



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

BETTY T. YEE
First District, San Francisco
SEN. GEORGE RUNNER (RET.)
Second District, Lancaster
MICHELLE STEEL
Third District, Orange County
JEROME E. HORTON
Fourth District, Los Angeles
JOHN CHIANG
State Controller
CYNTHIA BRIDGES
Executive Director

**STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento**

PRELIMINARY RECORD OF BOARD ACTION

Thursday, January 16, 2014

The following is a preliminary record of Board actions taken at the January 16, 2014, Board Meeting. This is not an official record and is subject to correction or modification. The official record of the Board's actions is the minutes of the Board, which will be adopted at a subsequent meeting.

The Board's decision reflects only the issues resolved by the Board at the meeting. Issues resolved prior to the meeting are not reflected in this document.

If you would like specific information regarding items on this Preliminary Record of Board Action, please telephone Claudia Madrigal at 916-322-1931 or e-mail: Claudia.Madrigal@boe.ca.gov. Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

Board Committee Meetings – Please see Page 9, O. Adoption of Board Committee Reports and Approval of Committee Actions, for voting results.

Board Meeting

- 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**
B1. ~~Stephen Shain and Cathy Shain, 628402~~
B2. ~~Kenneth Dean, 621012~~
- C. **Sales and Use Tax Appeals Hearings**
C1. Gurenderjeet Singh Sandhu, 515741 (KH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition partially granted/denied.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

~~C2. Rocks, LLC, 459156 (GH)~~

~~C3. R & G Schatz Farms, Inc., 547724, 588579, 592624 (KH)~~

D. Special Taxes Appeals Hearing

~~D1a. Sandy Seybert, 598180 (STF)~~

~~D1b. Sandy Seybert, 598183 (STF)~~

There are no items for the following matters:

E. Property Tax Appeals Hearings

F. Public Hearings

G. Tax Program Nonappearance Matters – Consent

G1. Legal Appeals Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
No final determination on sub-item 4.	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Hearing Notice Sent – No Response
 1. Danein L. Lawrence and Larry Louis Lawrence, 553252 (KH)
- Hearing Notices Sent – Appearance Waived
 2. Distributor Warehouse, 512831, 574889 (EH)
 3. Ontario Systems Distribution, Inc., 512828, 574890 (EH)
- Petitions for Rehearing
 4. ~~William G. Merschauer, 225366, 255762, 341121, 530753 (AP)~~
 5. Store2Door, Inc., 352179 (AC)

G2. Franchise and Income Tax Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Hearing Notice Sent – No Response
 1. Rick Burningham, 688096
 - Decisions
 2. Thomas Bodnar, 605188
 3. C & K Market, Inc., 595880
 4. Kevin Carlson, 635406
 5. Jean Cassio, 644412
 6. Patricia Clinton, 631008
 7. Eric W. Conner, 644425
 8. Zac Cook and Melissa Cook, 595773
 9. Raymond Cruz, Sr. and Frances Cruz, 612450
 10. Gloria Deanda, 640306
 11. Hector L. Diaz and Gale L. McDougall, 596029
 12. Paul S. Entin, 575896
 13. Edward Frierson and Andrae Frierson, 627539
 14. John M. Giles and Rosalyn D. Giles, 609560
 15. Joseph A. Harvan, 595048
 16. Masami Hirata, 606576
 17. Rebeca G. Huereque, 605982
 18. Troy Jolliff, 638354
 19. Ruben F. Lopus and Aurora P. Lopus, 636953
 20. Noah Montgomery, 613868
 21. Frank E. Pinder, III, 636632
 22. Michael Rogalski and Anna K. Rogalski, 636186
 23. Christine Ryan, 682947
 24. Tracey Scraper, 603326
 25. Milton P. Smith, III, 589184
 26. Ray Todd and Mary Todd, 574310
 27. Tommy H. Woo and Irene M. Woo, 610958
 - Petitions for Rehearing
 28. Elias Gallegos, III, 575218, 575222
 - 29a. James S. Gandrup, 605520
 - 29b. Carol Grant, 600451
 - 29c. Eldo M. Klingenberg, Jr., 600453
 - 29d. Dan Pickell, 600488
 - 29e. Marianne Pretscher-Johnson, 605527
 30. Daxius Donald Gregory, 625150
 - 31a. Benjamin F. Killen, 606504
 - 31b. James V. Robertson, 608631
 - 31c. Champion Wiseman, 608439
 32. Jason Kowalski, 588431
 33. Charles A. McConnell, 608455
- G3. Homeowner and Renter Property Tax Assistance Matters
There are no items for this matter.

