

Tuesday, May 24, 2016

The Board met at its offices at 450 N Street, Sacramento, at 9:02 a.m., with Ms. Ma, Chairwoman, Ms. Harkey, Vice Chair, Mr. Runner, Mr. Horton and Ms. Yee present.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Private First Class Gregory Oaks, United States Marine Corps.

The Board recessed at 9:04 a.m. and reconvened at 9:09 a.m. with Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Yee present.

BOARD MEMBER ANNUAL PHOTOGRAPH

The annual Board photograph was taken of Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Yee.

PROPERTY TAX MATTER

STATE ASSESSED PROPERTIES VALUE SETTING

Ken Thompson, Chief, State-Assessed Properties Division, Property Tax Department, made introductory remarks regarding the valuation of state-assessed properties.

Electric Generation Facilities

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Yee voting yes, the Board ordered that the market value to be used in the assessment of unitary property of the following listed companies as of January 1, 2016, be as follows:

1100	AES Alamos, LLC	134,000,000
1101	AES Redondo Beach, LLC	108,100,000
1102	AES Huntington Beach, LLC	55,800,000
1103	Dynegy Moss Landing, LLC	322,500,000
1104	Dynegy Morro Bay, LLC	13,200,000
1105	Dynegy Oakland, LLC	2,370,000
1106	Cabrillo Power I LLC	76,100,000
1107	Cabrillo Power II LLC	5,010,000
1108	NRG Potrero, LLC	18,700,000
1109	NRG Delta, LLC	63,200,000
1111	Long Beach Generation LLC	48,300,000
1112	La Paloma Generating Company, LLC	168,800,000
1113	NRG California South LP – Coolwater	7,580,000
1114	NRG California South LP – Mandalay	27,800,000
1115	NRG California South LP - Ormond Beach	50,900,000
1116	NRG California South LP – Etiwanda	23,500,000
1117	NRG California South LP – Ellwood	7,050,000
1126	Elk Hills Power, LLC	315,500,000
1128	Delta Energy Center, LLC	259,000,000

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1129	Gilroy Energy Center, LLC	39,600,000
1131	Pastoria Energy Facility, LLC	361,400,000
1132	CCFC Sutter Energy, LLC	110,400,000
1133	Metcalf Energy Center, LLC	189,000,000
1134	Otay Mesa Generating Company, LLC	353,200,000
1136	Blythe Energy, Inc.	305,700,000
1141	Indigo Generation LLC	39,000,000
1142	Larkspur Energy LLC	34,300,000
1145	Harbor Cogeneration Company, LLC	4,040,000
1146	CES Placerita, Inc.	442,000
1148	Inland Empire Energy Center, LLC	253,800,000
1149	AltaGas Sonoran Energy Inc.	1,500,000
1150	Midway Power, LLC	3,750,000
1152	Panoche Energy Center, LLC	272,900,000
1153	Midway Peaking, LLC	70,300,000
1154	Bicent (California) Malburg, LLC	74,300,000
1155	Orange Grove Energy, L.P.	58,300,000
1159	Mariposa Energy, LLC	151,500,000
1161	Oakley Generating Station	5,390,000

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Yee voting yes, the Board ordered that the market value to be used in the assessment of unitary property of the following listed companies as of January 1, 2016, be as follows:

1110	El Segundo Power LLC	12,600,000
1122	AltaGas San Joaquin Energy Inc. – Hanford	47,800,000
1123	AltaGas San Joaquin Energy Inc. – Henrietta	48,500,000
1124	AltaGas San Joaquin Energy Inc. – Tracy	277,500,000
1127	High Desert Power Trust	224,800,000
1137	Sunrise Power Company, LLC	171,700,000
1143	Los Esteros Critical Energy Facility, LLC	267,600,000
1151	Russell City Energy Company, LLC	512,700,000
1157	NRG Marsh Landing LLC	642,800,000
1158	El Segundo Energy Center LLC	552,700,000
1160	CPV Sentinel, LLC	643,300,000
1162	Walnut Creek Energy, LLC	483,700,000
1164	Pio Pico Energy Center, LLC	210,000,000
1165	Malaga Power, LLC	20,100,000

Energy Companies

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Yee voting yes, the Board ordered that the market value to be used in the assessment of unitary property of the following listed companies as of January 1, 2016, be as follows:

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101	Golden State Water Company	726,700,000
103	Anza Electric Cooperative, Inc.	14,200,000
104	Central Valley Gas Storage LLC	69,300,000
106	PacifiCorp	201,200,000
119	Trans Bay Cable LLC	504,200,000
121	Gill Ranch Storage, LLC	114,700,000
125	Terra-Gen Dixie Valley, LLC	3,460,000
135	Pacific Gas and Electric Company	27,933,000,000
141	San Diego Gas & Electric Company	8,169,200,000
146	Sierra Pacific Power Company	75,700,000
148	Southern California Edison Company	23,197,300,000
149	Southern California Gas Company	5,056,600,000
152	Southwest Gas Corporation	268,700,000
153	Transwestern Pipeline Company	486,000
156	DATC Path 15, LLC	97,100,000
160	Valley Electric Association, Inc.	196,000
163	Liberty Utilities (Calpeco Electric), LLC	167,200,000
173	Surprise Valley Electrification Corp.	15,400,000
176	Plumas-Sierra Rural Electric Cooperative	67,500,000
180	North Baja Pipeline, LLC	63,300,000
187	Mojave Pipeline Company, LLC	57,900,000
188	Kern River Gas Transmission Company	197,800,000
189	Standard Pacific Gas Line, Inc.	33,100,000
190	Tuscarora Gas Transmission Company	56,400,000
191	Arizona Public Service Company	2,050,000
192	Alpine Natural Gas Operating Company No. One LLC	1,220,000
193	Southwest Transmission Cooperative, Inc.	728,000
194	West Coast Gas Company, Inc.	744,000
195	Wild Goose Storage, LLC	147,900,000
196	Questar Southern Trails Pipeline Company	5,900,000
197	El Paso Natural Gas Company, LLC	30,300,000
198	Lodi Gas Storage, LLC	124,200,000

Pipeline Companies

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2016, be as follows:

402	CALNEV Pipe Line LLC	63,500,000
407	Valero Refining Company – California	844,800
409	West Coast Pipe Lines	193,000,000
410	Homestake Mining Company of California	32,800
412	Kings County Canal Company	1,210,000

