



**STATE BOARD OF EQUALIZATION**

450 N STREET, SACRAMENTO, CALIFORNIA  
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BETTY T. YEE  
First District, San Francisco

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Second District, Lancaster

MICHELLE STEEL  
Third District, Orange County

JEROME E. HORTON  
Fourth District, Los Angeles

JOHN CHIANG  
State Controller

CYNTHIA BRIDGES  
Executive Director

**STATE BOARD OF EQUALIZATION MEETING  
450 N Street, Room 121, Sacramento  
NOTICE AND AGENDA  
Meeting Agenda (as of 4/21/2014, 11:30 PM)**

[Agenda Changes](#)

[Webcast on Tuesday, April 22, 2014](#)

**Tuesday, April 22, 2014**

**10:00 a.m. Board Meeting Convenes\***

**Board Committee Meetings Convene after Item M. Other Chief Counsel Matters\*\***

**Board Meeting Reconvenes upon Adjournment of the Board Committee Meetings\***

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.

**Board Meeting\***

**Chief Counsel Matters**

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

**J. Rulemaking**

This item is scheduled for later in the day.

There are no items for the following matters:

- K. Business Taxes
- L. Property Taxes

**M. Other Chief Counsel Matters**

[M1. Proposed Letter to Assessors regarding Property Tax Rule 21,  
Taxable Possessory Interests-Valuation +..... Mr. Moon](#)

Proposed Letter to Assessors regarding the stated term of possession used to value taxable possessory interests.

**Board Committee Meetings\*\*****Customer Service and Administrative  
Efficiency Committee**

Ms. Yee, Committee Chairwoman

## 1. Open Data Portal

A demonstration of BOE's effort to improve the public's access to historic statistics and other data that is currently available on the BOE website.

## 2. Proactive Outreach Manager (POM)

Report on pilot of POM, which is an application that provides pre-recorded messages to tax and fee payers by calling the phone number on their account.

**Business Taxes Committee**

Ms. Steel, Committee Chairwoman

1. Proposed Regulation 1525.4, *Manufacturing and Research & Development Equipment*

Request approval and authorization to publish proposed regulation to incorporate the provisions of the Revenue and Taxation code section 6377.1 providing a partial sales and use tax exemption for the sale and purchase of manufacturing, and research and development equipment.

## 2. Lumber Products Assessment Report

Retailer reimbursement retention update.

**Board Meeting Reconvenes\***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. Robert J. Molinaro and Carol E. Molinaro, 715378 +**

For Appellants:

Robert J. Molinaro, Taxpayer

Joseph A. Vinatieri, Attorney

Richard W. Craig, Attorney

For Franchise Tax Board:

Cheryl Akin, Tax Counsel

David Gemmingen, Tax Counsel

**B2. Camino Medical Group, Inc., 719011 +**

For Appellant: Joseph Lacy, Witness  
Richard Slavin, Witness  
Albert Wang, Representative  
Mike Weatherford, Representative  
Thomas Driscoll, Attorney  
Robert Wood, Attorney  
Henry Chen, Attorney  
For Franchise Tax Board: Daniel Biedler, Tax Counsel  
Roman Johnston, Tax Counsel

**B3. Phillip E. Zepp, 710837, 728324, 741880 +**

For Appellant: Phillip E. Zepp, Taxpayer  
For Franchise Tax Board: Samantha Nguyen, Tax Counsel  
Mary Yee, Tax Counsel

**C. Sales and Use Tax Appeals Hearings**

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

**C1. R & G Schatz Farms, Inc., 547724, 588579, 592624 (KH) +**

For Petitioner: Rodney R. Schatz, Taxpayer  
Gayla Schatz, Taxpayer  
For Department: Monica Silva, Tax Counsel

**C2. Jaswinder Kaur, 537383, 699250 (DF) +**

For Taxpayer/Claimant: Sher Singh, Representative  
For Department: Marc Alviso, Hearing Representative

**~~C3. Rigoberto Lopez Nunez, 559883 (DF) +~~**

~~For Petitioner: Rigoberto Lopez Nunez, Taxpayer~~  
~~For Department: Scott Lambert, Hearing Representative~~

**C4a. Nathan R. Duty, 534168 (KH) +****C4b. Nathan R. Duty, 559940 (STF) +**

For Petitioner: Nathan Duty, Taxpayer  
For Department: Erin Dendorfer, Tax Counsel

