

Wednesday, May 30, 2012

The Board met at its offices at 450 N Street, Sacramento, at 10:14 a.m., with Mr. Horton, Chairman, Ms. Steel, Vice Chairwoman, Ms. Yee, Mr. Runner and Mr. Chiang present.

PROPERTY TAX MATTER

STATE ASSESSED PROPERTIES VALUE SETTING

Ken Thompson, Chief, State-Assessed Properties Division, Property and Special Taxes Department, made introductory remarks regarding the valuation of state-assessed properties.

Electric Generation Facilities

Action: Upon motion of Ms. Yee, seconded by Mr. Chiang and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, the Board ordered that the market value to be used in the assessment of unitary property of the following listed companies as of January 1, 2012, be as follows:

1100	AES Alamos, LLC	219,500,000
1101	AES Redondo Beach, LLC	157,200,000
1102	AES Huntington Beach, LLC	60,800,000
1103	Dynegy Moss Landing, LLC	569,000,000
1105	Dynegy Oakland, LLC	2,260,000
1106	Cabrillo Power I LLC	147,600,000
1109	GenOn Delta, LLC	100,100,000
1110	El Segundo Power LLC	64,700,000
1111	Long Beach Generation LLC	64,100,000
1112	La Paloma Generating Company, LLC.	401,900,000
1113	GenOn Energy West, LP - Coolwater	31,300,000
1114	GenOn Energy West, LP - Mandalay	53,100,000
1115	Genon Energy West, LP - Ormond Beach	66,700,000
1116	GenOn Energy West, LP - Etiwanda	40,400,000
1117	GenOn Energy West, LP - Ellwood	4,520,000
1118	Dynegy South Bay, LLC	100,000
1122	GWF Energy, LLC - Hanford	40,000,000
1123	GWF Energy, LLC - Henrietta	40,700,000
1127	High Desert Power Trust 2000-A	278,600,000
1128	Delta Energy Center, LLC	381,500,000
1129	Gilroy Energy Center, LLC	68,800,000
1131	Pastoria Energy Facility, LLC	372,300,000
1132	Calpine Construction Finance Company, LP	173,800,000
1133	Metcalf Energy Center, LLC	282,200,000
1134	Otay Mesa Generating Company, LLC	367,900,000
1137	Sunrise Power Company, LLC	264,300,000
1141	Indigo Generation, LLC	56,800,000
1142	Larkspur Energy LLC	40,200,000

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1143	Los Esteros Critical Energy Facility, LLC	121,300,000
1145	Harbor Cogeneration Company, LLC	4,700,000
1146	CES Placerita, Inc.	442,000
1149	Caithness Blythe II, LLC	608,000
1150	Tesla Power Plant	3,630,000
1151	Russell City Energy Company, LLC	287,200,000
1153	Starwood Power-Midway, LLC	88,100,000
1154	Bicent (California) Malburg, LLC	74,500,000
1156	Avenal Power Center, LLC	1,480,000
1157	GenOn Marsh Landing, LLC	80,900,000
1158	El Segundo Energy Center LLC	79,600,000

Action: Upon motion of Mr. Chiang, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, Ms. Steel not participating in accordance with Government Code section 87105 in *1126, Elk Hills Power, LLC*; the Board ordered that the market value to be used in the assessment of unitary property of the following listed companies as of January 1, 2012, be as follows:

1104	Dynegy Morro Bay, LLC	38,000,000
1107	Cabrillo Power II LLC	9,430,000
1108	GenOn Potrero, LLC	30,300,000
1124	GWF Energy, LLC - Tracy	186,400,000
1126	Elk Hills Power, LLC	280,800,000
1136	Blythe Energy, LLC	262,600,000
1148	Inland Empire Energy Center, LLC	577,500,000
1152	Panoche Energy Center, LLC	321,000,000
1155	Orange Grove Energy, L.P.	73,200,000
1159	Mariposa Energy, LLC	128,500,000
1160	CPV Sentinel, LLC	28,600,000
1161	Oakley Generating Station	1,520,000
1162	Walnut Creek Energy, LLC	11,000,000

Energy Companies

Action: Upon motion of Mr. Chiang, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, the Board ordered that the market value to be used in the assessment of unitary property of the following listed companies as of January 1, 2012, be as follows:

101	Golden State Water Company	590,600,000
103	Anza Electric Cooperative, Inc.	15,400,000
104	Central Valley Gas Storage LLC	123,400,000
106	PacifiCorp	197,800,000
119	Trans Bay Cable LLC	504,400,000
125	Terra-Gen Dixie Valley, LLC	4,930,000
135	Pacific Gas and Electric Company	23,340,000,000
141	San Diego Gas & Electric Company	7,032,600,000

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146	Sierra Pacific Power Company	83,400,000
148	Southern California Edison Company	18,119,500,000
149	Southern California Gas Company	3,552,400,000
152	Southwest Gas Corporation	211,600,000
153	Transwestern Pipeline Company	552,000
156	Atlantic Path 15, LLC	129,000,000
160	Valley Electric Association, Inc.	164,000
163	California Pacific Electric Company, LLC	145,100,000
173	Surprise Valley Electrification Corp.	14,100,000
176	Plumas-Sierra Rural Electric Cooperative	70,400,000
180	North Baja Pipeline, LLC	83,900,000
187	Mojave Pipeline Company	44,700,000
188	Kern River Gas Transmission Company	252,600,000
189	Standard Pacific Gas Line, Inc.	23,100,000
190	Tuscarora Gas Transmission Company	66,300,000
191	Arizona Public Service Company	2,340,000
192	Alpine Natural Gas Operating Company No. One LLC	1,750,000
193	Southwest Transmission Cooperative, Inc.	749,000
194	West Coast Gas Company, Inc.	760,000
196	Questar Southern Trails Pipeline Company	16,900,000
197	El Paso Natural Gas Company	40,300,000

Action: Upon motion of Mr. Chiang, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, the Board ordered that the market value to be used in the assessment of unitary property of the following listed companies as of January 1, 2012, be as follows:

121	Gill Ranch Storage, LLC	167,200,000
195	Wild Goose Storage, LLC	252,600,000
198	Lodi Gas Storage, LLC	229,100,000

Pipeline Companies

Action: Upon motion of Mr. Chiang, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, Ms. Steel not participating in accordance with Government Code section 87105 in 465, *Plains Pipeline, LP*; 467, *ConocoPhillips Company*; 480, *ConocoPhillips Pipe Line Company*; 486, *Pacific Pipeline System, LLC*; and, 488, *Plains West Coast Terminals, LLC*; the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2012, be as follows:

402	CALNEV Pipe Line LLC	58,000,000
406	CPN Pipeline Company dba Calpine Pittsburg, Inc.	13,200,000
407	Valero Refining Company - California	713,000
409	West Coast Pipe Lines	209,200,000
410	Homestake Mining Company of California	50,500
412	Kings County Canal Company	869,000

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428	CPN Pipeline Company	25,600,000
429	Chevron U.S.A., Inc.	55,200,000
435	Natomas Central Mutual Water Company	144,100
461	SFPP, L.P.	311,000,000
462	ARCO Midcon LLC	1,340,000
464	Ventura Pipeline System	3,960,000
465	Plains Pipeline, LP	17,000,000
467	ConocoPhillips Company	449,000
468	Shell California Pipeline Company L.P.	6,300,000
469	San Ardo Pipeline Company	18,400,000
475	Searles Valley Minerals Operations Inc.	4,560,000
476	Chevron USA, Inc.	8,210,000
478	California Gas Gathering, Inc.	36,100
479	Chevron Pipeline Company	53,400,000
480	ConocoPhillips Pipe Line Company	42,900,000
484	Calpine Pipeline Corporation	5,630,000
486	Pacific Pipeline System, LLC	34,500,000
488	Plains West Coast Terminals, LLC	6,270,000
489	Venoco, Inc.	6,140,000
490	Crimson California Pipeline, L.P.	19,600,000
491	SMF Pipeline	5,621,000

Action: Upon motion of Mr. Chiang, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, the Board ordered that the market value to be used in the assessment of unitary property of the following listed companies as of January 1, 2012, be as follows:

492	San Pablo Bay Pipeline Company LLC	198,400,000
493	Cardinal Pipeline, LP	6,600,000

Railroad Companies

Action: Upon motion of Mr. Chiang, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2012, be as follows:

