



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 01/26/2016, 2:30 PM)

[Agenda Changes](#)
[Webcast on Tuesday, January 26, 2016](#)
Tuesday, January 26, 2016

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. 2016 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.

2016 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)

2016 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.
- 2-3 Amend Revenue and Taxation Code Section 30473.5 of the Cigarette and Tobacco Products Tax Law to specify that any person who possesses, sells, or offers to sell, or buys or offers to buy, any used cigarette tax stamps is guilty of a misdemeanor and subject to applicable criminal penalties. Also authorizes the BOE to seize and destroy used cigarette tax stamps aggregated for reuse purposes.

II. 2016 Legislative Bills

Recommendations for Board Position

- AB 567 Taxation Amnesty: Medical Cannabis (Gipson)
- AB 821 Sales and Use Taxes: Payments: Medical Marijuana Dispensaries (Gipson)
- AB 1559 Tax Relief: Disasters (Dodd)
- AB 1561 Sales and Use Tax: Exemption: Sanitary Napkins: Tampons (Garcia)

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

- 1. Proposed amendments to Sales and Use Tax Regulation 1590, *Newspapers and Periodicals*
Request approval and authorization to publish proposed amendments to clarify the application of tax to subscriptions of newspapers that include or combine access to digital content.
- 2. Proposed Cigarette and Tobacco Products Tax Regulations 4076, *Wholesale Cost of Tobacco Products*, and 4001, *Retail Stock*
Request approval and authorization to publish proposed regulations to provide definitions for “wholesale cost of tobacco products” and “retail stock.”

Board Meeting**

Special Presentation

- Presentation of Board Resolution..... Mr. Horton
[Jeffrey L. McGuire, Executive Sponsor, Business Transformation Projects +](#)

- 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: Waived Appearance
For Franchise Tax Board: Brian Miller, Tax Counsel
Ciro Immordino, Tax Counsel
- B2. Michael J. Barkley and Laura Ann Barkley, 852234 +**
For Appellants: Michael J. Barkley, Taxpayer
For Franchise Tax Board: Brad Coutinho, Tax Counsel
Marguerite Mosnier, Tax Counsel
- B3. Robert W. Holman and Margaret E. Holman, 856805 +**
For Appellants: John B. Mulligan, Attorney
For Franchise Tax Board: Sonia Woodriff, Tax Counsel
Adam Susz, Tax Counsel

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

- C1. New NGC, Inc., 485164, 547426 (OH) +**
For Claimant: Donna Kiser, Taxpayer
Gopalakrishnan Sethuraman, Taxpayer
Linda Falcone, Representative
Joseph A. Vinatieri, Attorney
For Department: Monica Silva, Tax Counsel
- ~~C2. Jacek Pasternak, 493152, 526562 (CH) +~~
~~For Petitioner/Taxpayer: Jacek Pasternak, Taxpayer~~
~~Russell Gray, Witness~~
~~For Department: Scott Claremon, Tax Counsel~~

There are no items for the following matters:

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

F. Public Hearings

- F1. Proposed Amendments to Emergency Telephone Users Surcharge Regulations 2401, Definitions, 2413, Exemptions from Surcharge, and 2422, Returns and Payment +..... Mr. Kwee**
Public hearing regarding amendments to Regulations 2401 and 2422 clarifying direct sellers' prepaid mobile telephony service surcharge reporting requirements, and amendments making Regulation 2413 consistent with guidance from the U.S. Department of State, Office of Foreign Missions.

- F2. Proposed Adoption of Prepaid Mobile Telephony Services Regulations 2460, Administration, 2461, Exemptions, Deductions, Credits, and Specific Applications of Tax, and 2462, Refunds of Excess Charges Collected +..... Mr. Kwee

Public hearing regarding the adoption of new regulations to implement, interpret, and make specific the prepaid mobile telephony services (MTS) surcharge and local charges imposed on prepaid MTS.

