



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

DAVID J. GAU
Executive Director

STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
May 24-25, 2016
NOTICE AND AGENDA
Meeting Agenda (as of 5/23/2016, 5:30 PM)

[Agenda Changes](#)
[Webcast on Tuesday, May 24, 2016](#)
Tuesday, May 24, 2016

9:00 a.m. Pledge of Allegiance

Board Meeting Convenes*

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 or to an earlier session on the same day.

Board Committee Meetings**

These items are scheduled for the afternoon session.

Board Meeting*

Board Member Annual Photograph

State-Assessed Properties Value Setting

[Property Tax Matter 'CF' +](#) Mr. Thompson

Board sets unitary values of state-assessed properties annually, on or before May 31, pursuant to constitutional and statutory law.

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. [Gregory Wimmer, 842007 +](#)

For Appellant: Gregory Wimmer, Taxpayer
For Franchise Tax Board: David Muradyan, Tax Counsel
Marguerite Mosnier, Tax Counsel

- B2. River Bell Park Apartments, 874722 +**
 For Appellant: Paul Prudler, Taxpayer
 For Franchise Tax Board: Andy Amara, Tax Counsel
 Natasha Page, Tax Counsel
- B3a. Emerson Properties, Inc., 871652 +**
B3b. Stanley R. Emerson and Kathleen Emerson, 871809 +
B3c. Christopher B. Emerson and Valerie M. Wade, 871819 +
B3d. Dale R. Emerson and Carolyn K. Emerson, 871825 +
B3e. Michael Emerson and Marla Novo, 871826 +
B3f. Patrick Emerson, 871832 +
B3g. Craig J. Coombs and Tricia Emerson, 871833 +
 For Appellants: Silvio Reggiardo III, Attorney
 For Franchise Tax Board: Carol Kuduk, Tax Counsel
 Ciro Immordino, Tax Counsel
- B4. Frank Schine and Stephanie Schine, 791858 +**
 For Appellants: Frank Schine, Taxpayer
 Stephanie Schine, Taxpayer
 For Franchise Tax Board: Eric Brown, Tax Counsel
 Diane Ewing, Tax Counsel
- ~~**B5. Nannette Beacham (Sparks), 862188 +**~~
~~For Appellant: Nannette Beacham, Taxpayer~~
~~Russell Sternshein, Representative~~
~~For Franchise Tax Board: Brad Coutinho, Tax Counsel~~
~~Diane Ewing, Tax Counsel~~

C. Sales and Use Tax Appeals Hearings

These items are scheduled for Wednesday, May 25, 2016.

There are no items for the following matters:

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

1:30 p.m. Board Meeting Reconvenes*

F. Public Hearings

- F1. Proposed Adoption of Cigarette and Tobacco Products Tax Regulation 4076, *Wholesale Cost of Tobacco Products* +Ms. Mash**

Public hearing 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.

F2. [Business Taxpayers' Bill of Rights Hearings](#).....Mr. Gilman

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 sales and use taxes, environmental fees, fuel taxes, and excise taxes, and any problems identified in the Taxpayers' Rights Advocate's [Annual Report +](#).

F3. [Property Taxpayers' Bill of Rights Hearings](#).....Mr. Gilman

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 taxes, and any problems identified in the Taxpayers' Rights Advocate's [Annual Report +](#).