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428	CPN Pipeline Company	34,700,000
429	Chevron USA, Inc.	94,800,000
461	SFPP, L.P.	477,600,000
462	Tesoro Refining and Marketing Company, LLC	1,190,000
464	Ventura Pipeline System-(Ellwood Pipeline, Inc.)	916,000
467	Phillips 66 Company	446,000
468	Shell California Pipeline Company LLC	4,970,000
469	San Ardo Pipeline Company	12,200,000
475	Searles Valley Minerals Inc.	2,860,000
476	Chevron USA, Inc.	7,470,000
478	California Gas Gathering, Inc.	43,500
479	Chevron Pipe Line Company	23,700,000
480	Phillips 66 Pipeline LLC	91,600,000
486	Pacific Pipeline System, LLC	65,700,000
488	Plains West Coast Terminals, LLC	3,640,000
489	California Resources Production Corporation	3,454,000
490	Crimson California Pipeline, L.P.	18,500,000
491	SMF Pipeline	5,200,000
492	San Pablo Bay Pipeline Company LLC	85,700,000
493	Cardinal Pipeline, LP	9,420,000

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2016, be as follows:

435	Natomas Central Mutual Water Company	144,100
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Railroad Companies

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2016, be as follows:

804	BNSF Railway Company	1,618,000,000
808	West Isle Line, Inc.	159,000
810	California Northern Railroad	37,200,000
813	Pacific Harbor Lines	29,100,000
815	Mendocino Railway	912,000
817	Tulare Valley Railroad	385,000
818	Central California Traction Company	9,075,000
822	Pacific Sun Railroad, L.L.C.	1,290,000
826	Sacramento Valley Railroad, LLC	2,490,000
827	Northwestern Pacific Railroad Company	2,690,000
831	Santa Cruz & Monterey Bay Railway Company	1,150,000

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834	LRY, LLC	215,000
835	Pacific Imperial Railroad	6,358,000
839	The Oakland Terminal Railway Company	7,100
843	Union Pacific Railroad Company	2,412,500,000
850	Modesto & Empire Traction Company	37,400,000
857	Richmond Pacific Railroad Corporation	1,850,000
861	Quincy Railroad Company	383,000
865	San Diego & Imperial Valley Railroad Co. Inc.	5,410,000
869	Coast Belle Railroad Corporation	816,250
878	Stockton Terminal and Eastern Railway	5,120,000
882	Trona Railway Co.	16,100,000
883	McCloud Railway Company	380,600
889	Yreka Western Railroad	265,000
894	Napa Valley Wine Train, Inc.	22,400,000
896	Santa Cruz Big Trees & Pacific Railway Co.	2,860,000
897	San Joaquin Valley Railroad Company	21,500,000
898	Sierra Northern Railway	5,680,000
899	Arizona & California Railroad Company	3,270,000

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Yee voting yes, the Board ordered that the market value to be used in the assessment of unitary property of the following listed companies as of January 1, 2016, be as follows:

802	Central Oregon & Pacific Railroad	2,930,000
812	Ventura County Railroad	4,010,000

Interexchange Telephone Companies

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2016, be as follows:

2014	Sprint Communications Company, L.P.	171,400,000
2099	Smart City Networks LP	6,413,000
2274	MCI Communications Services, Inc.	398,500,000
2310	AT&T Communications	658,900,000
2372	MCI Metro Access Transmission Services, LLC	87,400,000
2376	Working Assets Funding Service, Inc.	286,000
2381	Mitel NetSolutions, Inc.	125,000
2383	Matrix Telecom, Inc.	134,000
2416	NOS Communications, Inc.	786,000
2430	Electric Lightwave, LLC	66,500,000
2437	Dialink Corporation	17,710
2463	CenturyLink Communications LLC	164,400,000

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2470	Cincinnati Bell Any Distance, Inc.	6,000
7503	Verizon Select Services, Inc.	2,530,000
7512	Frontier Communications of America, Inc.	2,010,000
7544	Telswitch, Inc.	4,840
7560	XO Communications Services, L.L.C.	57,300,000
7571	Network Enhanced Technologies, Inc.	10,000
7580	Securus Technologies, Inc.	1,240,000
7581	ABS-CBN Telecom North America, Inc.	71,700
7621	SES Americom California, Inc.	3,070,000
7631	Worldnet Communications Services Inc.	2,300
7638	Integrated Telemanagement Services, Inc.	56,700
7640	Cox California Telcom, LLC	56,900,000
7660	U.S. South Communications, Inc.	733,000
7690	CCT Telecommunications, Inc.	8,500
7699	Legacy Long Distance International, Inc.	499,000
7732	NTT America, Inc.	20,200,000
7757	U.S. TelePacific Corp.	109,100,000
7758	BT Americas Inc.	8,150,000
7761	Level 3 Communications, LLC	585,700,000
7766	KDDI America, Inc.	8,000,000
7778	Zayo Group, LLC	240,700,000
7781	KT America, Inc.	131,000
7792	Point To Point, Inc.	1,220,000
7799	Wilshire Connection, LLC	7,270,000
7800	Earthlink Business, LLC	3,350,000
7811	Public Communications Services, Inc.	340,000
7813	Advanced Telecom, Inc.	27,500
7814	PAETEC Communications, Inc.	7,570,000
7824	Audeamus	8,790,000
7832	Astound Broadband LLC	54,700,000
7845	San Carlos Telecom, Inc.	43,900
7852	Telstra Incorporated	8,635,000
7866	Telmex USA, LLC	8,920,000
7871	Verizon Online LLC	158,500,000
7872	Infotech Telecommunications & Network, Inc.	22,900
7880	Quick-Tel, Inc.	2,530
7894	Ponderosa Cablevision	5,370,000
7902	ANPI Business, LLC	80,500
7914	McLeodUSA Telecommunications Services, Inc.	900,000
7916	Peak Communications, Inc.	8,500
7940	Consumer Telcom, Inc.	2,700
7945	ZTG, Inc.	7,800
7948	Satcom Direct Government, Inc.	2,840,000
7949	Call America, Inc.	28,000