**~~C5a. H&O, Inc., 547859, 709260 (GH) +~~****~~C5b. H&O, Inc., 559975 (GH) +~~**

~~For Petitioner/Claimant: Omer Kassa, Taxpayer~~  
~~Khorshed Alam, Representative~~  
~~For Department: Scott Lambert, Hearing Representative~~

C6a. Gregory Scott Smith, 532481 (GH) +

C6b. Amy Elaine Smith, 532485 (GH) +

For Petitioners: Gregory Scott Smith, Taxpayer  
Amy Elaine Smith, Taxpayer  
Steven C. Lynes, Attorney  
For Department: Monica Silva, Tax Counsel

C7. Ricky Alan Dumas, 547380 (KH) +

For Petitioner: Rick Dumas, Taxpayer  
For Department: Scott Claremon, Tax Counsel

#### D. Special Taxes Appeals Hearing

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

~~D1a. Sandy Seybert, 598180 (STF) +~~

~~D1b. Sandy Seybert, 598183 (STF) +~~

~~For Petitioner: Alfredo Sotelo, Taxpayer  
For Department: Pamela Mash, Tax Counsel~~

E. Property Tax Appeals Hearings  
There are no items for this matter.

#### F. Public Hearings

F1. Property Taxes - State Assessee's Presentations on the  
Valuation of State-Assessed Properties..... Mr. Thompson

The Board will hear state assessee's presentations on the  
valuation of state-assessed properties.

Speaker: Peter W. Michaels, Law Offices of Peter Michaels  
representing State Assessed Gas/Electric, Intercounty  
Pipeline, Telephone and Railroad Companies

F2. Proposed Adoption of Amendments to Sales and Use Tax  
Regulation 1655, *Returns, Defects and Replacements* + ..... Ms. Silva

The proposed amendments clarify that the regulation's provisions  
regarding restitution and replacement under the "Lemon Law" apply  
to use tax under specified circumstances.

F3. Proposed Adoption of Amendments to Special Taxes and Fees  
Regulation 4902, *Relief from Liability* + ..... Ms. Mash

The proposed amendments extend relief to a person who relies on  
advice provided in a prior audit of a related person, under specific  
circumstances.

**G. Tax Program Nonappearance Matters – Consent**(Contribution Disclosure forms not required pursuant to Gov. Code, § 15626.)**G1. Legal Appeals Matters ..... Mr. Angeja**

- Hearing Notices Sent – No Response
  1. ~~Ronald Avedisian, 434518 (AC)~~
  2. Henry Vincent Guisande, 572290 (JH)
  3. Beverly Raylene Kemp, 569723 (UT)
  4. Howard E. Kemp, 569721 (UT)
  5. Mohammad Khalid, 559974, 721406 (DF)
  6. Gal Lipkin, 553092 (AS)
  7. Howard E. Murray, 492365 (JH)
  8. Matt Ogden, 518459 (AS)
  9. Rancho Marine Recycling, Inc., 559090 (KH)
  10. Jennifer Lynn Rosa, 586626 (DF)
- Hearing Notices Sent – Appearance Waived
  11. Fiori Florist, Inc., 600096 (BH)
  12. Rizalde V. Sandoval, 575874 (EH)
- Petitions for Release of Seized Property
  13. Buckhorn Trading Post, Inc., 781903 (STF)
  14. Cindy Nguyen, 745239 (STF)
  15. Yousif Mousa Mousa, 745233 (STF)
  16. Prabhjot Singh Randhawa and Palwinder Kaur Randhawa, 745228 (STF)

**G2. Franchise and Income Tax Matters ..... Mr. Epolite**

- Decisions
  1. Carlos R. Abad, 608927
  2. Lisa Boughamer, 611655
  3. Dylan Baker and Melissa Marsch, 626188
  4. Bonita Buecker, 712952
  5. Alvin A. Davies and Denise Davies, 604030
  6. Steve Estifanos, 716904
  7. Darryl Grayson, 694028
  8. Nancy Henry, 627537
  9. Adrian Joven and Estela Garcia, 636074
  10. Charlotte Y. Keys, 729709
  11. Danielle Keys, 711158
  12. Deanna L. Kwan, 601923
  13. Ricardo Lakandula, 711208
  14. David A. Le, 726932
  15. Dee Ann Linker, 692610
  16. Scott Mandel and Melodie L. Bitter Mandel, 716797
  17. Todd K. Mavis, 629326
  18. Philip Moss and Laura Hatch, 699434
  19. Miriam Musgun, 610340
  20. Harold S. Parks, M.D., 670986
  21. Paroda, LLC, 338978