802	Central Oregon & Pacific Railroad	2,600,000
804	BNSF Railway Company	1,206,200,000
808	West Isle Line, Inc.	304,700
810	California Northern Railroad	29,500,000
812	Ventura County Railroad	3,050,000
813	Pacific Harbor Lines	19,900,000
815	Mendocino Railway	1,570,000
817	Tulare Valley Railroad	482,500
818	Central California Traction Company	7,220,000
819	Carrizo Gorge Railway, Inc.	36,125

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822	Pacific Sun Railroad, L.L.C.	745,000
834	LRY, LLC	860,000
839	Oakland Terminal Railway Company	102,000
843	Union Pacific Railroad Company	1,475,200,000
850	Modesto & Empire Traction Company	29,800,000
857	Richmond Pacific Railroad Corporation	1,020,000
865	San Diego & Imperial Valley Railroad Co. Inc.	7,360,000
869	Coast Belle Railroad Company	908,600
882	Trona Railway Co.	15,400,000
889	Yreka Western Railroad Co.	517,500
894	Napa Valley Wine Train, Inc.	22,600,000
896	Santa Cruz Big Trees & Pacific Railway Co.	2,980,000
897	San Joaquin Valley Railroad Company	13,600,000
898	Sierra Northern Railway	2,350,000

Action: Upon motion of Mr. Chiang, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2012, be as follows:

826	Sacramento Valley Railroad, LLC	3,490,000
878	Stockton Terminal and Eastern Railroad	4,260,000
883	McCloud Railway Company	2,354,000
899	Arizona & California Railroad	1,240,000

Interexchange Telephone Companies

Action: Upon motion of Mr. Chiang, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2012, be as follows:

2014	Sprint Communications Company, L.P.	216,600,000
2054	Spacenet, Inc.	9,400
2099	Smart City Networks LP	391,600
2274	MCI Communications Services, Inc.	388,200,000
2275	SES Americom, Inc.	318,000
2310	AT&T Communications	657,900,000
2368	Globe Wireless, LLC	669,000
2372	MCI Metro Access Transmission Services, LLC	147,100,000
2376	Working Assets Funding Service, Inc.	559,000
2383	Matrix Telecom, Inc.	137,000
2416	NOS Communications, Inc.	992,000
2430	Electric Lightwave, LLC	34,700,000
2437	Dialink Corporation	20,100
2443	National Comtel Network, Inc.	3,200
2463	Qwest Communications Company LLC	178,200,000

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2470	Cincinnati Bell Any Distance, Inc.	7,800
7503	Verizon Select Services, Inc.	6,370,000
7512	Frontier Communications of America, Inc.	4,390,000
7522	tw telecom of california l.p.	163,600,000
7538	Tremcom International, Inc.	64,350
7544	Telswitch, Inc.	16,300
7560	XO Communications Services, Inc.	114,100,000
7580	Securus Technologies, Inc.	407,000
7581	ABS-CBN Telecom North America, Inc.	160,000
7621	SES Americom California, Inc.	2,930,000
7623	Verizon Enterprise Solutions LLC	99,800
7625	TCast Communications, Inc.	185,900
7631	Worldnet Communications Services Inc.	5,700
7632	Business Discount Plan, Inc.	14,400
7636	Network Telephone Services, Inc.	1,870,000
7638	Integrated Telemangement Services, Inc.	80,100
7640	Cox California Telecom, LLC	100,800,000
7645	Communications Brokers & Consultants, Inc.	1,600
7660	U.S. South Communications, Inc.	2,180,000
7686	Primus Telecommunications, Inc.	217,000
7690	CCT Telecommunications, Inc.	32,600
7699	Legacy Long Distance International, Inc.	134,000
7705	Sierra Telephone Long Distance	2,600
7706	MegaPath Corporation	30,700,000
7707	SureWest Long Distance	2,400
7732	NTT America, Inc.	20,800,000
7740	TRI-M Communications, Inc.	67,980
7756	Centergistic Solutions, Inc.	6,300
7757	U.S. TelePacific Corp.	135,400,000
7758	BT Americas Inc.	9,590,000
7761	Level 3 Communications, LLC	320,300,000
7766	KDDI America, Inc.	13,100,000
7769	Airnex Communications, Inc.	46,200
7778	Zayo Bandwidth, LLC	762,000
7779	360networks (USA) inc.	7,950,000
7781	KT America, Inc.	235,000
7791	O1 Communications, Inc.	1,738,000
7792	Point To Point, Inc.	654,000
7799	Wilshire Connection, LLC	1,100,000
7800	New Edge Network, Inc.	301,000
7811	Public Communications Services, Inc.	652,000
7813	Advanced Telecom, Inc.	956,000
7814	PAETEC Communications, Inc.	15,600,000
7824	Audeamus	8,660,000
7832	Astound Broadband LLC	64,900,000

