

Tuesday, December 13, 2005

The Board met at its offices at 450 N Street, Sacramento, at 9:40 a.m., with Mr. Chiang, Chair, Mr. Parrish, Vice Chair, Ms. Yee, Mr. Leonard and Mr. Westly present.

**PROPERTY TAXES MATTERS, ADJUDICATORY**

**Petitions for Reassessment of Unitary Value**

Cabrillo Power I, LLC (1106), 315709

2005, \$205,200,000.00 Unitary Value

Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Mr. Parrish, seconded by Mr. Westly and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Mr. Westly voting yes, the Board ordered that the 2005 unitary value be reduced to \$144,800,000.00.

Mirant Potrero, LLC (1108), 316103

2005, \$43,100,000.00 Unitary Value

Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Mr. Parrish, seconded by Mr. Westly and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Mr. Westly voting yes, the Board ordered that the petition be granted and the 2005 unitary value be reduced to \$41,500,000.00.

Mirant Delta, LLC (1109), 316102

2005, \$235,600,000.00 Unitary Value

Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Mr. Parrish, seconded by Mr. Westly and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Mr. Westly voting yes, the Board ordered that the 2005 unitary value be reduced to \$168,800,000.00.

El Segundo Power, LLC (1110), 315708

2005, \$126,000,000.00 Unitary Value

Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Mr. Parrish, seconded by Mr. Westly and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Mr. Westly voting yes, the Board ordered that the 2005 unitary value be reduced to \$91,000,000.00.

GWF Energy, LLC – Hanford (1122), 316100

2005, \$71,700,000.00 Unitary Value

Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Mr. Parrish, seconded by Mr. Westly and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Mr. Westly voting yes, the Board ordered that the 2005 unitary value be reduced to \$66,400,000.00.

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GWF Energy, LLC – Henrietta (1123), 316101

2005, \$73,300,000.00 Unitary Value

Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Mr. Parrish, seconded by Mr. Westly and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Mr. Westly voting yes, the Board ordered that the 2005 unitary value be reduced to \$67,400,000.00.

Gilroy Energy Center, LLC (1129), 315912

2005, \$102,900,000.00 Unitary Value

Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Mr. Parrish, seconded by Mr. Westly and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Mr. Westly voting yes, the Board ordered that the 2005 unitary value be reduced to \$92,900,000.00.

WilTel Communications, LLC (7819), 316352

2005, \$158,400,000.00 Unitary Value

Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Mr. Parrish, seconded by Mr. Westly and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Mr. Westly voting yes, the Board ordered that the 2005 unitary value be reduced to \$140,400,000.00.

**LEGAL APPEALS PROPERTY TAX MATTERS, ADJUDICATORY****Petition for Reassessment and Penalty Abatement on Unitary Escape Assessment**

Norcast Communications Corporation (7998), 295095

2003, \$230,000.00 Escape Value, \$23,000.00 Penalty, \$18,975.00 In-Lieu Interest

2004, \$306,000.00 Escape Value, \$30,600.00 Penalty

Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Mr. Parrish, seconded by Ms. Yee and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Mr. Westly voting yes, the Board ordered that the petition be denied as recommended by the Appeals Division.

**Petition for Reassessment of Unitary Value**

AT&amp;T Communications, Inc. (2310), 315702

2005, \$973,000,000.00 Unitary Value

Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: Disqualifying contributions were disclosed to all Members. Mr. Leonard, Mr. Parrish and Mr. Chiang were chosen by random selection pursuant to Government Code section 15626(i)(5).

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Action: Upon motion of Mr. Parrish, seconded by Mr. Leonard and unanimously carried, Mr. Chiang, Mr. Parrish and Mr. Leonard voting yes, Mr. Westly and Ms. Yee not participating in accordance with Government Code section 15626, the Board ordered that the 2005 unitary value be reduced to \$840,500,000.00 as recommended by the Appeals Division.

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

### **Audit**

Southern California Gas Company (149)

Action: Upon motion of Ms. Yee, seconded by Mr. Westly and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Mr. Westly voting yes, the Board adopted audit escaped assessments for lien dates 2000, 2001 and 2003 totaling \$54,657,982.00 as recommended by staff.

## **CHIEF COUNSEL MATTERS**

### **PROPERTY TAX**

#### **Board Consideration of Findings and Decision**

Broadwing Communications, LLC (7630), 314492

Action: Upon motion of Ms. Yee, seconded by Mr. Parrish and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee and Mr. Leonard voting yes, Mr. Westly not participating, the Board approved the Findings and Decision as recommended by staff.

## **PROPERTY TAXES HEARINGS**

Cingular Wireless, LLC (2606), 315682

2005, \$2,444,500,000.00 Unitary Value

For Petitioner:

Peter W. Hladek, Representative

Pam Willmoth, Representative

For Property and Special Taxes Department: Shirley Johnson, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether the 2005 Replacement Cost New Less Depreciation value indicator needs to be adjusted to reflect the amount of the allowance for depreciation set forth in the restatement to fair market value of AT&T Wireless Service, Inc.'s assets acquired by petitioner in October 2004.

Whether the Board-adopted 2005 unitary value should be reduced to reflect additional technological obsolescence.

Petitioner's Exhibit: Miscellaneous Documents (Exhibit 12.1)

Action: Upon motion of Mr. Parrish, seconded by Mr. Chiang and unanimously carried, Mr. Chiang, Mr. Parrish, Mr. Leonard and Mr. Westly voting yes, Ms. Yee not participating, the Board ordered that the 2005 unitary value be reduced to \$1,718,400,000.00.