G4. Sales and Use Taxes Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes – except not participating in sub-item 10.

- Redeterminations
 1. 3Trace, 728077 (EA)
 2. Integra Lifesciences Corporation, 573658 (OH)
 3. ADT Security Services, Inc., 598193 (OH)
 4. Spansion, LLC, 743394 (GH)
 5. INO Therapeutics, LLC, 577578 (OH)
 6. Integra Lifesciences Corporation, 572717 (OH)
 7. Larry William Delorefice, 519803 (CH)
 8. Primera Technology, Inc., 491473 (OH)
- Relief of Penalty/Interest
 9. Office Club, Inc., 768803 (OH)
- Denials of Claims for Refund
 10. Nissan Motor Acceptance Corp., 571352 (OH)
 11. Norman Wright Mechanical Equip. Co., 739273 (BH)
 12. San Diego County Credit Union, 466552 (FH)
 13. Motion Industries, Inc., 539351 (FH)
 14. Westlake Services, Inc., 546342 (AS)
 15. Kemira Chemicals, Inc., 621307 (OH)
 16. Mainstreet Enterprises, 606749 (EA)
 17. Carmax Business Services, LLC, 636353 (OH)
- Grant-One Day Interest Relief
 18. Tustin Buick GMC, Inc., 771823 (EA)
 19. Collins Family Jewelers, Inc., 771824 (FH)
 20. Clear Creek Systems, Inc., 771821 (DF)
 21. Recreation Republic, 771822 (FH)
 22. STA Sales, Inc., 771819 (AC)
 23. JX Nippon Oil & Energy Corp., 771820 (OH)

G5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes – except not participating in sub-items 6, 9 and 30.

- Credits and Cancellations
 1. Avalon Shutters, Inc., 759959 (EH)
 2. Pierce Manufacturing, Inc., 772630 (OH)
 3. Clifford C. Post, 609636 (FH)
 4. Heriberto Reyna, 768831 (DF)
 5. The Healing Center, Inc., 621163 (AC)
- Refunds
 6. Nissan Motor Acceptance, Corp., 571352 (OH)
 7. Blue Cross of California, 715851 (AR)
 8. Trojan Petroleum, Inc., 721745 (GH)
 9. American Honda Finance, Corp., 436952 (AS)
 10. Genesys Telecommunications Labs, 579096 (BH)
 11. Hexcel Corporation, 594427 (CH)
 12. San Diego County Credit Union, 466552 (FH)
 13. Bruker Nano, Inc., 733469 (GH)
 14. CD Video Manufacturing, Inc., 758088 (EA)
 15. Good Samaritan Hospital, LP 594114 (GH)
 16. Valero Refining, Co. –CA, 727872 (OH)
 17. Saint-Gobain Containers, Inc., 740175 (OH)
 18. Central Valley Meat Co. Inc., 603822 (DF)
 19. Sodexo Remote Sites Partnership, 723213 (AR)
 20. Westlake Services, Inc., 546342 (AS)
 21. Kemira Chemicals, Inc., 621307 (OH)
 22. Fres-co Systems USA, Inc., 728955 (OH)
 23. Ino Therapeutics, LLC, 577540 (OH)
 24. Winco Foods, LLC, 608876 (OH)
 25. Medcal Sales, LLC, 718991 (EH)
 26. NFL Enterprises, LLC, 531663 (OH)
 27. Siemens Demag Deval Turbo, Inc., 766781 (OH)
 28. Syndero, Inc., 767513 (AS)
 29. Carmax Business Services, LLC 636353 (OH)
 30. Qualcomm Labs, Inc., 734428 (FH)

G6. Special Taxes Matters
There are no items for this matter.

