

Tuesday, June 14, 2016

The Board met at its offices at 450 N Street, Sacramento, at 9:00 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.

### **PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by Mario Guerrero, Legislative Director of SEIU, local 1000.

The Board recessed at 9:01 a.m. and reconvened at 9:04 a.m. with Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers present.

### **PUBLIC HEARINGS**

#### **Timber Harvest Values and Modified Harvest Values**

Mike Harris, Manager, State-Assessed Properties Division, Property Tax Department, made introductory remarks regarding the timber harvest values and modified harvest values. On or before June 30, 2016, the Board shall estimate the immediate harvest values of and adopt schedules for each species or sub-classification of timber harvested between July 1 and December 31, 2016. Additionally, the Board may modify immediate harvest values to reflect material changes in timber values that result from fire or other catastrophic cause for any area or part thereof in which damaged timber is located. Revenue and Taxation Code section 38204 ([Exhibit 6.1](#)).

Speakers were invited to address the Board, but there were none.

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 approved the timber harvest values as recommended by staff.

Exhibits to these minutes are incorporated by reference.

#### **Proposed Amendments to Sales and Use Tax Regulation 1590, *Newspapers and Periodicals***

Scott Claremon, Tax Counsel, Tax and Fee Programs Division, Legal Department, made introductory remarks regarding proposed amendments to clarify the application of tax to charges for mixed newspaper subscriptions that include the right to access digital content ([Exhibit 6.2](#)).

Speakers were invited to address the Board, but there were none.

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 the amendments to Regulation 1590 as published.

Tuesday, June 14, 2016

**LEGAL APPEALS MATTERS, CONSENT**

With respect to the Legal Appeals Matters Consent Agenda, upon a single 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 made the following order:

Rohit Burton Sharma, 936624 (STF)

December 15, 2015 Seizure Date, \$254.00 Approximate Value

Action: Determined that staff properly seized the tobacco products.

**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 Mr. Horton, seconded by Ms. Harkey and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board made the following orders:

Diljit Kaur, 862022

2011, \$3,591.00 Tax, \$897.75 Late Filing Penalty

Action: Sustain the action of the Franchise Tax Board.

Scott Larson, 796692

2008, \$538.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Baron Systems, Inc., 859265

2011, \$216.76 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Jeffrey W. Campbell and Linda K. Campbell, 839257

2008, \$10,852.00 Tax, \$2,674.50 Late Filing Penalty, \$2,170.40 Accuracy-Related Penalty

Action: Sustain the action of the Franchise Tax Board.

Sherri Cape, 790715

2007, \$837.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Carl Nathan Family Trust – Trust B, 859603

2013, \$1,708.81 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Central Valley Investment Group, II, 810256

2012, \$381.28 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Gregory P. Ramsey, 856319

2009, \$1,958.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Tuesday, June 14, 2016

**TAX PROGRAM NONAPPEARANCE MATTERS NOT SUBJECT TO CONTRIBUTION DISCLOSURE STATUTE****PROPERTY TAX MATTERS****Audit**

Ventura Pipeline System (Ellwood Pipeline, Inc.) (0464)

2012 to 2015, \$10,362,000.00 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.

**OFFER-IN-COMPROMISE RECOMMENDATIONS**

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 approved the Offer in Compromise Recommendations of *Michael Glenn Arnold; Bravo Enterprises, Inc.; Monica Fay Carpenter; Grand P & J, Inc.; Elizabeth Ann Gurga; Maureen Jones; Jon Charles Juhlin; Hawk Mohammed Khondakar and H.I.S. Enterprises, Inc.; Timothy John Penir and Pictured Illusions, Inc.; Bang Duc Pho and Lindsey & Annie, Inc.; Coty Refaely; Russell S. Schneider and SWH Enterprises, Inc.*; and, *Barbara Ann Tibbetts*; as recommended by staff.

**ADMINISTRATIVE SESSION****ADMINISTRATIVE MATTERS, CONSENT**

The Board deferred consideration of the following matter: *Proposed revisions to Compliance Policy and Procedures Manual Chapter 7, Collections.*

With respect to the Administrative Matters, Consent Agenda, upon a single 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 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 6.3](#)).

Colleen Castile, Business Taxes Administrator II (District Compliance Principle),  
Oakland District Office  
Christine R. Demes, Chief, Administrative Support Division, Headquarters  
Helena L. Guerrero, Associate Tax Auditor, West Covina District Office  
Phillip K. Klepin, Supervising Tax Auditor II, San Diego District Office

**Tuesday, June 14, 2016**

Alan D. Malbouvier, Business Taxes Specialist II, Special Operations Branch,  
Investigation and Special Operations Division, Legal Department,  
Headquarters

Heleen M. Rodriguez, Office Technician, Field Operations Department, Out-of-  
State Chicago District Office

Action: Approve the Board Meeting Minutes of May 24-25, 2016.

Action: Approve time extensions to Amador, Glenn, Imperial, Lassen, Los Angeles, Mendocino, Shasta, Tehama, and Yuba Counties to complete and submit the fiscal year 2016-17 Local Assessment Roll, pursuant to Revenue and Taxation Code section 155 as recommended by staff ([Exhibit 6.4](#)).

#### **OTHER ADMINISTRATIVE MATTERS**

##### **Executive Director's Report**

David Gau, Executive Director, provided a report regarding establishing location of offices ([Exhibit 6.5](#)). Mr. Horton provided written material ([Exhibit 6.6](#)). Ms. Harkey provided written material ([Exhibit 6.7](#))

David Gau, Executive Director, and Edna Murphy, Deputy Director, Administration Department, provided a report regarding the Legislative Budget and Conference Committee.

##### **Technology Deputy Director's Report**

Brenda Fleming, Chief Information Officer, Technology Department introduced Chris Caietti, CROS Project Director, and Trista Gonzalez, Business Taxes Administrator, who provided a report regarding the progress on the CROS project to replace BOE's two current legacy technology tax administration systems.

#### **ANNOUNCEMENT OF CLOSED SESSION**

The Board recessed at 10:09 a.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 settlements (Rev. & Tax. Code §§ 6901, 7093.5, 30459.1 and 50156.11) and personnel matters (Gov. Code § 11126(a)).

The Board recessed at 11:04 a.m. and reconvened immediately in open session with Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers present.

Ms. Ma announced the appointment of Chris Holtz, Chief, Business Management Division, Administration Department.

Tuesday, June 14, 2016

**ADMINISTRATIVE SESSION****ADOPTION OF BOARD COMMITTEE REPORTS AND APPROVAL OF COMMITTEE ACTIONS****Business Taxes 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 Business Taxes Committee report and the actions therein as reflected by the committee members' votes ([Exhibit 6.8](#)).

The Board adjourned at 11:05 a.m. in memory of Cesar Nikola Shamas, Associate Tax Auditor, Business Tax and Fee Department; and, the forty-nine individuals and families of those who lost their lives in the tragic shooting on Sunday, June 12, 2016 in Orlando, Florida.

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

Note: The following matters were removed from the calendar prior to the meeting: *Solarcity Corporation, 668911 (BH); Paul Neufeld, 768654 (DF); and, Cities of Ontario, Palm Springs, San Diego, Santa Barbara, and Counties of Sacramento, San Mateo, 525325, 525326.*