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7953	Openpop.com, Inc.	133,000
7955	Enhanced Communications Network, Inc.	47,900
7956	Telespan Communications, LLC	32,500
7959	Airespring, Inc.	733,000
7960	CallTower, Inc.	572,000
7961	SureWest Televideo	112,400,000
7969	Intelsat Global Service LLC	8,890,000
7972	Reliance Globalcom Services, Inc.	3,710,000
7973	Alliance Payphone, Inc.	16,300
7978	Legent Communications Corporation	8,360
7982	Crown Castle NG West, LLC	184,200,000
7985	inContact, Inc.	5,410,000
7988	Global Tel*Link Corporation	21,300,000
7990	ComNet(USA) LLC	344,000
7992	NobelTel, LLC	14,300
7994	Utility Telecom Group, LLC	2,230,000
7996	RuralWest - Western Rural Broadband, Inc.	220,000
7997	Edison Carrier Solutions	74,300,000
7998	Norcast Communications Corporation	967,000
7999	Purple Communications Inc.	7,040,000
8002	Neutral Tandem - California, LLC	3,540,000
8004	Greenfield Communications, Inc.	360,800
8005	Vodafone US Inc.	1,650,000
8006	Lucky Communications, Inc.	6,300
8013	Worldwide Telecommunications, Inc.	2,000
8015	China Telecom (Americas) Corporation	19,900,000
8017	Locus Telecommunications, Inc.	169,400
8023	One Phone, Inc.	42,400
8024	TC Telephone, LLC	5,200
8027	Blue Casa Telephone LLC	34,300
8029	IPC Network Services, Inc.	182,000
8031	Backbone Communications, Inc.	88,400
8032	BCE Nexxia Corporation	40,300
8037	CA-CLEC LLC	5,450,000
8038	Telecom Carrier Access, LLC	16,200
8041	DMR Communications, Inc.	109,000
8042	Paxio, Inc.	1,650,000
8046	West Telecom Services Holdings LLC	1,130,000
8047	Syniverse Technologies, Inc.	408,000
8048	Bright House Networks Information Services (California), LLC	18,900
8049	Birch Communications, Inc.	3,490,000
8051	Inteltrace, Inc.	326,000
8061	Charter Fiberlink CA-CCO, LLC	20,300,000
8063	Time Warner Cable Information Services (California), LLC	110,700,000

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8065	Connectto Communications, Inc.	10,670
8067	Sunesys, LLC	128,000,000
8071	Verizon Long Distance LLC	54,200
8075	TCNI Operating Company, LLC	2,130,000
8076	OPEX Communications, Inc.	61,100
8077	NewPath Networks, LLC	29,600,000
8078	U.S. Telecom Long Distance, Inc.	6,400
8079	Cal-Ore Communications, Inc.	1,340,000
8080	Ymax Communications Corporation	27,900
8081	Sonic Telecom, LLC	17,100,000
8082	WTI Communications, Inc.	62,200
8083	Network Expert Group, Inc.	30,690
8086	ANPI, LLC	655,000
8087	Lighttower Fiber Networks II LLC	18,200
8089	Conterra Ultra Broadband LLC	11,900,000
8090	Telecommunication Systems, Inc.	210,000
8091	Roadway Communications, Inc.	18,800
8093	Extenet Systems (California) LLC	56,800,000
8094	Affiniti, LLC.	402,000
8099	Race Telecommunications, Inc.	24,700,000
8102	Ekit.Com, Inc.	120,000
8104	Transpac Telecom, Inc.	2,200
8106	Raw Bandwidth Telecom, Inc.	201,000
8109	Peerless Network of California, LLC	1,650,000
8115	&TV Communications, Inc.	666,600
8116	PC Landing Corp.	15,300,000
8117	Syniverse ICX Corporation	3,270,000
8118	IntelePeer Cloud Communications, LLC	215,000
8120	TELUS Communications (U.S.) Inc.	899,000
8124	Impact Telecom, Inc.	46,640
8127	Zayo Enterprise Networks, LLC	13,800
8128	Talton Communications, Inc.	58,900
8133	Bestel USA, Inc.	78,800
8136	Plumas Sierra Telecommunications	12,900,000
8137	SnowCrest Telephone, Inc.	248,000
8139	California Broadband Cooperative, Inc.	45,000,000
8141	CENIC Broadband Initiatives LLC	184,000
8142	Dsi-Iti, LLC	46,500
8143	GTT Americas, LLC	7,310,000
8144	GC Pivotal, LLC	13,700,000
8148	Digital West Networks, Inc.	4,060,000
8149	Ztelephony	5,700
8151	CVIN LLC	76,100,000
8152	Broadband Dynamics, LLC	54,000
8153	Advanced Technology Distributors, Inc.	38,600

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8154	Network Innovations, Inc.	75,800
8155	Time Warner Cable Business LLC	45,000,000
8156	Medallion Telecom Inc.	13,200
8158	RCLEC, Inc.	617,000
8159	X2 Telecom, Inc.	3,883,000
8160	Vodex Communications Corporation	41,600
8161	Public Interest Telecom of California	74,400
8162	Citrix Communications LLC	238,000
8164	NetFortris Acquisition Co., Inc.	3,120,000
8166	Global Telco Group Inc.	13,800
8167	Inyo Networks, Inc.	43,100
8169	Freedom Telecommunications, LLC	47,400,000
8170	Jagat International LLC	3,800
8171	Lit San Leandro, LLC	150,000
8172	Cebridge Telecom CA LLC	217,000
8173	Masergy Communications, Inc.	643,000
8174	ACN Communication Services, LLC	8,360
8175	Granite Telecommunications, LLC	917,000
8177	Kingstone Telecommunications, Inc.	15,000

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2016, be as follows:

7516	Cybernet Communications, Inc.	249,700
7538	Tremcom International, Inc.	16,940
7707	Consolidated Communications Enterprise Services, Inc.	92,400
7735	Pacific Centrex Services, Inc.	87,625
7769	Airnex Communications, Inc.	8,140
7791	O1 Communications, Inc.	748,000
7846	The Telephone Connection Local Services, LLC	3,740
7876	Total Call International, Inc.	80,080
7907	Telscape Communications, Inc.	1,725,000
7913	VCOM Solutions, Inc.	157,300
7934	Telecom House Inc.	114,000
7950	ATMC, Inc.	7,625
7952	Advanced Tel, Inc.	4,400
7980	Teledata Solutions, Inc.	267,500
7993	Clear World Communications Corporation	14,190
8010	Advantage Wireless	110,000
8026	Nationwide Telecom, Inc.	47,740
8044	Intermetro Communications, Inc.	301,400
8057	Vertex Telecom, Inc.	380,600
8066	Calmtel USA, Inc.	12,430
8068	North County Communications Corp	153,750

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8072	Cypress Communications, LLC	86,900
8074	Silv Communication, Inc.	53,130
8100	Dial Long Distance, Inc.	6,625
8101	FastBlue Communications, Inc.	56,760
8107	Convergence Systems	66,750
8112	Mosaic Networx, LLC	29,590
8113	Callcatchers, Inc.	697,400
8119	Express Telecommunications Network, Inc.	4,625
8122	Bandwidth.com CLEC, LLC	931,700
8129	Wide Voice, LLC	193,600
8130	United Telecom, Inc.	49,390
8131	Pacific Lightwave	95,000
8138	Act Tele, Inc.	2,860
8140	California Alliance Telecard, Inc.	55,625
8145	Internet Business Services, Inc.	15,290
8146	Splice Communications, Inc	35,090
8176	Pay Tel Communications, Inc.	8,580
8178	Onvoy, LLC	272,000
8179	DSCI Corporation	15,500
8180	Karuk Tribe	125,000
8181	Five9, Inc.	8,000,000
8182	Ultimate Internet Access, Inc.	531,000
8183	NovaTel Ltd., Inc.	185,000
8184	Digital Transporation Corp.	68,970
8185	Webpass Telecommunications, LLC	218,900

