



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

SEN. GEORGE RUNNER (Ret.)
First District, Lancaster

FIONA MA, CPA
Second District, San Francisco

JEROME E. HORTON
Third District, Los Angeles County

DIANE L. HARKEY
Fourth District, Orange County

BETTY T. YEE
State Controller

CYNTHIA BRIDGES
Executive Director

STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
March 25-26, 2015
NOTICE AND AGENDA
Meeting Agenda (as 3/25/2015, 3:00 PM)

[Agenda Changes](#)

[Webcast on Wednesday, March 25, 2015](#)

Wednesday, March 25, 2015

10:00 a.m. Pledge of Allegiance

Board Committee Meetings Convene*

Board Meeting convenes 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. Items may be postponed to a subsequent day; however, items will not be moved to an earlier day.

Board Committee Meetings*

[Legislative Committee](#) Ms. Ma, Committee Chairwoman

I. 2015 Legislative Proposal

Set forth below is a suggestion for business taxes legislation to be sponsored by the BOE in the first year of the 2015-16 legislative session.

2015 Legislative Proposal: Business Taxes: Special Taxes and Fees

4-5 Amend Revenue and Taxation Code (RTC) Section 42010 to (1) clarify that direct sellers must electronically report the emergency telephone users surcharge portion of the prepaid Mobile Telephony Services (MTS) surcharge to the Board of Equalization (BOE) pursuant to the Emergency Telephone Users (911) Surcharge Act, and (2) specify the account or fund into which direct seller remittances are deposited. Amend RTC 42023 to add clarifying expenditure language and the agency responsible to allocate moneys deposited into the Prepaid MTS 911 Account and Prepaid MTS PUC Account, respectively. (Housekeeping)

II. 2015 Legislative Bills

Recommendations for Board Position

- AB 160 Criminal Profiteering: Tax Fraud (Dababneh)
- AB 203 Fire Prevention Fee: Filing Deadline (Oberholte)
- AB 405 Interest Equalization (Brough)
- AB 582 Entrepreneur Partnership Act of 2015 (Calderon)
- AB 717 Sales and Use Tax: Exemption: Diapers (Gonzalez)
- AB 1157 Property Tax: Certificated Aircraft Assessment (Nazarian)
- SB 24 STAKE Act: e-cigarettes (Hill)
- SB 250 Fire Prevention Fee: Filing Deadline (Gaines)
- SB 433 Fuel Tax Swap: Rate Setting: Department of Finance (Berryhill)
- SB 480 Property Tax: Heavy Equipment Rental Tax (Pan)
- SB 661 Property Tax: State Assessment: Commercial Air Carriers Personal Property (Hill)
- ~~SR 18 Relative to the Tax Recovery and Criminal Enforcement Task Force (Pan)~~

Customer Service and Administrative Efficiency Committee.....Mr. Runner, Committee Chairman

- 1. Discussion of lessons learned from the BreEZe Program Audit.

Property Tax CommitteeMr. Horton, Committee Chairman

- 1 Adoption of Assessors' Handbook Section 506, *Property Tax Audits and Audit Program*
Adoption of Assessors' Handbook to provide guidance on property tax audits conducted by county assessors' staff, and development of efficient audit programs within the counties.
- 2. Property Tax Welfare Exemption for Low-Income Housing Property
Proposed Letter to Assessors on the Welfare Exemption Low-Income Housing Property Partial Exemptions.

Board Meeting**

Special Presentation

- **Governor's Employee Safety Award +**..... Ms. Bridges
A group of five Board of Equalization employees have been awarded the Governor's Employee Safety Award. This is to recognize those employees and present them with their awards.