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7834	Pannon Telecom, Inc.	32,300
7837	AboveNet Communications, Inc.	80,630,000
7845	San Carlos Telecom, Inc.	67,870
7846	The Telephone Connection Local Services, LLC	6,380
7852	Telstra Incorporated	5,850,000
7866	Telmex USA, LLC	7,400,000
7871	Verizon Online LLC	141,200,000
7872	Infotech Telecommunications & Network, Inc.	9,700
7876	Total Call International, Inc.	225,500
7880	Quick-Tel, Inc.	5,200
7894	Ponderosa Cablevision	1,160,000
7899	RGT Utilities of California, Inc.	2,700
7902	Zone Telecom, Inc.	638,000
7907	Telscape Communications, Inc.	3,150,000
7910	CBC Broadband Holdings, LLC	9,180,000
7912	Americom Government Services, Inc.	605,000
7913	VCOM Solutions, Inc.	227,000
7914	McLeodUSA Telecommunications Services, Inc.	1,020,000
7916	Peak Communications, Inc.	15,800
7940	Consumer Telcom, Inc.	15,500
7948	Vizada, Inc.	5,140,000
7949	Call America, Inc.	135,000
7953	Openpop.com, Inc.	427,000
7955	Enhanced Communications Network, Inc.	114,000
7956	Telespan Communications, LLC	59,200
7959	Airespring, Inc.	1,570,000
7960	CallTower, Inc.	1,890,000
7961	SureWest Televideo	144,000,000
7964	Aries Network, Inc.	1,800
7969	Intelsat Global Service Corporation	13,800,000
7972	Reliance Globalcom Services, Inc.	9,250,000
7978	Legent Communications Corporation	47,900
7981	Leading Edge Communications, Inc.	915,000
7982	NextG Networks Of California, Inc.	112,600,000
7985	inContact, Inc.	2,550,000
7988	Global Tel*Link Corporation	4,130,000
7990	CMTel (USA) LLC	1,390,000
7992	NobelTel, LLC	27,600
7993	Clear World Communications Corporation	74,100
7994	Utility Telephone, Inc.	1,770,000
7995	IP Networks, Inc.	23,200,000
7996	RuralWest - Western Rural Broadband, Inc.	297,000
7997	Edison Carrier Solutions	73,300,000
7998	Norcast Communications Corporation	177,100
7999	Purple Language Services	7,720,000

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8002	Neutral Tandem - California, LLC	6,360,000
8003	Creative Interconnect Communications, LLC	470,000
8004	Greenfield Communications, Inc.	897,600
8005	Cable and Wireless Americas Operations, Inc.	613,000
8006	Lucky Communications, Inc.	27,610
8011	DelTel, Inc.	4,600
8012	RB Communications, Inc.	33,700
8015	China Telecom (Americas) Corporation	2,948,000
8017	Locus Telecommunications, Inc.	271,000
8022	Allstate Communications, Inc.	232,000
8023	One Phone, Inc.	237,000
8024	TC Telephone, LLC	6,900
8027	Blue Casa Telephone LLC	32,500
8029	IPC Network Services, Inc.	238,000
8031	Backbone Communications, Inc.	294,000
8032	BCE Nexxia Corporation	183,000
8037	CA-CLEC LLC	9,280,000
8038	Telespan Carrier Access, LLC	97,600
8040	Mission Telecom, Inc.	7,800
8041	DMR Communications, Inc.	111,100
8042	Paxio, Inc.	1,080,200
8044	Intermetro Communications, Inc.	409,200
8046	HyperCube, LLC	1,470,000
8047	Syniverse Technologies, Inc.	81,400
8048	Bright House Networks Information Services (California), LLC	162,000
8049	Cbeyond Communications, LLC	20,700,000
8051	Intelletrace, Inc.	481,000
8057	Vertex Telecom, Inc.	649,000
8061	Charter Fiberlink CA-CCO, LLC	17,800,000
8062	Ezequiel Guido	1,000
8063	Time Warner Cable Information Services (California), LLC	28,800,000
8066	Calmtel USA, Inc.	35,700
8067	Sunesys, LLC	120,700,000
8071	Verizon Long Distance LLC	130,000
8072	Cypress Communications Operating Co., Inc.	224,000
8074	Silv Communication, Inc.	54,000
8075	Trans National Communications International, Inc.	112,000
8076	OPEX Communications, Inc.	222,200
8077	NewPath Networks, LLC	20,300,000
8078	U.S. Telecom Long Distance, Inc.	52,200
8079	Cal-Ore Communications, Inc.	611,600
8080	Ymax Communications Corporation	109,000
8081	Sonic Telecom, LLC	4,710,000
8083	Network Expert Group, Inc.	69,700
8084	T-Netix Telecommunications Services, Inc	45,200

