



STATE BOARD OF EQUALIZATION
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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
NOTICE AND AGENDA
Meeting Agenda (as of 7/28/2015, 9:30 AM)

Agenda Changes

Webcast on Tuesday, July 28, 2015

Tuesday, July 28, 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.

Board Committee Meetings\*

Legislative Committee ..... Ms. Ma, Committee Chairwoman

I. Update on Status of 2015 BOE-Sponsored and Supported Bills:

Discussion items only.

- AB 88 Sales Tax: Energy and Water Efficient Appliances (Gomez)
AB 89 Sales Tax: Public School Purchases Exemption (Allen)
AB 203 Fire Prevention Fee: Due Dates (Oberholte)
AB 405 Interest Rate Equalization (Brough)
AB 681 Property Tax: County Assessor Surveys (Ting)
AB 815 Oil Spill Prevention Fee: Clean-up (Ridley-Thomas)
AB 1277 Business Taxes: Taxpayers' Rights Advocate: Return of Levy (Brough)
SB 24 E-cigarettes: Licensing and Restrictions (Hill)
SB 140 Tobacco Products: e-Cigarettes (Leno)
SB 250 Fire Prevention Fee: Due Dates (Gaines)
SB 321 Fuel Tax Swap: Rate Adjustment Periods (Beall)
SB 357 Private Railroad Car Tax: Mileage-based Tax (Hall)
SB 433 Fuel Tax Swap: Department of Finance: Rate Setting (Berryhill)
SB 640 Sales Tax: Direct Customer Excess Tax Refunds (Beall)
SB 661 Commercial Air Carriers: BOE Assessment (Hill)
SB 802 911 Surcharge: Rate Setting Date (SG&F)
SB 803 Property Tax: Technical Clean-up and Intercounty Pipeline Right-of-Way: Sunset Date (SG&F)

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

1. Proposed Amendments to Regulation 1619, *Foreign Consuls*  
Request approval and authorization to publish proposed amendments to make specific reference to sales to a foreign consulate or representative office.

**Board Meeting Convenes\*\*****Special Presentations**

- Report on Volunteer Income Tax Assistance (VITA) Program  
Participation by BOE Employees..... Ms. Bridges/Mr. Hain
  - California Department of Technology (CalTech) Oversight --  
Centralized Revenue Opportunity (CROS) Project..... Ms. Bridges/Mr. Gau
    - Carlos Ramos, Director/State CIO, CalTech
    - Rebecca Stilling, Deputy Director IT Project Oversight Division, CalTech
- 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. Thomas L. Wilson, 780908 +**  
For Appellant: Thomas Wilson, Taxpayer  
For Franchise Tax Board: Joel Smith, Tax Counsel  
Diane Ewing, Tax Counsel
- B2. Clovus M. Sykes, 817237 +**  
For Appellant: Clovus M. Sykes, Taxpayer  
Juanita Woods, Witness  
For Franchise Tax Board: Brian Werking, Tax Counsel  
Mary Yee, Tax Counsel
- B3. Robert E. Valdez and Judy M. Valdez, 819052 +**  
For Appellants: Ryan Malloy, Representative  
For Franchise Tax Board: Joel Smith, Tax Counsel  
Marguerite Mosnier, Tax Counsel
- ~~**B4. Eddie Marie Harbin, 827668 +**  
For Appellant: Mark Saakian, Representative  
Edward G. Heidig, Attorney  
For Franchise Tax Board: Brian Werking, Tax Counsel  
Mary Yee, Tax Counsel~~

There are no items for the following matters:

- C. Sales and Use Tax Appeals Hearing
- D. Special Taxes Appeals Hearings
- E. Property Tax Appeals Hearings
- F. Public Hearings

**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. Alibris, 609518 (CH)
  - 2a. Chef De Cuisine Catering, Inc., 716720 (BH)
  - 2b. Chef De Cuisine Catering, LLC, 609690 (BH)
  3. Lucy's Tamale Factory, Inc., 556410 (GH)
  4. McKinney Griff., Inc., 426234, 434298 (CH)
  5. Consuelo Olivera, 527216 (DF)
  - 6a. Desiree Madden, 732614 (STF)
  - 6b. Desiree Madden, 732616 (STF)
- Hearing Notice Sent – Appearance Waived
  7. Ascona Pizza Company, Inc., 547773 (CH)
  8. Quinsey Kawasaki, Inc., 507429 (FH)
- Petitions for Release of Seized Property
  9. Desert Rose Bar and Lounge, Inc., 867921 (STF)
  10. Gasquet Market, LLC, 867920 (STF)
  11. ~~Duong Family Investment, Inc., 867934 (STF)~~
  12. Ultimate Star, Inc., 867050 (STF)

