



STATE BOARD OF EQUALIZATION
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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
PRELIMINARY RECORD OF BOARD ACTIONS

Tuesday, July 28, 2015

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The following is a preliminary record of Board actions taken at the July 28, 2015, Board Meeting. This is not an official record and is subject to correction or modification. The official record of the Board's actions is the minutes of the Board, which will be adopted at a subsequent meeting.

The Board's decision reflects only the issues resolved by the Board at the meeting. Issues resolved prior to the meeting are not reflected in this document.

If you would like specific information regarding items on this Preliminary Record of Board Action, please telephone Claudia (Madrigal) Lopez at 916-322-1931 or e-mail: Claudia.Lopez@boe.ca.gov. Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

Board Committee Meetings—Please see Page 10, O., Adoption of Board Committee Reports and Approval of Committee Actions, for voting results.

Board Meeting

Special Presentations

- Report on Volunteer Income Tax Assistance (VITA) Program Participation by BOE Employees.
- California Department of Technology (CalTech) Oversight -- Centralized Revenue Opportunity (CROS) Project
 - 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

B1. Thomas L. Wilson, 780908

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's appeal denied.	Mr. Horton	Yes
The Board imposed a \$200.00 frivolous appeal penalty.	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

B2. Clovus M. Sykes, 817237

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's appeal denied.	Mr. Horton	Yes
The Board imposed a \$5,000.00 frivolous appeal penalty.	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

B3. Robert E. Valdez and Judy M. Valdez, 819052

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's appeal granted.	Mr. Horton	No
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	No

B4. ~~Eddie Marie Harbin, 827668~~

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

G1. Legal Appeals Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
No final determination on sub-item 11.	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

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- 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

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

- 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

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- 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

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

- 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

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

- 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.

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

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes – except not participating in sub-items 3 and 4

- 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

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Not participating

- 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

H1. Legal Appeals Matters

There are no items for this matter.

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H2. Franchise and Income Tax Matters

➤ Decisions

1. Fox Meadows Software, LTD., 739078

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's appeal partially granted/denied.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

2. Florence D. Vinluan, 796078

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's appeal denied.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

➤ Petition for Rehearing

3. Paula Trust, 759422

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition for rehearing granted.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

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

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I. Tax Program Nonappearance Matters

I1. Property Taxes Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Not participating

➤ **Board Roll Changes**

1. 2012, 2013 and 2014 Board Rolls of State-Assessed Property 'CF'

I2. Offer in Compromise Recommendations

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

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

There are no items for the following matters:

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

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M. Other Chief Counsel Matters

M1. Delegation of Authority to Deputy Director, Sales and Use Tax Department—
Relief from Liability – Tax, Interest, and Penalties

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

M2. Delegation of Authority to Deputy Director, Special Taxes and Fees Department—
Relief from Liability – Tax or Fee, Interest, and Penalties

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

Administrative Session**N. Consent Agenda**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

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**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Adopted committee report and approved the actions therein as reflected by the committee members' votes.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
For details see:	Ms. Ma	Yes
www.boe.ca.gov/legdiv/legmeeting/s15.htm	Ms. Yee/ Ms. Stowers	Yes

O2. Business Taxes Committee

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Adopted committee report and approved the actions therein as reflected by the committee members' votes.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
For details see:	Ms. Ma	Yes
www.boe.ca.gov/meetings/btc2015.htm	Ms. Yee/ Ms. Stowers	Yes

P. Other Administrative Matters**P1. Executive Director's Report**

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~~

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
1. 2015/16 Private Railroad Car Tax Rate 'CF'
 2. Adoption of the 2015 Private Railroad Car Roll 'CF'

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Not participating

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3. Adoption of the 2015 State-Assessed Property Roll 'CF'

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Not participating

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

Q. Closed Session

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