



STATE BOARD OF EQUALIZATION
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Second District, San Francisco

JEROME E. HORTON
Third District, Los Angeles County

DIANE L. HARKEY
Fourth District, Orange County

BETTY T. YEE
State Controller

DAVID J. GAU
Executive Director

STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
NOTICE AND AGENDA
Meeting Agenda (as of 10/24/2016 4:00 PM)

[Agenda Changes](#)

[Webcast on Tuesday, October 25, 2016](#)

Tuesday, October 25, 2016

9:00 a.m. Pledge of Allegiance

Board Meeting Convenes*

Agenda items occur in the order in which they appear on the agenda. When circumstances warrant, the Board's Chair may modify the order of the items on the agenda. Items may be postponed to a subsequent day; however, items will not be moved to an earlier day or to an earlier session on the same day.

Board Committee Meetings**

These items are scheduled for later in the day.

Board Meeting*

A. Homeowner and Renter Property Tax Assistance Appeals Hearings
There are no items for this matter.

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

~~B1. Steven M. Willens and Rhonda D. Willens, 812265 +
For Appellants: Randall S. Bickham, Representative
For Franchise Tax Board: Marguerite Mosnier, Tax Counsel
Craig Scott, Tax Counsel~~

~~B2. Yuan-Daw Tsai and Jean H. Tsai, 926932 +
For Appellants: Yuan-Daw Tsai, Taxpayer
Suzanne Weber, Representative
Sonia M. Agee, Attorney
For Franchise Tax Board: Brandon Knoll, Tax Counsel
Michael Cornez, Tax Counsel~~

**C. Sales and Use Tax Appeals Hearing
Local Tax Reallocation Hearing**

(Contribution Disclosure forms not required pursuant to Gov. Code, § 15626.***)

- ~~C1. Cities of Adelanto, et al., 587732 +~~
- ~~For Petitioners: Robin Sturdivant, Representative~~
- ~~Les Hausrath, Attorney~~
- ~~For Notified Jurisdiction~~
- ~~City of Ontario: Robert E. Cendejas, Attorney~~
- ~~For Department: Scott Claremon, Tax Counsel~~

Board Committee Meetings**

Business Taxes Committee.....Ms. Harkey, Committee Chairwoman

- 1. Proposed amendments to Regulation 1524, *Manufacturers of Personal Property*

Request approval and authorization to publish proposed amendments to clarify the application of tax to alterations of new and used garments.

Property Tax CommitteeMr. Horton, Committee Chairman

- 1. Discussion and request for revisions and adoption of Welfare Exemption claim forms:
 - Revisions to form BOE-267, *Claim for Welfare Exemption (First Filing)*
 - Revisions to form BOE-267-A, *20__ Claim for Welfare Exemption (Annual Filing)*
 - Adoption of form BOE-267-O, *Welfare Exemption Supplemental Affidavit, Organizations Operating on Claimant's Real Property*

1:30 p.m. Board Meeting Reconvenes*

C. Sales and Use Tax Appeals Hearings

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

- C2. Emad Kamal Sweidan, 710620 (KH) +**
- For Petitioner: Emad Sweidan, Taxpayer
- Ahmed A. Ali, Representative
- For Department: Scott Lambert, Hearing Representative

~~C3. Legg, Inc., 838929 (CH) +
 For Petitioner: _____ Robert P. Legg, Representative
 _____ Leonard D'Orazio, Witness
 _____ David Bowie, Attorney
 For Department: _____ Andrew Kwee, Tax Counsel~~

C4. Randy Christopher Irvine, 855188 (KH) +
 For Petitioner: Randy C. Irvine, Taxpayer
 Jason Manning, Representative
 For Department: Monica Silva, Tax Counsel

There are no items for the following matters:

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

F. Public Hearing

F1. Proposed Amendments to Sales and Use Tax Regulation 1703, *Interest and Penalties* +Mr. Claremon

Public hearing regarding proposed amendments to clarify the Board's long-standing policy that a negligence penalty should not generally be imposed on a deficiency determined in a taxpayer's first audit.

G. Tax Program Nonappearance Matters – Consent

(Contribution Disclosure forms not required pursuant to Gov. Code, § 15626.)