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

- Hearing Notice Sent – No Response
  1. Neville Bothwell and Ila Bothwell, 838800
  2. Salem Eloudi and Saba Alaoudi, 812225
  3. Viet H. Nguyen, 799155
  4. James K. Truhe, 561535
- Decisions
  5. Nazar J. Benny and Raida T. Benny, 742227
  6. Richard Cavanagh and Cheryl Cavanagh, 745171
  7. Richard J. Fels and Tracy E. Fels, 800221
  8. Forterra, Inc., 839865
  9. Kenneth J. Frank and Judy A. Frank, 612480
  10. Negisti Hintsa Girmay, 774398
  11. Trent Harrloe, 796713
  12. Richard I. Hastings, 625180
  13. Curtiss Hayden III and Rosamaria Hayden, 693102
  14. Daniel Jones and Kathleen Jones, 814039
  15. Denis L. Jost, 796313
  16. Garth Donald Mooney, 791903
  17. Rosanne Rabito, 769915

18. Thomas A. Sanchez, Jr. and Lisa M. Sanchez, 798783
  19. Carole Sanderson, 844673
  20. Louis Schwartz, 838656
  21. Greg Siebert, 804624
  22. Jack Slevkoff, 811119
  23. Milton Smith, Jr., 743531
  24. Andrea M. Stauber, 789453
  25. Mar C. Tano and Amelita T. Tano, 791854
  26. The MYTA Corporation, 824316
  - Petitions for Rehearing
  27. Garrett J. Zelen, 800216
- G3. Homeowner and Renter Property Tax Assistance Matters  
There are no items for this matter.
- G4. Sales and Use Taxes Matters..... Ms. Bartolo
- Redeterminations
    1. Benihana National Corp., 724082 (OH)
    2. August L. Shubel, 469241 (KH)
    3. Soft Computer Consultants, 850045 (OH)
    4. Hallelujah Junction Market, Inc., 450765 (KH)
    5. JPC Foods, Inc., 779746 (DF)
    6. BASF Catalysts, LLC, 715578 (CH)
  - Relief of Penalty/Interest
    7. Disney Store USA, LLC, 868237 (OH)
  - Denials of Claims for Refund
    8. Famsa, Inc., 852233 (OH)
    9. L-1 Secure Credentialing, Inc., 774770 (OH)
    10. GHH Ministries, 848084 (EH)
  - Grant – One Day Interest Relief
    11. The Walter Family Partnership, 868240 (EH)
    12. Magnussen’s Fremont Imports, Inc., 868238 (CH)
    13. Ply Gem Pacific Windows Corp., 868246 (OH)
    14. Conergy, Inc., 868248 (OH)
    15. Black Bear Diner-Sac Natomas LP, 868249 (KH)
    16. Rejuvenation, Inc., 868239 (OH)
    17. Henley Pacific LA, LLC, 868241 (OH)
    18. ANM Sales, Inc., 868250 (CH)
    19. Luxury Motors of Bay Area, LLC, 868247 (CH)
- G5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds ..... Ms. Bartolo
- Credits and Cancellations
    1. Jason Allen Riley, 809510 (EH)
    2. Richard Pekarske, 849637 (EH)
    3. PD Financial Corp., 868409 (AS)
    4. Orange County Restaurant Group, LLC, 867649 (EA)

- Refunds
  5. The Golden 1 Credit Union, 861509 (KH)
  6. KHS USA, Inc., 864991 (OH)
  7. West Hills Hospital, 594115 (AR)
  8. Chevrolet Motor Division, 866165 (OH)
  9. UPS Oasis Supply Corp., 843543 (OH)
  10. Valero Refining Company-CA, 868849 (OH)
  11. Siemens Industry, Inc., 715550 (OH)
  12. Famsa, Inc., 852233 (OH)
  13. I2 Technologies US, Inc., 727462 (OH)
  14. Pitney-Bowes, Inc., 864217 (OH)
  15. American Airlines, Inc., 362784 (OH)
  16. Quest Diagnostics Incorporated, 813162 (OH)
  17. Forescout Technologies, Inc., 848554 (GH)
  18. Lobel Financial Corporation, 862168 (EA)
  19. Nextel Systems Corp., 804727 (OH)
  20. L-1 Secure Credentialing, Inc., 774770 (OH)
  21. Super Micro Computer, Inc., 851231 (GH)
  22. Metroplex Theatres, LLC, 851338 (AS)
  23. Vidsys, Inc., 774002 (OH)
  24. CRI Catalyst Company LP, 815886 (OH)
  25. Centurylink Communications, LLC, 841720 (OH)
  26. Everyday Communications, Corp., 869083 (FH)
  27. Trojan Energy Systems, Inc., 733590 (OH)
  28. Carfinance Capital, LLC, 862267 (EA)

G6. Special Taxes Matters  
 There are no items for this matter.

