inc., 184068**

2002, \$11,200,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.  
Ms. Mandel not participating in accordance with Government Code section 7.9.

**PaeTec Communications Inc., 183419**

2002, \$4,920,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.  
Ms. Mandel not participating in accordance with Government Code section 7.9.

**Seren Innovations Inc., 183671**

2002, \$169,700,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.  
Ms. Mandel not participating in accordance with Government Code section 7.9.

**Adelphia Business Solutions Operations Inc., 183276**

2002, \$3,830,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.  
Ms. Mandel not participating in accordance with Government Code section 7.9.

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**Touch America Inc., 184339**

2002, \$35,000,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.

Ms. Mandel not participating in accordance with Government Code section 7.9.

**Concert Global Networks USA LLC, 183389**

2002, \$137,600,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.

Ms. Mandel not participating in accordance with Government Code section 7.9.

**Altrio Communications, Inc., 184070**

2002, \$24,000,000.00 Value

Action: Approve reassessment of 2002 unitary value as recommended by staff.

Ms. Mandel not participating in accordance with Government Code section 7.9.

***Petitions for Reassessment and Penalty Abatement on 2002 Unitary Value*****Allegiance Telecom of California, Inc., 183277**

2002, \$132,100,000.00 Value

\$13,210,000.00 Penalty

Action: Approve reassessment and penalty abatement on 2002 unitary value as recommended by staff. Ms. Mandel not participating in accordance with Government Code section 7.9.

**WorldxChange Corporation, 184577**

2002, \$11,300,000.00 Value

\$1,130,000.00 Penalty

Action: Approve reassessment and penalty abatement on 2002 unitary value as recommended by staff. Ms. Mandel not participating in accordance with Government Code section 7.9.

***Petitions for Reassessment of 2002 Nonunitary Value*****Southwest Gas Corporation, 190034**

2002, \$87,120.00 Value

Action: Approve reassessment of 2002 nonunitary value as recommended by staff.

Ms. Mandel not participating in accordance with Government Code section 7.9.

**Santa Maria Valley Railroad Company, 186431**

2002, \$1,110,518.00 Value

Action: Approve reassessment of 2002 nonunitary value as recommended by staff.

Ms. Mandel not participating in accordance with Government Code section 7.9.

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***Petition for Penalty Abatement on 2002 Private Railroad Car Tax***

Granite Rock Company, 190524  
2002, \$511,100.00 Value  
\$51,110.00 Penalty

Action: Approve penalty abatement on 2002 Private Railroad Car Tax as recommended by staff. Ms. Mandel not participating in accordance with Government Code section 7.9.

***Petition for Reassessment of Unitary Escape Assessments***

Cox California Telecom, LLC, 172635  
1998-2001, \$2,400,000.00 Escaped Assessment  
\$240,000.00 Penalty  
\$297,000.00 Interest

Action: Approve reassessment of unitary escape assessments as recommended by staff. Ms. Mandel not participating in accordance with Government Code section 7.9.

**PROPERTY TAX MATTERS NOT SUBJECT TO CONTRIBUTION DISCLOSURE STATUTE**

With respect to the Property Taxes Matters Not Subject to Contributions Disclosure Statute Agenda, upon a single 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 in accordance with Government Code section 7.9, the Board made the following orders:

***Unitary and Nonunitary Escaped Assessments***

MCI Worldcom Network Services, Inc. (2274)  
1999-2001, \$20,710,776.00 Value  
1999-2001, \$502,860.00 Value

Action: Adopt unitary and nonunitary escaped assessment as recommended by staff.

AT&T Communications, Inc. (2310)  
2001, \$30,000.00 Value

Action: Adopt unitary escaped assessment as recommended by staff.

Worldcom International Data Services, Inc., (2322)  
1999-2001, \$2,200,128.00 Value

Action: Adopt unitary escaped assessment as recommended by staff.

MCI Metro Access Transmission Services, LLC (2372)  
2001, \$232,582.00 Value

Action: Adopt unitary escaped assessment as recommended by staff.