Exhibits to these minutes are incorporated by reference.

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Calpine Construction Finance Company, LP (1132), 315964

2005, \$271,900,000.00 Unitary Value

Delta Energy Center, LLC (1128), 315963

2005, \$476,200,000.00 Unitary Value

Los Esteros Critical Energy Facility, LLC (1143), 315962

2005, \$169,100,000.00 Unitary Value

Metcalf Energy Center, LLC (1133), 315913

2005, \$353,000,000.00 Unitary Value

For Petitioner:

Samuel K. Steele, Representative

For Property and Special Taxes Department:

Mike Lebeau, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

*Issues regarding 315964 only:*

Whether the replacement cost new (ReplCN) factor of \$576,000 per Megawatt (MW) calculated by the Valuation Division is correct.

Whether the Valuation Division properly assigned 40 percent weight to the CEA value indicator.

Whether the Board should give consideration to its prior year's values.

Whether the Board should close the oral hearing to the public when discussing petitioner's confidential or proprietary business information.

*Issues regarding 315963 only:*

Whether the Replacement Cost New (ReplCN) factor of \$576,000 per megawatt (MW) for improvements calculated by the Valuation Division staff is correct.

Whether the CEA value indicator properly included three years of revenues attributable to petitioner's Reliability Must Run (RMR) contracts.

Whether 40 percent reliance on the CEA value indicator for the determination of the 2005 Board-adopted unitary value was proper.

Whether petitioner's unitary values for 2003 and 2004 must be considered by the Board in its determination of the 2005 Board-adopted unitary value.

Whether the Board should close the oral hearing to the public when discussing petitioner's confidential or proprietary business information.

*Issues regarding 315962 only:*

Whether the ReplCLD value indicator calculated by the Valuation Division is excessive.

Whether the Board should assign weight to the Capitalized Earning Ability (CEA) value indicator.

Whether the Board should assign 50 percent weight to the Comparable Sales value indicator.

Whether the Board should reduce the land value used in the ReplCLD value indicator.

Whether the Board should close the oral hearing to the public when discussing petitioner's confidential or proprietary business information.

*Issues regarding 315913 only:*

Whether the Historical Cost Less Depreciation (HCLD) approach is an appropriate value indicator for the 2005 unitary value of the subject property.

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Whether respondent's ReplCLD value indicator is a reliable indicator of value for petitioner's partially complete facility as of lien date 2005.

Whether respondent correctly determined that no reliance should be placed on the CEA value indicator.

Action: Upon motion of Mr. Parrish, seconded by Mr. Leonard and duly carried, Mr. Parrish, Ms. Yee, Mr. Leonard and Mr. Westly voting yes, Mr. Chiang voting no, the Board ordered that the 2005 unitary value of *Metcalf Energy Center, LLC (1133), 315913*, be reduced to \$313,800,000.00.

Upon motion of Mr. Parrish, seconded by Mr. Westly and duly carried, Mr. Chiang, Mr. Parrish, Ms. Yee and Mr. Westly voting yes, Mr. Leonard voting no, the Board ordered that the petition of *Calpine Construction Finance Company, LP (1132), 315964*, be denied.

Upon motion of Mr. Parrish, seconded by Mr. Leonard and duly carried, Mr. Parrish, Ms. Yee, Mr. Leonard and Mr. Westly voting yes, Mr. Chiang voting no, the Board ordered that the 2005 unitary value of *Los Esteros Critical Energy Facility, LLC (1143), 315962*, be reduced to \$94,200,000.00.

Upon motion of Mr. Parrish, seconded by Mr. Westly and duly carried, Mr. Chiang, Mr. Parrish, Ms. Yee and Mr. Westly voting yes, Mr. Leonard voting no, the Board ordered that the petition of *Delta Energy Center, LLC (1128), 315963*, be denied.

**Pacific Bell Telephone Company, dba SBC California (279), 314749**  
2005, \$7,697,300,000.00 Unitary Value

For Petitioner: Eric Miethke, Attorney  
Carl Forbis, Executive Director

For Property and Special Taxes Department: Carole Ruwart, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether the replacement cost value indicator utilized in calculating the Board-adopted value errs in utilizing a uniform average remaining life or otherwise fails to account for the alleged functional obsolescence of certain technology-related property.

Whether the Board properly calculated petitioner's pole replacement costs.

Whether the value of petitioner's land is overstated.

Action: Upon motion of Mr. Parrish and unanimously carried, Mr. Parrish, Ms. Yee and Mr. Leonard voting yes, Mr. Chiang and Mr. Westly not participating, the Board ordered that the petition be submitted for decision.

**Duke Energy Morro Bay, LLC (1104), 315706**  
2005, \$63,100,000.00 Unitary Value

For Petitioner: Appearance Waived

For Property and Special Taxes Department: Dana Flanagan-McBeth, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether respondent used a proper appraisal methodology based on valid information to value petitioner's land.

Whether respondent's estimate of the overall economic life of petitioner's plant should be reduced from 40 years to 20 years.

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Whether the ReplCLD value indicator relied upon by the Board in adopting petitioner's unitary value should be reduced by excluding the booked costs of Emission Reduction Credits used by petitioner to obtain the permit to construct and operate the power plant.

Whether the Board should close the oral hearing to the public when discussing petitioner's confidential or proprietary business information.