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8085	Cosmobridge America, Inc.	10,600
8086	ANPI, LLC	130,000
8087	Verosity Technology Partners, LLC	167,000
8088	Super Prepaid, Inc.	3,960
8089	Conterra Ultra Broadband LLC	1,360,000
8090	Telecommunication Systems, Inc.	9,330,000
8091	Roadway Communications, Inc.	119,900
8092	Global Telecom LLC	12,600
8093	Extenet Systems (California) LLC	32,300,000
8094	Trillion Partners, Inc.	705,000
8101	FastBlue Communications, Inc.	8,800
8102	Ekit.Com, Inc.	63,800
8103	LiveTV Airfone, Inc.	73,800
8104	Transpac Telecom, Inc.	4,700
8105	Marlink, Inc.	311,000
8106	Raw Bandwidth Telecom, Inc.	298,000
8108	Radical System Solutions, Inc.	43,230
8109	Peerless Network of California LLC	1,490,000
8112	Mosaic Networx, LLC	8,100
8113	Callcatchers, Inc.	648,000
8115	&TV Communications, Inc.	2,420,000
8116	PC Landing Corp.	15,100,000
8117	Syniverse ICX Corporation	7,090,000
8118	IntelePeer, Inc.	2,970,000
8120	TELUS Communications Inc.	1,210,000
8121	Certain Communications Corporation	9,400
8123	Blue Rooster Telecom, Inc.	60,600
8124	Impact Telecom, Inc.	92,300
8125	IXC Holdings, Inc.	4,630,000
8126	Broadview Networks, Inc.	13,900
8127	Zayo Enterprise Networks, LLC	25,900
8128	Talton Communications, Inc.	27,900
8129	Wide Voice, LLC	247,500
8130	United Telecom, Inc.	39,700
8133	Bestel USA, Inc.	56,200
8134	Infotelecom, LLC	42,300
8135	Broadvox-CLEC, LLC	226,000

Action: Upon motion of Mr. Chiang, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2012, be as follows:

2043	Pac-West Telecomm, Inc.	7,733,000
2100	Preferred Long Distance, Inc.	1,200
7516	Cybernet Communications Inc.	352,000

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7571	Network Enhanced Technologies, Inc.	158,400
7588	PNG Telecommunications, Inc.	119,000
7735	Pacific Centrex Services, Inc./TGEC,LLC	87,625
7934	Telecom House Inc.	100,320
7938	McBlue Telecom, Inc.	17,050
7945	ZTG, Inc.	16,830
7950	ATMC, Inc.	6,710
7952	Advanced Tel, Inc.	5,940
7973	Alliance Payphone, Inc.	147,400
7980	Teledata Solutions, Inc.	235,400
8026	Nationwide Telecom, Inc.	102,410
8033	Telecom Consultants Inc.	2,250
8065	Connectto Communications, Inc.	295,900
8068	North County Communications Corp	153,750
8082	WTI Communications, Inc.	48,400
8099	Race Telecomm	520,000
8100	Dial Long Distance, Inc.	5,830
8107	Convergence Systems	58,740
8119	Express Telecommunications Network, Inc.	4,070
8122	Bandwidth.com CLEC, LLC	897,600
8131	Pacific Lightwave	83,600
8132	Calpop.Com, Inc.	1,936,000
8136	Plumas Sierra Telecommunications	3,050,000
8137	SnowCrest Telephone, Inc.	219,000
8138	Act Tele, Inc.	9,300
8139	California Broadband Cooperative, Inc.	394,900
8140	California Alliance Telecard, Inc.	48,950
8141	CENIC Broadband Initiatives LLC	610,500
8142	DSI-ITI LLC	28,800
8143	Global Internetworking, Inc.	434,000
8144	GC Pivotal, LLC	27,600
8145	Internet Business Services, Inc.	23,650
8146	Ssplice Communications, Inc.	38,300
8147	Deltacom, Inc.	128,000
8148	Digital West Networks, Inc,	1,441,000