G7. Special Taxes Matters – Credits, Cancellations,  
 and Refunds ..... Ms. Bartolo

- Credits and Cancellations
  1. California Income Fund, LTD, 625767 (STF)
- Refunds
  2. Central Valley Gas Storage, L.L.C., 844621 (STF)
  3. Nationwide Life Insurance Company, 856228 (STF) ‘CF’
  4. Amco Insurance Company, 856229 (STF) ‘CF’

G8. Property Tax Matters ..... Mr. Kinnee

- Petition for Reassessment of Escape Assessment
  1. Callcatchers, Inc., 839867 (8113) ‘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  
There are no items for this matter.
- H2. Franchise and Income Tax Matters ..... Mr. Epolite
  - Decisions
    - 1. Fox Meadows Software, LTD., 739078
    - 2. Florence D. Vinluan, 796078
  - Petition for Rehearing
    - 3. Paula Trust, 759422

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
  - Board Roll Changes
    - 1. 2012, 2013 and 2014 Board Rolls of State-Assessed Property ‘CF’
- I2. Offer in Compromise Recommendations ..... Mr. Anderson
  - 1. Sang S. Choi
  - 2a. Raul Cosio, Jr.
  - 2b. Ana Lidia Cosio
  - 3a. Deco Brass, Inc.
  - 3b. Mark Allan Levy
  - 4. Franz Dorninger
  - 5. Olavo Georgem Dourado
  - 6a. Paul Hernandez
  - 6b. Imtrek Corporation
  - 7a. Mary Ann Lynn Pagliaro
  - 7b. Glenn Allen Thompson
  - 7c. Gator Fresh Start, Inc.
  - 8. Sabzin, Inc.
  - 9. Jerry Mousa Safar
  - 10. Hasan Burak Terzioglu
- 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.

There are no items for the following matters:

- J. Rulemaking
- K. Business Taxes
- L. Property Taxes

**M. Other Chief Counsel Matters**

- M1. [Delegation of Authority to Deputy Director, Sales and Use Tax Department – Relief from Liability – Tax, Interest, and Penalties +](#) ..... Ms. Willy

Staff prepared a delegation of authority for the Board’s consideration which confirms and updates the delegation to the Deputy Director of the Sales and Use Tax Department to relieve a taxpayer of any tax, including penalties and interest added thereto, as provided under RTC 6596.

- M2. [Delegation of Authority to Deputy Director, Special Taxes and Fees Department – Relief from Liability – Tax or Fee, Interest, and Penalties +](#) ..... Ms. Willy

Staff prepared a delegation of authority for the Board’s consideration which delegates authority to the Deputy Director of the Special Taxes and Fees Department to relieve a person of any special tax or fee, including any penalties and interest added thereto, imposed pursuant to a special tax or fee program administered by the Board.

**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 +](#)

- Riad Alard
- Easter Jang
- Connie Madrosen
- Chris Mejia
- Carol Reisinger
- Carrie Sundahl

- N2. Approval of Board Meeting Minutes

- [June 23-25, 2015 +](#)

N3. Proposed revisions to Audit Manual (AM) Chapter 4, *General Audit Procedures*, and, Audit Manual (AM) Chapter 6, *Vehicle, Vessel, and Aircraft Dealers* +

N4. Proposed revisions to Compliance Policy and Procedures Manual (CPPM) Chapter 2, *Registration* +

N5. Proposed revisions to Compliance Policy and Procedures Manual (CPPM) Chapter 7, *Collections* +

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

- O1. Legislative Committee
- O2. Business Taxes Committee

**P. Other Administrative Matters**

P1. Executive Director’s Report ..... Ms. Bridges

- 1. Report on time extensions to Del Norte, Imperial, Napa and San Benito counties to complete and submit 2015/16 Local Assessment Roll, pursuant to Revenue and Taxation Code section 155. +
- ~~2. CROS Project Update and Actions ..... 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 Taxes Deputy Director’s Report ..... Mr. Kinnee

- 1. 2015/16 Private Railroad Car Tax Rate ‘CF’ + ..... Mr. Durham  
Report on the computation of the tax rate applicable to the 2015/16 Private Railroad Car Tax Assessment.
- 2. Adoption of the 2015 Private Railroad Car Roll ‘CF’ ..... Mr. Kinnee  
Staff recommendation for the lien date 2015 assessment of private railroad cars under the provisions of the Private Railroad Car Tax Law.
- 3. Adoption of the 2015 State-Assessed Property Roll ‘CF’ ..... Mr. Kinnee  
Staff recommendation on the allocations of the unitary values adopted by the Board in May 2015, plus adjustments based on prior Board action and staff-recommended nonunitary values.

There are no items for the following matters:

- P5. Administration Deputy Director’s Report
- 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: *Racquel Raichart, et al. v. State Board of Equalization*, Sacramento Superior Court Case No. 2014-00167903-CU-TT (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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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.