



STATE BOARD OF EQUALIZATION  
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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 10/27/2015, 10:30 AM)**

[Agenda Changes](#)

[Webcast on Tuesday, October 27, 2015](#)

**Tuesday, October 27, 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\***

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

1. Proposed amendments to Sales and Use Tax Regulation 1668, *Sales for Resale*  
Request approval and authorization to publish proposed amendments to clarify sales of counterfeit goods as retail sales when made by individuals convicted of counterfeit goods trafficking crimes.
2. Proposed amendments to Sales and Use Tax Regulation 1698, *Records*, and Proposed amendments to Special Taxes Regulation 4901, *Records*  
Request approval and authorization to publish proposed amendments to include and define electronic cash register, computerized point of sale systems, and electronic records.

**Board Meeting\*\***

**Board Member Annual Photograph**

**Special Presentation**

- Disability Advisory Committee of the Year Award. .... Ms. Bridges  
Report on Disability Advisory Committee (DAC) of the Year Award from the Association of California State Employees with Disabilities (ACSED) and Statewide Disability Advisory Council (SDAC).

- 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. Zongrong Liu and Ying Ma, 796330 +  
For Appellants: Zongrong Liu, Taxpayer  
Isabelle Cantanucci, Representative  
For Franchise Tax Board: Brian Miller, Tax Counsel  
Ron Hofsdal, Tax Counsel~~
- B2. Patrick T. Ellwood and Denise A. Ellwood, 856517 +  
For Appellants: David J. Bowie, Attorney  
For Franchise Tax Board: Eric Yadao, Tax Counsel  
Mary Yee, Tax Counsel
- C. Sales and Use Tax Appeals Hearings**  
(Contribution Disclosure forms required pursuant to Gov. Code, § 15626.)
- ~~C1a. Hanzell Vineyards, Ltd., 576196 (JH) +  
C1b. GMIC Vineyards, LLC, 610170 (JH) +  
For Petitioners: William J. Schlinkert, Attorney  
For Department: Andrew Kwee, Tax Counsel~~
- ~~C2. Donald F. Payne, 470355 (JH) +  
For Petitioner: Donald Payne, Taxpayer  
For Department: Monica Silva, Tax Counsel~~
- ~~C3. Star of India, LLC, 627341 (KH) +  
For Petitioner: Melisa Coates, Representative  
For Department: Scott Lambert, Hearing Representative~~
- C4. Valeriy Popov, 790387 (UT) +  
For Petitioner: Nadezhda Solovyeva, Representative  
Vladimir Kofeynikov, Representative  
For Department: Kevin Smith, Tax Counsel
- C5. Nikolay Lomov, 781912 (UT) +  
For Petitioner: Nadezhda Solovyeva, Representative  
Vladimir Kofeynikov, Representative  
For Department: Kevin Smith, Tax Counsel

There are no items for the following matters:

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

**F. Public Hearing****F1. Proposed Amendments to Sales and Use Tax Regulation  
1619, *Foreign Consuls* + .....Ms. Silva**

Public hearing regarding proposed amendments to make the regulation consistent with current federal law regarding exempt sales to foreign missions, representative offices, their employees and their dependents.

**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. Elite Vision Auto Glass, Inc., 743661 (KH)
  2. Commemorative Air Force, 790825 (AR)
  3. Wanda Althia James, 715577 (JH)
  4. ~~Jacek Pasternak, 493152, 526562 (CH)~~
  5. Work of Art Catering, Inc., 779782 (BH)
- Petition for Release of Seized Property
  6. Mohinder Singh Nahal, 888905 (STF)

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

- Decisions
  1. Aaron Baker, 843082
  2. Centennial Park TIC 01, LLC, 625005
  3. Glen Cockrell and Ella Cockrell, 762687
  4. Robert Concepcion and Lourdes Concepcion, 837566
  5. Jason Cox, 796424
  6. John P. Gillaspy, 792263
  7. Robert Douglas Greenfield and Moray J. Koontz, 850633
  8. Joseph John Grijalva, Jr., 844702
  9. M K Machine Tool, 849471
  10. Manuel Martinez, 809264
  11. Mary Ellen McDonnell, 850763
  12. Erik B. McKenney and Brenda A. McKenney, 795439
  13. Naoki Oshima, 742173
  14. Brent G. Scott and Monica L. Scott, 817234
  15. Meyer M. Soroudi and Judith L. Soroudi, 840263
  16. TCMC Incorporated, 848263
  17. Jose G. Tupas, Jr., 805062
  18. Ana Bertha Vasquez, 848289
  19. Jennifer Zolak, 848491
- Petitions for Rehearing
  20. ~~Michael J. Bills and Mary E. Bills, 610028, 782397~~
  21. Patrick Missud, 845292