Wireless Telephone Companies

Action: Upon motion of Mr. Chiang, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2012, be as follows:

2532	Los Angeles SMSA Ltd., Partnership	823,700,000
2552	Fresno MSA Limited Partnership	86,100,000
2559	Cellco Partnership	1,062,200,000

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2602	Digital Communications Network, Inc.	46,800
2605	Nova Cellular West, Inc.	12,900
2606	AT&T Mobility LLC	1,927,200,000
2658	Intouch America, Inc.	81,625
2668	California RSA No. 3 Limited Partnership	13,100,000
2669	California RSA #4 Partnership	13,700,000
2671	California Rural Service Area #1, Inc.	31,100,000
2681	Everything Wireless, LLC	37,900
2683	Pay-Less Cellular, Inc.	2,728,000
2720	Sprint Telephony PCS, L.P.	856,600,000
2733	MetroPCS Communications	492,200,000
2748	T-Mobile West Corporation	1,176,000,000
2760	Fisher Wireless Services, Inc.	1,920,000
2762	Cricket Communications, Inc.	115,700,000
2772	Globalstar USA, LLC	3,550,000
2773	Accessible Wireless, LLC	551,000
2775	Nextlink Wireless, Inc.	4,240,000
2778	Movida Communications, Inc.	4,625
2782	Velocita Wireless, LLC	18,590
2783	Flat West Wireless, LLC	2,805,000
2784	Greatcall, Inc.	2,430,000
2785	Public Wireless, Inc.	262,000
2786	Simple Mobile, LLC	283,800
2787	Mother Lode Internet, LLC	57,750
2788	NTT Docomo USA, Inc.	299,000
3002	American Messaging Services, LLC	511,000
3005	Mobilephone of Humboldt, Inc.	38,400
3039	Fresno Mobile Radio, Inc.	312,000
3362	Madera Radio Dispatch, Inc.	438,000
3430	USA Mobility Wireless, Inc.	2,090,000
3434	James R. McKeown	26,500
3435	ST Network Services, LLC	152,000
3436	ST Messaging, LLC	11,000

Local Exchange Telephone Companies

Action: Upon motion of Mr. Chiang, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, the Board ordered that the market value to be used in the assessment of unitary property of the following listed companies as of January 1, 2012, be as follows:

201	Verizon California, Inc.	3,248,700,000
202	CenturyTel of Eastern Oregon, Inc.	73,200
203	Frontier Communications of the Southwest, Inc.	8,310,000
205	Ponderosa Telephone Co., The	37,500,000
209	Pinnacles Telephone Co.	1,120,000

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210	Calaveras Telephone Company	12,600,000
228	Ducor Telephone Company	6,060,000
235	Foresthill Telephone Co.	16,900,000
239	Hornitos Telephone Company	1,000,000
240	Happy Valley Telephone Company	1,290,000
246	Kerman Telephone Co.	23,200,000
279	Pacific Bell Telephone Company	7,191,100,000
284	Citizens Telecommunications Company of California, Inc.	89,400,000
286	Sierra Telephone Company, Inc.	47,200,000
294	SureWest Telephone	125,900,000
301	Siskiyou Telephone Company, The	45,700,000
320	Frontier Communications West Coast, Inc.	7,620,000
327	Volcano Telephone Company	23,000,000
328	Cal-Ore Telephone Co.	7,040,000
330	Winterhaven Telephone Company	1,240,000

The Board recessed at 10:23 a.m. and reconvened at 10:30 a.m. with Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang present.

BOARD MEMBER ANNUAL PHOTOGRAPH

The annual Board photograph was taken of Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang.

The Board recessed at 10:37 a.m. and reconvened at 12:02 p.m. with Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner present, Ms. Mandel present on behalf of Mr. Chiang in accordance with Government Code section 7.9.

