



STATE BOARD OF EQUALIZATION
450 N STREET, SACRAMENTO, CALIFORNIA
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0080
(916) 322-2270 • FAX (916) 324-3984
www.boe.ca.gov

BETTY T. YEE
First District, San Francisco

BILL LEONARD
Second District, Ontario/Sacramento

MICHELLE STEEL
Third District, Rolling Hills Estates

JUDY CHU, Ph.D.
Fourth District, Los Angeles

JOHN CHIANG
State Controller

RAMON J. HIRSIG
Executive Director

STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
July 8, 2008
NOTICE AND AGENDA
Meeting Agenda (as of 7:30 a.m., 07/08/08)

Agenda Changes

9:30 a.m. Board Committee Meeting Convenes*
Board Meeting Convenes upon Adjournment of the Board Committee Meeting**

Agenda items occur in the order in which they appear on the agenda. When circumstances warrant, the Board's Chair, Dr. Chu, may modify the order of the items on the agenda.

Board Committee Meetings*

Legislative Committee+Dr. Chu, Committee Chair

I. State Budget Negotiations

A. Discussion Item:

Status of state budget negotiations and related revenue proposals to be administered by the Board.

II. 2008 Legislative Bills

A. Recommendation for Board Position:

- 1. AB 1759, Property Tax: Disaster Relief
Author: DeVore
2. AB 2579, Property Tax: Base Year Value Transfers
Author: Nielle
3. AB 3035, Property Tax: Welfare Exemption: Supplemental Assessment
Author: Huffman
4. SB 1064, Property Tax: Disaster Relief
Author: Hollingsworth
5. SB 1562, Property Tax: Disaster Relief: Fruit and Nut Trees and Grapevines
Author: Hollingsworth
6. SB 1641, Reports to the Legislature: Electronic Submission
Author: Oropeza

Business Taxes Committee+..... Ms. Yee, Committee Chairwoman

1. Informational Hearing: Nexus and Online Retailers; Recent Actions in New York and Texas
Discussion of recent actions in other states related to use tax collection and online retailers.
2. Sales and Use Tax Regulation 1602.5, *Reporting Methods for Grocers*
Proposed regulatory changes regarding the grocer's method of reporting using electronic scanning systems.

Customer Services and Administrative**Efficiency Committee+..... Mr. Leonard, Committee Chair**

1. Presentation of Enhanced Sales and Use Tax Online Tutorial
A demonstration of the Enhanced Sales and Use Tax Tutorial by Web and Media Services.
2. Administrative Settlement Program Report Ms. Ograd/Ms. Abreu
Clarification of Board Members' Decision on Administrative Settlement Program Policies and Procedures.

Property Tax Committee+..... Ms. Steel, Committee Chair

1. Biopharmaceutical Industry Business Property Assessment Practices Guidelines
Discussion of valuation factors for biopharmaceutical equipment and fixtures for inclusion in Assessors' Handbook Section 581, *Equipment Index and Percent Good Factors*.

Board Meeting****Oral Hearings****Special Presentation Dr. Chu**

- Presentation of Retirement Resolution
David E. Hayes
- A. Homeowner and Renter Property Tax Assistance Hearings
There are no items for this matter.

B. Corporate Franchise and Personal Income Tax Hearings
(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

- B1. John I. Alioto and Linda M. Alioto, 204713
For Appellant: John I. Alioto, Taxpayer
For Franchise Tax Board: Diane Ewing, Tax Counsel
- B2. Michelle White-Sutherland, 396887
For Appellant: Esther Park, Representative
For Franchise Tax Board: Lee Gobuty, Tax Counsel

C. Sales and Use Tax Appeals Hearings
These items will be heard in the afternoon session.

There are no items for the following matters:

- D. Special Taxes Appeals Hearings
E. Property Tax Appeals Hearings
F. Public Hearings

G. Tax Program Nonappearance Matters – Consent
(Contribution Disclosure forms not required pursuant to Gov. Code § 15626.)

G1. Legal Appeals MattersMr. Levine

- Hearing Notices Sent – No Response
 1. Wesley – Jessen Corporation, 298669 (OH)
 2. Agorra Building Supply, Inc., 168917 (CH)
 3. Alexander Charles Dunlap, 381588 (EH)
- Hearing Notice Sent – Appearance Waived
 4. The Playset Company, Inc., 347718 (EH)

G2. Franchise and Income Tax Matters.....Ms. Kelly

- Decisions
 1. Jane S. Bishop, 351914
 2. John P. Fields and N. Carol Fields, 361390
 3. Santosh K. Maheshwari, 355153
 4. Donald B. Russell, 347413
 5. Annette Swanton, 343046
 6. Jonathan Yuan, 357296
- Decisions on Petitions for Rehearing
 7. John S. Ballard, 383699
 8. Melody L. Beattie, 359059
 9. Vincent Castell, 383701
 10. Arturo A. Cueva, 384279
 11. Elisabeth J. De Telder-Collins, 389105
 12. Tennison Dong, 384280
 13. Gregory B. Duro, 354992
 14. Richard Grant, 381468