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**Electric Lightwave, Inc. (2430)**

1999-2000, \$39,232.00 Value

Action: Adopt unitary and nonunitary escaped assessment as recommended by staff.

**Sacramento Valley L.P., dba Verizon Wireless (2513)**

1999-2001, \$124,615.00 Value

Action: Adopt unitary and nonunitary escaped assessment as recommended by staff.

**Fresno MSA Limited Partnership, dba Verizon Wireless (2552)**

1999-2000, \$80,000.00 Value

Action: Adopt unitary escaped assessment as recommended by staff.

**GTE Mobilnet of California L.P., dba Verizon Wirelsss (2559)**

1999-2000, \$143,950.00 Value

Action: Adopt unitary and nonunitary escaped assessment as recommended by staff.

**AT&T Wireless Services of California, Inc., dba AT&T Wireless Services (2606)**

1999-2001, \$405,528.00 Value

Action: Adopt unitary and nonunitary escaped assessment as recommended by staff.

**GTE Mobilnet of Santa Barbara L.P., dba Verizon Wireless (2627)**

1999-2000, \$575,079.00 Value

Action: Adopt unitary and nonunitary escaped assessment as recommended by staff.

**Dobson Cellular Systems, Inc. (2675)**

1999-2001, \$973,233.00 Value

1999-2001, \$1,499,236.00.00 Value

Action: Adopt unitary and nonunitary escaped assessment as recommended by staff.

**Sprint Telephony PCS, L.P. (2720)**

2001, \$1,677,335.00 Value

Action: Adopt unitary escaped assessment as recommended by staff.

**Sprint Spectrum L.P. (2722)**

2001, \$590,643.00 Value

Action: Adopt unitary escaped assessment as recommended by staff.

**Nextel of California, Inc. (2737)**

1999-2001, \$5,806,028.00 Value

Action: Adopt unitary and nonunitary escaped assessment as recommended by staff.

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**West Coast P.C.S. (2745)**

2001, \$705,380.00 Value

Action: Adopt unitary escaped assessment as recommended by staff.

**Pacific Bell Wireless, LLC, dba Cingular Wireless (2748)**

2000-2001, \$243,814.00 Value

Action: Adopt unitary escaped assessment as recommended by staff.

**AT&T Wireless PCS, LLC (2749)**

2000, \$100,354.00 Value

Action: Adopt unitary escaped assessment as recommended by staff.

**Williams Communications, LLC dba Williams Network, Inc. (7819)**

2000-2001, \$765,000.00 Value

Action: Adopt unitary escaped assessment as recommended by staff.

**SBC ASI/SBC ASI P&L L.P., dba SBC Advanced Solutions, Inc. (7885)**

2001, \$5,152,000.00 Value

Action: Adopt unitary escaped assessment as recommended by staff.

***Board Roll Changes*****2001 and 2002 State-Assessed Rolls**

Action: Adopt the 2001 and 2002 State-Assessed Rolls as recommended by staff (Exhibit 11.14).

**PUBLIC HEARING****Proposed Adoption and Amendment of Regulations Pursuant to the Alcoholic Beverage Tax Law**

Janice Thurston, Assistant Chief Counsel, Legal Division, stated for the record that Regulation 2500 specifies the records to be kept by alcoholic beverage taxpayers by deleting the current language and adding requirements consistent with Sales and Use Tax Regulation 1698. The proposed amendment also changes the title of the regulation from "General" to "Records." Regulation 2538 specifies return reporting requirements for beer and wine importers that also have winegrower's license or a beer manufacturer's license, and corrects gender specific language. The proposed changes to Regulation 2552 remove language that creates an exemption for untaxed spoiled beer and wine and retain the credit for tax-paid spoiled beer and wine that is destroyed as specified, consistent with section 32176 of the Alcoholic Beverage Tax Law. Proposed Regulation 2570 describes the conditions that must be met in order for a person to be relieved of liability for the payment of alcoholic beverage taxes, including penalties and interest, based upon reliance on written advice of the Board. This proposed regulation is consistent with Sales and Use Tax Regulation 1705 (Exhibit 11.15).

