

BEFORE THE STATE BOARD OF EQUALIZATION
OF THE STATE OF CALIFORNIA

In the Matter of the Appeal of)
ST. FRANCIS HOTEL CORPORATION)

For Appellant: Willard E. Abel, President

For Respondent: Burl D. Lack, Chief Counsel;
Crawford H. Thomas, Associate Tax Counsel

OPINION ON REHEARING

In our original determination of this matter on February 5, 1963, we upheld the disallowance by the Franchise Tax Board of a portion of the deduction for depreciation claimed by Appellant for each of the years under appeal. That determination was based on our conclusion that Appellant had failed to support its allocation of cost between land and building by clear and convincing evidence. Upon rehearing, Appellant submitted a formal appraisal of the land and building involved in the appeal, namely, the St. Francis Hotel, Union Square, San Francisco, California. The appraisal indicates that the value of the building at the time of Appellant's purchase was 69.3 percent of the combined value of the land and the building. This percentage is slightly less than that which has been urged by Appellant.

We find the appraisal to be comprehensive and convincing. We now conclude, accordingly, that 69.3 percent of the \$4,963,629.44 purchase price was allocable to the hotel building.

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, pursuant to Section 25667 of the Revenue and Taxation Code, that the action of the Franchise Tax Board on the protests of St. Francis Hotel

Appeal of St. Francis Hotel Corporation

Corporation to proposed assessments of additional franchise tax in the amounts of \$1,616.14, \$1,914.68, \$2,251.86 and \$2,251.87 for the taxable years ended March 31, 1952, 1953, 1954 and 1955, respectively, be modified by attributing 69.3 percent of the \$4,963,629.44 purchase price to the hotel building in computing deductible depreciation. Our order of February 5, 1963, is hereby modified accordingly.

Done at Sacramento, California, this 7th day of August, 1963, by the State Board of Equalization.

John W. Lynch, Chairman

Paul R. Leake, Member

Richard Nevins, Member

Geo. R. Reilly, Member

 , Member

ATTEST: H. F. Freeman, Secretary