- 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. [Esther Korman, 680322 +](#)
For Appellant: Bradley Marsh, Attorney
For Franchise Tax Board: [Ciro Immordino, Tax Counsel](#)
[David Gemmingen, Tax Counsel](#)
- B2. [Peter St. Geme and Polly Plumer St. Geme, 693089 +](#)
For Appellants: Peter St. Geme, Taxpayer
For Franchise Tax Board: [David Muradyan, Tax Counsel](#)
[Marguerite Mosnier, Tax Counsel](#)
- ~~B3. [Joseph W. Valva and Marilyn K. Valva, 719017 +](#)
For Appellants: [Joseph W. Valva, Taxpayer](#)
For Franchise Tax Board: [Maria Brosterhous, Tax Counsel](#)
[Diane Ewing, Tax Counsel](#)~~
- B4. [Johnnie F. Lau and Gay L. Lau, 739838 +](#)
For Appellants: Johnnie F. Lau, Taxpayer
Gay L. Lau, Taxpayer
Rex Halverson, Attorney
For Franchise Tax Board: [Brian Miller, Tax Counsel](#)
[Ron Hofsdal, Tax Counsel](#)
- B5. [Ehud Yuhjtman and Dalia Yuhjtman, 772960 +](#)
For Appellants: Ehud Yuhjtman, Taxpayer
Dalia Yuhjtman, Taxpayer
For Franchise Tax Board: [Andy Amara, Tax Counsel](#)
[Mary Yee, Tax Counsel](#)
- B6a. [Rago Development Corporation, 735761 +](#)
B6b. [Fredrick M. Wooster and Mary L. Wooster, 727483 +](#)
B6c. [Paul H. Verriere and Patricia R. Verriere, 727493 +](#)
B6d. [Michael J. Smith and Lynn M. Smith, 725834 +](#)
B6e. [Louis Rago and June E. Rago, 725839 +](#)
B6f. [Martin Bramante and Estate of Velia Bramante, 632713 +](#)
B6g. [Frank Sabella, 633944 +](#)
B6h. [Louis La Torre Living Family Trust, Louis La Torre Trustee, 633028 +](#)
For Appellants: Edward Kaplan, Attorney
Donald L. Feurzeig, Attorney
Melvyn I. Mark, Attorney
For Franchise Tax Board: [David Gemmingen, Tax Counsel](#)
[Ciro Immordino, Tax Counsel](#)

B7. Kamaldip S. Ghei, 796875 +

For Appellant: Kamaldip S. Ghei, Taxpayer
Kellen Furlin, Representative
For Franchise Tax Board: Joel Smith, Tax Counsel
Mary Yee, Tax Counsel

~~**B8. Thomas L. Wilson, 780908 +**~~

~~For Appellant: Thomas L. Wilson, Taxpayer
For Franchise Tax Board: Joel Smith, Tax Counsel
Diane Ewing, Tax Counsel~~

C. Sales and Use Tax Appeals Hearing

These matters are scheduled for Thursday, March 26, 2015.

There are no items for the following matters:

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

F. Public Hearing**F1. Proposed Adoption of Amendments to Regulation 1685.5,
Calculation of Estimated Use Tax - Use Tax Table +**

Mr. Heller

Public hearing regarding the adoption of proposed amendments to update the definition of the average state, local, and district sales and use tax rate.

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. Nasser Abo Abdo, 595707 (EA)
 2. Hafid Alaoui, 588302 (EH)
 3. Abdulla Abdo Alnajar, 766851 (CH)
 4. Gilbert Mark Berhold, 536919 (KH)
 5. CBS Food Store, Inc., 576217 (DF)
 6. Celebrity Vault, Inc., 547194 (AC)
 7. Malin Dell'Amico, 529566 (AS)
 8. Grand Saz Global, Inc., 524911, 538316 (AS)
 9. Ralph Joseph Haas, 530183 (EH)
 10. Ben Kanter, 373937 (EH)
 11. Manh Van Le, 538190 (KH)
 12. Brian Charles Lutz, 635956 (EA)
 13. Mexico Bakery, Inc., 611420 (GH)
 14. McCall & Smith, LLC, 601096, 767949 (JH)
 15. David Everette McCall, 601100, 767947 (JH)