Action: Upon motion of Ms. Yee, seconded by Mr. Westly and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Mr. Westly voting yes, the Board ordered that the petition be denied.

**Duke Energy Moss Landing, LLC (1103), 315705**

2005, \$728,700,000 Unitary Value

For Petitioner: Appearance Waived

For Property and Special Taxes Department: Richard Moon, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether the overall economic life of the power plant facility should be reduced from 25 years, per the Board staff's revised calculation, to 20 years as requested by petitioner.

Whether the replacement cost less depreciation value indicator relied upon by the Board in adopting petitioner's unitary value should be reduced by excluding the booked costs of Emission Reduction Credits (ERCs) used by petitioner to obtain the permit to construct and operate the power plant.

Whether the Board-adopted unitary value improperly attributes so-called "soft costs" to petitioner's land values.

Whether the Board should close the oral hearing to the public when discussing petitioner's allegedly confidential or proprietary business information and also keep all evidence confidential that contains or references such information.

Action: Upon motion of Mr. Westly, seconded by Ms. Yee and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Mr. Westly voting yes, the Board ordered that the 2005 unitary value be reduced to \$721,900,000.00.

**Elk Hills Power, LLC (1126), 315707**

2005, \$324,500,000 Unitary Value

For Petitioner: Appearance Waived

For Property and Special Taxes Department: Richard Moon, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether respondent's estimate of the overall economic life of petitioner's plant should be reduced from 25 years to 20 years.

Whether the Board-adopted unitary value improperly attributes so-called "soft costs" to petitioner's land values.

Whether the Board should close the oral hearing to the public when discussing petitioner's confidential or proprietary business information.

Whether the ReplCLD value indicator relied upon by the Board in adopting petitioner's unitary value should be reduced by excluding the booked costs of Emission Reduction Credits (ERCs) used by petitioner to obtain the permit to construct and operate the power plant.

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Action: Upon motion of Ms. Yee, seconded by Mr. Westly and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Mr. Westly voting yes, the Board ordered that the 2005 unitary value be reduced to \$321,400,000.00.

High Desert Power Trust 2000-A (1127), 316098

2005, \$482,300,000 Unitary Value

For Petitioner: Dan Tobias, Representative

For Property and Special Taxes Department: Mike Lebeau, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: A disqualifying contribution was disclosed to Mr. Westly. No other disqualifying contributions were disclosed.

Issues: Whether the Board-adopted unitary value should be based on the operating level of 760 Megawatts (MW) rather than the 830 MW rating of the petitioner's facility.

Whether the land was overvalued.

Whether the ReplCN value used by the Valuation Division recognizes the decrease in the value of plant components between the time of purchase and the January 1, 2005 valuation date.

Whether the Board-adopted value improperly includes non-assessable and nontaxable costs.

Action: Upon motion of Ms. Yee, seconded by Mr. Leonard and unanimously carried, Mr. Chiang, Ms. Yee, Mr. Leonard and voting yes, Mr. Parrish absent, Mr. Westly not participating in accordance with Government Code section 15626, the Board ordered that the petition be denied.

The Board recessed at 12:20 p.m. and reconvened at 1:35 p.m. with Mr. Chiang, Mr. Parrish, Ms. Yee and Mr. Leonard present, Ms. Mandel present on behalf of Mr. Westly in accordance with Government Code section 7.9.

**ADMINISTRATIVE SESSION**

**OTHER ADMINISTRATIVE MATTERS**

**Executive Director's Report**

Mr. Hirsig provided a report regarding the Headquarters Windows Project (Exhibit 12.2).

**FINAL ACTION ON PROPERTY TAXES HEARING HELD DECEMBER 13, 2005**

Pacific Bell Telephone Company, dba SBC California (279), 314749

2005, \$7,697,300,000.00 Unitary Value

Final Action: Upon motion of Mr. Parrish, seconded by Mr. Leonard and unanimously carried, Mr. Parrish, Ms. Yee and Mr. Leonard voting yes, Mr. Chiang not participating, Mr. Westly absent, the Board ordered that the 2005 unitary value be reduced to \$7,253,470,994.00.

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**PROPERTY TAXES HEARING**

Verizon California, Inc. (201), 316353

2005, \$3,378,000,000.00 Unitary Value

For Petitioner: Appearance Waived

For Property and Special Taxes Department: Nancy Vedera, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether the Replacement Cost Less Depreciation (ReplCLD) value indicator relied on to determine the unitary value should be reduced to reflect external obsolescence factors affecting petitioner's land interests, including technological, regulatory, and competitive developments.

Whether the ReplCLD indicator improperly includes non-assessable, intangible warranty costs embedded in the purchase price of telecommunications equipment.

Whether the Board should close the oral hearing to the public when discussing petitioner's confidential or proprietary business information.

Action: Upon motion of Ms. Yee, seconded by Mr. Leonard and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee and Mr. Leonard voting yes, Mr. Westly absent, the Board ordered that the petition be denied.

The Board recessed at 1:55 p.m. and reconvened at 3:07 p.m. with Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel present.

**LOCAL SALES AND USE TAX REALLOCATION HEARING**

Cities of Los Angeles and San Jose, LTR04-009

4-1-01 to 12-31-05, \$60,188.00 Tax

For Petitioner: Albin C. Koch, Attorney  
Robert Cendejas, Attorney  
Steve Weise, Attorney

For Sales and Use Tax Department: Carole Ruwart, Tax Counsel

Issue: Whether sales orders negotiated at the retailer's California offices in Los Angeles (in the Woodland Hills community) and San Jose, but fulfilled by a warehouse in Illinois, are subject to the local sales tax.