CORPORATE FRANCHISE AND PERSONAL INCOME TAXES HEARINGS

Mervin L. George, Sr. and Laura Lee George, 566204
2007, \$692.00 Assessment

For Appellants:	Laura Lee George, Taxpayer
For Franchise Tax Board:	Natasha Page, Tax Counsel
	Bill Hilson, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issue: Whether appellants' have shown error in respondent's determination that appellants' income in 2007 is not tax-exempt.

Appellant's Exhibit: Miscellaneous Documents ([Exhibit 5.1](#))

Action: Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board submitted the appeal for decision.

Exhibits to these minutes are incorporated by reference.

Wednesday, May 30, 2012

The Board recessed at 12:40 p.m. and reconvened at 1:47 p.m. with Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel present.

Mehdi Shahbazi and Fatemeh R. Shahbazi, 575095

2006, \$4,082.91 Interest

2007, \$2,503.13 Interest

2008, \$992.01 Interest

For Appellants:

Mehdi Shahbazi, Taxpayer

Fatemeh R. Shahbazi, Taxpayer

For Franchise Tax Board:

Amanda Vassigh, Tax Counsel

Suzanne Small, Tax Counsel

Susan Allair, Program Specialist

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issue: Whether respondent Franchise Tax Board abused its discretion in denying appellants' request for abatement of interest.

Action: Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board submitted the appeal for decision.

SALES AND USE TAX APPEALS HEARINGS

Fence America, Inc., 479354 (KH)

1-1-04 to 12-31-06, \$375,566.81 Tax

For Petitioner:

Scott Wiggen, Representative

Tom Razzano, President

For Sales and Use Tax Department:

Scott Lambert, Hearing Representative

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issue: Whether adjustments are warranted to the unreported taxable measure.

Action: Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the petition be submitted for decision.

Bay Area Fence & Deck, Inc., 443761 (GH)

7-1-04 to 6-30-07, \$64,066.63 Tax

For Petitioner:

Julia C. Haynes, Taxpayer

Michael E. Haynes, Taxpayer

For Sales and Use Tax Department:

Scott Lambert, Hearing Representative

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issue: Whether adjustments are warranted to the unreported taxable measure.

Action: Upon motion of Ms. Yee, seconded by Ms. Mandel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the petition be submitted for decision.

Wednesday, May 30, 2012

Louis John Bonacich, Jr., 493991, 568375 (KH)

1-1-04 to 12-31-06, \$6,485.58 Tax, \$648.61 Negligence Penalty

For Taxpayer/Claimant:

Louis Bonacich, Taxpayer

Patricia Waldon, Representative

For Sales and Use Tax Department:

Scott Lambert, Hearing Representative

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether adjustments are warranted to the unreported taxable sales.

Whether adjustments are warranted to the amount of taxable sales recorded as nontaxable sales in error.

Whether taxpayer was negligent.

Action: Upon motion of Mr. Runner, seconded by Ms. Mandel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the petition be submitted for decision, granting the petitioner 30 days to file supporting documents, the Department 30 days to respond, and the Appeals Division 30 days thereafter to review the parties' submissions and provide its recommendation to the Board.

Ms. Steel requested staff to review the call log for discussions with Mr. Bonacich regarding a fax of his disagreement with the notice of determination.

Ms. Steel requested staff to review the tax collection procedures and bank account levies, and report to the Customer Services and Administrative Efficiency Committee for discussion.

PUBLIC HEARINGS

Proposed Adoption of Amendments to Regulation 1684, *Collection of Use Tax by Retailers*

Bradley Heller, Tax Counsel, Tax and Fee Programs Division, Legal Department, made introductory remarks regarding the proposed adoption of amendments to Regulation 1684, which incorporate and implement changes to the definition of "retailer engaged in business in this state" made by Assembly Bill No. 155 (Stats. 2011, ch. 313) ([Exhibit 5.2](#)).

Speakers:

Fran Mancina, MuniServices

Al Koch, Law Offices of Albin C. Koch

Action: Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board adopted the proposed amendments to regulation 1684 as recommended by staff.

Timber Harvest Values

David Yeung, Principal Property Appraiser, State-Assessed Properties Division, Property and Special Taxes Department, made introductory remarks regarding the timber harvest values in accordance with Revenue and Taxation Code section 38204(a), which requires that the Board estimate the immediate harvest values of and adopt schedules for each species or sub-classification of timber harvested between July 1 and December 31, 2012 on or before June 30, 2012 ([Exhibit 5.3](#)).