16. Aris Manukian, 572575 (STF)
 17. Christopher Michael Paolini and Diane Carol Paolini, 586761 (EH)
 18. Heather Ann Perini, 529565 (AS)
 19. Rizza Marie Cancio Punzalan and Max Leung, 554317 (BH)
 20. Rodriguez Enterprise, Inc., 566739 (FH)
 21. Adel Saman Safi, 589953 (EH)
 22. Vatthana Sirisouk, 610386 (JH)
 23. Mary Christiane Taylor, 609419 (AC)
 24. Jose Carmen Magallanes Velador, 608302 (AS)
 25. Mohammad Abdizadeh and William G. Morschauser, 490121 (STF)
 26. Peter Fong, 486373 (STF)
 27. LMS International, Inc., 609875 (STF)
 - Petition for Release of Seized Property
 28. Sor Lo, 854778 (STF)
 29. Phong H. Phung, 855517 (STF)
- G2. Franchise and Income Tax Matters Mr. Epolite
- Hearing Notice Sent – No Response
 1. Henry Liu and Marsha M. Valencia, 804856
 2. Shirley A. Warren and Chester L. Warren, 795262
 - 3a. David C. Williams, 780911
 - 3b. Rodney Walker, 779775
 - Decisions
 4. Tristan Abbott and Lisa Abbott, 771805
 5. Kathy Bell, 812216
 6. Robert Brock and Megan Brock, 809851
 7. Capcom, U.S.A., Inc., 790662
 8. Jesus Castro, 605759
 9. Mary Rose Cruz, 766854
 10. Olusoji Fanoiki, 793925
 11. Julie L. Grau, 790543
 12. Christine Loughridge (Stouffer), 600512
 13. Chelsea Matthews, 795627
 14. Kevin Jay Myers, 809893
 15. Jung H. Park and Gabrea Park, 529805
 16. Fatoumata Sillah, 807766
 17. Michael Verheyden, 819031
 - Petitions for Rehearing
 18. Shih Jung Bai and Claudia Y. Bai, 717459
 19. Daxius Gregory, 740006
 20. Andre Jackson, 741548
- 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. Sunway Floors, Inc., 625834 (BH)
 2. ACME Furniture Industry, Inc., 613312 (AP)
 3. Los Altos Meat Market, Inc., 790639 (EH)
 - Denials of Claim for Refund
 4. Cardinal Health Solutions, Inc., 553663 (FH)
 - Grant-One Day Interest Relief
 5. Norman's Men & Boys, Inc., 856310 (AA)
 6. Megan Gutierrez, 856317 (GH)
 7. Aeroglide Corporation, 856313 (OH)
 8. A.P. Scott, Inc., 856311 (AR)
 9. Conergy, Inc., 856314 (OH)
 10. West Coast Professional Door, Inc., 856315 (JH)
 11. Peju Family Operating Partnership, LP, 856312 (JH)
- G5. Sales and Use Taxes Matters – Credits, Cancellations, and RefundsMr. McGuire
- Credits and Cancellations
 1. Euro-Asian Furnishings, Inc., 854607 (EA)
 2. Auto America, Inc., 852859 (KH)
 - Refunds
 3. Center Automotive, Inc., 773998 (AC)
 4. Trend Offset Printing Servs, Inc., 850070 (EA)
 5. Hoag Memorial Hosp. Presbyterian, 763898 (EA)
 6. Duralum Products, Inc., 850038 (KH)
 7. Veolia Transportation Maintenance & Infrastructure, 851486 (UT)
 8. BTE Equipment, LLC, 852841 (OH)
 9. Mansfield Oil Co. of Gainsville, Inc., 594152 (OH)
 10. Owens & Minor Distribution, Inc., 714319 (OH)
 11. Eplus Technology, Inc., 821903 (OH)
 12. Pacific Gas and Electric Company, 852681 (BH)
 13. American Airlines, Inc., 786560 (OH)
 14. United Healthcare Services, Inc., 607812 (OH)
 15. Lobel Financial Corporation, 851600 (EA)
 16. Schneider Electric Buildings, LLC, 852680 (OH)
 17. Cardinal Health Solutions, Inc., 553663 (FH)
 18. Carfinance Capital, LLC, 852226 (EA)
- G6. Special Taxes Matters Ms. Bartolo
- Redeterminations
 1. Chevron Marine Products, LLC, 567001 (STF)
- G7. Special Taxes Matters – Credits, Cancellations, and Refunds .. Ms. Bartolo
- Credits and Cancellations
 1. Convenience Retailers, LLC, 594156 (STF)
 - Refunds
 2. Larizadeh Properties, LLC, 591952, 596444, 636038, 727992, 758121 (STF)

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
There are no items for this matter.
- H2. Franchise and Income Tax Matters Mr. Epolite
 - Decisions
 - 1. Frances Diaz, 605995
 - 2. Camille Mahan, 785311

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

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

- I1. Property Taxes Matters..... Mr. Kinnee
 - Audits
 - 1. Cabrillo Power I, LLC (1106) 'CF'
 - 2. NRG Delta, LLC (1109) 'CF'
 - 3. NRG California South LP – Ormond Beach (1115) 'CF'
 - 4. NRG California South LP – Etiwanda (1116) 'CF'
 - 5. High Desert Power Trust (1127) 'CF'
 - 6. Sunrise Power Company, LLC (1137) 'CF'
 - 7. Cybernet Communications, Inc., (7516) 'CF'
 - 8. Telmex USA, LLC (7866) 'CF'
 - 9. Ponderosa Cablevision (7894) 'CF'
 - 10. Cable and Wireless Americas Operations, Inc. (8005) 'CF'
 - 11. Vertex Telecom, Inc. (8057) 'CF'
 - Roll Changes
 - 12. 2011, 2012, 2013, and 2014 Board Rolls of State-Assessed Property 'CF'