Wireless Telephone Companies

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2016, be as follows:

2532	Los Angeles SMSA Ltd., Partnership	1,101,700,000
2552	Fresno MSA Limited Partnership	113,800,000
2559	Cellco Partnership	1,448,600,000
2602	Digital Communications Network, Inc.	8,200
2606	AT&T Mobility LLC	3,104,400,000
2658	Intouch America, Inc.	42,460
2669	California RSA #4 Partnership	17,900,000
2671	California Rural Service Area #1, Inc.	33,800,000
2681	Everything Wireless, LLC	150,000
2720	Sprint Telephony PCS, L.P.	1,138,200,000
2748	T-Mobile West, LLC	1,652,900,000
2760	Fisher Wireless Services, Inc.	1,510,000
2772	Globalstar USA, LLC	2,720,000

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2775	Nextlink Wireless, LLC	1,180,000
2783	Flat West Wireless, LLC	1,551,000
2788	NTT Docomo USA, Inc.	59,200
2794	PLDT (US) Mobility, LLC	160,600
3002	American Messaging Services, LLC	716,000
3039	Fresno Mobile Radio, Inc.	282,000
3362	Madera Radio Dispatch, Inc.	401,000
3430	Spok, Inc.	1,560,000

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Yee voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2016, be as follows:

2683	Pay-Less Cellular, Inc.	77,625
2773	Accessible Wireless, LLC	418,000
2780	i-wireless, LLC	6,300
2784	Greatcall, Inc.	4,150,000
2785	Public Wireless, Inc.	214,500
2787	Mother Lode Internet, LLC	63,580
2790	UVNV, Inc.	1,826,000
2793	Bandwidth.com, Inc.	25,630
2797	Stream Communications, LLC	119,000

Local Exchange Telephone Companies

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Yee voting yes, the Board ordered that the market value to be used in the assessment of unitary property of the following listed companies as of January 1, 2016, be as follows:

202	CenturyTel of Eastern Oregon, Inc.	23,700
203	Frontier Communications of the Southwest, Inc.	6,720,000
205	The Ponderosa Telephone Company	27,900,000
209	Pinnacles Telephone Co.	1,070,000
210	Calaveras Telephone Company	12,800,000
228	Ducor Telephone Company	4,110,000
235	Foresthill Telephone Co.	17,000,000
239	Hornitos Telephone Company	696,000
240	Happy Valley Telephone Company	1,250,000
246	Kerman Telephone Co.	25,200,000
286	Sierra Telephone Company, Inc.	50,000,000
294	Consolidated Communications of California Company	139,800,000
301	The Siskiyou Telephone Company	55,200,000
327	Volcano Telephone Company	27,400,000
328	Cal-Ore Telephone Co.	7,290,000
330	Winterhaven Telephone Company	1,540,000

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Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Yee voting yes, the Board ordered that the market value to be used in the assessment of unitary property of the following listed companies as of January 1, 2016, be as follows:

201	Verizon California, Inc.	2,611,300,000
279	Pacific Bell Telephone Company	5,903,100,000
284	Citizens Telecommunications Company of California, Inc.	72,100,000

Ms. Yee left the Boardroom and Ms. Stowers entered on behalf of Ms. Yee in accordance with Government Code section 7.9.

CORPORATE FRANCHISE AND PERSONAL INCOME TAXES HEARINGS

Gregory Wimmer, 842007

2011, \$5,166.00 Late Filing Penalty

For Appellant:

Gregory Wimmer, Taxpayer

For Franchise Tax Board:

David Muradyan, Tax Counsel

Marguerite Mosnier, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issue: Whether appellant has shown reasonable cause for the abatement of the late filing penalty.

Appellant's Exhibit: Miscellaneous Documents ([Exhibit 5.1](#))

Action: Upon motion of Ms. Stowers, seconded by Mr. Horton and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board submitted the appeal for decision.

Exhibits to these minutes are incorporated by reference.

River Bell Park Apartments, 874722

2012, \$1,080.00 Claim for Refund

For Appellant:

Paul Prudler, Taxpayer

For Franchise Tax Board:

Andy Amara, Tax Counsel

Natasha Page, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issue: Whether appellant has shown that reasonable cause exists for the late filing of its 2012 return.

Appellant's Exhibit: Miscellaneous Documents ([Exhibit 5.2](#))

Action: Mr. Runner moved to grant the claim for refund. The motion was seconded by Ms. Harkey but failed to carry, Ms. Harkey and Mr. Runner voting yes, Ms. Ma, Mr. Horton and Ms. Stowers voting no.

Upon motion of Ms. Stowers, seconded by Mr. Horton and duly carried, Ms. Ma, Mr. Horton and Ms. Stowers voting yes, Ms. Harkey and Mr. Runner voting no, the Board sustained the action of the Franchise Tax Board.

Tuesday, May 24, 2016

Emerson Properties, Inc., 871652

2008, \$17,870.00 Assessment

Stanley R. Emerson and Kathleen Emerson, 871809

2008, \$37,895.00 Assessment

Christopher B. Emerson and Valerie M. Wade, 871819

2008, \$1,845.00 Assessment

Dale R. Emerson and Carolyn K. Emerson, 871825

2008, \$27,434.00 Assessment

Michael Emerson and Marla Novo, 871826

2008, \$481.00 Assessment

Patrick Emerson, 871832

2008, \$1,841.00 Assessment

Craig J. Coombs and Tricia Emerson, 871833

2008, \$2,950.00 Assessment

For Appellants:

Silvio Reggiardo III, Attorney

For Franchise Tax Board:

Carol Kuduk, Tax Counsel

Ciro Immordino, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issue: Whether appellants have shown error in respondent's determination of additional taxable boot income from a like-kind exchange under Internal Revenue Code (IRC) section 1031.

Action: Upon motion of Ms. Stowers, seconded by Mr. Horton and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board sustained the action of the Franchise Tax Board.

Frank Schine and Stephanie Schine, 791858

2009, \$1,868.00 Assessment

For Appellants:

Frank Schine, Taxpayer

Stephanie Schine, Taxpayer

For Franchise Tax Board:

Eric Brown, Tax Counsel

Diane Ewing, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether appellants have shown error in the proposed assessment which is based on a federal action.

Whether appellants have established that a portion of their income is not subject to California income tax in 2009.

Appellant's Exhibit: Miscellaneous Documents ([Exhibit 5.3](#))

Action: Mr. Horton moved to grant the appeal. The motion was seconded by Ms. Harkey. Mr. Horton withdrew his motion.

Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board submitted the appeal for decision.

