BEFORE THE CALIFORNIA STATE BOARD OF EQUALIZATION

450 N STREET

SACRAMENTO, CALIFORNIA

REPORTER'S TRANSCRIPT

DECEMBER 13, 2006

J5 PETITION TO ADOPT REGULATION AND/OR

AMEND ALCOHOLIC BEVERAGE TAX REGULATION 2530

Reported by: Juli Price Jackson

No. CSR 5214

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2 P R E S E N T

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4 For the Board of Equalization: John Chiang
Chairman

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6 Claude Parrish
Vice-Chair

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8 Bill Leonard
Member

9 Betty T. Yee
Acting Member

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11 Steve Westly
State Controller

12 Gary Evans
Acting Chief, Board

13 Proceedings Division

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2 SACRAMENTO, CALIFORNIA
3 DECEMBER 13, 2006
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5 MR. EVANS: The next item will be J5, it was
6 held over from yesterday.
7 This is the petition to amend regulation.
8 MR. CHIANG: Okay.
9 MR. WESTLY: I'd like to renew the motion on
10 this, if I may?
11 MR. CHIANG: Okay. Staff, any comments?
12 Bob, would you re-introduce the matter?
13 MR. LAMBERT: This is the petition for
14 regulatory action on distilled malt spirits.
15 MR. CHIANG: Okay, very good.
16 We have a -- Tom, did you want to see if
17 Mr. Leonard wanted to vote on this issue?
18 MR. CHIANG: We have a motion by Westly.
19 Is there a second?
20 MS. YEE: I'll second.
21 MR. CHIANG: Second by Yee.
22 Questions or comments? I'm stalling until
23 Mr. Leonard is here,.
24 (Pause in proceedings.)
25 MR. CHIANG: Steve, if you can fully state that
26 motion for Mr. Leonard, please?
27 MR. WESTLY: Yes, I move to grant the petition
28 and initiate the rulemaking and to direct staff to draft

1 regulatory language as requested in the petition for
2 public hearing.
3 And that the public hearing should be set as
4 soon as possible.
5 MR. CHIANG: Okay, we have a motion by Westly,
6 second by Yee.
7 Is there any objection?
8 MR. LEONARD: Mr. Chairman?
9 MR. CHIANG: Yes.
10 MR. LEONARD: I'm really torn on this one
11 because I think they've raised a legal point that we do
12 need to address, but there is no proposal how do it.
13 I mean, the opposition testimony yesterday that
14 if we arbitrarily make some of these changes, we
15 de-license tens of thousands of restaurateurs and other
16 establishments, I think we should think through the
17 consequences of those.
18 And I think it's more -- actually more the job
19 of the legislature to make that kind of policy than
20 ourselves.
21 So, my no vote is -- is really to say, let's
22 together go to the legislature, as opposed to saying
23 let's take over and do it ourselves, because I think
24 that we -- we'll find out, should this motion pass, that
25 we'll not be able to do it, that we'll be trying to
26 change law that's not in our purview and either ABC or
27 even federal law, or the State's alcohol laws itself,
28 it's totally in the purview of the legislature.

1 So, I appreciate the motion and it would be
2 nice to take some action to -- to an issue that has been
3 raised, but this is not the best way for us to go
4 MR. CHIANG: Yeah, I think Mr. Leonard raises
5 an important point.
6 I would like staff to fully brief those issues
7 as we -- if the motion is successful and we enter into
8 the interested parties process.
9 MR. LAMBERT: Yes, Mr. Chairman.
10 MR. CHIANG: Are there any other questions or
11 comments?
12 MS. YEE: Mr. Chairman, I guess I view it a
13 little bit differently in that I think the interested
14 parties process really gives us more of an opportunity
15 to bring everyone together and to flesh out the issues.
16 And I would hope that should legislation be
17 required that that process can inform the legislature.
18 MR. CHIANG: Okay. Any other questions or
19 comments?
20 Very good. Please take roll.
21 MR. EVANS: Mr. Leonard?
22 MR. LEONARD: No.
23 MR. EVANS: Mr. Parrish?
24 MR. PARRISH: No.
25 MR. EVANS: Mr. Westly?
26 MR. WESTLY: Aye.
27 MR. EVANS: Miss Yee?
28 MS. YEE: Aye.

MR. EVANS: Mr. Chiang?

MR. CHIANG: Aye.

Motion passes.

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1 REPORTER'SCERTIFICATE.

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3 State of California)

4) ss

5 County of Sacramento)

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7 I, JULI PRICE JACKSON Hearing Reporter for the

8 California State Board of Equalization certify that on

9 DECEMBER 13, 2006 I recorded verbatim, in shorthand, to

10 the best of my ability, the proceedings in the

11 above-entitled hearing; that I transcribed the shorthand

12 writing into typewriting; and that the preceding pages 1

13 through 6, constitute a complete and accurate

14 transcription of the shorthand writing.

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16 Dated: January 12, 2007

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22 JULI PRICE JACKSON

23 Hearing Reporter

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