12. Offer in Compromise Recommendations Mr. Anderson
1. Donald James Chamberlin
 2. Eric Anthony Guidice
 3. Michael Hamid Hedayat
 4. Dharmendra Kumar
 - 5a. Thy Thi Le
 - 5b. Phi Nam Nguyen
 6. Alicia Gavino Paras
 7. Pink Bridal & Lingerie, Inc.
 8. Maria Esther Polack
 9. V & G Collective
13. Local Tax Reallocation Matters
There are no items for this matter.

Chief Counsel Matters

The following items are scheduled for Thursday, March 26, 2015.

- J. Rulemaking

There are no items for the following matters:

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

Administrative Session

The following matters are scheduled for Thursday, March 26, 2015.

- N. Consent Agenda
O. Adoption of Board Committee Reports and Approval of Committee Actions
P. Other Administrative Matters

Q. Closed Session

These matters are scheduled for Thursday, March 26, 2015.

Recess - The meeting will reconvene on Thursday, March 26, 2015, at 9:30 a.m.

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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.
- + 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.



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Board Meeting**

C. Sales and Use Tax Appeals Hearings

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

C1. [Dora, LLC, 513022 \(DF\) +](#)

For Petitioner: Pedro Jimenez, Taxpayer
Juan Benavides, Witness
Robert L. Goldstein, Attorney
Framta Saechao, Attorney
For Department: Scott Lambert, Hearing Representative

~~C2a. Rohan and Sagar, Inc., 561882 (CH) +~~

~~C2b. [Sagar Emporium, Inc., 562126 \(CH\) +](#)~~

~~For Petitioners: Varsha Patel, Taxpayer
Reuben Kanhai, Taxpayer
For Department: Scott Lambert, Hearing Representative~~

~~C3. [Surjit Singh and Kanwalpreet Singh, 547502, 562417 \(DF\) +](#)~~

~~For Petitioners: Gary Kimzey, Representative
For Department: Scott Lambert, Hearing Representative~~

~~C4. [Imran Mullick, 690128 \(BH\) +](#)~~

~~For Petitioner: Imran Mullick, Taxpayer
For Department: Nonita DeLaCruz, Hearing Representative~~

C5. ~~Balwant Singh, 601072 (KH) +~~
 For Petitioner: ~~_____~~ Gary Kimzey, Representative
 For Department: ~~_____~~ Scott Lambert, Hearing Representative

Chief Counsel Matters

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

J. Rulemaking

- J1. *Petition to repeal Sales and Use Tax Regulation 1585, Cellular Telephones, Pagers, and Other Wireless Telecommunication Devices + Mr. Heller*
 Petition to repeal Regulation 1585 in its entirety or, alternatively, to repeal subdivisions (a)(3) and (4), (b)(3) through (6), and (c) of Regulation 1585.

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 +*
 • Patricia A. Borden
 • Marilyn Byrne
 • Keith S. Chatrapachai
- N2. *Approval of Board Meeting Minutes*
 • *February 24-26, 2015 +*
- ~~N3. *Proposed Revisions to Compliance Policy and Procedures Manual (CPPM) Chapter 1, General +*~~
- N4. *Proposed Revisions to Compliance Policy and Procedures Manual (CPPM) Chapter 6, Closeouts and Clearances, and Chapter 7, Collections +*
- N5. *2015-2018 Timber Advisory Committee Membership +*
 Approval of the 2015-2018 Timber Advisory Committee Appointments.

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

- O1. Legislative Committee
 O2. Customer Service and Administrative Efficiency Committee
 O3. Property Tax Committee

P. Other Administrative Matters

P1. Executive Director's Report Ms. Bridges

1. [2014/15 State Employees Food Drive Results +](#)

The Co-Chairs of the 2014/15 State Employee Food Drive will present the successful results of this year's annual Food Drive.

2. CROS Project Update and ActionsMr. 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

~~P5. Administration Deputy Director's ReportMs. Murphy~~

~~1. [Inter-Con Security Systems, Inc., Contract Update](#)~~

~~Information will be provided on this contract that 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. Discussion of Master Settlement Agreement Tobacco Litigation (Gov. Code, §11126(e)).

Q3. Discussion and action on personnel matters (Gov. Code, § 11126(a)).

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

Adjourn

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