The Board recessed at 11:24 a.m. and reconvened at 1:35 p.m. with Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers present.

Tuesday, May 24, 2016

PUBLIC HEARINGS**Proposed Adoption of Cigarette and Tobacco Products Tax Regulation 4076,
*Wholesale Cost of Tobacco Products***

Pamela Mash, Tax Counsel, Tax and Fee Programs Division, Legal Department, made introductory remarks regarding a new regulation to further clarify the meaning of the “wholesale cost” of tobacco products other than cigarettes as defined in Revenue and Taxation Code section 30017 ([Exhibit 5.4](#)).

Speaker: Dennis Loper, California District Association

Action: Upon motion of Mr. Horton, seconded by Ms. Stowers and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board adopted the amendments to Regulation 4076 as published.

Business Taxpayers’ Bill of Rights Hearings

Todd Gilman, Taxpayer’s Rights Advocate, Taxpayer’s Rights Advocates Office, made introductory remarks regarding the Business Taxpayers’ Bill of Rights hearings. Individuals have the opportunity to present ideas, concerns, and recommendations regarding legislation, the quality of agency services, and other issues related to the Board’s administration of its tax programs, including sales and use taxes, environmental fees, fuel taxes, and excise taxes, and any problems identified in the Taxpayers’ Rights Advocate’s Annual Report ([Exhibit 5.5](#)).

Speakers: Jesse W. McClellan, Esq. McClellan Davis, LLC
Rex Halverson, Tax Attorney, Rex Halverson & Associates
Gene Christopher, Taxpayer

Mr. Gilman read into the record written comments from an anonymous small business owner in the San Francisco Bay Area ([Exhibit 5.6](#)).

Property Taxpayers’ Bill of Rights Hearings

Todd Gilman, Taxpayer’s Rights Advocate, Taxpayer’s Rights Advocates Office, made introductory remarks regarding the Property Taxpayers’ Bill of Rights hearings. Individuals have the opportunity to present their ideas, concerns, and recommendations regarding legislation, the quality of agency services, and other issues related to the Board’s administration of its tax programs, including state and county property tax programs, and any problems identified in the Taxpayers’ Rights Advocate’s Annual Report ([Exhibit 5.7](#)).

Speakers: Tim Phillis, Taxpayer ([Exhibit 5.8](#))
Denise Friedman, Taxpayer ([Exhibit 5.9](#))
John Gamper, California Farm Bureau Federation
Howard Kato, President, T & M Kato Farms, Inc. ([Exhibit 5.10](#))

Mr. Gilman read into the record written comments from Larry Kaplan, Taxpayer ([Exhibit 5.11](#)).

Tuesday, May 24, 2016

The Board recessed at 3:05 p.m. and reconvened at 3:59 p.m. with Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers present.

LEGAL APPEALS MATTERS, CONSENT

With respect to the Legal Appeals Matters Consent Agenda, upon a single motion of Ms. Harkey, seconded by Mr. Runner and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board made the following orders:

7 Bay Truck Station, Inc., 836996 (AA)

10/01/09 to 09/30/12, \$88,276.13 Tax, \$8,827.65 Negligence Penalty

Action: Redetermine as recommended by the Appeals Division.

Bajwa Bros, LLC, 678256 (EA)

01/01/09 to 12/31/11, \$50,909.86 Tax, \$00.00 Penalty

Action: Redetermine as recommended by the Appeals Division.

Charisma Motors, Inc., 589120 (AS)

04/01/08 to 12/31/10, \$17,332.88 Tax, \$1,733.29 Negligence Penalty

Action: Redetermine as recommended by the Appeals Division.

C W Store, Inc., 756890 (DF)

03/16/10 to 09/30/12, \$34,050.14 Tax, \$00.00 Penalty

C W Store, Inc., 755875 (DF)

10/01/11 to 09/30/12, \$16,169.25 Tax, \$00.00 Penalty

C W Store, Inc., 755876 (DF)

01/01/10 to 09/30/12, \$53,563.11 Tax, \$00.00 Penalty

Alawi Mohamed Abdulgi Algumae, 756919 (DF)

07/01/09 to 09/30/11, \$80,126.34 Tax, \$8,012.63 Negligence Penalty

Action: Redetermine as recommended by the Appeals Division.

Infra-Structure Aggregates, Inc., 711192 (RC)

10/01/09 to 06/30/12, \$52,728.28 Tax

Action: Redetermine as recommended by the Appeals Division.

Yolanda Villa Jaramillo, 777639 (EA)

01/01/10 to 12/31/12, \$11,075.59 Tax, \$1,105.06 Finality Penalty

Action: Redetermine as recommended by the Appeals Division.

Roman Preys, 573476 (AR)

04/01/05 to 03/31/08, \$390,555.54 Tax, \$4,702.60 Failure-to-file Penalty, \$33,239.00 Negligence Penalty, \$39,055.55 Finality Penalty

Action: Redetermine as recommended by the Appeals Division.

Juan Ramirez, 610532 (UT)

05/11/10, \$2,437.50 Tax

Action: Redetermine as recommended by the Appeals Division.

Tuesday, May 24, 2016

Robere's Jewelry, Incorporated, 760304 (FH)

07/01/07 to 06/30/10, \$96,954.98 Tax, \$9,695.53 Negligence Penalty

Action: Redetermine as recommended by the Appeals Division.

Marina Plagova, 731341 (STF)

04/01/06 to 09/30/08, \$679.00 Tax

Marina Plagova, 731343 (STF)

04/01/06 to 09/30/08, \$170.00 Tax

Action: Redetermine as recommended by the Appeals Division.

Christopher Steven Irving, 736792 (GH)

01/01/04 to 11/30/07, \$9,368.65 Tax, \$5,921.21 Late Payment Penalties, \$348.16 Late Prepayment Penalty

Action: Redetermine as recommended by the Appeals Division.

Lepore Brothers, LLC, 492275 (AS)

07/01/04 to 09/30/07, \$65,426.16 Tax, \$13,635.27 Negligence Penalty

Action: Redetermine as recommended by the Appeals Division.

The Morgan-Kane Food Service Group, 592873 (GH)

04/01/07 to 03/31/10, \$25,562.91 Tax, \$2,949.90 Negligence Penalty, \$2,949.88 Finality Penalty

Action: Redetermine as recommended by the Appeals Division.

Motif, LLC, 739818 (GH)

04/01/09 to 03/31/12, \$82,889.94 Tax, \$00.00 Penalty

Action: Redetermine as recommended by the Appeals Division.

To-Quyen T. Nguyen, 731329 (KH)

01/01/09 to 12/31/11, \$21,332.37 Tax, \$00.00 Penalty

Action: Redetermine as recommended by the Appeals Division.

