



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
April 28-29, 2015
NOTICE AND AGENDA
Meeting Agenda (as of 4/28/2015 12:00 PM)

Agenda Changes

Webcast on Tuesday, April 28, 2015

Tuesday, April 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. 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 Bills

Recommendations for Board Position

- AB 88 Sales and Use Tax: Exemption: Energy or Water Efficient Appliances (Gomez)
AB 89 Sales and Use Tax: Exemption: Public Schools (Allen)
AB 160 Criminal Profiteering: Tax Fraud (Dababneh)
AB 681 Property Tax: BOE: Survey: Assessment Practice and Procedures (Ting)
AB 748 Property Tax: Exemption: Public Schools (Lackey)
AB 756 Small Business: Penalty Waiver (Chang)
AB 961 Income Tax: Credit: California Competes (Gallagher)
SB 140 STAKE Act: e-Cigarettes (Leno)

- SB 321 Fuel Tax Swap: Rate Change Frequency (Beall)
- SB 433 Fuel Tax Swap: Rate Setting: Department of Finance (Berryhill)
- ~~SB 540 Franchise Tax Board: Taxpayers' Rights Advocate (Hertzberg)~~
- SB 591 California Tobacco Tax Act of 2015 (Pan)
- SB 640 Sales and Use Tax: Direct Refund of Excess Tax Reimbursement (Beall)

II. Discussion Item

Revenue Estimate for Sales Tax on Services.

[Business Taxes Committee](#)..... Ms. Harkey, Committee Chairwoman

- 1. Proposed Amendments to Regulation 1505, *Morticians*
Request approval and authorization to publish proposed amendments to update the general information, tax rates, and examples in Regulation 1505, *Morticians*.

Board Meeting**

Special Presentation

- [Presentation of Board Resolution +](#)..... Ms. Harkey
Ted Matthies, Board Member's San Diego Office

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. Jennifer Rice and Richard Rice, 841158 +
For Appellants: Jennifer Rice, Taxpayer
Richard Rice, Taxpayer
For Franchise Tax Board: Eric Brown, Tax Counsel
Marguerite Mosnier, Tax Counsel~~

~~B2. Angelia Avila, 818764 +
For Appellant: Angelia Avila, Taxpayer
Kaliah Kirkland, Representative
For Franchise Tax Board: Asaf Kletter, Tax Counsel
Marguerite Mosnier, Tax Counsel~~

- B3. [Todd Bentley and Kate Bentley, 593582 +](#)
 For Appellants: Todd Bentley, Taxpayer
 For Franchise Tax Board: Natasha Page, Tax Counsel
 Fred Campbell-Craven, Tax Counsel

- ~~B4. Clifford L. Marshall and Deanna R. Marshall, 816195 +
 For Appellants: Michelle LaPena, Attorney
 For Franchise Tax Board: Maria Brosterhous, Tax Counsel
 Fred Campbell-Craven, Tax Counsel~~

C. Sales and Use Tax Appeals Hearings

These items are scheduled for Wednesday, April 29, 2015.

There are no items for the following matters:

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

F. Public Hearings

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

The Board will hear state assesseees' 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 Regulation 1591, Medicines and Medical Devices +](#).....Mr. Heller

The proposed amendments clarify the meaning of "approved by the United States Food and Drug Administration" and include medical devices implanted in the human body to mark the location of a medical condition, such as breast tissue markers, in the definition of medicines.

- F3. [Proposed Amendments to Property Tax Rule 308.6, Application for Equalization by Member, Alternate Member, or Hearing Officer +](#)Mr. Heller

Public hearing regarding proposed amendments to clarify the current conflict of interest provisions applicable to county property tax assessment appeals.

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. Nasef Ahmed, 639463 (BH)
 2. Breen Enterprises, Inc., 602146 (FH)
 3. Kingdom Holdings, LLC, 602151 (EA)
 4. Kiwi Stair, Inc., 602125 (KH)
 5. Max Tires, Inc., 610722 (AP)
 6. RVCA Corporation, 742762 (EA)
 - 7a. Scot McBrian, 647378 (STF)
 - 7b. Scot McBrian, 647379 (STF)
- Petitions for Release of Seized Property
 8. Ahmed Saeed Dobashi, 859831 (STF)
 9. Zaytoon Market and Deli, LLC, 856886 (STF)