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Speakers: Speakers were invited to address the Board, but there were none.

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 adopted the *Regulations 2500, Records; 2538, Beer and Wine Importers; 2552, Spoiled Beer and Wine Exemption and Credit; and, 2570, Relief From Liability*, as published.

### **CORPORATE FRANCHISE AND PERSONAL INCOME TAXES HEARINGS**

PPG Industries, Inc., 131797

1977, \$289,794.00 Claim for Refund

1978, \$159,112.00 Claim for Refund

1979, \$318,160.00 Claim for Refund

1980, \$591,910.00 Claim for Refund

For Claimant:

Charles J. Moll III, Representative

Judith F. Maskrey, Representative

For Franchise Tax Board:

Melissa Wulff, Tax Counsel

Carl A. Joseph, Tax Counsel

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

Issues: Whether the doctrine of res judicata bars appellant's appeal of respondent's denial of refund claims, which claims are based upon the issues of (a) unity between appellant and Kalium Division of PPG Industries Canada (Kalium), and (b) the disallowance of depreciation deductions for assets of certain foreign subsidiaries of appellant.

Alternatively, if res judicata does not apply, whether appellant has shown that it was not unitary with Kalium.

Alternatively, if res judicata does not apply, whether appellant has shown that it is entitled to depreciation deductions of foreign subsidiary assets.

Whether appellant has shown that it should receive an increase in the denominator of the sales factor, based upon royalties, rents and interest.

Appellant's Exhibit: Affidavits, unitary factors, financial records, transcript, (Exhibit 11.16)

Action: Upon motion of Mr. Klehs, seconded by Mr. Andal and duly carried, Mr. Chiang, Mr. Klehs, Mr. Andal and Mr. Parrish voting yes, Ms. Mandel voting no, the Board sustained the action of the Franchise Tax Board.

Wilshire Restaurant Group, Inc., 166408

1994, \$242,767.00 Assessment

1995, \$199,391.14 Assessment

For Appellant:

Steven Danowitz, CPA

Glenn Bystrom, Representative

For Franchise Tax Board:

Craig Swieso, Tax Counsel

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

WEDNESDAY, NOVEMBER 13, 2002

Issues: Whether respondent properly excluded proceeds from the sale of intangible assets from appellant's sales factor.

Whether respondent properly reduced appellant's net operating loss deduction by appellant's pre-apportioned cancellation of indebtedness income.

Action: Mr. Parrish moved to reverse the action of the Franchise Tax Board. The motion was seconded by Mr. Chiang but failed to carry, Mr. Chiang and Mr. Parrish voting yes, Mr. Klehs and Ms. Mandel voting no, Mr. Andal absent.

Upon motion of Ms. Mandel, seconded by Mr. Chiang, and unanimously carried, Mr. Chiang, Mr. Klehs, Mr. Parrish and Ms. Mandel voting yes, Mr. Andal absent, the Board submitted the appeal for decision.

The Board recessed at 11:05 a.m. and reconvened at 11:15 a.m. with Mr. Chiang, Mr. Klehs, Mr. Andal, Mr. Parrish and Ms. Mandel present.

## **ADMINISTRATIVE SESSION**

### **BOARD COMMITTEE REPORTS**

#### **Legislative Committee**

Upon 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 approved the Legislative Committee report (Exhibit 11.17).

#### **Business Taxes Committee**

Upon motion of Mr. Andal, seconded by Mr. Klehs and duly carried, Mr. Klehs, Mr. Andal, Mr. Parrish and Ms. Mandel voting yes, Mr. Chiang voting no, the Board approved the Business Taxes Committee report (Exhibit 11.18).

#### **Property Tax Committee**

Upon motion of Mr. Andal seconded by Ms. Mandel and duly carried, Mr. Klehs, Mr. Andal, Mr. Parrish and Ms. Mandel voting yes, Mr. Chiang voting no, the Board approved the Property Tax Committee report (Exhibit 11.19).