Rizalde V. Sandoval, 792067 (EH)

01/01/10 to 12/31/12, \$126,120.31 Tax, \$12,612.04 Negligence Penalty

Action: Redetermine as recommended by the Appeals Division.

Julianne Kathryn Tellez, 733848 (CH)

06/10/09 to 09/30/11, \$133,178.13 Tax, \$70,801.27 Negligence Penalty

Action: Redetermine as recommended by the Appeals Division.

Austin Wallestad, 519814, 520192, 847807 (KH)

07/01/09 to 09/17/09, \$132,490.20 Tax, \$00.00 Penalty

04/01/09 to 08/31/09, \$249,141.27 Tax, \$24,389.40 Late Payment Penalties

04/01/09 to 09/17/09, \$8,982.81 Claim for Refund

Action: Redetermine as recommended by the Appeals Division.

Yahia Ibrahim Assad, et al., 352128 (STF)

07/01/00 to 08/31/00, \$35,608.79 Tax, \$3,560.88 Failure-to-file Penalty

Action: Redetermine as recommended by the Appeals Division.

Tuesday, May 24, 2016

Cleopatra Smokes, Inc., 611397 (STF)

03/01/09 to 12/31/10, \$23,533.42 Tax, \$00.00 Penalty

Action: Redetermine as recommended by the Appeals Division.

Hughston Engineering, Inc., 799116, 816932 (BH)

01/01/07 to 12/31/09, \$63,671.18 Tax

Action: Redetermine as recommended by the Appeals Division.

Qaisara Malik, 793207 (KH)

10/01/08 to 09/30/11, \$14,376.49 Tax, \$1,468.14 Negligence Penalty

Action: Redetermine as recommended by the Appeals Division.

CORPORATE FRANCHISE AND PERSONAL INCOME TAX MATTERS, CONSENT

With respect to the Corporate Franchise and Personal Income Tax Matters Consent Agenda, upon a single motion of Ms. Harkey, seconded by Mr. Horton and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board made the following orders:

Donald G. Blakstad, 793952

2000, \$1,168,240.00 Tax, \$467,296.00 Penalty

Action: Sustain the action of the Franchise Tax Board.

Thomas H. T. Lin and Li-Ya Huang, 640327

2002, \$49,635.00 Tax, \$2,274.97 Post-amnesty Penalty

2003, \$49,486.00 Tax

Action: Sustain the action of the Franchise Tax Board as modified by its concessions on appeal.

Lars Bergmann, 843571

2010, \$17,537.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Rodney C. Brovelli, 847331

2009, \$964.00 Tax, \$192.80 Accuracy-related Penalty

Action: Sustain the action of the Franchise Tax Board as modified by its concessions on appeal.

Fig Tree Foods, Inc., 823707

2010, \$432.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Ernestine Forrest, 805246

2009, \$219.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Tuesday, May 24, 2016

Ryan King and Holly King, 855804

2012, \$815.04 Tax

Action: Sustain the action of the Franchise Tax Board.

Benjamin Iserhien, 839050

2004, \$8,493.00 Tax

Benjamin Iserhien and Krystina Tran, 839054

2005, \$3,725.00 Tax

Action: Deny the petition for rehearing.

Charlotte E. Wadsworth, 782289

1988, \$7,966.92 Claim for Refund

Action: Deny the petition for rehearing.

LEGAL APPEALS MATTER, ADJUDICATORY

Naz Auto Services, Inc., 626426 (BH)

04/01/08 to 03/31/11, \$64,956.56 Tax, \$00.00 Penalty

Considered by the Board: Hearing Notice Sent – Appearance Waived

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Ms. Harkey, seconded by Mr. Horton and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board ordered that the petition be redetermined as recommended by the Appeals Division.

CORPORATE FRANCHISE AND PERSONAL INCOME TAX MATTERS, ADJUDICATORY

Christene Brown, 797860

2011, \$946.00 Tax, \$236.50 Late filing Penalty, \$236.50 Demand Penalty

Considered by the Board: April 26, 2016

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Ms. Stowers, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board adopted a decision sustaining the action of the Franchise Tax Board.

Ameristar Casinos, Inc. & Subs., 605227, 841016

2003, \$24,825.00 Assessment

2004, \$69,390.00 Assessment

2005, \$107,962.00 Assessment

2007, \$31,019.00 Assessment

2008, \$57,310.00 Assessment

Considered by the Board: September 16, 2015

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Ms. Harkey, seconded by Mr. Runner and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board granted the petition for rehearing.

Tuesday, May 24, 2016

Michael J. Bills and Mary E. Bills, 610028, 782397

2005, \$553,799.00 Assessment

2006, \$784,599.00 Assessment

2007, \$931,712.00 Assessment

2008, \$981,802.00 Assessment

2009, \$525,369.00 Assessment

Considered by the Board: March 29, 2016, Summary Decision (Rev. & Tax. Code, § 40)

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Ms. Stowers moved to adopt the summary decision. The motion was seconded by Ms. Harkey. Ms. Stowers withdrew her motion.

Upon motion of Mr. Runner, seconded by Ms. Harkey and duly carried, Ms. Ma, Ms. Harkey and Mr. Runner voting yes, Mr. Horton and Ms. Stowers voting no, the Board adopted the written summary decision as presented by staff.

TAX PROGRAM NONAPPEARANCE MATTERS NOT SUBJECT TO CONTRIBUTION DISCLOSURE STATUTE

PROPERTY TAX MATTERS

Audits

Golden State Water Company (0101)

2014, \$7,900,000.00 Escaped Assessment, \$196,775.00 In-lieu Interest

2013, \$18,300,000.00 Escaped Assessment, \$1,402,666.00 In-lieu Interest

2012, \$300,000.00 Excessive Assessment

2011, \$11,900,000.00 Escaped Assessment

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner and Mr. Horton voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.

Southern California Edison Company (0148)

2014, \$649,100,000.00 Escaped Assessment, \$97,365,000.000 In-lieu Interest

2013, \$179,000,000.00 Escaped Assessment, \$42,960,000.000 In-lieu Interest

2012, \$229,400,000.00 Excessive Assessment

2011, \$220,800,000.00 Excessive Assessment

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner and Mr. Horton voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.

Tuesday, May 24, 2016

Liberty Utilities, LLC (0163)

2015, \$19,700,000.00 Escaped Assessment, \$1,970,000.00 Penalties, \$1,182,000.00 In-lieu Interest

2014, \$16,500,000.00 Escaped Assessment, \$1,650,000.00 Penalties, \$2,475,000.00 In-lieu Interest

2013, \$3,300,000.00 Escaped Assessment

2012, \$2,500,000.00 Excessive Assessment

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner and Mr. Horton voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.