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. Anthony Oladipupo Banjo, 609416 (CH)
 2. Dhaliwals, Inc., 576178 (KH)
 3. Inderjit Kalia and Joy Mukherji, 812440 (JH)
 4. Cliff H. Koon, 743646 (EA)
 5. ~~Qaisara Malik, 793207 (KH)~~
 6. ~~Morrison Auto Corporation, 765464 (KH)~~
 7. ~~Rizza Marie Cancio Punzalan and Max Leung, 554317 (BH)~~
- Petitions for Release of Seized Property
 8. Adnan K. Abusharkh, 923633 (STF)
 9. Mohinder Singh Nahal, 923638 (STF)

- G2. Franchise and Income Tax Matters Mr. Epolite

- Decisions
 1. David Batres, 850346
 2. Bertha Colbert, 854548
 3. Jolene S. Engel, 793790
 4. Susan D. Gries, 807744
 5. Abdul Hanif and Salesni Devi, 800506
 6. James J. Jenkins, 843074
 7. Michael Johnstone, 823485
 8. ~~Devetus Jones and Samantha Jones, 841654~~
 9. Valerie Jonesbrice, 841450
 10. Neal Katyal and Joanna Rosen, 813239
 11. Lansmont Corporation, 805002
 12. Regina R. McGill, 809493
- Petitions for Rehearing
 13. Denis L. Jost, 796313
 14. Clovus M. Sykes, 817237
 15. Arlene Ursino, 788761
 16. ~~Robert E. Valdez and Judy M. Valdez, 819052~~

- 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. Richard York, 563213 (AR)
 2. Darrell Schmitt Design Associates, Inc., 595732 (AS)
 3. Fun Fish Market, Inc., 626547 (AS)
 4. H.K. Seafood, Inc., 626549 (AS)
 5. R. B. Pier Seafood, Inc., 626545 (AS)
 6. Polydyne, Inc., 783409 (OH)
 7. Squat and Gobble Café, LLC, 627111 (BH)
 8. Anat Broslavski, 875776 (AS)
 9. Autobids, 728259 (EA)
 10. Pier Mont, Inc., 626548 (AS)
 11. Cole Retail, Inc., 852212 (BH)
- G5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds Ms. Bartolo
- Credits and Cancellations
 1. Oreco Duct Systems, Inc., 923448 (AP)
 2. Blanca N. Duran, 923095 (AA)
 3. Alejandro Estrada Ortiz, 925123 (CH)
 4. Draeger Safety Diagnostics, Inc., 923143 (OH)
 - Refunds
 5. KST Data, Inc., 836397 (AS)
 6. Sylvania Lighting Services Corporation, 765476 (OH)
 7. Alphatec Spine, Inc., 794115 (FH)
 8. Professional Hospital Supply, Inc., 840779 (EH)
 9. Shinko Electric America, Inc., 808601 (GH)
 10. Federal Express Corporation, 856746 (OH)
 11. Total Renal Care, Inc., 744118 (OH)
 12. PFCCB Equipment, LLC, 874389 (OH)
 13. Seneca Foods, LLC, 850312 (KH)
 14. Pacific Gas and Electric Company, 926468 (BH)
 15. General Electric Capital Corporation, 923825 (OH)
 16. Dorel Juvenile Group, Inc., 920597 (OH)
 17. Harley-Davidson Credit Corporation, 790073 (OH)
 18. T-Mobile Resources Corporation, 846349 (OH)
 19. Square Peg Packaging & Printing, LLC, 744094 (FH)
 20. 1-800 Contacts, Inc., 922304 (OH)
 21. Millercoors, LLC, 593688 (OH)
 22. Team Solar, Inc., 857813 (OH)
 23. Carfinance Capital, LLC, 900926 (EA)
 24. Lecip, Inc., 912870 (OH)
 25. JTI Electrical & Instrumentation, LLC, 892212 (DF)

- G6. Special Taxes Matters Ms. Bartolo
- Redeterminations
 1. JFC Construction, Inc., 446444 (STF)
- G7. Special Taxes Matters – Credits, Cancellations, and Refunds Ms. Bartolo
- Credits and Cancellations
 1. Dusan Polovin, 880780 (HQ)
 2. Vesna Lazic, 926725 (HQ)
 3. Dusan Polovin, 926733 (HQ)
 4. Vesna Lazic, 926731 (HQ)
 - Refunds
 5. The Wine Group, LLC, 918647 (STF) ‘CF’
 6. Constellation Brands U.S. Operations, Inc., 919574 (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 Mr. Angeja
- Member Motion to Rescind November 17, 2015 Vote
 1. G & C Equipment Corporation, 373826 (AS)
- H2. Franchise and Income Tax Matters Mr. Epolite
- Decisions
 1. David Bental and Karen Bental, 823501
 2. ~~Laura D. Muller, 835863~~

