



STATE BOARD OF EQUALIZATION
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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
NOTICE AND AGENDA
Meeting Agenda (as of 12/16/2015, 10:30 AM)

Agenda Changes

Webcast on Wednesday, December 16, 2015

Wednesday, December 16, 2015

10:00 a.m. Pledge of Allegiance

Board Committee Meeting Convenes*

Board Meeting convenes upon Adjournment of the Board Committee Meeting**

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 Meeting*

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

I. 2015 Legislative Proposals

Set forth below are suggestions for legislation to be sponsored by the BOE in the second year of the 2015/16 Legislative Session.

2015 Legislative Proposal: Property Taxes

1-1 Amend Revenue and Taxation Code Section 1840 to extend the deadline for local governments to file appeals with the BOE related to taxable government-owned property ("Section 11" appeals) from July 20 to November 30. (Technical)

2015 Legislative Proposals: Business Taxes

2-1 Reinstate Revenue and Taxation Code Sections 6591.6, 7655.5, 8876.5, 12631.5, 30281.5, 32252.5, 40101.5, 41095.5, 43155.5, 45153.5, 46154.5, 50112.1, 55042.5, and 60207.5 in the sales and use tax and special tax and fee laws to continue to allow the BOE, under specified circumstances, to prorate the interest due on a late tax or fee electronic payment where the BOE Members, meeting as a public body, find that it would be inequitable to impose interest for the entire month, provided the payment is only one day late.

~~2-2 Add Revenue and Taxation Code Section 6902.1 to the Sales and Use Law, and add comparable statutes to the special tax and fee laws, to allow a taxpayer making installment payments on an outstanding tax liability to file a single claim for refund to cover the period.~~

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. Craigslist, Inc., 725838, 843070 +

For Appellant: Robert L. Mahon, Attorney
For Franchise Tax Board: Katie Frank, Tax Counsel
Norm Scott, Tax Counsel

B2. Hexu Zhao, 849110 +

For Appellant: Joseph M. Bray, Attorney
For Franchise Tax Board: Jason Riley, Tax Counsel
Ron Hofsdal, Tax Counsel

~~B3. Richard Malzahn and Kimberly Sylvester-Malzahn, 864684 +~~

~~For Appellants: Richard Malzahn, Taxpayer
Barry Sylvester, Attorney
For Franchise Tax Board: Susanne Coakley, Tax Counsel
Roman Johnston, Tax Counsel~~

~~B4a. Darakar, Inc., 848652 +~~

~~B4b. Kazem Khorasani and Manije Khorasani, 848653 +~~

~~For Appellants: Christopher J. Williams, Representative
For Franchise Tax Board: Cheryl Akin, Tax Counsel
Ciro Immordino, Tax Counsel~~

C. Sales and Use Tax Appeals Hearings
(Contribution Disclosure forms required pursuant to Gov. Code, § 15626.)

C1. Rocks, LLC, 459156 (GH) +

For Petitioner: Jesse W. McClellan, Attorney
For Department: Scott Lambert, Hearing Representative

~~C2. Emad Kamal Sweidan, 710620 (KH) +~~

~~For Petitioner: Emad Sweidan, Taxpayer
Ahmed Ali, Representative
For Department: Scott Lambert, Hearing Representative~~

- ~~C3. Chad Worthen, 734836 (KH) +
 For Petitioner: Chad Worthen, Taxpayer
 R. Parker White, Attorney
 For Department: Kevin Smith, Tax Counsel~~
- C4. **CBC Steel Buildings, LLC, 597564 (KH) +**
 For Claimant: Tom Constantino, Witness
 Ron Martella, Representative
 For Department: Erin Dendorfer, Tax Counsel

There are no items for the following matters:

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

F. Public Hearings

- F1. **2016 Timber Yield Tax Rate + Mr. Durham**
 Section 38202 of the Revenue and Taxation Code requires an annual adjustment of the timber yield tax rate.
- F2. **Timber Harvest Values and Modified Harvest Values +..... Mr. Thompson**
 On or before December 31, 2015, the Board shall estimate the immediate harvest values of and adopt schedules for timber harvested between January 1, 2016, and June 30, 2016. Additionally, the Board may modify immediate harvest values to reflect material changes in timber values that result from fire or other catastrophic cause for any area or part thereof in which damaged timber is located. (Rev. & Tax. Code, § 38204.)
- F3. **Proposed Amendments to Diesel Fuel Tax Regulation 1432, Other Nontaxable Uses of Diesel Fuel in a Motor Vehicle + Mr. Smith**
 Public hearing regarding proposed amendments to update the regulation, including defining “auxiliary equipment” and providing safe-harbor percentages that can be used, beginning April 1, 2016, when claiming a refund for diesel fuel used to power auxiliary equipment.
- F4. **Proposed Amendments to Rules for Tax Appeals Regulations 5218, Review of the Petition by the Assigned Section, 5235, Action on the Claim for Refund, 5237, Board Approval Required for Refunds Over \$100,000, and 5267, Issuance of Post Appeals Conference Notices; Board Approval + Mr. Heller**
 Public hearing regarding proposed amendments making the regulations consistent with the Board’s delegation of authority to staff to refund, credit, or cancel amounts in excess of \$100,000 without Board approval.

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. E.W. International Trade, Inc., 719634 (BH)
 2. John Paul Hiraoka-Lee, 585999 (CH)
 3. Miguel Angel Sandoval, 601184 (GH)
 - Petitions for Release of Seized Property
 4. Claude G. Eid, 903020 (STF)
 5. Ashok B. Patel, 911740 (STF)
 6. Ankit Prakash Vora and Mona A. Vora, 916572 (STF)
 7. Gary L. Banks, 916576 (STF)
 8. Mohinder Singh Nahal, 916383 (STF)
 9. Rafael Ramos Rodriguez, 919148 (EH)
- G2. Franchise and Income Tax Matters Mr. Epolite
- Hearing Notice Sent – Appearance Waived
 1. Gerald J. Alexander and Theresa G. Alexander, 732677
 - Decisions
 2. Fernando Anglin, 854551
 - ~~3. Jose Borges and Laura Borges, 604857~~
 4. Epworth Apartments, LP, 839252
 5. David L. Fay, 655009
 6. Kris G. Hall-Patterson, 791181
 7. Harry P. Hewell, 845682
 8. David Horn and Carol Horn, 841442
 - 9a. Benjamin Iserhien, 839050
 - 9b. Benjamin Iserhien and Krystina Tran, 839054
 10. Mark Lonich, 813531
 11. Roger Scherer, 848193
 12. Ashvin Kumar Singh, 852161
 13. Johnny C. Vong, 850303
 14. Charlotte E. Wadsworth, 782289
 - Petitions for Rehearing
 15. Lina Nihiser, 764246
- 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. Siemens Medical Solutions USA, Inc., 676512 (OH)
 2. John Dunn, 739830 (CH)
 3. Susan Deming, 741287 (CH)
 4. A-Link Wireless CA, LLC, 795255 (AS)
 5. Ashuray, Inc., 851787 (AP)
 - Relief of Penalty/Interest
 6. Williams-Sonoma DTC, Inc., 920203 (DF)

- Denials of Claims for Refund
 7. Nissan Motor Acceptance Corp., 855899 (OH)
 8. SL Financial Services Corporation, 815885 (OH)
- Grant-One Day Interest Relief
 9. San Francisco Health Authority, 925285 (BH)
 10. La Curacao, 925287 (AA)
 11. TNH Motors, Inc., 920204 (AC)
 12. California Metro Mobile Communications, Inc., 925288 (BH)
 13. Riverside Community Hospital, 927173 (EH)
 14. South Coast Keyboards, Inc., 920205 (FH)
 15. Graphic Enterprises, Inc., 927174 (JH)
 16. Waterford Irrigation Supply, Inc., 920206 (KH)
 17. BJ's Restaurants, Inc., 920207 (EA)
 18. Grand Petroleum, Inc., 925290 (CH)
 19. Hotel Del Coronado, LP, 925291 (FH)
 20. Beauty Systems Group, LLC, 925292 (OH)
 21. Kristin Annette Nelson, 920208 (SO)
 22. Hawk Ridge Systems, LLC, 927193 (GH)
 23. DTRS Palo Alto, LLC, 920209 (BH)
 24. Prosperity Fuels, Inc., 926504 (DF)
 25. Premier Automotive of Placentia, LLC, 925293 (OH)
 26. Courtesy Automotive Group, Inc., 925294 (KH)