G7. Special Taxes Matters – Credits, Cancellations, and Refunds

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Not participating

- Refund
 1. Accolade Wines North America, Inc., 766493 (STF) 'CF'

G8. Property Tax Matters

- Petition for Reassessment of Unitary Value and Penalty Abatement on Unitary Escape Assessment

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Not participating

1. NTT America, Inc., (7732), 734425 'CF'

There are no items for the following matters:

G9. Cigarette License Fee Matters

G10. Legal Appeals Property Tax Matters

H. Tax Program Nonappearance Matters – Adjudicatory

H1. Legal Appeals Matters

- Cases Heard Not Decided
 1. ~~Benalex Windows & Doors, Corp., 446664 (AA)~~
- Matter for Board Consideration
 2. Karen D. Hulse, 458251 (EH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition denied.	Mr. Horton	Yes
The Board directed staff to inform the taxpayer of the Offer in Compromise program.	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Petition for Rehearing
 3. Nnadi Linus Udengwu, 515515 (AP)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition denied.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

There are no items for the following matters:

- H2. Franchise and Income Tax 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

I1. Property Taxes Matters
There are no items for this matter.

I2. Offer in Compromise Recommendations

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- 1. Deepak Chopra
- 2. Gasa Investments Corporation
- 3a. Gerardo Cipres
- 3b. Celia Cipres
- 4. Victor L. Lucero and Gail Lucero
- 5. James Jason Conlin
- 6. Esprit US Retail Limited
- 7a. Marshall Jordan
- 7b. Ruth Jordan
- 8. Sam Ayesh
- 9. Kemal Dogan
- 10. Stephen Wayne Sundes

I3. Local Tax Reallocation Matter

➤ Section 40 (AB 2323) Matter

- 1. Cities of Fontana, Lathrop and San Bernardino, 435564

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Adopted the written summary decision for publication with amendments.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

Chief Counsel Matters**J. Rulemaking**

- J1. Proposed Adoption of Revised Amendments to Sales and Use Tax Regulation 1705, *Relief from Liability*

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

There are no items for the following matters:

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

Administrative Session**N. Consent Agenda**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- N1. Retirement Resolutions
- Patricia A. Beacham
 - Walter Cochara
 - J. Kevin Hartnett
- N2. Approval of Board Meeting Minutes
- October 22, 2013
 - October 29-31, 2013
- N3. Proposed Revisions to Audit Manual, Chapter 1, *General Information*
- N4. Proposed Revision to Audit Manual, Chapter 4, *General Audit Procedures*

O. Adoption of Board Committee Reports and Approval of Committee Actions**O1. Legislative Committee**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
The Board deferred the matter to the February 2014 Board meeting.	Mr. Horton Ms. Steel Mr. Runner Ms. Yee Mr. Chiang/ Ms. Mandel	

O2. Property Tax Committee

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
The Board deferred the matter to the February 2014 Board meeting.	Mr. Horton Ms. Steel Mr. Runner Ms. Yee Mr. Chiang/ Ms. Mandel	

P. Other Administrative Matters**P1. Executive Director's Report**

1. CROS Project Update and Actions

There are no items for this matter.

P2. Chief Counsel Report**P3. Sales and Use Tax Deputy Director's Report****P4. Property and Special Taxes Deputy Director's Report**

1. Effects of Proposition 10 on Cigarette and Tobacco Products Consumption

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton Ms. Steel Mr. Runner Ms. Yee Mr. Chiang/ Ms. Mandel	Yes Yes Yes Yes Yes

P5. Administration Deputy Director's Report

1. 2014/15 Budget Update

There are no items for this matter.

P6. Technology Deputy Director's Report**P7. External Affairs Deputy Director's Report****Q. Closed Session**