WEDNESDAY, NOVEMBER 13, 2002

**CORPORATE FRANCHISE AND PERSONAL INCOME TAXES HEARINGS**

California Steel Industries, Inc., 160703

1995, \$901,729.40 Assessment

1996, \$13,055.36 Assessment

For Appellant:

Douglas Bramhall, Representative

Chris Micheli, Representative

For Franchise Tax Board:

Michael Cataldo, Tax Counsel

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

Issue: Whether appellant's payments to an independent contractor for construction of qualified property represent "capitalized labor costs that are directly allocable to the construction" of qualified property, and thus constitute qualified costs for purposes of the Manufacturers' Investment Credit.

Appellant's Exhibit: Transcript dated June 10, 1996 (Exhibit 11.20)

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 submitted the appeal for decision.

**BUSINESS TAXES APPEALS HEARINGS**

Craig Winn Merrill, 116249, 132019

10-1-92 to 12-31-99, \$44,837.49 Tax

\$00.00 Penalty, Failure to File

For Petitioner:

Craig W. Merrill

Patricia Carroll, Consultant

For Sales and Use Tax Department:

Sharon Jarvis, Tax Counsel

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

Issue: Whether petitioner received misinformation qualifying for relief from the tax under Revenue and Taxation Code section 6596.

Action: Upon motion of Mr. Parrish, seconded by Mr. Chiang and duly carried, Mr. Chiang, Mr. Klehs and Mr. Parrish voting yes, Ms. Mandel voting no, Mr. Andal absent, the Board ordered that the petition be redetermined with adjustments.

The Board recessed at 12:00 p.m. and reconvened at 1:30 p.m. with Mr. Chiang, Mr. Klehs, Mr. Andal, Mr. Parrish and Ms. Mandel.

Mr. Chiang stated for the record that in the matter of Item DD, Administrative Session, Board Committee Reports, he intended to vote no on the Legislative Committee report and yes on the Business Taxes Committee report.

WEDNESDAY, NOVEMBER 13, 2002

**ADMINISTRATIVE SESSION****ADMINISTRATIVE MATTERS, CONSENT**

Action: The Board deferred consideration of the Effects of Proposition 10 on Cigarette and Tobacco Products Consumption to the December Board meeting.

**BUSINESS TAXES APPEALS HEARINGS**

McGhan Medical Corporation (Inamed Med. Prof. Corp.), 27128, 46716

7-1-95 to 6-30-98, \$406,084.63 Tax

\$43,474.55 Penalty, Finality

For Petitioner: Eric Miethke, Representative  
Arthur Gelber, CPA

For Sales and Use Tax Department: Randy Ferris, Tax Counsel

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

Issues: Whether the sales of tissue expanders are exempt sales of medicines.  
Whether the cost of tissue expanders given away at no charge is subject to use tax.

Whether taxpayer has shown it received erroneous written advice in a prior audit and, thus, the disputed tax liability at issue should be deleted.

Action: Upon motion of Mr. Andal, seconded by Mr. Parrish and duly carried, Mr. Andal, Mr. Parrish and Ms. Mandel voting yes, Mr. Chiang and Mr. Klehs voting no, the Board ordered that the petition be granted as to the disputed measure of tax.

Lakireddy B. Reddy, et al., 109080

10-1-97 to 6-30-00, \$120,860.17 Tax

\$12,086.07 Penalty, Negligence

For Petitioner: Woodford G. Rowland, Attorney

For Sales and Use Tax Department: Kevin Hanks, Hearing Representative

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

Issues: Whether audited taxable sales for the Berkeley and Santa Clara locations were computed in accordance with the facts.

Whether the Department acted improperly and/or with malice when it increased the measure of tax in the revised audit.

Action: 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 ordered that the petition be submitted for decision.