Action: Mr. Parrish moved that the petition be submitted for decision. The motion was seconded by Ms. Yee. Mr. Leonard made a substitute motion that the petition be denied as recommended by the Appeals Division. The substitute motion was seconded by Ms. Yee and duly carried, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, Mr. Chiang voting no, Mr. Parrish abstaining.

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**PUBLIC HEARINGS****Proposed Amendments to Sales and Use Tax Regulation 1699, Permits, and Regulation 1802, Place of Sale and Use for Purposes of Bradley-Burns Uniform Local Sales and Use Taxes (Continued from 11/15/05)**

Selvi Stanislaus, Acting Assistant Chief Counsel, Tax and Fee Programs Division, Legal Department, made introductory remarks regarding proposed amendments to Sales and Use Tax Regulation 1699, *Permits*, and Regulation 1802, *Place of Sale and Use for Purposes of Bradley-Burns Uniform Local Sales and Use Taxes* (Exhibit 12.3).

Current law provides that a seller's permit shall not be issued to a retailer's place of business where the retailer merely stores tangible personal property and which customers do not customarily visit for the purpose of making purchases, but at least one permit must be held by every person maintaining stocks of merchandise in this state for sale. Regulation 1699, *Permits*, is proposed to be amended to interpret, implement, and make specific Revenue and Taxation Code section 6066. Amendments are proposed to provide that when a retailer negotiates sales out-of-state, but the goods are shipped from a stock of goods owned by the retailer in this state, a permit is required for the location of the stock of goods.

Regulation 1802, *Place of Sale and Use for Purposes of Bradley-Burns Uniform Local Sales and Use Taxes*, is proposed to be amended to interpret, implement and make specific Revenue and Taxation Code section 7202. Currently, Regulation 1802 provides that when a retailer has no sales offices in this state but fulfills out-of-state orders from a stock of goods located in this state, the place of sale is the location of the stock of goods. Amendments are proposed to provide that when a retailer negotiates sales out-of-state but the goods are shipped from a stock of goods owned by the retailer in this state, the sales are consummated at the location of the stock of goods and the local tax revenue derived thereby is to be distributed directly to that location whether or not the retailer has registered business locations in this state.

Speakers: Fran Mancina, MBIA MuniServices  
Robert Cendejas, on behalf of the Cities of Fremont, Long Beach, Signal Hill and Los Gatos

Action: Upon motion of Mr. Parrish, seconded by Ms. Yee and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board adopted amendments to Sales and Use Tax Regulation 1699, *Permits*, which included nonsubstantive changes to the published text.

Action: Upon motion of Mr. Leonard, seconded by Ms. Mandel and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board adopted amendments to Sales and Use Tax Regulation 1802, *Place of Sale and Use for Purposes of Bradley-Burns Uniform Local Sales and Use Taxes*, as published.

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**Timber Yield Tax Rate**

Dave Hayes, Manager, Research and Statistics Section, Legislative and Research Division made introductory remarks regarding the Timber Yield Tax Rate. Revenue and Taxation Code section 38202 requires that the Board adjust the timber yield tax rate in December of each year to the nearest one-tenth of one percent for the next calendar year. The adjustment is to be in the same proportion as the change from the previous tax year to the present one of the average general property tax rate in the rate adjustment counties. (Exhibit 12.4.)

Action: Upon motion of Ms. Yee, seconded by Mr. Leonard and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board adopted the 2006 timber yield tax rate of 2.9 percent as recommended by staff.

**Timber Harvest and Timber Modified Harvest Values**

Mickie Stuckey, Chief, County Property Tax Division, Property and Special Taxes Department, made introductory remarks regarding the timber harvest and timber modified harvest values. On or before December 31, 2005, the Board shall estimate the immediate harvest values of and adopt schedules for timber harvested between January 1, 2006 and June 30, 2006. Additionally, the Board may modify immediate harvest values to reflect material changes in timber values that result from fire or other catastrophic cause for any area or part thereof in which damaged timber is located. (R&T Code § 38204.) (Exhibit 12.5.)

Action: Upon motion of Ms. Yee, seconded by Mr. Leonard and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board approved the 2006 timber harvest and timber modified harvest values as recommended by staff.

**LEGAL APPEALS MATTERS, CONSENT**

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

Douglas E. Diley, 261995 (OH)

1-1-96 to 3-31-98, \$49,687.51 Tax, \$3,956.52 Failure to File Penalty, \$35,754.64 Fraud Penalty

Action: Redetermine as recommended by the Appeals Division.

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

The Board deferred consideration of the following matter: *Richard M. Trank, 304962.*

With respect to the Corporate Franchise and Personal Income Tax Matters Consent Agenda, upon a single motion of Mr. Leonard, seconded by Mr. Parrish and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, Mr. Chiang not participating in *Stryker Sales Corporation, 301164*, the Board made the following orders:

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Arbitron, Inc., 271484

1997, \$550,838.00 Claim for Refund

1998, \$512,408.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Valentine Chukwudebelu, 301139

2002, \$876.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Gloria Cox, 297872

2002, \$305.00 Tax, \$100.00 Late Filing Penalty, \$76.25 Notice and Demand Penalty

Action: Sustain the action of the Franchise Tax Board and impose a \$2,500.00 frivolous appeal penalty.

