



STATE BOARD OF EQUALIZATION  
450 N STREET, SACRAMENTO, CALIFORNIA  
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JOHN CHIANG  
State Controller  
CYNTHIA BRIDGES  
Executive Director

**STATE BOARD OF EQUALIZATION MEETING**  
**5901 Green Valley Circle, Room 207, Culver City**  
**April 24-25, 2013**  
**NOTICE AND AGENDA**  
**Meeting Agenda (as of 4/25/2013 11:30 AM)**

[Agenda Changes](#)

[Webcast on Wednesday, April 24, 2013](#)

**Wednesday, April 24, 2013**

**9:30 a.m. 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.

**Board Committee Meeting\*\***

This matter is scheduled for Thursday, April 25, 2013.

**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**  
(Contribution Disclosure forms required pursuant to Gov. Code, § 15626.)
  - B1. [James U. Hannon and Sandra J. Riddle, 613264 +](#)  
For Appellants: James Hannon, Taxpayer  
Roger Serna, Representative  
For Franchise Tax Board: Jaclyn Appleby, Tax Counsel  
Ronald Hofsdal, Tax Counsel
  - B2. [Edie Glass, 573366 +](#)  
For Appellant: Edie Glass, Taxpayer  
For Franchise Tax Board: Marguerite Mosnier, Tax Counsel  
Suzanne Small, Tax Counsel

- B3. Haig Tacorian and Gilda Tacorian, 621172 +**  
For Appellants: Allen Ullman, Representative  
Allan Vizvary, Representative  
For Franchise Tax Board: Marguerite Mosnier, Tax Counsel  
Suzanne Small, Tax Counsel
- ~~B4. Vincent J. Maranto and Susan L. Maranto, 612999~~  
~~For Appellants: James LeBloch, Attorney~~  
~~For Franchise Tax Board: Marguerite Mosnier, Tax Counsel~~  
~~Diane Ewing, Tax Counsel~~
- B5. SC Brokers, Inc., 600519 +**  
For Appellant: Alvaro Bautista, Taxpayer  
For Franchise Tax Board: Ronald Hofsdal, Tax Counsel  
Suzanne Small, Tax Counsel
- ~~B6. Cheryl Martin, 595044~~  
~~For Appellant: Palma Mejia, Representative~~  
~~For Franchise Tax Board: Eric Yadao, Tax Counsel~~  
~~Diane Ewing, Tax Counsel~~
- ~~B7. Amihan A. Evidente, 593648~~  
~~For Appellant: Amihan Evidente, Taxpayer~~  
~~For Franchise Tax Board: Nancy Parker, Tax Counsel~~  
~~Diane Ewing, Tax Counsel~~
- B8. Michael Zapara and Gina Zapara, 252128 +**  
For Appellants: Waived Appearance  
For Franchise Tax Board: Diane Ewing, Tax Counsel  
Suzanne Small, Tax Counsel

**C. Sales and Use Tax Appeals Hearings**

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

- ~~C1. Irvine Photo Graphics, Inc., 557007 (EA)~~  
~~For Petitioner: Richard C. Farrell, Witness~~  
~~Karen Beckingham, Witness~~  
~~David Coniglio, Witness~~  
~~Canie Brooks, Witness~~  
~~Mark Stephan, Representative~~  
~~George Rice, Representative~~  
~~For Department: Scott Claremon, Tax Counsel~~

**C2. Russell E. Belttary, 484124 (UT) +**

For Petitioner: Russell E. Belttary, Taxpayer  
 Thomas A. Alston, Representative  
 Stuart Simon, Attorney

For Department: Erin Dendorfer, Tax Counsel

**C3. KHN, Inc., 457530 (FH) +**

For Petitioner: Waived Appearance

For Department: Scott Lambert, Hearing Representative

There are no items for the following matters:

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

**F. Public Hearings**

- F1. Property Taxes - State Assessee's Presentations on the Valuation of State-Assessed Properties..... Mr. Thompson

The Board will hear state assessee's presentations on the valuation of state-assessed properties.