G5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds Ms. Bartolo

- Credits and Cancellations
 1. Richmond Petro, Inc., 919839 (CH)
- Refunds
 2. Nissan Motor Acceptance Corp., 855899 (OH)
 3. Bakersfield Pipe and Supply, Inc., 892210 (DF)
 4. DWWTL, Inc., 611711 (EA)
 5. Halo Motor Company, 852367 (FH)
 6. The Golden 1 Credit Union, 881242 (KH)
 7. Mead Johnson & Company, 838514 (OH)
 8. GE Capital Consumer Card Co., 183237 (OH)
 9. Monogram Credit Services, LLC, 919732 (OH)
 10. Nissan North America, 917740 (OH)
 11. Wells Fargo Bank NW NA Trustee, 920337 (UT)
 12. McKinna 69, LLC, 905682 (UT)
 13. Sofijon, Inc., 871876 (AS)
 14. Kohl's Department Stores, Inc., 532001 (OH)
 15. Digital Networks Group, Inc., 737316 (EA)
 16. NFL Enterprises, LLC, 850175 (OH)
 17. Composite Cooling Solutions, LP, 915467 (OH)
 18. IDSC Holdings, LLC, 913722 (OH)
 19. Boehringer Ingelheim Fremont, Inc., 913728 (OH)
 20. Korvis, LLC, 876289 (OH)
 21. CR&R, Inc., dba Mayberry Sanitation Services, 892209 (EA)

- G6. Special Taxes Matters
There are no items for this matter.
- G7. Special Taxes Matters – Credits, Cancellations, and Refunds Ms. Bartolo
- Refunds
 1. City of Long Beach, 867031 (STF)
 2. Thrifty Payless, Inc., 918653 (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. Ambrose
- Member Motion to Rescind November 17, 2015 Vote
 1. Robert H. Lowe and Sheryl L. Berkoff, 571973
- H3. Homeowner and Renter Property Tax Assistance Matters
There are no items for this matter.
- H4. Sales and Use Taxes Matters Ms. Bartolo
- Denials of Relief of Penalty/Interest
 1. Novitex Enterprise Solutions, Inc., 915217 (OH)

There are no items for the following matters:

- H5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds
H6. Special Taxes Matters
- H7. Special Taxes Matters – Credits, Cancellations, and Refunds Ms. Bartolo
- Refunds
 1. GFBC, Inc., 845603 (STF) ‘CF’
- H8. Property Tax Matters Mr. Kinnee
- Petition for Reassessment of Unitary Value
 1. CVIN LLC (8151), 901635 ‘CF’
 2. Surewest Televideo (7961), 901644 ‘CF’
- H9. Cigarette License Fee Matters
There are no items for this matter.