G2. Franchise and Income Tax Matters Mr. Epolite

- Hearing Notice Sent – No Response
 1. Bruce H. Thomas, 803214
- Hearing Notice Sent – Appearance Waived
 2. A. Salam Qureishi and Naheed F. Qureishi, 789454
- Decisions
 3. Pamela E. Abaunza and Jorge A. Salguero, 800513
 4. Andrea S. Beckman and Alan R. Beckman, 793869
 5. Angelica Caguin, 794485
 6. Richard Chun, 724101
 7. William J. Delia, 796431, 800224
 8. John F. Estrada and Consuelo V. Estrada, 793450
 9. Gerald M. Fisher and Kathleen K. Fisher, 810300
 10. Jack G. Hiehle, 756886
 - 11a. Gabrielle Keil, 737047
 - 11b. Russell D. Keil, Jr. and Julia B. Keil, 737049
 - 11c. Mary K. Hynes, 737050
 12. Ryan Kendl, 758165
 13. James King and Lili King, 825474
 14. Sasheen R. Montano, 827686
 15. Michael C. Perham, 779201
 16. Benjamin A. Pezzillo, 800514
 17. Javad Sabokpey and Esther Sabokpey, 815438
 18. Saintsbury, LLC, 817488
 19. Jim C. Salas, 812484
 - ~~20. Florence D. Vinluan, 796078~~
 21. Jerold Volk and Sharon Volk, 812263
- Petitions for Rehearing
 22. Hilario D. Gonzales and Dawn N. Melkus Gonzales, 620569
 23. Jay A. Greek, 773291

24. Jessie Y. Lee, 721067
25. James D. Morgan, 762099
- 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. Benihana International, Inc., 724090 (OH)
 2. William Ames, 439819 (GH)
 3. Kemira Water Solutions, Inc., 680352 (OH)
 - Relief of Penalty/Interest
 4. Apro, LLC, 859832 (AS)
 5. Raley's, 859833 (JH)
 - Grant-One Day Interest Relief
 6. Flory Industries, 859830 (KH)
 7. Lightwerks Communication Systems, Inc., 859834 (AS)
 8. Anthony Joe Lewis, 859835 (KH)
 9. Gotham Enterprise, LLC, 859836 (BH)
 10. KB Wines, LLC, 859837 (JH)
- G5. Sales and Use Taxes Matters – Credits, Cancellations, and RefundsMr. McGuire
- Credits and Cancellations
 1. CTC Liquidation, Inc., 857542 (BH)
 2. William Janney Berkley Jr., 561981 (FH)
 3. Ronald Brian Autrand, 799302 (CH)
 4. Yvette M. Allaf, 816850 (AC)
 5. JW Tech, Inc., 859300 (EA)
 6. Global Fuel, LLC, 857081 (GH)
 7. Andover Printing Services LTD., 563146 (BH)
 - Refunds
 8. Autozone West, Inc., 740666 (OH)
 9. Chevron U.S.A., Inc., 775227 (CH)
 10. General Atomics, 857743 (FH)
 11. Fair Isaac & Company, Inc., 859248 (OH)
 12. The Golden 1 Credit Union, 854734 (KH)
 13. Valley First Credit Union, 803977 (KH)
 14. Schoeneckers, Inc., 792091 (OH)
 15. ~~Northrop Grumman Space & Mission Systems Corp., 594630 (AS)~~
 16. US Airways, Inc., 851206 (OH)
 17. Chevrolet Motor Division, 855910 (OH)
 18. BMW of North America, 857201 (OH)
 19. BMW of North America, 857476 (OH)
 20. The Wella Corporation, 857861 (OH)
 21. Chevron Phillips Chemical Co. LP, 795265 (OH)
 22. Corinthian Schools, Inc., 562088 (EA)
 23. Corinthian Schools, Inc., 862271 (EA)

- 24. SCE Federal Credit Union, 609308 (AP)
 - 25. Silver Cinemas Acquisition Co., 778643 (AS)
 - 26. WM Bolthouse Farms, Inc., 796725 (DF)
 - 27. TD Auto Finance, LLC, 575845 (OH)
 - 28. Artistree, Inc., 742277 (OH)
 - 29. Rockwell Automation, Inc., 823080 (OH)
- G6. Special Taxes Matters Ms. Bartolo
- Relief of Penalty
 - 1. AIG Property Casualty Company, 857811 (STF) 'CF'
 - 2. National Union Fire Insurance Company of Pittsburg, 857814 (STF) 'CF'
 - Relief of Interest
 - 3. Verizon Business Network Services, Inc., 861015 (STF)
- G7. Special Taxes Matters – Credits, Cancellations, and Refunds Ms. Bartolo
- Refunds
 - 1. Nationwide Mutual Insurance Co., 737053 (STF) 'CF'
 - 2. Constellation Brands US Operation, 801516 (STF) 'CF'
 - 3. Constellation Brands US Operation, 842943 (STF) 'CF'
 - 4. Nationwide Mutual Insurance Co., 845243 (STF) 'CF'
 - 5. Massachusetts Mutual Life Insurance Co., 851835 (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
There are no items for this matter.
- H2. Franchise and Income Tax Matters Mr. Epolite
 - Petitions for Rehearing
 - 1. Frank Cutler, 400347

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.)