Speaker: Peter W. Michaels, Law Office of Peter Michaels,  
 representing State Assessed Gas/Electric,  
 Intercounty Pipeline, Telephone and Railroad  
 Companies

- F2. *Proposed Amendments to Regulation 1685.5, Calculation of Estimated Use Tax – Use Tax Table +* ..... Mr. Mendel

Request for adoption of proposed amendments to Regulation 1685.5 to account for the new registration requirements imposed by Assembly Bill No. 155 (Stats. 2011, ch. 313) and recent registration activities.

**G. Tax Program Nonappearance Matters – Consent**

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

- G1. Legal Appeals Matters ..... Mr. Angeja

- Hearing Notices Sent – No Response
  1. Jill Ellen Malone, 518599 (DF)
  2. Juan Antonio Castillo Uribe, 569687 (AC)
  3. Larry M. Bakman, 509062 (UT)
  4. ~~Karen D. Hulse, 458251 (EH)~~
  5. Mohammed Anwar Nurhussien, 568054 (EA)
  6. Earthlite Massage Tables, Inc., 539013 (FH)
- Hearing Notice Sent – Appearance Waived
  7. ~~Jose Agustin Fernandez, 549411, 553265 (AR)~~

- G2. Franchise and Income Tax Matters ..... Mr. Epolite
- Decisions
    1. Analytical Environmental Services, 566054
    2. Antonio Arreguin, 569055
    3. Bryan G. Bordeaux and Lorri Bordeaux, 571434
    4. Kenneth R. Erickson (Dec'd) and April A. Erickson, 556308
    5. S.E. Fisk and Sandy K. Fisk, 561277
    6. Nick Flores, 569886
    7. Zuo Lun Hua, 575053
    8. Mahmood Karimi Manesh and Carelle L. Karimimanesh, 567197
    9. Douglas H. Murray and Karen L. Murray, 573107
    10. Frank Ornellas, 588398
    11. Max D. Price, 574777
    12. Lisa Seppi, 588501
    13. Howard N. Solomon, 536985
    14. Daniel Thiel, 593704
    15. Hilaria Thomas, 557470
    16. David Woodward, 561825
  - Petitions for Rehearing
    17. Scott Grossman, 566834
    18. Howard B. Han and Seung W. Han, 577081
    - 19a. Erik L. Hayes, 572579
    - 19b. Carol Grant, 573205
    - 19c. Eldo Klingenberg, 573235
    20. Sheila Kennedy, 530951
    21. Douglas Samski, 559019
- G3. Homeowner and Renter Property Tax Assistance Matters  
There are no items for this matter.
- G4. Sales and Use Taxes Matters.....Mr. McGuire
- Redeterminations
    1. Automobile Club of Southern California, 460251 (EA)
    2. Business Objects Americas, 510427 (GH)
    3. Wm. D. Young & Sons, Inc., 626106 (EH)
    4. Renee L. Carey, 519309 (KH)
    5. Universal Kitchen Doors, Inc., 507859 (EH)
    6. South Valley Materials, Inc., 458615 (OH)
    7. One & Company Design, Inc., 550591 (BH)
  - Relief of Penalty/Interest
    8. Del Taco, LLC, 702775 (EA)
  - Denial of Claim for Refund
    9. Finance and Thrift Company, 488217 (DF)
  - Grant-One Day Interest Relief
    10. Atascadero Glass, Inc., 711517 (GH)
    11. Ushio America, Inc., 711523 (EA)
    12. West Coast Medianews, LLC, 711520 (KH)
    13. B. W. Beverage Corporation, 711519 (AS)
    14. Wireless Advocates, LLC, 711522 (OH)
    15. Martin Auto Color, Inc., 711516 (AC)
    16. Laurel M. Hirschmann, 711521 (AS)
    17. Emperor Supply, Inc., 711518 (CH)
    18. Bill Eads RV's, Inc., 711515 (KH)