- G1. Legal Appeals Matters Mr. Angeja
- Hearing Notice Sent – No Response
 1. Capitol Leasing, Inc., 536181 (AP)
 - Hearing Notice Sent – Appearance Waived
 2. RQ Construction, Inc., 824609 (FH)
 3. Soares Lumber & Fencing, Inc., 497370 (DF)
 - Petitions for Release of Seized Property
 4. Samer Samaan and Nadine Samaan, 960984 (STF)
 - Petitions for Rehearing
 5. Yahia Ibrahim Assad, et al., 352128 (STF)
- G2. Franchise and Income Tax Matters Mr. Epolite
- Hearing Notice Sent – Appearance Waived
 1. Charles O'Cairns, 813247
 - Decisions
 2. Cheery Lynn Interactive, LLC, 864551
 3. Ralph Govea and Heather Govea, 717021
 4. Andre Jackson, 841166

5. Andrew K. Jung and Susan S. Jung, 892225
6. Heino Kristall, 870724
7. Cathleen M. Maninang and Vincent M. Maninang, 739083
8. Shanna L. Martin, 788392
9. Geta Murar and Augustin Murar, 797518
10. Sean A. Nicholson and Leslie S. Nicholson, 859630
11. Recruiting Partners GP, Inc., 852836
- ~~12. Allan Taylor and Suzan Taylor, 718131~~
13. Michael Anthony White, 710086
14. XRAD Services, 850188

There are no items for the following matters:

- G3. Homeowner and Renter Property Tax Assistance Matters
- G4. Sales and Use Taxes Matters
- G5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds
- G6. Special Taxes Matters
- G7. Special Taxes Matters – Credits, Cancellations, and Refunds
- G8. Property Tax Matters Mr. Kinnee
 - Petitions for Reassessment of Unitary Value
 1. Lodi Gas Storage, LLC (198), 961442 'CF'
 2. Calnev Pipe Line, LLC (402), 962201 'CF'
 3. Chevron USA, Inc. (429), 960732 'CF'
 4. Panoche Energy Center, LLC (1152), 961487 'CF'
 5. Ponderosa Cablevision (7894), 960762 'CF'
 6. Time Warner Cable Information Services (California), LLC (8063), 960746 'CF'
 - Petitions for Penalty Abatement on Unitary Value
 7. Valero Refining Company – California (407), 961358 'CF'
 8. Smart City Networks, LP (2099), 962226 'CF'
 9. X2 Telecom, LLC (8159), 962525 'CF'
 - Petition for Penalty Abatement on Unitary Escaped Assessment
 10. Network Telephone Services, Inc. (7636), 955041 'CF'

There are no items for the following 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 Matters Mr. Angeja
 - Petitions for Rehearing
 1. Thelma J. Harris and Terry D. Harris, 734703 (CH)

There are no items for the following matters:

- H2. Franchise and Income Tax 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

(Contribution Disclosure forms not required pursuant to Gov. Code, § 15626.)

- I1. Property Taxes Matters..... Mr. Kinnee
 - Audit
 - 1. NewPath Networks, LLC (8077) ‘CF’
 - Board Roll Changes
 - 2. 2016 Board Roll of State-Assessed Property ‘CF’

- I2. Offer in Compromise Recommendations..... Mr. Anderson
 - 1a. Sia Amiri
 - 1b. Ummba 1, LLC
 - 2. Yahya Benkhelouf
 - 3a. Raymond David Boyda
 - 3b. Digital Universe, Inc.
 - 4a. Ronald Dale Clough
 - 4b. Clough Flooring, Inc.
 - 5. Casey K. Crane
 - 6a. Alan Eddy
 - 6b. Tensor Imaging, Inc.
 - 7. Lane Edward Frates
 - 8. Hossein Gharai
 - 9. Julio S. Guillen
 - 10. Tae Joon Kwon
 - 11a. Gary Robert McCarroll
 - 11b. Theresa June Vasquez
 - 12. Elizabeth Molina Miller
 - 13. Erwin Anthony Pascua
 - 14. Michael Resk
 - 15. Ernestina Rodriguez
 - 16a. Bryan Dale Rust
 - 16b. Daly Glass & Mirror, Inc.
 - 17. Ibrahim Musaid Saleh
 - 18a. Hamid Zekavat Sharifi
 - 18b. Rec Rooms Plus, Inc.
 - 19a. Super Star Stations, LLC
 - 19b. Super Star Stations, Inc.
 - 20. Therapeutic Holistic Care, Inc.
 - 21. West Coast Collective Health Services, Inc.

- I3. Local Tax Reallocation Matters
There are no items for this matter.