- H10. Legal Appeals Property Tax Matters.....Mr. Ambrose
- Petition for Reassessment of Unitary Value
 1. Verizon California, Inc. (201), 903737 'CF'
 2. Cabrillo Power II, LLC (1107), 902419 'CF'
 3. NRG Potrero, LLC (1108), 902420 'CF'
 4. NRG Delta, LLC (1109), 902421 'CF'
 5. U.S. Telepacific Corp. (7757), 900305 'CF'
 6. CBC Broadband Holdings, LLC (7910), 908337 'CF'
 7. Crown Castle NG West, Inc. (7982), 903028 'CF'
 8. California Broadband Cooperative, Inc. (8139), 908828 'CF'
 9. Freedom Telecommunications, LLC (8169), 908829 'CF'
 10. Plains West Coast Terminals, LLC (488), 900970 'CF'
 11. Pacific Pipeline System, LLC (486), 900973 'CF'
 12. Plains Pipeline, LP (465), 900978 'CF'
 13. Panoche Energy Center, LLC (1152), 908350 'CF'
 14. Larkspur Energy, LLC (1142), 903827 'CF'
 15. Indigo Generation, LLC (1141), 903818 'CF'
 16. Mariposa Energy, LLC (1159), 908349 'CF'
 - Petition for Penalty Abatement on Unitary Value
 17. SES Americom California, Inc. (7621), 908059 'CF'
 - Petition for Reassessment and Penalty Abatement on Unitary Value
 18. Liberty Utilities (Calpeco Electric), LLC (163), 903788 'CF'

I. Tax Program Nonappearance Matters

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

- I1. Property Taxes Matters.....Mr. Kinnee
- Audits
 1. Delta Energy Center, LLC (1128) 'CF'
 2. Pastoria Energy Facility, LLC (1131) 'CF'
 3. CCFC Sutter Energy, LLC (1132) 'CF'
 4. Metcalf Energy Center, LLC (1133) 'CF'
 5. Otay Mesa Generating Company, LLC (1134) 'CF'
 6. Los Esteros Critical Energy Facility, LLC (1143) 'CF'
 - Roll Changes
 7. 2013, 2014, and 2015 Board Rolls of State-Assessed Property 'CF'
- I2. Offer in Compromise Recommendations.....Mr. Anderson
1. 420 For The People Cooperative, Inc.
 2. Cabinet Solution Design Center
 3. Menua Mirzakhanyan
 - 4a. Jorge Alberto Nogales
 - 4b. Bonita Nogales
 - 4c. Los Tios Mexican Grill
 5. Ole's Enterprise, Inc.
 6. Turlock Truck Auto Sales and Service, Inc.
 7. Artak Zatikyan

- 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
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 Resolution +

- Susie Leon

N2. Approval of Board Meeting Minutes

- October 27, 2015 +
- October 28, 2015 +
- November 17-18, 2015 +

N3. Proposed revisions to Compliance Policy and Procedures Manual (CPPM) Chapter 1, *General*, Chapter 2, *Registration*, Chapter 5, *Returns*, and Audit Manual (AM) Chapter 1, *General Information* +

N4. Approval of Assessors' Handbook Section 531, *Residential Building Costs* +

Request approval for publication of the 2016 revision of Assessors' Handbook Section 531, *Residential Building Costs*.

N5. Approval of Assessors' Handbook Section 534, *Rural Building Costs* +

Request approval for publication of the 2016 revision of Assessors' Handbook Section 534, *Rural Building Costs*.

- O. Adoption of Board Committee Report and Approval of Committee Actions**

~~O1. Legislative Committee~~

P. Other Administrative Matters

- P1. Executive Director’s Report Ms. Bridges
 - 1. State Controller’s Office (SCO) findings detailed in its “Review Report, Internal Accounting and Administrative Controls Review”
Update on actions to address the findings in the SCO Review Report of the Board of Equalization’s Internal Accounting and Administrative Controls.
 - 2. Strategic Management Plan 2015-2020..... Mr. Gau
Presentation of the BOE Strategic Management Plan.
 - 3. Workforce and Succession Plan 2015-2016 Mr. Gau
Presentation of the BOE Workforce and Succession Plan.
 - 4. CROS Project Update and Actions Mr. Gau
Progress on the CROS project to replace BOE’s two current legacy technology tax administration systems.
 - 5. ~~3-Day Board Member Review Process Mr. Gau~~
~~Discussion of the 3-Day Board Member Review Process.~~

There are no items for the following matters:

- P2. Chief Counsel Report
- P3. Sales and Use Tax and Special Taxes and Fees Deputy Director’s Report
- P4. Property Tax Deputy Director’s Report
- 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. 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.
- ++ 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.