- 22. Horacio Rodriguez and Zoraida Rodriguez, 728745
  - 23. Elaine M. Roe, 623648
  - 24. Josephine C. Ross, 707196
  - 25. Jaime Sanchez and Gabriela Sanchez, 605951
  - 26. Seventy Seven, LLC, 657975
  - 27. Carlos W. Smith, 664833
  - 28. Scott Tolone, 726494
  - 29. Edward Wadatz and Sandra McShea, 509192
  - 30. Woodward Camp, Inc., 620760
  - Petitions for Rehearing
  - 31. Alex Fonseca, 611640
  - 32. Carl K. Myers and Patricia Ann Myers, 620364
- G3. Homeowner and Renter Property Tax Assistance Matters  
There are no items for this matter.
- G4. Sales and Use Taxes Matters.....Mr. McGuire
- Redeterminations
    - 1. Toyota Motor Sales, U.S.A., Inc., 491361 (AS)
    - 2. Louis Lilo Beuzieron, 624719 (AC)
    - 3. Trammo Petroleum, Inc., 624830 (OH)
    - 4. Intralase Corp., 487567 (EA)
    - 5. Henri Raymond Traboulsi, 731235 (EA)
  - Relief of Penalty/Interest
  - 6. Gillig, LLC, 790812 (CH)
  - Denial of Claim for Refund
  - 7. The Chivery, LLC, 782665 (OH)
  - Grant-One Day Interest Relief
  - 8. Custom RV Inc., 792323 (EH)
  - 9. Diesel, A Bookstore, LLC, 792324 (CH)
- G5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds .....Mr. McGuire
- Credits and Cancellations
    - 1. Timothy Allen Prero, 529011 (SO)
    - 2. Icon Income Fund Ten, LLC, 791357 (OH)
    - 3. Ivy Retail Market, Inc., 791356 (EH)
  - Refunds
    - 4. Graphic Color Systems, Inc., 488305 (AA)
    - 5. Professional Hospital Supply, Inc., 608996 (EH)
    - 6. Cubic Defense Applications, Inc., 786183 (FH)
    - 7. Canon U.S.A., Inc., 756354 (OH)
    - 8. Northrop Grumman Space & Mission Systems, Corp., 594630 (AS)
    - 9. CEC Entertainment, Inc., 524918 (OH)
    - 10. Becton Dickinson & Company, 578654 (OH)
    - 11. Marlin Leasing Corporation, 788377 (OH)
    - 12. PGA Tour, Inc., 714299 (OH)
    - 13. Long Beach Acceptance Corporation, 489997 (EA)

14. Biomarin Pharmaceutical, Inc., 788870 (JH)
15. Don Jordan Energy Systems, Inc., 608827 (OH)
16. Meadow Brook Meat Company, Inc., 592487 (OH)
17. Alcatel USA Sourcing, Inc., 665526 (OH)
18. J.B. Hunt Transport, Inc., 793947 (OH)
19. Tenet Healthsystem Desert, Inc., 577149 (EH)
20. Murata Electronics NA, Inc., 786840 (EA)
21. Kinecta Federal Credit Union, 740226 (AS)
22. HSNI, LLC, 786839 (OH)
23. Minute Key, Inc., 724809 (GH)
24. The Chivery, LLC, 782665 (OH)
25. Mitsubishi Power Systems Americas, Inc., 743879 (OH)

G6. Special Taxes Matters

There are no items for this matter.

G7. Special Taxes Matters – Credits, Cancellations, and Refunds ..... Mr. Gau

➤ Refund

1. Equilon Enterprises, LLC, 738586 (STF) 'CF'

There are no items for the following matters:

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 Matters ..... Mr. Angeja

➤ Petition for Rehearing

1. [William G. Morschauser, 225366, 255762, 341121, 530753 \(AP\) +](#)

➤ Section 40 (AB 2323) Matter

2. [SMF Energy Corporation, 556419, 557544 \(OH\) +](#)

