



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 23-24, 2017
NOTICE AND AGENDA
Meeting Agenda (as of 5/23/2017, 3:00 PM)

[Agenda Changes](#)
[Webcast on Tuesday, May 23, 2017](#)
Tuesday, May 23, 2017

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 matters are scheduled for later in the day.

Board Meeting*

Board Member Annual Photograph

State-Assessed Properties Value Setting

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

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

B1. Susan Bostwick, 979364 +

For Appellant: Susan Bostwick, Taxpayer
Jeffrey T. Smith, Representative
For Franchise Tax Board: Andy Amara, Tax Counsel
Natasha Page, Tax Counsel

C. Sales and Use Tax Appeals Hearings

These items are scheduled for Wednesday, May 24, 2017

There are no items for the following matters:

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

Special Presentations

Employee Recognition Award Program 2017 Mr. Gau
The Board will honor BOE employees receiving the Employee Recognition Award in the 2015-16 award cycle.

Board Committee Meetings Convene**

Customer Service and Administrative Efficiency Committee

.....Mr. Runner, Committee Chairman

- 1. Administrative Efficiencies
Request Board direction regarding delegation of hiring authority for Career Executive Assignment (CEA) positions and Board and staff training regarding Provision 1 of the Budget Act (revenue generating) staff allocation.

Legislative Committee

..... Ms. Ma, Committee Chairwoman

I. 2017 Legislative Bill

Recommendations for Board Position

- AB 288 Fire Prevention Fee: Amnesty Program (Oberholte)
- SB 13 Sales and Use Tax: Manufacturing Exemption (Gaines)
- SB 197 Sales and Use Tax: Exemption: Military and Veteran Medical Facilities (Bates)

Board Meeting Reconvenes upon adjournment of the Committee Meetings*

F. Public Hearing

- F1. Proposed amendments to Sales and Use Tax Regulation 1591, *Medicines and Medical Devices* +.....Mr. Heller

Public hearing regarding the adoption of amendments to clarify that articles permanently implanted in the human body to “monitor” a medical condition qualify as medicines.

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. Leonard Bent, 797610 (AC)
2. B.J.L., Inc., 850290 (AP)
3. Derek Fong N. Lai, 605163 (AP)
4. Jung Hee Pak and Joam Soon Rhee, 718003 (EH)
5. Edward Reed Solomon, 694035 (EA)
6. Yaki-Kui Japanese BBQ, Inc., 668886 (SO)
- 7a. Henri Raymond Traboulsi, 731239 (EA)
- 7b. A Touch of Art, Inc., 734378 (EA)
- 8a. Randeep Singh Dhillon, 610473, 610474 (DF)
- 8b. Randeep Singh Dhillon and Kamalpreet Sidhu, 610475, 610477 (DF)
- 8c. Bathinda Enterprises, Inc., 610524 (DF)
- 8d. Real Wilson Enterprises, Inc., 610525, 610526 (DF)
- 8e. Beale Monterey Enterprises, Inc., 610444 (DF)
- 8f. Sam Sambee Enterprises, Inc., 610492 (DF)
- 8g. Auburn Max Enterprises, Inc., 610506, 610507 (DF)
- 8h. Bathinda Enterprises, Inc., 620686 (STF)
9. John Kruse, 738710 (STF)

- G2. Franchise and Income Tax Matters Mr. Epolite

➤ Hearing Notice Sent – No Response

- ~~1a. Southview, LLC, 842764~~
- ~~1b. Clem H. Abrams and Lydia K. Abrams, 842770~~
2. Kevin P. Robinson, 849479
3. Terry R. Reiter and Margaret E. Reiter, 953175

➤ Decisions

4. Alexan Balekian, 852265
5. Raymond Bernardo, 932849
6. Kristopher M. Cronin and Christine W. Cronin, 871850
7. Rolando DeRuso, 932241

8. Arthur Engelen and Teresa Smith-Engelen, 856100
9. Eric Epperson, 856415
10. Angel Gentchev and Stamenka Gentchev, 774436
11. Tamara L. Glover, 792065
12. Alex K. Hahn and Jae H. Hahn, 847615
13. Charles H. Hawes, 848829
14. Nelen Vernon Jones, 931022
15. Jina Kettleson, 812718
16. Marysue Kuball and Curt L. Kuball, Sr., 823729
17. Katherine Christine Matthews, 864599
18. William F. Maudru, Jr. and Terri L. Maudru, 909200
19. Marina Polyanskaya, 867232
20. Jose Luis Proo, 931858
21. Mark Remlinger, 924065
22. Edward Robles, 847556
23. Sage Industries, Inc., 930908
24. Gary Schlimgen, 926916
25. Matthew Schumacher, 931531
26. David J. Toth, 924296
27. Beverly S. Weeks, 939388

G3. Homeowner and Renter Property Tax Assistance Matters
There are no items for this matter.

G4. Sales and Use Taxes Matters..... Ms. Buehler

- Grant-One Day Interest Relief
 1. Ahdi Enterprises, Inc., 1000418 (DF)
 2. Chem-Aqua, Inc., 997712 (OH)
 3. Edges Electrical Group, LLC, 997707 (GH)
 4. GCH, Inc., 1000231 (AA)
 5. The Pace Gallery, LLC, 997697 (GH)
 6. West Coast Turf, 1000419 (EH)
 7. Winmark, Inc., 998759 (BH)
 8. X-Chem, LLC, 997702 (OH)

There are no items for the following 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
There are no items for this matter.