Richard Dagley, 296763

2002, \$929.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Thomas R. DeLong, 266589

2001, \$79.00 Tax, \$119.75 Late Filing Penalty, \$229.75 Notice and Demand Penalty

Action: Sustain the action of the Franchise Tax Board and impose a \$2,500.00 frivolous appeal penalty.

Geotech Crane Controls, Inc., 270333

2000, \$1,293.95 Claim for Refund

2001, \$1,201.61 Claim for Refund

2002, \$1,109.51 Claim for Refund

2003, \$843.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Carmel and Etti Ish-Shalom, 288987

1998, \$26,810.00 Assessment

1999, \$4,286.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Edgar Leal, 306069

2002, \$665.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Whitney L. Lynch, 307226

1999, \$110.82 Interest Abatement

Action: Sustain the action of the Franchise Tax Board.

Daniel B. Martin, 294391

2001, \$2,119.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

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Thomas S. McIntyre, 305612

2002, \$669.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Fakhradin and Laura Mirian, 305200

2000, \$2,452.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Andrew Nguyen, 266623

2000, \$71,977.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Dan F. Peterson, 288978

1995, \$10,920.00 Tax, \$2,184.00 Penalty

1996, \$8,246.00 Tax, \$1,649.20 Penalty

1997, \$9,586.00 Tax, \$4,313.70 Penalty

Action: Sustain the action of the Franchise Tax Board.

Regis Realty I, LLC, 301342

2003, \$1,103.20 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Arne R. Ristol and Ulla A. Ristol (Deceased), 267254

1999, \$10,162.00 Tax, \$2,032.40 Accuracy Related Penalty

Action: Modify the action of the Franchise Tax Board.

Stryker Sales Corporation, 301164

2002, \$8,317.56 Claim for Refund

Action: Sustain the action of the Franchise Tax Board. Mr. Chiang not participating.

Richard M. Trank, 304962

1999, \$2,084.75 Claim for Refund

Action: The Board deferred consideration of this matter.

Jesus Valle, 308080

2002, \$733.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Patrick Wang, 289998

2000, \$716.00 Assessment

Action: Reverse the action of the Franchise Tax Board.

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**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 Ms. Yee, seconded by Mr. Parrish and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board made the following orders:

Kyle Cady, 305040

2004, \$1.00 or more

Action: Sustain the action of the Franchise Tax Board.

Arthur R. Dennison (Deceased), 304423

2004, \$332.50

Action: Sustain the action of the Franchise Tax Board.

Estelle L. Gannon (Deceased), 306447

2004, \$1.00 or more

Action: Sustain the action of the Franchise Tax Board.

Terri R. Goldston, 306124

2004, \$500.00

Action: Sustain the action of the Franchise Tax Board.

Veronica Hills-Brown, 305046

2004, \$347.50

Action: Sustain the action of the Franchise Tax Board.

Veronica Ann Hutch, 306436

2004, \$340.00

Action: Sustain the action of the Franchise Tax Board.

Diane Gallegos, 306276

2003, \$1.00 or more

Action: Sustain the action of the Franchise Tax Board.

E. F. Inman, 306362

2004, \$1.00 or more

Action: Sustain the action of the Franchise Tax Board.

Ariknazan Khodabakhshian, 301767

2004, \$1.00 or more

Action: Sustain the action of the Franchise Tax Board.

Phuong M. Lee, 297157

2004, \$347.50

Action: Sustain the action of the Franchise Tax Board.

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Richard Lyons, 310091

2004, \$340.00

Action: Sustain the action of the Franchise Tax Board.

Mitchell Miller, 312984

2004, \$350.00

Action: Sustain the action of the Franchise Tax Board.

Santiago Ortiz, 310011

2004, \$1.00 or more

Action: Sustain the action of the Franchise Tax Board.

Daniel Reyes, 310446

2004, \$347.50

Action: Sustain the action of the Franchise Tax Board.

Alberta Richardson, 300421

2004, \$305.00

Action: Sustain the action of the Franchise Tax Board.

James M. Salisbury, 309153

2003, \$1.00 or more

Action: Sustain the action of the Franchise Tax Board.

Jacquina Sullivan, 311315

2004, \$1.00 or more

Action: Sustain the action of the Franchise Tax Board.

R. H. Tan, 310842

2004, \$347.50

Action: Sustain the action of the Franchise Tax Board.

**SALES AND USE TAX MATTERS, REDETERMINATIONS, RELIEF OF PENALTY/INTEREST AND DENIALS OF CLAIMS FOR REFUND, CONSENT**

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

Richard M. Smith, 304039 (CH)

1-1-02 to 2-14-02, \$212,539.95

Action: Approve the redetermination as recommended by staff.

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Enhanced Technologies Group, Inc., 251989 (EA)

1-1-00 to 12-31-02, \$50,740.68

Action: Approve the redetermination as recommended by staff.

Lanier Worldwide, Inc., 330071 (OHC)

1-1-05 to 3-31-05, \$59,304.39

Action: Approve the penalty/interest as recommended by staff.