**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. Michael Arkin, 496825 (AA)
    2. Bed Bath & Beyond of California, 715852 (OH)
    3. Caloil 1, Inc., 796028 (AS)
  - Denials of Claims for Refund
    4. FieldTurf USA, Inc., 799655 (OH)
    5. Morgan Stanley Smith Barney Financing, LLC, 575729 (OH)
  - Grant-One Day Interest Relief
    6. California Automotive Retailing Group, Inc., 909167 (CH)
    7. Autobahn West Enterprises, Inc., 909168 (FH)
    8. Hyphenet, Inc., 909171 (FH)
    9. Dakshin Indian Restaurant, LLC, 909174 (GH)
    10. TDI Auto Group, Inc., 909173 (CH)
    11. Sunstone Park Lessee, LLC, 909175 (FH)
    12. Bhullars Food, Inc., 909177 (KH)
- G5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds ..... Ms. Bartolo
- Credits and Cancellations
    1. HDOS Enterprises, 900981 (FH)
    2. M1 Auto Services, 553425 (EA)
    3. Zohar Ziv, 476970 (GH)
    4. Craig Robert Hansen, 518238 (EH)
  - Refunds
    5. Westgroup Portofino Ptn., Inc., 871593 (AS)
    6. International Medication Systems, Ltd., 808666 (AP)
    7. Sutter East Bay Hospitals, 605719 (CH)
    8. Fletcher Jones Motor Cars, Inc., 860212 (EA)
    9. Novellus Systems, Inc., 859787 (GH)
    10. Century Theatres, Inc., 839476 (OH)
    11. Cinemark USA, Inc., 839478 (OH)
    12. BMW of North America, 887110 (OH)
    13. BMW of North America, 887112 (OH)
    14. BMW of North America, 908054 (OH)
    15. Scaled Composites, LLC, 875217 (UT)
    16. Arris Technology, Inc., 861511 (OH)
    17. Equilon Enterprises, LLC, 118730 (OH)
    18. Siemens Energy, Inc., 609311 (OH)
    19. Schneider Electric IT USA, Inc., 801777 (OH)
    20. FieldTurf USA, Inc., 799655 (OH)
    21. Health Net of California, Inc., 901590 (AR)
    22. Financial Service, Inc., 871597 (OH)
    23. Americredit Harmonic, Inc., 601344 (GH)
    24. Redrock Security & Cabling, Inc., 882406 (EA)
    25. Abbott Diabetes Care, Inc., 661839 (OH)
    26. CIG Financial, 559366 (EA)
    27. Infinera Corporation, 836295 (GH)

28. Medcal Sales, LLC, 862171 (EH)
  29. Discover Bank, 570588 (OH)
  30. Sunpower Corporation, Systems, 594629 (CH)
  31. Mission Federal Credit Union, 731234 (FH)
  32. Carefusion Manufacturing, LLC, 795669 (OH)
  33. VEO, Inc., 882909 (BH)
  34. Morgan Stanley Smith Barney Financing, LLC, 575729 (OH)
  35. Nonobject, 847226 (GH)
- G6. Special Taxes Matters ..... Ms. Bartolo
- Relief of Interest
    1. CS Norco 0020, LLC, 570303 (STF)
- G7. Special Taxes Matters – Credits, Cancellations, and Refunds ..... Ms. Bartolo
- Refunds
    1. SEI Fuel Services, Inc., 849819 (STF) ‘CF’
- G8. Property Tax Matters ..... Mr. Kinnee
- Petitions for Reassessment of Unitary Value
    1. Lodi Gas Storage, LLC (198), 900991 ‘CF’
    2. Pacific Bell Telephone Company (279), 900302 ‘CF’
    3. Zayo Group, LLC (7778), 901603 ‘CF’
  - Petitions for Penalty Abatement on Unitary Value
    4. Cbeyond Communications, LLC (8049), 903782 ‘CF’
    5. Central California Traction Company (818), 888120 ‘CF’
    6. MegaPath Corporation (7706), 903023 ‘CF’
  - Petitions for Reassessment and Penalty Abatement on Unitary Value
    7. OpticAccess, LLC (8150), 901638 ‘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 ..... Mr. Angeja
- Petition for Release of Seized Property
    1. [Duong Family Investment, Inc., 867934 \(STF\) +](#)
  - Section 40 (AB 2323) Matter
    2. [Truck Insurance Exchange, 240627 \(STF\) ‘CF’ +](#)
- H2. Franchise and Income Tax Matters ..... Mr. Epolite
- Hearing Notice Sent – Appearance Waived
    1. Joseph W. Valva and Marilyn K. Valva, 719017