Smart City Networks LP (2099)

2015, \$80,000.00 Escaped Assessment, \$8,000.00 Penalties, \$4,800.00 In-lieu Interest

2014, \$560,000.00 Escaped Assessment, \$56,000.00 Penalties, \$84,000.00 In-lieu Interest

2013, \$470,000.00 Escaped Assessment, \$47,000.00 Penalties, \$112,800.00 In-lieu Interest

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner and Mr. Horton voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.

Network Telephone Services, Inc. (7636)

2015, \$330,000.00 Escaped Assessment, \$33,000.00 Penalties, \$14,850.00 In-lieu Interest

2014, \$400,000.00 Escaped Assessment, \$40,000.00 Penalties, \$54,000.00 In-lieu Interest

2013, \$460,000.00 Escaped Assessment, \$46,000.00 Penalties, \$103,500.00 In-lieu Interest

2012, \$240,000.00 Escaped Assessment, \$24,000.00 Penalties, \$75,600.00 In-lieu Interest

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner and Mr. Horton voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.

Telespan Communications, LLC (7956)

2015, \$157,000.00 Escaped Assessment, \$9,420.00 In-lieu Interest

2014, \$252,000.00 Escaped Assessment, \$37,800.00 In-lieu Interest

2013, \$17,300.00 Escaped Assessment, \$4,152.00 In-lieu Interest

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner and Mr. Horton voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.

Tuesday, May 24, 2016

OpticAccess, LLC (8150)

2015, \$1,210,000.00 Escaped Assessment, \$121,000.00 Penalties, \$72,600.00 In-lieu Interest

2014, \$100,000.00 Escaped Assessment, \$10,000.00 Penalties, \$15,000.00 In-lieu Interest

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner and Mr. Horton voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.

X2 Telecom, LLC (8159)

2015, \$20,000.00 Excessive Assessment

2014, \$720,000.00 Escaped Assessment, \$72,000.00 Penalties, \$108,000.00 In-lieu Interest

2013, \$3,670,000.00 Escaped Assessment, \$367,000.00 Penalties, \$880,000.00 In-lieu Interest

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner and Mr. Horton voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.

Freedom Telecommunications, LLC (8169)

2014, \$39,600,000.00 Escaped Assessment, \$3,960,000.00 Penalties, \$5,940,000.00 In-lieu Interest

2013, \$31,700,000.00 Escaped Assessment, \$3,170,000.00 Penalties, \$7,608,000.00 In-lieu Interest

2012, \$6,910,000.00 Escaped Assessment, \$691,000.00 Penalties, \$2,280,300.00 In-lieu Interest

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner and Mr. Horton voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.

Unitary Land Escaped Assessments**Cellco Partnership (2559)**

2013 to 2015, \$5,194,530.00 Unitary Value

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner and Mr. Horton voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the unitary land escaped assessment as recommended by staff.

Sprint Telephony PCS, L.P. (2720)

2013 to 2015, \$5,620,175.00 Unitary Value

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner and Mr. Horton voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the unitary land escaped assessment as recommended by staff.

Tuesday, May 24, 2016

OFFER-IN-COMPROMISE RECOMMENDATIONS

Action: Upon motion of Ms. Harkey, seconded by Mr. Runner and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board approved the Offer in Compromise Recommendations of *Wing Man Choy; Kwang Kyung Park; Sun Soon Park; The 33 Degrees Group, LLC*; and, *Susan Penny Lawrence Watne*; as recommended by staff.

FINAL ACTION ON CORPORATE FRANCHISE AND PERSONAL INCOME TAXES HEARINGS HELD MAY 24, 2016

Gregory Wimmer, 842007

Final Action: Upon motion of Ms. Harkey, seconded by Ms. Stowers and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board sustained the action of the Franchise Tax Board.

Frank Schine and Stephanie Schine, 791858

Final Action: Taxpayers' appeal withdrawn after reaching agreement with the Franchise Tax Board to resolve the matter.

ANNOUNCEMENT OF CLOSED SESSION

The Board recessed at 4:07 p.m. and reconvened immediately in closed session with Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers present.

CLOSED SESSION

The Board met to discuss pending litigation (Gov. Code § 11126(e)), settlements (Rev. & Tax. Code §§ 6901, 7093.5, 30459.1 and 50156.11) and personnel matters (Gov. Code § 11126(a)).

The Board recessed at 4:42 p.m. and reconvened immediately in open session with Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers present.

Ms. Ma announced the appointments of Julia Findley, Chief, Financial Management Division, effective immediately; and, Mark DeSio, Deputy Director, External Affairs Department, effective June 01, 2016.

The Board recessed at 4:43 p.m.

The foregoing minutes are adopted by the Board on June 14, 2016.

Note: The following matter was removed from the calendar prior to the meeting: *Nannette Beacham (Sparks), 862188.*

Wednesday, May 25, 2016

The Board met at its offices at 450 N Street, Sacramento, at 9:09 a.m., with Ms. Ma, Chairwoman, Ms. Harkey, Vice Chair, Mr. Runner and Mr. Horton present, Ms. Stowers present on behalf of Ms. Yee in accordance with Government Code section 7.9.

SALES AND USE TAX APPEALS HEARINGS

Morrison Auto Corporation, 765464 (KH)

07/01/09 to 12/31/11, \$37,020.33 Tax

For Petitioner:

Svetlana Dolyna, Representative

Inna Tobys, Representative

For Business Tax and Fee Department:

Scott Lambert, Hearing Representative

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issue: Whether additional adjustments to the amount of unreported taxable sales are warranted.

Action: Upon motion of Ms. Harkey, seconded by Mr. Horton and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board ordered that the petition be redetermined as recommended by the Appeals Division

SPECIAL PRESENTATIONS

Ms. Ma made introductory remarks regarding the Board of Equalization's *Employee Recognition Award Program*. On behalf of the Board, she thanked the recipients for their dedication and commitment to the organization. David Gau, Executive Director, presented the awards for cycle 2015-16. Robert McPherson, Associate Management Analyst, Executive Projects & Services Section, External Affairs Department, read the names of the award recipients and their achievements into the record. Each Member of the Board gave a special thanks to the awardees for their hard work and efficiency.

The Board recessed at 9:58 a.m. and reconvened at 10:18 a.m. with Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers present.

CHIEF COUNSEL MATTERS

RULEMAKING

Readoption of Proposed Amendment to Diesel Fuel Tax Regulation 1432, *Other Nontaxable Uses of Diesel Fuel in a Motor Vehicle*

Kevin Smith, Tax Counsel, Tax and Fee Programs Division, Legal Department, made introductory remarks regarding proposed readoption of amendments to Regulation 1432 after adding documents to the rulemaking file to provide an additional factual basis for the amendments' safe-harbor percentages ([Exhibit 5.12](#)).