Computer Sciences Corporation, 300623 (AS)

4-1-04 to 9-30-04, \$223,941.62

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

Bell &amp; Howell DMPC, 195337 (OHA)

1-1-01 to 3-31-01, \$128,168.00

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

Align Technology, Inc., 262560 (GH)

4-1-00 to 6-30-02, \$1,023,324.32

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

W9/Roy Real Estate, LLC, 213932 (OHB)

10-1-02 to 3-31-03, \$57,841.00

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

Santa Rosa Rancheria Federal Indian Tribe, 37320 (KHO)

7-1-96 to 9-30-99, \$224,617.00

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. Leonard, seconded by Ms. Yee and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, Mr. Chiang not participate in accordance with Government Code section 87105 in *Sony Corporation of America, 192712*; and, *Skyworks Solutions, Inc., 328489*; Ms. Mandel not participating in accordance with Government Code section 87105 in *Sony Corporation of America, 192712*; the Board made the following orders:

Computer Sciences Corporation, 328341 (AS)

4-1-04 to 9-30-04, \$103,730.00

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

Pomona Valley Imports, Inc., 328340 (EH)

4-1-05 to 6-30-05, \$189,758.00

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

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The California Credit Union, 268941 (AC)

1-1-03 to 12-31-04, \$211,701.87

Action: Approve the refund as recommended by staff.

Bear Advertising, Inc., 244829 (AC)

7-1-00 to 9-30-03, \$88,635.50

Action: Approve the refund as recommended by staff.

County of Los Angeles Auditor, 235113 (AA)

7-1-97 to 3-31-03, \$289,077.41

Action: Approve the refund as recommended by staff.

Toyota Motor Credit Corporation, 328640 (AS)

10-1-00 to 12-31-04, \$2,806,159.60

Action: Approve the refund as recommended by staff.

Bank of America NT & SA, 171360 (OHB)

1-1-99 to 12-31-02, \$3,668,946.22

Action: Approve the refund as recommended by staff.

Sony Corporation of America, 192712 (FHB)

7-1-99 to 3-31-03, \$4,122,578.62

Action: Approve the refund as recommended by staff. Mr. Chiang and Ms. Mandel not participating in accordance with Government Code section 87105.

James Orland Harris, 266766 (KH)

10-1-01 to 9-30-04, \$86,034.62

Action: Approve the refund as recommended by staff.

Sima Hilde, 330724 (KH)

1-1-93 to 12-31-95, \$67,535.02

Action: Approve the refund as recommended by staff.

Sensormatic Electronics Corporation, 304828 (OHC)

4-1-99 to 11-30-01, \$61,097.70

Action: Approve the refund as recommended by staff.

Volvo Finance North America, Inc., 317833 (OHC)

4-1-05 to 6-30-05, \$101,640.00

Action: Approve the refund as recommended by staff.

Demag Cranes & Components Corporation, 250383 (OHA)

1-1-01 to 12-31-03, \$60,240.60

Action: Approve the refund as recommended by staff.

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Enigma, Inc., 244146 (AC)  
7-1-00 to 12-31-04, \$96,274.46

Action: Approve the refund as recommended by staff.

Human Kinetics Publishers, Inc., 307906 (OHA)  
7-1-96 to 6-30-04, \$80,036.20

Action: Approve the refund as recommended by staff.

Align Technology, Inc., 300674 (GH)  
4-1-00 to 12-31-03, \$235,439.48

Action: Approve the refund as recommended by staff.

Vutek, Inc., 329262 (OHB)  
11-21-97 to 6-30-03, \$71,453.94

Action: Approve the refund as recommended by staff.

Veeder Root Service Company, 328491 (OHB)  
1-1-01 to 12-31-03, \$58,074.51

Action: Approve the refund as recommended by staff.

John Arthur Hays, 310921 (AR)  
4-1-02 to 9-30-04, \$55,869.55

Action: Approve the refund as recommended by staff.

Alstom Power, Inc., 310361(OHB)  
7-1-04 to 9-30-04, \$473,131.37

Action: Approve the refund as recommended by staff.

Skyworks Solutions, Inc., 328489 (OHB)  
1-1-01 to 6-30-04, \$61,379.83

Action: Approve the refund as recommended by staff. Mr. Chiang not participating in accordance with Government Code section 87105.

Sunwest Industries, Inc., 327464 (EA)  
1-1-02 to 3-31-05, \$66,285.81

Action: Approve the refund as recommended by staff.

Advanced Digital Services, Inc., 294861 (AS)  
10-1-01 to 3-31-05, \$184,947.94

Action: Approve the refund as recommended by staff.

Smart Inventions, Inc., 251381 (AA)  
3-1-01 to 9-30-02, \$286,581.93

Action: Approve the refund as recommended by staff.

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Guidant Sales Corporation, 327906 (GH)

7-1-02 to 6-30-04, \$144,095.91

Action: Approve the refund as recommended by staff.

Consumer Portfolio Services, Inc., 300169 (EAA)

1-1-03 to 3-31-05, \$206,416.77

Action: Approve the refund as recommended by staff.

Tekworks, Inc., 294777 (FHB)

4-1-03 to 12-31-04, \$60,318.34

Action: Approve the refund as recommended by staff.

Kevin's Cabinets, Inc., 328991 (KHO)

5-1-03 to 12-31-04, \$53,153.83

Action: Approve the refund as recommended by staff.

Amy's Kitchen, Inc., 326387 (JH)

1-1-02 to 12-31-04, \$61,863.46

Action: Approve the refund as recommended by staff.