I. Tax Program Nonappearance Matters(Contribution Disclosure forms not required pursuant to Gov. Code, § 15626.)

- I1. Property Taxes Matters..... Mr. Kinnee
- Audit
 1. BT Americas, Inc. (7758) 'CF'
 2. GTT Americas, LLC (8143) 'CF'
 - Unitary Land Escaped Assessment
 3. Los Angeles SMSA Ltd. Partnership (2532) 'CF'
 4. Sprint Telephony PCS, LLC (2720) 'CF'
- I2. Offer in Compromise Recommendations..... Mr. Anderson
1. Isaias Alvarado
 - 2a. Luis Alvarez
 - 2b. Margarita Alvarez
 3. Edgardo Antonio Ardon
 4. Michelina Baio-Reiff
 5. Charles H. Caplener
 6. Jung Ae Choi
 - 7a. G & J Automotive, Inc.
 - 7b. Jonnie Lee Gourd
 8. Ilan Hanu
 9. Jon Hendricks
 - 10a. Barbara Jean Hudson
 - 10b. Larry Alan Hudson
 11. Linda Lee Mcnutt
 12. Modern Living Spaces, LLC
 13. SB Alvarez, Inc.
 14. Wilford A. Wright
- 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. [Sales and Use Tax Regulation 1703, Interest and Penalties +](#)..... Mr. Heller

Staff requests authorization to complete Section 100 changes to Regulation 1703 to incorporate the repeal and addition of section 6591.6 to the Revenue and Taxation Code regarding electronic payments made one day late.

There are no items for the following matters:

- K. Business Taxes
- L. Property Taxes
- M. Other Chief Counsel Matters

Administrative Session

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

N. Consent Agenda Ms. Richmond (Contribution Disclosure forms not required pursuant to Gov. Code, § 15626.)

N1. Retirement Resolutions +

- Helen Brockenbrough
- Marian P. Dolmseth

N2. Approval of Board Meeting Minutes

- [April 17, 2017 +](#)
- [April 25-26, 2017 +](#)

N3. Proposed revisions to Audit Manual chapters 4, *General Audit Procedures* and 12, *Construction Contractors*, and Compliance Policy and Procedures Manual chapter 7, *Collections* +

N4. Report on Time Extensions for Los Angeles, Mariposa, and Trinity Counties to complete and submit fiscal year 2017-18 Local Assessment Rolls, pursuant to Revenue and Taxation Code section 155 +

O. Adoption of Board Committee Reports and Approval of Committee Actions

This item is scheduled for Wednesday, May 24, 2017

P. Other Administrative Matters

P1. Executive Director's Report Mr. Gau

1. Organizational Update

Report on the status of pending and upcoming organizational issues.

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 2017-18 + Mr. Harris
- 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 Ms. Murphy
1. Contract Over \$1 Million: SICPA Product Security Contract + Mr. Holtz
- Approval to exercise an extension of the existing contract for a two year term, with SICPA Products Security, LLC, California's cigarette tax stamp vendor.
2. Vacancy Update Mr. Holtz
- Status of Budget Proposals as of the Governor's May Revision, and impacts on BOE right sizing of vacancies.
- P7. Technology Deputy Director's Report Mr. Capulong
1. CROS Project Update
- Progress on the CROS project to replace BOE's two current legacy-technology tax administration systems. This will include a presentation of the CROS compensation model.
- P8. External Affairs Deputy Director's Report
- There are no items for this matter.

1:30 p.m. Board Meeting Reconvenes*

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. Potential litigation: Conference with Legal Counsel - Anticipated Litigation, significant exposure to litigation pursuant to Government Code section 11126(e)(2)(B)(i).
- Q3. Discussion of personnel matters (Gov. Code, § 11126(a)(1)).

Announcement of Open Session Ms. Richmond

R. Board Member Requested Matters


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

1. [Solutions to Issues Raised by Oversight Hearings and Department of Finance Evaluation +](#) Ms. Harkey
2. [Operational Issues for Information and Discussion +.....](#) Mr. Horton
3. [Organization of the Board +](#) Ms. Yee
 - a. The Board will review and update as necessary the roles of the chair and vice chair.
 - b. The Board will review the roles of the current Board committees to determine the need to revise their roles and/or establish additional committees.
 - c. The Board may vote to elect a new Chair and Vice Chair.

Recess - The meeting will reconvene on Wednesday, May 24, 2017, at 9:00 a.m.

General information regarding Board and Committee Meetings can be found at www.boe.ca.gov/meetings/boardcomm.htm. If you would like specific information regarding items on this Notice and Agenda, please telephone (916) 322-2270 or email: MeetingInfo@boe.ca.gov. Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

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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.
- 'CF' Constitutional Function – The Deputy State Controller may not participate in this matter under Government Code section 7.9.



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C. Sales and Use Tax Appeals Hearings

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

~~C1. Total PCS Solutions, Inc., 569684, 859789 (KH) +
For Petitioner/Claimant: Mitch Stradford, Representative
Jesse McClellan, Attorney
For Department: Scott Claremon, Tax Counsel~~

C2. R&G Schatz Farms, Inc., 878730 (KH) +
For Claimant: Rodney Schatz, Taxpayer
Gayla Schatz, Taxpayer
For Department: Monica Silva, Tax Counsel

~~C3a. Maher Rashid Ataya, 487673 (KH) +
C3b. Houssam Rachid Ataya, 812248 (KH) +
For Petitioners: Gary M. Kimzey, Representative
For Department: Jay Keffelew, Hearing Representative~~

~~C4. Medimarts, Inc., 763614 (GH) +
For Petitioner: Stephen A. Horner, Attorney
For Department: Brad Heller, Tax Counsel~~


O. Adoption of Board Committee Reports and Approval of Committee Actions

- O1. Customer Service and Administrative Efficiency Committee – April 2017
- O2. Customer Service and Administrative Efficiency Committee – May 2017
- O3. Legislative Committee – May 2017

Adjourn

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