15. Benjamin Killen, 383404
16. Eldo Klingenberg, 381471
17. Mark Morgan, 378779
18. Anthony Oropeza, 382832
19. Richard Shirasawa, 384459
20. Jintau Two, 377464
- Hearing Notice Sent – Appearance Waived
21. Kathryn Landis, 377866

G3. Homeowner and Renter Property Tax

Assistance Matters.....Ms. Kelly

- Decisions
 1. Sergio Bayardo, 387980
 2. Scott B. Beckett, 378592
 3. Avelino F. Elido, 373282
 4. Nathaniel Kuhn, 391709
 5. Josephine Ellis Mitchell, 350002
 6. Mario Mondelli, 399436
 7. Jacqueline Jean Stratton, 406625
 8. Ellen Tanno, 386509
- Decisions on Petitions for Rehearing
 9. Maria DeJesus Lopez, 383536
 10. Yasmin Gonsouland, 341130

G4. Sales and Use Taxes Matters Ms. Henry

- Redetermination
 1. Montage Hotels and Resorts, LLC, 429393 (EA)
- Relief of Penalty/Interest
 2. Walters Wholesale Electric Co., 445720 (AA)
- Denials of Claims for Refund
 3. Inamed Medical Products Corporation, 445350 (GH)
 4. Farm Credit Leasing Services Corporation, 427401 (OH)
 5. L-3 Communications Electron Technologies, Inc., 298383 (AS)

G5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds..... Ms. Henry

- Refunds
 1. Pioneer Electronics USA, Inc., 441804 (AA)
 2. Regency Enterprises Incorporated, 399333 (AC)
 3. Inamed Medical Products Corporation, 393629 (GH)
 4. Advanced Micro Devices, Inc., 314903 (GH)
 5. The Golden 1 Credit Union, 435530 (KH)
 6. Cargill, Incorporated, 436408 (OH)
 7. Arbonne International, Inc., 389008 (EA)
 8. Farm Credit Leasing Services Corp., 427401 (OH)
 9. The Mercury Trust, 374580 (UT)
 10. Science Enrichment Services, Inc., 422840 (EA)
 11. Venturi Wireless, Inc., 420990 (GH)
 12. Wescom Credit Union, 435151 (AP)

13. Earthlink Network, Inc., 341197 (AP)
14. Americredit Financial Services, Inc., 424997 (OH)
15. Fresno County Employees' Credit Union, 395733 (KH)
16. Cig Financial, 434866 (EA)
17. Earthlink, Inc., 341995 (GH)

There are no items for the following matters:

- G6. Special Taxes Matters
- G7. Special Taxes Matters – Credits, Cancellations, and Refunds
- G8. Property Tax Matters
- G9. Cigarette License Fee Matters
- G10. Legal Appeals Property Tax Matters

H. Tax Program Nonappearance Matters – Adjudicatory

(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

H1. Legal Appeals MattersMr. Levine

- Petition for Rehearing
 4. ~~Marcella Maria Rosales, 308469 (KH)~~
- Hearing Notices Sent – No Response
 - 2a. Richard D. Hebb & Gregory L. Smith, 250398 (MT)
 - 2b. H & S Coatings, Inc., 261373 (MT)
- Cases Heard But Not Decided
 3. Sierra Textile Company, L.P., 301401 (EH)
 4. Herb's United Drugs, Inc., 217922, 439777 (AS)
 5. Juan M. Perez, 330117 (AA)
- Petitions for Release of Seized Property
 6. Bay Briar Shoppe, Inc., 405478 (ET)
 7. M & B Corporation, 417080 (ET)

H2. Franchise and Income Tax MattersMs. Kelly

- Decision
 1. Shawn Mills, 402021
- Decision on Petition for Rehearing
 2. Taiheiyo Cement USA, Inc., 332855

There are no items for the following matters:

- H3. Homeowner and Renter Property Tax Assistance Matters
- H4. Sales and Use Taxes Matters
- H5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds
- H6. Special Taxes Matters
- H7. Special Taxes Matters – Credits, Cancellations, and Refunds
- H8. Property Tax Matters
- H9. Cigarette License Fee Matters
- H10. Legal Appeals Property Tax Matters

I. Tax Program Nonappearance Matters

There are no items for the following matters:

- I1. Property Taxes Matters
- I2. Offers-in-Compromise Recommendations

1:30 p.m. Board Meeting Reconvenes****C. Sales and Use Tax Appeals Hearings**

(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

- C1. Ferede Beyene Negash and Lielti Desta Mesfi, 336999 (GH)
 - For Petitioner: Ferede Negash, Taxpayer
Lielti Mesfi, Taxpayer
Aschilew Jember, Representative
 - For Department: Robert Tucker, Tax Counsel
- C2. G & G Aviation, 315506 (UT)
 - For Petitioner: Gary Busstiah, Taxpayer
Steve Roth, Attorney
 - For Department: Carla Caruso, Tax Counsel
- C3. George Sanderson Sturges, Jr., 298532 (UT)
 - For Petitioner: George Sanderson Sturges, Jr., Taxpayer
 - For Department: Cary Huxsoll, Tax Counsel

Chief Counsel Matters**J. Rulemaking**

- J1. [Petition to Adopt a Regulation to Designate Qualified Veteran Itinerant Vendors as Consumers of Tangible Personal Property+..... Ms. Caruso](#)

Taxpayer petition to adopt a new regulation providing that an itinerant vendor, who is a qualified United States veteran, is the consumer, not the retailer, of goods that the veteran sells.

There are no items for the following matters:

- K. Business Taxes
- L. Property Taxes
- M. Other Chief Counsel Matters

Administrative Session**N. Consent Agenda..... Ms. Olson**

N1. Retirement Resolution

- David E. Hayes, Chief, Research and Statistics Section+

N2. Approval of Board Meeting Minutes

- June 24, 2008+

O. Adoption of Board Committee Reports and Approval of Committee Actions

O1. Legislative Committee

O2. Business Taxes Committee

O3. Customer Services and Administrative Efficiency Committee

O4. Property Tax Committee

P. Other Administrative Matters**P1. Executive Director's Report Mr. Hirsig**

a. Update on Multistate Tax Commission–Federation of Tax Administrators

- b. Report on time extensions to Alpine, Amador, El Dorado, Inyo, Mono and San Benito Counties to complete and submit 2008-09 Local Assessment Roll, pursuant to Revenue and Taxation Code section 155.+

P2. Chief Counsel Report

There are no items for this matter.

P3. Deputy Director's Report

There are no items for the following matters:

- a. Sales and Use Tax
b. Property and Special Taxes

c. Administration..... Ms. Houser

1. Fiscal Year 2009/2010 Conceptual Budget Change Proposals+

- Establishment of a Permanent U.S. Customs Program+
- Out-of-State Audit Workload+
- Establishment of Permanent Environmental Stewardship Programs+
- Natural Gas Surcharge Program+
- Flavored Malt Beverages+
- Cigarette and Tobacco Enforcement+
- Tax Litigation Defense+
- BOE-Digital Office+
- FISCAL Project Implementation+
- BOE Facilities Operations Augmentation+

2. Headquarters Building Update

3. Budget Update 2008-2009

- P4. Adoption of the 2008-09 Private Railroad Car Tax Rate+ –“CF”...Mr. Hayes
Staff recommendation for the tax rate to be applied in 2008-09 to the value of private railroad cars.
- P5. Adoption of the 2008 Private Railroad Car Roll – “CF” Mr. Jackson
Staff recommendation for the lien date 2008 assessment of private railroad cars under the provisions of the Private Railroad Car Tax Law.
- P6. Adoption of the 2008 State-Assessed Property Roll – “CF” Mr. Jackson
Staff recommendation on the allocations of the unitary values adopted by the Board in May 2008, plus adjustments based on prior Board action and staff-recommended nonunitary values.

Announcement of Closed Session Ms. Olson

Q. Closed Session

- Q1. Pending Litigation: *Schroeder, et al. v. The State Board of Equalization, et al.* Superior Court of California for Sacramento County, Case No. 34-2008-00004467-CU-MT-GDS (Gov. Code § 11126(e)(2)(B)(i))
- Q2. Discussion and action on personnel matters (Gov. Code § 11126(a))

Announcement of Open Session Ms. Olson

Adjourn

If you wish to listen to a live broadcast of the Board meeting, please go to <http://www.boe.ca.gov> and click on Webcast Audio.

If you wish to receive this Notice and Agenda electronically, you can subscribe at www.boe.ca.gov/agenda.

If you would like specific information regarding items on this Notice and Agenda, please telephone (916) 322-2270 or e-mail: MeetingInfo@boe.ca.gov. Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

The hearing location is accessible to people with disabilities. Please contact Claudia Madrigal at (916) 324-8261, or e-mail Claudia.Madrigal@boe.ca.gov if you require special assistance.

Diane G. Olson, Chief
Board Proceedings Division

- * Public comment on any committee agenda item will be accepted at the beginning of the committee meeting.
- ** Public comment on any agenda item, other than a Closed Session item or an item which has already been considered by a Board Committee, will be accepted at that meeting.
- + Material is available for this Item.
- ++ Material will be available at a later date.
- "CF" Constitutional Function – The Deputy State Controller may not participate in this matter under Government Code section 7.9.