**SPECIAL TAXES MATTERS, CREDITS, CANCELLATIONS AND REFUNDS,  
CONSENT**

With respect to the Special Taxes Matters, Credits, Cancellations and Refunds, Consent Agenda, upon a single motion of Mr. Leonard, seconded by Ms. Yee and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9 in *Great Southern Life Insurance Company, 297067*; and, *Great Southern Life Insurance Company, 326385*; the Board made the following orders:

Valero Refining Company – California, 215852 (MT)

1-1-02 to 12-31-02, \$728,635.52

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

Valero Refining Company – California, 330136 (MT)

1-1-02 to 12-31-02, \$754,137.83

Action: Approve the refund as recommended by staff.

Great Southern Life Insurance Company, 297067 (ET)

1-1-00 to 12-31-00, \$247,982.77

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

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Great Southern Life Insurance Company, 326385 (ET)

1-1-01 to 12-31-02, \$357,147.54

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

American Procurement &amp; Logistics Company, 307795 (ET)

4-1-02 to 8-31-04, \$540,361.64

Action: Approve the refund as recommended by staff.

American Procurement &amp; Logistics Company, 328123 (ET)

9-7-05 to 9-7-05, \$233,600.07

Action: Approve the refund as recommended by staff.

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

Safeway, Inc., 268637

1995, \$464,557.00 Assessment

1996, \$232,221.00 Assessment

1997, \$183,149.00 Assessment

1998, \$926,968.00 Assessment

1999, \$757,968.00 Assessment

2000, \$653,036.00 Assessment

The Vons Companies, Inc., 283211

1995, \$542,328.00 Assessment

1996, \$213,143.00 Assessment

1997, \$489,288.00 Assessment

Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: A disqualifying contribution was disclosed to Mr. Westly. No other disqualifying contributions were disclosed.

Action: Upon motion of Mr. Leonard, seconded by Mr. Chiang and unanimously carried, Mr. Chiang and Mr. Leonard voting yes, Ms. Yee abstaining, Mr. Parrish not participating, Ms. Mandel not participating in accordance with Government Code section 15626, the Board adopted a decision reversing the action of the Franchise Tax Board.

Hannah Dawn Swift, 304424

1999, \$850.76 Claim for Refund

Considered by the Board: September 20, 2005

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Mr. Leonard, seconded by Mr. Chiang and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board adopted a decision modifying the action of the Franchise Tax Board.

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WI LV #2, A California Limited Partnership, 281230

2000, \$1,000.00 Claim for Refund

2001, \$1,000.00 Claim for Refund

2002, \$1,100.00 Claim for Refund

2003, \$800.00 Claim for Refund

Considered by the Board: October 25, 2005

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Mr. Leonard, seconded by Mr. Chiang and duly carried, Mr. Chiang, Mr. Parrish, Ms. Yee and Mr. Leonard voting yes, Ms. Mandel voting no, the Board adopted a decision reversing the action of the Franchise Tax Board.

Jane Marchiorlatti, 213237

1991, \$11,759.00 Assessment

Considered by the Board: September 20, 2005

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Mr. Parrish moved that the petition be granted. The motion was seconded by Mr. Leonard but failed to carry, Mr. Leonard and Mr. Parrish voting yes, Mr. Chiang, Ms. Yee and Ms. Mandel voting no.

Upon motion of Ms. Yee, seconded by Ms. Mandel and duly carried, Mr. Chiang, Ms. Yee and Ms. Mandel voting yes, Mr. Parrish and Mr. Leonard voting no, the Board adopted a decision denying the petition for rehearing.

Herman A. Ahlers and Donna M. Ahlers, 257952

1994, \$170,645.00 Assessment

Considered by the Board: November 1, 2005

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Ms. Yee, seconded by Mr. Chiang and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee and Mr. Leonard voting yes, Ms. Mandel not participating, the Board adopted a decision sustaining the action of the Franchise Tax Board.

Billy Wayne Blanks and Gayle H. Blanks, 268581

1998, \$663,038.00 Assessment

1999, \$987,125.00 Assessment

BG Star Productions, Inc., 268579

1998, \$112,394.00 Assessment

1999, \$62,250.00 Assessment

Considered by the Board: September 20, 2005

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: The Board deferred consideration of this matter to February 1, 2006.

Thomas F. Carter and Judith J. Carter, 258811

1994, \$32,657.00 Assessment

Considered by the Board: September 20, 2005

Contribution Disclosures pursuant to Government Code section 15626: A disqualifying contribution was disclosed to Mr. Westly. No other disqualifying contributions were disclosed.

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Action: Upon motion of Ms Yee, seconded by Mr. Chiang and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee and Mr. Leonard voting yes, Ms. Mandel not participating in accordance with Government Code section 15626, the Board adopted a decision sustaining the action of the Franchise Tax Board.

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

Household Retail Service, Inc., 103973 (OHA)

10-1-97 to 12-31-02, \$4,612,134.31

Considered by the Board: November 15, 2005

Contribution Disclosures pursuant to Government Code section 15626: No contribution disclosure forms were filed. The Members noted that their records disclosed no contributions from this taxpayer, his agent or participants.

Action: Upon motion of Ms. Yee, seconded by Mr. Leonard and unanimously carried, Mr. Chiang, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, Mr. Parrish not participating, the Board approved the refund as recommended by staff.

### **SPECIAL TAXES MATTERS, DENIAL OF CLAIM FOR REFUND, ADJUDICATORY**

Jirayr Nersesyan, 325533 (MT)

1-1-92 to 12-21-97, \$96,098.89

Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: No contribution disclosure forms were filed. The Members noted that their records disclosed no contributions from this taxpayer, his agent or participants.