- G5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds .....Mr. McGuire
- Credit and Cancellation
    1. Julian & Kayla’s, Inc., 701941 (FH)
  - Refunds
    2. Hisamitsu America, Inc., 594095 (AS)
    3. Disney Worldwide Services, 692585 (OH)
    4. Dako North America, Inc., 568552 (GH)
    5. Trojan Petroleum, Inc., 595721 (GH)
    6. Silvas Oil Company, Inc., 589364 (AR)
    7. Karen Dale Caillier, 678103 (AR)
    8. Viasat, Inc., 700767 (FH)
    9. Bank of the West, 561618 (CH)
    10. The Golden 1 Credit Union, 627527 (KH)
    11. Chevrolet Motor Division, 705979 (OH)
    12. Verizon Business Purchasing, LLC, 561829 (OH)
    13. Miramax Film Corporation, 710920 (OH)
    14. Nissan-Infiniti, Lt., 568189 (OH)
    15. Misys International Banking Systems, Inc., 625410 (OH)
    16. Owens & Minor Distribution, Inc., 632227 (OH)
    17. GTE Communication Systems Corporation, 710865 (AP)
    18. Ameron International Corporation, 522665 (EH)
    19. Oracle America, Inc., 697187 (BH)
    20. Logicalis, Inc., 554413 (OH)
    21. Finance and Thrift Company, 488217 (DF)
    22. Uag Los Gatos, Inc., 531128 (GH)
    23. Medcal Sales, LLC, 593651 (EH)
    24. Uag Stevens Creek II, Inc., 531103 (GH)
    25. Burlington Coat Factory of California, LLC, 534492 (OH)
    26. Buena Vista International, Inc., 690079 (OH)
    27. Molina Healthcare, Inc., 552829 (EA)
- G6. Special Taxes Matters ..... Mr. Gau
- Redetermination
    1. Tesoro Refining and Marketing Company, 560281 (STF)
  - Relief of Penalty
    2. Partnership HealthPlan of California, 636876 (STF) ‘CF’
    3. Community Health Group Partnership Plan, 640300 (STF) ‘CF’
    4. MillerCoors, LLC, 688008 (STF) ‘CF’
    5. AXA Equitable Life Insurance Company, 715366 (STF) ‘CF’
- G7. Special Taxes Matters – Credits, Cancellations, and Refunds ..... Mr. Gau
- Refund
    1. Northwestern Mutual Life Insurance Company, 586977 (STF) ‘CF’

There are no items for the following matters:

- 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  
There are no items for this matter.
- H2. Franchise and Income Tax Matters ..... Mr. Epolite
  - Decision
    - 1. Cam Painting, Inc., 531722
  - Cases Heard Not Decided
    - 2. Daniel R. Marcotte, 589131
    - 3. James J. Martin, 574254

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  
There are no items for this matter.
- I2. Offer in Compromise Recommendations ..... Mr. Anderson
  - 1. Robert Lee Borden
  - 2. Giacomo Jack Pietro Campagna
  - 3. Monique Marie Cook
  - 4. Bassem Youssef Ghobrial
  - 5. Khosrow Hosseini
  - 6. Carmen L. Jessup
  - 7. Armenak Lakisyan
  - 8. Ock Ja Cho Lee
  - 9a. Dimas Macias, Jr.
  - 9b. Dolores Macias
  - 10. Cynthia Jo Russell
  - 11a. Christopher C. Wolford
  - 11b. Sierra Machinery Services, Inc.
- I3. Local Tax Reallocation Matters  
There are no items for this matter.

**Chief Counsel Matters**

There are no items for the following matters:

- J. Rulemaking
- K. Business Taxes
- L. Property Taxes

**M. Other Chief Counsel Matters**

This item is scheduled for Thursday, April 25, 2013.

**Administrative Session**

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

- N. Consent Agenda  
There are no items for this matter.

**O. Adoption of Board Committee Report and Approval of Committee Actions**

This item is scheduled for Thursday, April 25, 2013.