11. Property Taxes Matters..... Mr. Kinnee
- Audit
 1. Citizens Telecommunications Company of California, Inc. (0284) 'CF'
 2. Legacy Long Distance International, Inc. (7699) 'CF'
 3. China Telecom (Americas) Corporation (8015) 'CF'
 4. Extenet Systems (California), LLC (8093) 'CF'
 5. CalPop.Com, Inc. (8132) 'CF'
12. Offer in Compromise Recommendations Mr. Anderson
1. A & N Petroleum, Inc.
 - 2a. Cedar Gas and Smog, Inc.
 - 2b. Mohamad Homer Majid
 - 3a. Bradley Raymond Evarts
 - 3b. Yellow Coyote Food Company, L.P.
 - 4a. Joseph Peter Frumenti
 - 4b. G. J. P. F., Inc.
 5. Lih Hwan Hsu
 6. Lih Yeu Hsu
 7. In Soho, Inc.
 8. Hratch Chacri Koulloukian
 - 9a. Woody Oakley
 - 9b. Patricia Ann Oakley
 - 9c. California Drywall Supply, Inc.
 10. Francisco J. Perdigon
 11. Mahir Reyad Omary
 - 12a. Robert Francis Silva
 - 12b. Bob Silva Ford, Inc.
 13. Tailgate Sports, LLC
 - 14a. Vanguard Composite Group, Inc.
 - 14b. V System Composites, Incorporated
 - 14c. Vanguard Space Technologies, Inc.
 15. Steven V. Vo
 16. Bertram Ian Weiss
13. 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

The following items are scheduled for Wednesday, April 29, 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 Wednesday, April 29, 2015.

Recess - The meeting will reconvene on Wednesday, April 29, 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.
- ++ 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.



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Wednesday, April 29, 2015

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Board Meeting**

C. Sales and Use Tax Appeals Hearings

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

~~C1. Karim Khan Amir Ali, 559076 (DF) +~~

~~For Petitioner: Karim Khan Amir Ali, Taxpayer
Steve Cauthen, Representative~~

~~For Department: Scott Lambert, Hearing Representative~~

C2. Michael J. Kyalwazi, 572746, 727786 (KH) +

**For Petitioner/Claimant: Michael Kyalwazi, Taxpayer
Winnie Kyalwazi, Witness**

For Department: Scott Lambert, Hearing Representative

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 +

- Leslie "Les" Cancel
- Neelam Godhwani
- Michelle R. Hey
- Sheila Perkins
- David Scribner
- Linda Sontag
- Gloria Sweeney
- Camilla Wilson

N2. Approval of Board Meeting Minutes

- [March 25-26, 2015 +](#)

N3. Proposed Revisions to Audit Manual (AM), Chapter 4, *General Audit Procedures* +

N4. 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 March 25, 2015
- O2. Legislative Committee April 28, 2015
- O3. Business Taxes Committee April 28, 2015

P. Other Administrative Matters

P1. Executive Director's Report Ms. Bridges

- 1. Employee Recognition Award Program
Approval of nominees for the BOE Employee Recognition Award Program.
- 2. [Report on time extensions to Monterey, Sonoma, Trinity, and Yuba Counties to complete and submit 2015/16 Local Assessment Roll, pursuant to Revenue and Taxation Code section 155. +](#)
- 3. CROS Project Update and ActionsMr. Steen
Progress on the CROS project to replace BOE's two current tax legacy technology systems.

P2. Chief Counsel Report There are no items for this matter.

- P3. Sales and Use Tax Deputy Director’s ReportMr. McGuire
 - 1. Refund Approval +Mr. McGuire/
Ms. Bartolo
 - Proposal to Raise the Threshold for Board Member Approval of Refunds in Excess of \$100,000.
- P4. Special Taxes Deputy Director’s Report Ms. Bartolo
 - 1. Approval of FY 2015/16 Tobacco Products Tax Rate +
Staff recommendation for setting the fiscal year 2015/16 Tobacco Products Tax Rate.
- P5. Administration Deputy Director’s ReportMs. Murphy
 - 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. +
 - ~~2. Report on discussions with SEIU regarding in-house security services.~~

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

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

Adjourn

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