Chief Counsel Matters

Items that appear under these matters provide information to the Members and may require Board action or direction.

J. Rulemaking

- J1. [Readoption of Proposed Prepaid Mobile Telephony Services Regulation 2460, Administration +](#) Mr. Kwee
Proposed readoption of Regulation 2460 after making sufficiently related changes to address the Office of Administrative Law's issues with subdivision (b).

There are no items for the following matters:

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

Administrative Session

Items that appear under these matters provide information to the Members and may require Board action or direction.

- N. **Consent Agenda** Ms. Richmond
(Contribution Disclosure forms not required pursuant to Gov. Code, § 15626.)

N1. [Retirement Resolutions +](#)

- Harry Asuncion
- Martha J. Brenneman
- Kathleen Crew
- Eloise Holdahl
- Jennifer Irwin

N2. Approval of Board Meeting Minutes

- [September 27-28, 2016 +](#)

N3. [Approval of the 2017 Timberland Production Zone Values +](#)

For the 2017 lien date, request approval for certification by the Board to county assessors of the current values of lands zoned for timberland production.

N4. [Proposed revisions to Compliance Policy and Procedures Manual Chapters 5, Returns, and 7, Collections; and Audit Manual Chapters 4, General Audit Procedures, 9, Grocers, and 12, Construction Contractors +](#)

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

- O1. Business Taxes Committee
- O2. Property Tax Committee

P. Other Administrative Matters

There are no items for the following matters:

- P1. Executive Director's Report
- P2. Chief Counsel Report

P3. Business Tax and Fee Deputy Director's Report Ms. Buehler

- 1. [Informational report on the 2017 Emergency Telephone Users Surcharge Rate \(ETUS\) +](#)

Report on the rate adjustment for calendar year 2017 ETUS as set by the Governor's Office of Emergency Services.

There are no items for the following matters:

- P4. Field Operations Department Report
- P5. Property Tax Deputy Director's Report

P6. Administration Deputy Director's Report Ms. Murphy

- 1. 2017-18 Budget Change Proposals

The following Budget Change Proposals will be presented for Board approval to submit to the Department of Finance for possible inclusion in the Governor's Fiscal Year 2017-18 Budget.

- a. [2017-18 Centralized Revenue Opportunity System \(CROS\) +](#)
- b. [AB 2153 Lead-Acid Battery Fee +](#)

P7. Technology Deputy Director's Report Ms. Fleming

- 1. CROS Project Update and Actions Mr. Caietti / Ms. Gonzalez

Progress on the CROS project to replace BOE's two current legacy-technology tax administration systems.

P8. External Affairs Deputy Director's Report
There are no items for this matter.

Announcement of Closed Session Ms. Richmond

Q. Closed Session


- Q1. Discussion and approval of staff recommendations regarding settlement cases (Rev. & Tax. Code, §§ 6901, 7093.5, 30459.1, 50156.11).
- Q2. Pending Litigation: *Verizon California, Inc. v. Board of Equalization, et al.*, Sacramento County Superior Court, Case No. 34-2011-00116029-CU-MC-GDS (consolidated with 34-2013-00138191; 34-2014-00171512; 34-2015-00175631; 34-2015-00175609; 34-2015-00175621; 34-2015-00175627) (Gov. Code, § 11126(e)).
- Q3. Discussion and action on personnel matters (Gov. Code, § 11126(a)).

Announcement of Open Session..... Ms. Richmond

Adjourn

General information regarding Board and Committee Meetings can be found at www.boe.ca.gov/meetings/boardcomm.htm. If you would like specific information regarding items on this Notice and Agenda, please telephone (916) 322-2270 or email: MeetingInfo@boe.ca.gov. Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

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The hearing location is accessible to people with disabilities. Please contact Rose Smith at (916) 323-9656, or email Rose.Smith@boe.ca.gov if you require special assistance.

Joann Richmond, Chief
Board Proceedings Division

- * Public comment on any committee agenda item will be accepted at the beginning of the committee meeting. Subsequent to committee meetings, committee agenda items may be taken up separately during the Board 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.
- *** Municipalities are exempt from Contribution Disclosure requirements, for further information please telephone Toya P. Davis, Contribution Disclosure Analyst at (916) 327-1798 or email: Toya.Davis@boe.ca.gov.
- + Material is available for this item.
- 'CF' Constitutional Function – The Deputy State Controller may not participate in this matter under Government Code section 7.9.