H2. Franchise and Income Tax Matters ..... Mr. Epolite

➤ Decision

1. Diamond B. Capital, Inc., 623488

➤ Petition for Rehearing

2. Applied Companies, 526527
3. Myles D. Hubers and Michelle R. Hubers, 534595

➤ Cases Heard Not Decided

4. Victor H. Boyd, 575575
5. SC Brokers, Inc., 600519

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 .....Mr. McGuire
- Credit and Cancellation
    1. Sel Retail Operations, 735345 (OH)

There are no items for the following matters:

- 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. Gau
- Audits
    1. Frontier Communications of America (7512) 'CF'
    2. Audeamus, LLC (7824) 'CF'
    3. Telstra Incorporated (7852) 'CF'
    4. Reliance Globalcom Services, Inc. (7972) 'CF'
    5. Greenfield Communications, Inc. (8004) 'CF'
    6. NewPath Networks, LLC (8077) 'CF'
    7. Telecommunication Systems, Inc. (8090) 'CF'
  - Unitary Land Escaped Assessments
    8. Verizon California (201) 'CF'
    9. AT&T Mobility, LLC (2606) 'CF'
  - Board Roll Changes
    10. 2010, 2011, 2012, and 2013 Board Rolls of State-Assessed Property 'CF'

There are no items for the following matters:

- I2. Offer in Compromise Recommendations  
 I3. Local Tax Reallocation Matters

## Chief Counsel Matters

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

## J. Rulemaking

### Section 100 Changes

- J1. Sales and Use Tax Regulations 1525.2, *Manufacturing Equipment; and, 1525.3, Manufacturing Equipment – Leases of Tangible Personal Property* + .....Mr. Heller

Staff request for authorization to complete Rule 100 changes to repeal Regulations 1525.2 and 1525.3 based on the repeal of Revenue and Taxation Code section 6377 by its own terms effective January 1, 2004.

## 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 +

- Michael L. Hale
- Patricia Gouveia
- Carolee Johnstone
- Elwyn C. Jones
- Roberta Ramirez
- Yvette Wilson

#### N2. Approval of Board Meeting Minutes

- February 25-27, 2014 ++
- March 25, 2014 ++

#### N3. Proposed Revisions to the Compliance Policy and Procedures Manual Chapter 6, *Closeouts and Clearances* +

#### N4. Proposed Revisions to the Audit Manual, Chapter 4, *General Audit Procedures* +

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

- O1. Customer Service and Administrative Efficiency Committee
- O2. Business Taxes Committee

### P. Other Administrative Matters

#### P1. Executive Director's Report ..... Ms. Bridges

1. Report on time extensions to Orange, San Luis Obispo, Sierra, and Ventura Counties to complete and submit 2014/15 Local Assessment Roll, pursuant to Revenue and Taxation Code section 155. +
2. Staff Protocols Regarding Media Communications
3. 2013 Holiday Food Drive Report. +  
The 2013 Holiday Food Drive resulted in over 157,000 pounds raised by the BOE.
4. BOE Wins Recognition from the California Association of Public Information Officials (CAPIO)
5. CROS Project Update .....Mr. Steen  
Progress on the CROS project to replace BOE's two current tax legacy technology systems.

There are no items for the following matters:

P2. Chief Counsel Report

P3. Sales and Use Tax Deputy Director's Report

P4. Property and Special Taxes Deputy Director's Report..... Mr. Gau

1. [Approval of FY 2014/15 Tobacco Products Tax Rate +](#)

Staff recommendation for setting the fiscal year 2014/15  
Tobacco Products Tax Rate.

P5. Administration Deputy Director's Report..... Ms. Houser

1. Contracts over \$1 Million

a. [Department of Toxic Substances Control contract for  
collection of fees pertaining to hazardous waste. +](#)

b. [Department of Motor Vehicles contract for collection of  
sales, use and/or special taxes pertaining to vehicles and  
undocumented vessels. +](#)

c. [Inter-Con Security Systems, Inc., contract provides  
unarmed security guard services for the Board. +](#)

There are no items for the following matters:

P6. Technology Deputy Director's Report

P7. External Affairs Deputy Director's Report

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: *Gilbert P. Hyatt v. John Chiang, et al.*, United States District Court, Eastern District of California (Case No. Case 2:14-cv-00849-GEB-DAD) (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](http://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](mailto: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](mailto:Rose.Smith@boe.ca.gov) if you require special assistance.

Joann Richmond, Chief  
Board Proceedings Division

- \* 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.
- \*\* 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.
- + 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.