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  
There are no items for this matter.
- I2. Offer in Compromise Recommendations ..... Mr. Anderson
  - 1. Bayan Mosadek Alattar
  - 2. Scott Francis Armstrong
  - 3. Lewis Lavell Canyon
  - 4. Cornerstone Partnership, LLC
  - 5. Zubair I. Hansia
  - 6. Fernando A. Hernandez
  - 7a. J C Wright, Inc.
  - 7b. Ragaey Tobia Estefan
  - 7c. Samia Samy Sous
  - 8a. Arsen Kirakosyan
  - 8b. ADAK, Inc.
  - 9. Akbar A. Matani
  - 10. Mc Neely Investments, Inc.
  - 11. Maria Rosa Milos
  - 12. Dani Fouad Mokdad
  - 13a. Ted Michael O'Neill
  - 13b. Exercise Solutions
  - 14. Luis Fernando Rodriguez
  - 15. SNS Foods, Inc.
  - 16. Teng Yun Corporation
  - 17a. Jeremy Robert Tucker
  - 17b. Tucker & Company, Inc.
- 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.

### J. Rulemaking

#### Section 100 Changes

- J1. [Uniform Local Sales and Use Tax Regulation 1805, Aircraft Common Carriers; and Transactions \(Sales\) and Use Tax Regulation 1825, Aircraft Common Carriers + .....](#)Mr. Heller

Staff request for authorization to complete Section 100 changes to amend the specified regulations to make them consistent with the expiration of the one-quarter (0.25%) decrease in the local sales and use tax rate prescribed by Revenue and Taxation Code section 7203.1, operative January 1, 2016.

There are no items for the following matters:

- 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 Resolutions +](#)

- Bob Alan Alexander
- Phillip Bishop
- Martha Brothers
- Cynthia L. Burba
- Kathleen P. Gillum
- Robbie L. Jones
- Ronald Louie
- Benjamin Tang
- Sharon J. White

N2. [Approval of Board Meeting Minutes](#)

- [August 25-26, 2015 +](#)
- [September 16, 2015 +](#)

N3. [Approval of Guidelines for Appraiser Certification and Training +](#)

Request approval for release of the revised *Guidelines for Appraiser Certification and Training*.

N4. [Proposed revisions to Audit Manual Chapter 4, General Audit Procedures, and Chapter 12, Construction Contractors +](#)

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

## O1. Business Taxes Committee

**P. Other Administrative Matters**

## P1. Executive Director's Report ..... Ms. Bridges

1. [Agency Highlights of Fiscal Year 2014-15 +](#)

An update on agency accomplishments for Fiscal Year 2014-15 consistent with the BOE's *Strategic Plan 2010-15*.

## 2. Professional Development Days Report

Report on Professional Development Days in Fiscal Year 2014-15 and direction for professional development days pending for Fiscal Year 2015-16.

3. [Board Communication Protocol +](#)

Discussion and direction on communication protocols for staff to Board Members.

4. [Outreach Protocol Proposal +](#)

Review and direction on proposal to set BOE agency policy for Outreach to Stakeholders and Interested Parties.

~~5. [Constituent Mailing Guidelines](#)~~

~~Review and direction on proposed guidelines for mailings to constituents.~~

6. [Pre-Election Mail Policy +](#)

Discussion and direction on the Chairman's proposed policy regarding mail sent by Board Members during pre-election periods.

## 7. CROS Project Update and Actions

Progress on the CROS project to replace BOE's two current legacy tax administration systems.

## P2. Chief Counsel Report

There are no items for this matter.

## P3. Special Tax and Fees Deputy Director's Report ..... Ms. Bartolo

1. [Informational report on the 2016 Emergency Telephone Users Surcharge Rate \(ETUS\) +](#)

Report on the rate adjustment for calendar year 2016 ETUS as set by the Governor's Office of Emergency Services.

## P4. Property Taxes Deputy Director's Report

There are no items for this matter.



- P5. Administration Deputy Director's Report .....Ms. Murphy
1. Contract Over \$1 Million
    - a. SICPA Product Security Contract +
 

Approval to exercise an extension of the existing contract for a two year term, with SICPA Products Security, LLC., California's cigarette tax stamp vendor.
  - ~~2. Board Meetings Security Screening~~

~~Information may be provided regarding security screening at Board meetings.~~
  3. Legislative Budget Change Proposals
 

Information may be provided regarding the Legislative Budget Change Proposals.

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. Pending Litigation: *Lucent Technologies, Inc., and AT&T Corp. v. State Bd. of Equalization*, Superior Court of Los Angeles (Case No. BC402036) (Lucent I), consolidated with *Lucent Technologies, Inc., v. State Bd. of Equalization*, Superior Court of Los Angeles (Superior Court Case No. BC448715) (Lucent II), Second District Court of Appeal Case No. B257808 (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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The hearing location is accessible to people with disabilities. Please contact Rose Smith at (916) 323-9656, or email [Rose.Smith@boe.ca.gov](mailto:Rose.Smith@boe.ca.gov) if you require special assistance.

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.