G. Tax Program Nonappearance Matters – Consent

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

G1. Legal Appeals MattersMr. Angeja

- Hearing Notice Sent – No Response
 1. 7 Bay Truck Station, Inc., 836996 (AA)
 2. Bajwa Bros, LLC, 678256 (EA)
 3. Charisma Motors, Inc., 589120 (AS)
 - 4a. C W Store, Inc., 756890 (DF)
 - 4b. C W Store, Inc., 755875 (DF)
 - 4c. C W Store, Inc., 755876 (DF)
 - 4d. Alawi Mohamed Abdulgi Algumae, 756919 (DF)
 5. Infra-Structure Aggregates, Inc., 711192 (RC)
 6. Yolanda Villa Jaramillo, 777639 (EA)
 7. Roman Preys, 573476 (AR)
 8. Juan Ramirez, 610532 (UT)
 9. Robere's Jewelry, Incorporated, 760304 (FH)
 - 10a. Marina Plagova, 731341 (STF)
 - 10b. Marina Plagova, 731343 (STF)
 11. Christopher Steven Irving, 736792 (GH)
 12. Lepore Brothers, LLC, 492275 (AS)
 13. The Morgan-Kane Food Service Group, 592873 (GH)
 14. Motif, LLC, 739818 (GH)
 15. To-Quyen T. Nguyen, 731329 (KH)
 16. Rizalde V. Sandoval, 792067 (EH)
 17. Julianne Kathryn Tellez, 733848 (CH)
 18. Austin Wallestad, 519814, 520192, 847807 (KH)
 19. Yahia Ibrahim Assad, et al., 352128 (STF)
 20. Cleopatra Smokes, Inc., 611397 (STF)
- Hearing Notice Sent – Appearance Waived
 21. Hughston Engineering, Inc., 799116, 816932 (BH)
 22. Qaisara Malik, 793207 (KH)

- G2. Franchise and Income Tax Matters Mr. Epolite
- Hearing Notice Sent – No Response
 1. Donald G. Blakstad, 793952
 - Hearing Notice Sent – Appearance Waived
 2. Thomas H. T. Lin and Li-Ya Huang, 640327
 - Decisions
 3. Lars Bergmann, 843571
 4. Rodney C. Brovelli, 847331
 5. Fig Tree Foods, Inc., 823707
 6. Ernestine Forrest, 805246
 7. Ryan King and Holly King, 855804
 - Petitions for Rehearing
 - 8a. Benjamin Iserhien, 839050
 - 8b. Benjamin Iserhien and Krystina Tran, 839054
 9. Charlotte E. Wadsworth, 782289

There are no items for the following matters:

- G3. Homeowner and Renter Property Tax Assistance Matters
- G4. Sales and Use Taxes Matters
- G5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds
- G6. Special Taxes Matters
- G7. Special Taxes Matters – Credits, Cancellations, and Refunds
- 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
- Hearing Notice Sent – Appearance Waived
 1. Naz Auto Services, Inc., 626426 (BH)
- H2. Franchise and Income Tax Matters Mr. Epolite
- Decisions
 1. Christene Brown, 797860
 - Petitions for Rehearing
 2. Ameristar Casinos, Inc. & Subs., 605227, 841016
 - Section 40 (AB 2323) Matters
 3. [Michael J. Bills and Mary E. Bills, 610028, 782397 +](#)

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. Golden State Water Company (0101) 'CF'
 - 2. Southern California Edison Company (0148) 'CF'
 - 3. Liberty Utilities, LLC (0163) 'CF'
 - 4. Smart City Networks LP (2099) 'CF'
 - 5. Network Telephone Services, Inc. (7636) 'CF'
 - 6. Telespan Communications, LLC (7956) 'CF'
 - 7. OpticAccess, LLC (8150) 'CF'
 - 8. X2 Telecom, LLC (8159) 'CF'
 - 9. Freedom Telecommunications, LLC (8169) 'CF'
 - Unitary Land Escaped Assessment
 - 10. Cellco Partnership (2559) 'CF'
 - 11. Sprint Telephony PCS, L.P. (2720) 'CF'

- I2. Offer in Compromise Recommendations..... Mr. Anderson
 - 1. Wing Man Choy
 - 2a. Kwang Kyung Park
 - 2b. Sun Soon Park
 - 3. The 33 Degrees Group, LLC
 - 4. Susan Penny Lawrence Watne

- I3. Local Tax Reallocation Matters

There are no items for this matter.

Chief Counsel Matters

- J. Rulemaking

These items are scheduled for Wednesday, May 25, 2016.