**P. Other Administrative Matters**

P1. Executive Director's Report ..... Ms. Bridges

1. [Alternate Board Meeting Site +](#)  
Substitution of a 2013 Culver City Board meeting with a Board meeting in San Francisco, California.
2. [Annual Board/Assessors' Meeting +](#)  
Addition of annual Board/Assessors' meeting in Redding, California, to the 2013 Board Meeting Calendar.
3. Fire Prevention Fee Program Update
4. CROS Project Update and Actions ..... Mr. Steen  
Progress on the CROS project to replace BOE's two current tax legacy technology systems.

There are no items for the following matters:

- P2. Chief Counsel Report
- P3. Sales and Use Tax Deputy Director's Report
- P4. Property and Special Taxes Deputy Director's Report
- P5. [Administration Deputy Director's Report +](#) ..... Ms. Houser
  1. 2013/14 Budget Update – Information on the Governor's 2013/14 Budget may be provided.
    - a. [Hazardous Waste Control Account Fee Reform - This proposal requests resources to address the proposed statutory changes by the Department of Toxic Substances Control to the Hazardous Waste Program. +](#)

There are no items for the following matters:

- P6. Technology Deputy Director's Report
- P7. External Affairs Deputy Director's Report

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. Discussion and action on personnel matters (Gov. Code, § 11126(a)).

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

**Recess** - The meeting will reconvene on Thursday, April 25, 2013 at 9:30 a.m.

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Joann Richmond, Chief  
Board Proceedings Division

- \* Public comment on any agenda item, other than a Closed Session item or an item which has already been considered by a Board Committee, will be accepted at that meeting.
- \*\* 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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[Agenda Changes](#)

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**Thursday, April 25, 2013**

**9:30 a.m. Board Committee Meeting Convenes\*\***

**Board Meeting reconvenes upon Adjournment of the Board Committee Meeting\***

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**Board Committee Meeting\*\***

[Legislative Committee](#) .....Mr. Horton, Committee Chairman

**2013 Legislative Bills**

**Recommendation for Board Position**

- AB 575 Pirated Intellectual Property (V. Perez)
- AB 576 Revenue Recovery and Collaborative Enforcement (RRACE) Team (V. Perez)
- ~~AB 1412 Excess Tax Reimbursement: Direct Payment (AR&T)~~
- SCR 12 Earned Income Tax Credit and Volunteer Income Tax Assistance programs (Calderon)

## Board Meeting Reconvenes\*

### Chief Counsel Matters

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#### M. Other Chief Counsel Matters

- M1. [Request for Authorization to file Amicus Curiae Brief + .....](#) Mr. Moon

*EHP Glendale, LLC, and Eagle Hospitality Properties Trust, Inc. v. County of Los Angeles*, Court of Appeal, Second Appellate District, Div. Eight, Case No. B 244494 (Los Angeles County Superior Court Case No. BC 385925)

Request for authorization to file amicus curiae brief that explains and clarifies Assessors' Handbook section 502 guidance on application of the income approach to value in local property tax cases where nontaxable assets have increased the property's gross operating income.

#### C. Sales and Use Tax Appeals Hearings

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

- C4. [Blue Baroness, LLC, 519591 \(UT\) +](#)

For Petitioner: Tammy Ross-Stern, Representative  
S. Roger Rombro, Attorney  
For Department: Scott Claremon, Tax Counsel

- ~~C5. Elizabeth Shuttlers, Inc., 538185 (EH)~~

~~For Claimant: Dean Frost, Taxpayer  
For Department: Erin Dendorfer, Tax Counsel~~

- C6. [Deanna Lewis, 510327 \(AA\) +](#)

For Taxpayer: Deanna Lewis, Taxpayer  
For Department: Pamela Mash, Tax Counsel

- C7. [Jeffrey Lloyd Macy, 556663 \(EH\) +](#)

For Petitioner: Waived Appearance  
For Department: Kevin Smith, Tax Counsel

### Administrative Session

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#### O. Adoption of Board Committee Report and Approval of Committee Actions

- O1. Legislative Committee

## Adjourn

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