

BEFORE THE STATE BOARD OF EQUALIZATION
OF THE STATE OF CALIFORNIA



In the Matter of the Appeal of)
PACIFIC COMPANY)

Appearances:

For Appellant: Garrett W. McEnerney, Attorney

For Respondent: Chas. J. McColgan, Franchise Tax Commissior.

O P I N I O N

This is an appeal pursuant to Section 25 of the Bank and Corporation Franchise Tax Act (Chap. 13, Stats. 1929, as amended from the action of the Franchise Tax Commissioner in overruling the protest of the Pacific Company, a corporation, against a proposed assessment of additional tax in the amount of \$105.95. The assessment of additional tax was proposed due to the fact that the Commissioner included in computing Appellant's net income for the taxable year ended December 31, 1930, interest received by Appellant during **said year** from tax exempt federal, state and municipal bonds.

Whether the Act is constitutional in providing for the **inclusion of** interest from tax exempt federal, state and municipal bonds in computing the income by which the tax imposed by the Act is to be measured is the sole problem involved in **this** appeal. This problem is the same as the problem involved in the Appeal of Homestake Mining Company decided by us on this **date**, wherein we held that the inclusion of interest from tax exempt federal, state and municipal bonds was valid. We are of the opinion that this holding controls our decision in the instant appeal. Consequently, the action of the Commissioner in overruling Appellant's protest must be sustained.

O R D E R

Pursuant to the views expressed in the opinion of the Board on file in this proceeding and good cause appearing therefor,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED, that the action of the Franchise Tax Commissioner, Chas. J. McColgan, in overruling the protest of Pacific Company, a corporation, against a proposed assessment of an additional tax in the amount of \$105.9 based upon the return of said corporation for the year ended December 31, 1930, under Chapter 13, Statutes of 1929, be and the same is hereby sustained.

Appeal of Pacific Company

Done at Sacramento, California, this 11th day of **May**,
1932, by the State Board of Equalization.

R. E. Collins, Chairman
Fred. E. Stewart, Member
H. G. **Cattell**, Member
Jno. C. Corbett, Member

ATTEST: Dixwell L. Pierce, Secretary