There are no items for the following matters:

- K. Business Taxes
- L. Property Taxes

- M. Other Chief Counsel Matters

This item is scheduled for Wednesday, May 25, 2016.

Administrative Session

The following items are scheduled for Wednesday, May 25, 2016.

- N. Consent Agenda
- O. Adoption of Board Committee Reports and Approval of Committee Actions
- P. Other Administrative Matters

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: Verizon California, Inc. v. Board of Equalization, et al.*, Sacramento County Superior Court, Case No. 34-2011-00116029-CU-MC-GDS (consolidated with 34-2013-00138191; 34-2014-00171512; 34-2015-00175631; 34-2015-00175609; 34-2015-00175621; 34-2015-00175627) (Gov. Code, § 11126(e)).
- Q3. Discussion and action on personnel matters (Gov. Code, § 11126(a)).

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

Board Committee Meetings**

[Legislative Committee](#) Ms. Ma, Committee Chairwoman

I. 2016 Legislative Bills: Recommendations for Board Position

- AB 567 Medical Cannabis Retailers: Tax Amnesty (Gipson)
- AB 717 Sales Tax: Exemption: Infant and Toddler Diapers (Gonzalez)
- ~~AB 1575 Medical Cannabis Advisory Group (Bonta)~~
- AB 1642 Fire Prevention Fee: Due Date (Oberholte)
- ~~AB 2149 Medical Cannabis Businesses: Cash Collection for State Agencies (Bonilla)~~
- AB 2678 State-Designated Fairs: Sales Tax Allocation (Gray)
- ~~AB 2692 Voluntary Disclosure Program: In-State Sellers (Brough)~~
- ~~SB 680 Sales Tax: Exemption: Out of State Purchasers: Passenger Vehicles (Wieckowski)~~
- SB 1394 Private Railroad Car Tax: Mileage Basis (Hall)

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


- ~~1. Proposed Amendments to Sales and Use Tax Regulation 1616, Federal Areas~~

~~Request approval and authorization to publish proposed amendments to clarify the application of tax to meals, food, and beverages sold for consumption on an Indian reservation.~~

Recess - The meeting will reconvene on Wednesday, May 25, 2016, at 9:00 a.m.

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Joann Richmond, Chief
Board Proceedings Division

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- ** 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.
- + 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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Board Meeting*

C. Sales and Use Tax Appeals Hearings

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

C1. Morrison Auto Corporation, 765464 (KH) +

For Petitioner: Svetlana Dolyna, Representative
Inna Tobys, Representative
For Department: Scott Lambert, Hearing Representative

~~G2. Chris Dinh Gao, 535474 (KH) +~~

~~For Petitioner: Chris Gao, Taxpayer
An Nguyen, Witness
For Department: Nonita DeLaCruz, Hearing Representative~~

~~G3. Rodolfo Dagoberto Carranza, 623951 (BH) +~~

~~For Petitioner: Rodolfo D. Carranza, Taxpayer
Linda Carranza, Witness
For Department: Scott Lambert, Hearing Representative~~

Special Presentations

Employee Recognition Award Program 2015-16..... Mr. Gau

The Board will honor BOE employees receiving the Employee Recognition Award in the 2015-16 award cycle.

Chief Counsel Matters

Items that appear under these matters provide information to the Members and may require Board action or direction.

J. Rulemaking

J1. [Readoption of Proposed Amendment to Diesel Fuel Tax Regulation 1432, Other Nontaxable Uses of Diesel Fuel in a Motor Vehicle +](#)..... Mr. Smith

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.

Section 100 Changes

J2. [Sales and Use Tax Regulation 1597, Property Transferred or Sold by Certain Nonprofit Organizations +](#) Mr. Heller

Staff requests authorization to complete Section 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.

J3. [Property Tax Rules 282, Temporary Certification, and 283, Permanent Certification +](#) Mr. Heller

Staff request for authorization to complete Section 100 changes to update Rule 283 to reflect organizational changes in state government and clarify both rules' cross-references to other rules.