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..... Mr. Kinnee
 - Audit
 1. Long Beach Generation, LLC (1111) 'CF'
 2. Nextlink Wireless, LLC (2775) 'CF'
 3. Pacific Centrex Services, Inc. (7735) 'CF'
 4. Splice Communications, Inc. (8146) 'CF'
 5. Kingstone Telecommunications, Inc. (8177) 'CF'
 - Board Roll Changes
 6. 2014 and 2015 Board Rolls of State-Assessed Property 'CF'

- I2. Offer in Compromise Recommendations..... Mr. Anderson
 1. Steven Arbizo
 2. Kolina G. Babikian
 - 3a. Kyung Ja Bak
 - 3b. Phillip Younteack Bak
 - 3c. Baks USA, Inc.
 - 4a. Donald Wayne Brown
 - 4b. Emma Jean Brown
 - 4c. Top Deck Deli Café, LLC
 5. Rosa Mirian Cabrera
 6. Moshe M. Chomoshe
 7. Marie Coe
 8. Michelle Davis Conti
 - 9a. Ahmed Abdel Elhamid Elguindi
 - 9b. Northern Start Investment Corp.
 10. Carlos Martin Escobar
 11. Syed Mahmood Ghayas
 12. Dhia H. Mansour
 13. Jennifer Leah McDonald
 14. Virginia S. Morris
 - 15a. Manuel Fuentes Pacis
 - 15b. Rosita Tomes Pacis
 16. Donald Lee Robinson
 - 17a. Khaled M. Shatnawi
 - 17b. Kim Kathleen Shatnawi

- 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

- J1. [Petition to amend Sales and Use Tax Regulation 1569, Consignees and Lienors of Tangible Personal Property for Sale +](#)Mr. Claremon
 Petition to amend Regulation 1569 to add language to allow the original pledger to redeem personal property from a pawnbroker within six months of the expiration of the grace period as a non-taxable event.

Section 100 Changes

- J2. [Fee Collection Procedures Regulation 3500, Application of the Fee Collection Procedure Law +](#)Mr. Heller
 Staff request for authorization to complete Section 100 changes to add references to the Lumber Products Assessment and the Prepaid Mobile Telephony Services Surcharge and Local Charges required to be collected by sellers other than direct sellers.

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. [Adoption of Retirement Resolutions +](#)
- Carol Egstad
 - Peter Lee
 - Althea H. Mitchel
 - Oscar Villasenor
- N2. [Adoption of Board Resolution +](#)
- Jeffrey L. McGuire
- N3. Approval of Board Meeting Minutes
- [December 16, 2015 +](#)
- N4. [Proposed Revisions to Compliance Policy and Procedures Manual Chapter 2, Registration; Chapter 5, Returns; Chapter 7, Collections; and Chapter 8, Consumer Use Tax +](#)

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. Update on Resolution of State Controller's Office (SCO) Board of Equalization Review
Update on actions to resolve the findings in the SCO Review Report of the Board of Equalization's Internal Accounting and Administrative Controls.
2. Status reports on the Revenue Recovery and Collaborative Enforcement (RRCE) Act, and the Tax Recovery and Criminal Enforcement Team (TRaCE) (Pilot Project)..... Mr. Silva
Updates on RRCE, including highlights of a progress report submitted by the Department of Industrial Relations to the Legislature, as well as TRaCE, which has expanded enforcement operations into the Los Angeles area.
3. CROS Project Update and Actions Mr. Gau
Progress on the CROS project to replace BOE's two current legacy tax administration systems.
4. Budget Update Mr. Gau
General report on BOE's budget, including information on the Governor's Proposed Budget for Fiscal Year 2016-17.

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 ReportMs. Murphy
 1. Facility Update
The Department of General Services (DGS) and the consulting firm of Hammel, Green and Abrahamson (HGA), will provide a Process Improvements Study PowerPoint presentation related to the BOE Headquarter 450 N Street building.

2. 2016-2017 Spring Finance Letters +

The following Spring Finance Letters will be presented for Board approval to submit to Department of Finance for possible inclusion in the Governor’s Fiscal Year 2016-17 Budget.

- a. Centralized Revenue Opportunity System (CROS) Project Implementation Phase +
- b. AB 1717 Prepaid Mobile Telephony Services (MTS) Surcharge +
- c. SB 84 Regional Railroad Accident Preparedness and Immediate Response +

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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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.