Action: Upon motion of Mr. Runner, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board readopted the amendments to Regulation 1432 as recommended by staff.

Exhibits to these minutes are incorporated by reference.

Wednesday, May 25, 2016

Section 100 Changes

Sales and Use Tax Regulation 1597, *Property Transferred or Sold by Certain Nonprofit Organizations*

Bradley Heller, Tax Counsel, Tax and Fee Programs Division, Legal Department, made introductory remarks regarding staff's request for authorization to make Rule 100 changes to make the regulation consistent with the enactment of Revenue and Taxation Code (RTC) section 6018.10. RTC section 6018.10 provides that under specified circumstances an all-volunteer fire department (VFD) is a consumer, not a retailer, of all tangible personal property sold by it at retail in this state ([Exhibit 5.13](#)).

Action: Upon motion of Mr. Horton, seconded by Ms. Stowers and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board approved authorization to make Rule 100 changes to Regulation 1597 as recommended by staff.

Property Tax Rules 282, *Temporary Certification*, and 283, *Permanent Certification*

Bradley Heller, Tax Counsel, Tax and Fee Programs Division, Legal Department, made introductory remarks regarding staff's request for authorization to make Rule 100 changes to update Rule 283 to reflect organizational changes in state government and clarify both rules' cross-references to other rules ([Exhibit 5.14](#)).

Action: Upon motion of Mr. Runner, seconded by Mr. Horton and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board approved authorization to make Rule 100 changes to Property Tax Rules 282 and 283 as recommended by staff.

OTHER CHIEF COUNSEL MATTERS

Further Discussion of *Resolution Conferring Powers on the Executive Director*

Randy Ferris, Chief Counsel, Legal Department, made introductory remarks regarding whether to require Board approval for all new office space for district field offices prior to the execution of any lease documents ([Exhibit 5.15](#)).

Action: Upon motion of Ms. Harkey, seconded by Mr. Horton and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board adopted the amendment with further changes to line 4: add a comma after "Member" and delete the word "other".

Upon motion of Ms. Harkey, seconded by Ms. Ma and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board ordered the discussion of the policy on establishing location of offices and requirements for office space be scheduled for the June 14, 2016 Board meeting.

Upon motion of Ms. Harkey, seconded by Mr. Runner and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board ordered a master plan of facilities be brought back to a Board Meeting as soon as is practical.

Wednesday, May 25, 2016

ADMINISTRATIVE SESSION**ADMINISTRATIVE MATTERS, CONSENT**

With respect to the Administrative Matters, Consent Agenda, upon a single motion of Mr. Runner, seconded by Ms. Stowers and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board made the following orders:

Action: Adopt the following resolutions, extending its sincere and grateful appreciation to the retirees for their dedicated service to the State Board of Equalization and to the State of California, their congratulations on each retiree's well-earned retirement, and best wishes to them and their families for continued success, happiness and good health in the years to come ([Exhibit 5.16](#)).

Lynn Bartolo, Acting Deputy Director, Special Tax and Fee Department, and Sales and Use Tax Departments, Headquarters

Merly R. Dino, Business Taxes Specialist I, Special Operations Branch, Investigation and Special Operations Division, Legal Department, Headquarters

Cynthia L. Thomas, Business Taxes Administrator I, Return Analysis Unit, Business Tax and Fee Department, Headquarters

Action: Adopt Board Resolution for Shellie L. Hughes, Chief Legal Advisor, Board Member Jerome Horton's Office, as recommended by staff ([Exhibit 5.17](#)).

Action: Approve the Board Meeting Minutes of April 26-27, 2016.

Action: Approve proposed revisions to Audit Manual Chapter 4, *General Audit Procedures*, and Chapter 9, *Grocers* as recommended by staff ([Exhibit 5.18](#)).

Action: Approve proposed revisions to Compliance Policy and Procedures Manual Chapter 2, *Registration*, and Chapter 7, *Collections* as recommended by staff ([Exhibit 5.19](#)).

Action: Approve time extensions to Alpine, Mariposa, Modoc, Monterey, and Plumas Counties to complete and submit fiscal year 2016-17 Local Assessment Roll, pursuant to Revenue and Taxation Code section 155 as recommended by staff ([Exhibit 5.20](#)).

Action: Adopt the property tax forms as presented by staff ([Exhibit 5.21](#)).

ADOPTION OF BOARD COMMITTEE REPORTS AND APPROVAL OF COMMITTEE ACTIONS**Legislative Committee**

Action: Upon motion of Mr. Horton, seconded by Ms. Stowers and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board approved the Legislative Committee report and the actions therein as reflected by the committee members' votes ([Exhibit 5.22](#)).

Wednesday, May 25, 2016

OTHER ADMINISTRATIVE MATTERS**Property Tax Deputy Director's Report**

Mark Durham, Chief, Research and Statistics Section, Legislative and Research Division, made introductory remarks regarding staff's recommendation for the 4-R Act Equalization Ratio for fiscal year 2016-17 to ensure that rail transportation property is assessed at the same percentage of market value as all other commercial/ industrial property ([Exhibit 5.23](#)).

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board set the 4-R Act Equalization Ratio at 66.9 percent for fiscal year 2016-17 as recommended by staff.

Technology Deputy Director's Report

Brenda Fleming, Chief Information Officer, provided a report on the progress of key activities and the Fit and Ready Campaign. Ms. Fleming introduced Chris Caietti, CROS Project Director, who provided a report regarding the progress on the CROS project to replace BOE's two current legacy technology tax administration systems.

Executive Director's Report

Todd Gilman, Taxpayer's Rights Advocate, Taxpayer's Rights Advocates Office, provided a report regarding the Board Meeting interpreter process and guidelines ([Exhibit 5.24](#)).

Speakers: Glenna Wheeler, Chief, Office of Civil Rights, CalHR
John Hering, Interpreter Program Manager, Office of Civil Rights, CalHR

Action: Upon motion of Mr. Runner, seconded by Ms. Harkey and duly carried, Ms. Ma, Ms. Harkey, Mr. Runner and Ms. Stowers voting yes, Mr. Horton voting no, the Board ordered that professional interpreters be utilized to provide simultaneous or consecutive interpretation at Board Hearings as recommended by staff.

The Board adjourned at 12:35 p.m. in memory of Carol Connelly, Tax Technician III, Field Operations Division; Neil Halloway, Senior Information Analyst, Information Security Office, Administration Department; and, Benjamin Tang, Chief, County-Assessed Properties Division, Property Tax Department.

The foregoing minutes are adopted by the Board on June 14, 2016.

Note: The following matters were removed from the calendar prior to the meeting: *Chris Dinh Cao, 535474 (KH); Rodolfo Dagoberto Carranza, 623951 (BH); and, Business Taxes Committee Report.*