M. Other Chief Counsel Matters

M1. [Further Discussion of Resolution Conferring Powers on the Executive Director +](#)..... Mr. Ferris

Discussion and possible action regarding whether to require Board approval for all new office space for district field offices prior to the execution of any lease documents.

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 +

- Lynn Bartolo
- Merly R. Dino
- Cynthia L. Thomas

N2. Board Resolution

- Shellie L. Hughes +

N3. Approval of Board Meeting Minutes

- April 26-27, 2016 +

N4. Proposed revisions to Audit Manual Chapter 4, *General Audit Procedures*, and Chapter 9, *Grocers* +

N5. Proposed revisions to Compliance Policy and Procedures Manual Chapter 2, *Registration*, and Chapter 7, *Collections* +

N6. Report on 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 +

N7. Adoption of Property Tax Forms +

- BOE-58-AH *Claim for Reassessment Exclusion for Transfer Between Parent and Child*

Revised question 8 in Section B to clarify that the claimant must provide copies of the will or trust agreement and all amendments to those documents.

- BOE-58-G *Claim for Reassessment Exclusion for Transfer from Grandparent to Grandchild*

Revised question 6 in Section B to clarify that the claimant must provide copies of the will or trust agreement and all amendments to those documents; and bolded two sentences in question 2 in Section C to help emphasize the instructions.

- BOE-261-G *2017 Claim for Disabled Veterans' Property Tax Exemption*

Revised to add "unemployability rating" to question 2a. and 2b.; and updated information for the 2017 lien date.

- BOE-264-AH *College Exemption Claim*
Revised to allow claimant to select multiple boxes in question 1; added sentence to question 7 to clarify process for claimant, and changed the table in question 7 to solicit information regarding buildings and improvements.
- BOE-267-A *20__ Claim for Welfare Exemption (Annual Filing)*
Revised second paragraph on page 1 to solicit "date vacated"; changed question 5 to include "transitional or emergency shelters"; and changed the word "facility" to "housing" in question 7 to clarify the type of property eligible for the exemption; and added a column for "fixtures" in the Assessor's Use Only box.
- BOE-267-R *Welfare Exemption Supplemental Affidavit, Rehabilitation—Living Quarters*
Revised to rearrange the existing language in Section 3 to provide clarity for the claimants; and changed the instructions for Section 3 to reflect the revisions to the form.
- BOE-502-D *Change in Ownership Statement, Death of Real Property Owner*
Revised certification section to include "spouse," "registered domestic partner," and "personal representative."
- BOE-502-G *Change in Ownership Statement, Oil and Gas Property*
Revised questions 13 and 21 to add "registered domestic partners."
- BOE-502-P *Possessory Interests Annual Usage Report*
Revised introductory paragraph to clarify what interests must be reported; added a question to allow filers to indicate that there were no taxable possessory interests on the property; and revised the Property Usage section to indicate that it is the "tenant/lessee/permittee" to accommodate terms used by various agencies.

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 Mr. Gau

1. [Board Meeting Interpreter Process and Guidelines +](#)Mr. Gilman

Recommendation that professional interpreters be utilized to provide simultaneous or consecutive interpretation at Board Hearings.

There are no items for the following matters:

P2. Chief Counsel Report

P3. Business Tax and Fee Deputy Director's Report

P4. Field Operations Department Report

P5. Property Tax Deputy Director's Report Mr. Kinnee

1. [Adoption of 4-R Act Equalization Ratio for Fiscal Year 2016-17 +](#) Mr. Durham

Ensures that rail transportation property is assessed at the same percentage of market value as all other commercial/industrial property.

P6. Administration Deputy Director's Report

There are no items for this matter.

P7. Technology Deputy Director's Report Ms. Fleming

1. CROS Project Update and Actions Mr. Caietti/
Ms. Gonzalez

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


P8. External Affairs Deputy Director's Report

There are no items for this matter.

Adjourn

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Joann Richmond, Chief
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