WEDNESDAY, NOVEMBER 13, 2002

Edward Earl Campbell, Sr. , 48068

1-1-96 to 12-31-98, \$1,015.74 Tax

\$500.00 Penalty, Unlicensed diesel-powered highway vehicle operator  
 \$6,000.00 Penalty, Misuse of resale certificate

For Petitioner: Edward E. Campbell, Sr.  
 Perci J. Wayne, Representative

For Property and Special Taxes Department: M. Judith Nelson, Tax Counsel

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

Issues: Whether the evidence establishes that taxpayer did not use untaxed clear diesel fuel on the highway during the audit period.

Whether relief from the penalties for misuse of exemption certificates is warranted.

Whether relief from the penalty imposed for failure to obtain a license as a diesel-powered highway vehicle operator is warranted.

Action: Upon motion of Mr. Parrish, seconded by Mr. Klehs and unanimously carried, Mr. Chiang, Mr. Klehs, Mr. Parrish and Ms. Mandel voting yes, Mr. Andal absent, the Board ordered that the petition be redetermined. 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 reducing the penalty by 50 percent.

Turmac, Inc., 109074

7-1-92 to 12-31-99, \$26,622.70 Tax

\$2,486.38 Penalty, Failure to File

For Petitioner: Jerome P. Gianotti, President

For Sales and Use Tax Department: Warren L. Astleford, Tax Counsel

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

Issues: Whether petitioner has a use tax collection obligation as a retailer engaged in business in California.

Whether petitioner understated its taxable sales.

Whether the 10 percent penalty for failure to file returns should be relieved.

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

**PETITION FOR RELEASE OF SEIZED PROPERTY**

Balwant Singh and Sukhjinder Kaur, 192623, 192627

August 28, 2002 Notice of Seizure and Forfeiture

For Petitioner: Balwant Singh  
 Harvinder Singh

For Property and Special Taxes Department Blanca Breeze, Tax Counsel

WEDNESDAY, NOVEMBER 13, 2002

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

Issue: Whether the cigarettes should be forfeited to the State of California because they are described by subdivision (b) of Revenue and Taxation Code section 30436.

Action: 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 ordered that the petition be submitted for decision.

The Board recessed at 3:25 p.m. and reconvened at 3:30 p.m. with Mr. Chiang, Mr. Klehs, Mr. Parrish and Ms. Mandel present.

#### **FINAL ACTION ON APPEALS HEARD NOVEMBER 13, 2002**

Upon motion of Ms. Mandel, seconded by Mr. Parrish and duly carried, Mr. Chiang, Mr. Parrish and Ms. Mandel voting yes, Mr. Klehs voting no, Mr. Andal absent, in the appeal of *Wilshire Restaurant Group, Inc., 166408*, the Board reversed the action of the Franchise Tax Board as to Issue 1.

Mr. Klehs moved to sustain the action of the Franchise Tax Board as to Issue 2. The motion was seconded by Ms. Mandel but failed to carry, Mr. Klehs and Ms. Mandel voting yes, Mr. Chiang and Mr. Parrish voting no, Mr. Andal absent.

The Board deferred consideration of Issue 2 to the December Culver City Board meeting

The Board deferred consideration of *California Steel Industries, Inc., 160703*, to the December Culver City Board meeting.

#### **FINAL ACTION ON PETITIONS HEARD NOVEMBER 13, 2002**

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 ordered that the petition of *Lakireddy B. Reddy, Et Al., 109080*, be redetermined as recommended by the Appeals Section.

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 absent, the Board ordered that the petition of *Turmac, Inc., 109074*, be redetermined as recommended by the Appeals Section.

WEDNESDAY, NOVEMBER 13, 2002

**FINAL ACTION ON PETITION FOR RELEASE OF SEIZED PROPERTY HEARD  
NOVEMBER 13, 2002**

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 absent, the Board determined that in the petition of *Balwant Singh and Sukhjinder Kaur, 192623, 192627*, the staff properly seized the cigarettes.

The Board adjourned at 3:30 p.m.

*The foregoing minutes are adopted by the Board on February 6, 2003.*