Action: Upon motion of Ms. Yee, seconded by Mr. Leonard and unanimously carried, Mr. Chiang, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, Mr. Parrish absent, the Board approved the denial of claim for refund as recommended by staff.

### **CHIEF COUNSEL MATTERS**

#### **RULEMAKING**

#### **Request for Authorization to Publish Proposed Property Tax Rules 140, 140.1, and 140.2, Related to Welfare Exemption for Low-Income Housing Properties, and 143, Related to Irrevocable Dedication and Dissolution Clauses**

Selvi Stanislaus, Acting Assistant Chief Counsel, Tax and Fee Programs Division, Legal Department, made introductory remarks regarding the request for authorization to publish Rule 140, *Welfare Exemption Requirements for Low-Income Housing Properties*, Rule 140.1, *Requirements of Managing General Partner of Limited Partnership for Welfare Exemption for Low-Income Housing Properties*, Rule 140.2, *Requirements for Supplemental Clearance Certificate for Limited Partnership for Welfare Exemption for Low-Income Housing Properties*, and Rule 143, *Requirements for Irrevocable Dedication Clause and Dissolution Clause for Organizational Clearance Certificate for Welfare Exemption*. (Exhibit 12.6.)

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Speakers: Lenny Goldberg, California Tax Reform Association  
 Joel Rubenzahl, Community Economics  
 Steve Ryan, Cox Castle & Nicholson  
 Calvin Gladney, Bridge Housing Corporation  
 Ronnie Thielen, Related Capital Company  
 Patrick Sabelhaus, California Council for Affordable Housing  
 Joel A. Rice, Law Office of Patrick R. Sabelhaus  
 Fran Wagstaff, Mid-Peninsula Housing Corporation  
 Darren Bobrowsky, Sacramento Housing & Redevelopment Agency  
 Rob Wiener, California Coalition for Rural Housing  
 Rick Auerbach, Los Angeles County - CAA

Action: Upon motion of Ms. Mandel, seconded by Ms. Yee and duly carried, Mr. Chiang, Mr. Parrish, Ms. Yee and Ms. Mandel voting yes, Mr. Leonard voting no, the Board authorized publication as recommended by staff.

## ADMINISTRATIVE SESSION

### ADMINISTRATIVE MATTERS, CONSENT

With respect to the Administrative Matters, Consent Agenda, upon a single motion of Mr. Leonard, seconded by Mr. Parrish and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard 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 12.7).

Marge Foulds, Business Taxes Compliance Specialist, Excise Taxes and Fees  
 Division, Headquarters  
 Robert (Bob) L. Reichmuth, District Administrator, Santa Rosa District Office  
 Lon R. Stern, Business Taxes Compliance Specialist, Sacramento District  
 Office  
 (Emma) Kay Lucas, Business Taxes Specialist I, Sales and Use Tax Department,  
 Headquarters  
 Donald A. Ainsworth, Business Taxes Specialist I, New York Area Office  
 Monte Williams, Business Project Manager, Technology Services Department,  
 Headquarters  
 Dennis Maciel, Chief, Excise Taxes and Fees Division, Headquarters

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**BOARD COMMITTEE REPORTS**

**Business Taxes Committee**

Action: Upon motion of Mr. Parrish, seconded by Ms. Yee and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board approved the Business Taxes Committee report of November 15, 2005 (Exhibit 12.8).

**Legislative Committee**

Action: Upon motion of Mr. Parrish, seconded by Ms. Yee and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board approved the Legislative Committee report of December 13, 2005 (Exhibit 12.9).

**Property Tax Committee**

Action: Upon motion of Mr. Parrish, seconded by Ms. Yee and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board approved the Property Tax Committee report December 13, 2005 (Exhibit 12.10).

**OTHER ADMINISTRATIVE MATTERS**

**Executive Director's Report**

Ramon Hirsig, Executive Director, provided a report on November Multistate Tax Commission Fall Meetings (Exhibit 12.11).

**ANNOUNCEMENT OF CLOSED SESSION**

The Board recessed at 4:47 p.m. and reconvened immediately in closed session with Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel present.

**CLOSED SESSION**

The Board met to discuss settlements (R&T Code §§ 6901, 7093.5, 30459.1 and 50156.11) and personnel matters (Govt. Code § 11126(a)).

The Board recessed at 5:18 p.m. and reconvened immediately in open session with Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel present.

The Board adjourned at 5:20 p.m. in memory of the following:

Shirley Levine, highly talented artist, the wife of Sid Levine and mother of former Member of Congress Mel Levine and Dena Schechter;

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Theodore Waldman, Professor of Philosophy at Harvey Mudd College in Claremont, California, and the father of Tom Waldman of Mr. Chiang's staff;

Bill Robertson, former Executive Secretary-Treasurer of the Los Angeles County Federation of Labor;

Marvin Braude, former Los Angeles City Counsel Member;

Mary Alatorre, the mother of former Los Angeles City Council Member Richard Alatorre; and,

John Farkas, who served for Governor Gray Davis and his staff of Lieutenant Governor Cruz Bustamante.

*The foregoing minutes are adopted by the Board on February 1, 2006.*

Note: The following cases were removed from the calendar prior to the meeting: *Joseph L. Hale and Kathyanne Hale, 289903; Robert C. Miller and Barbara P. Miller, 249998; and, Kam Yuen International, Inc., 216737.*