Wednesday, May 30, 2012

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

Action: Upon motion of Ms. Yee, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board approved the timber harvest values schedules as recommended by staff.

LEGAL APPEALS MATTERS, CONSENT

With respect to the Legal Appeals Matters Consent Agenda, upon a single motion of Ms. Steel, seconded by Ms. Mandel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board made the following orders:

Alfredo Bello and Javier Bello Lopez, 515927 (BH)

1-1-06 to 6-30-09, \$46,353.58 Tax, \$4,635.37 Negligence Penalty

Action: Redetermine as recommended by the Appeals Division.

1 Stop Gas & Food, 506818, 509450 (KH)

4-1-05 to 3-12-06, \$9,365.80 Tax, \$575.21 Negligence Penalty

Action: Redetermine as recommended by the Appeals Division.

NRU, Inc., 488852 (AP)

7-1-05 to 6-30-08, \$387,487.64 Tax, \$39,159.28 Negligence Penalty

Action: Redetermine as recommended by the Appeals Division.

Ronald Sam Basso, 535684 (JH)

7-1-02 to 12-31-05, \$103,523.12 Tax, \$10,352.31 Finality Penalty, \$2,375.86 Amnesty Double Finality Penalty, \$2,040.91 Amnesty Interest Penalty

Action: Redetermine as recommended by the Appeals Division.

Huong Thuy-Thi Le, 602381 (ET)

December 19, 2011, \$185.29 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. Runner, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board made the following orders:

Bill Hamlin, 572564

2008, \$2,758.00 Tax, \$569.00 Late Filing Penalty, \$689.50 Notice and Demand Penalty, \$113.00 Filing Enforcement Fee

Action: Sustain the action of the Franchise Tax Board and impose a \$2,500.00 frivolous appeal penalty.

Wednesday, May 30, 2012

Marc P. Pretscher, 554702

2008, \$10,947.00 tax, \$2,736.75 Late Filing Penalty, \$2,736.75 Demand Penalty, \$113.00 Filing Enforcement Fee

Action: Sustain the action of the Franchise Tax Board and impose a \$5,000.00 frivolous appeal penalty.

Fredric Ankri, 574431

2008, \$1,118.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Ad-Up Corporation, 505673

2004, \$200.00 Claim for Refund, \$35.06 Estimated Tax Penalty

2005, \$200.00 Claim for Refund, \$31.04 Estimated Tax Penalty

2006, \$200.00 Claim for Refund, \$44.05 Estimated Tax Penalty

Action: Sustain the action of the Franchise Tax Board.

Priscilla Brandt, 567686

2007, \$887.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Bry Mar L.P., 520553

2004, \$200.00 Claim for Refund

Action: Reverse the action of the Franchise Tax Board.

Duarte Nursery, Inc., 549304

2004, \$36,769.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Aaron M. Easley, Sr., 514439

2003, \$420.00 Claim for Refund

2004, \$258.00 Claim for Refund

2006, \$900.00 Claim for Refund

2008, \$900.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board with respect to tax years 2003, 2004 and 2006 and reverse with respect to tax year 2008.

Jose I. Fernandez, 556641

2007, \$812.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Angelica Garcia, 578832

2007, \$525.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Wednesday, May 30, 2012

Cheryl Hanley, 552475

1986, \$2,468.83 Assessment

1987, \$7,656.10 Assessment

Action: Sustain the action of the Franchise Tax Board.

Gerrienne Johnson, 504723

2005, \$410.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Dau L. Kao, 416436

1999, \$11,274.01 Tax

Action: Sustain the action of the Franchise Tax Board.

Angela Real, 536331

2006, \$130.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Sharon Alshams, 554896

2005, \$1,855.00 Claim for Refund

Action: Deny the petition for rehearing.

SALES AND USE TAX MATTERS, REDETERMINATIONS AND DENIALS OF CLAIMS FOR REFUND, CONSENT

With respect to the Sales and Use Tax Matters, Redeterminations and Denials of Claims for Refund, Consent Agenda, upon a single motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board made the following orders:

Interline Brands, Inc., 547472 (OH)

1-1-06 to 12-13-08, \$182,461.67

Action: Approve the redetermination as recommended by staff.

Hamdi Elsayed Elsissi, 476895 (GH)

7-1-99 to 3-31-05, \$897,660.66

Action: Approve the redetermination as recommended by staff.

Miriam Wolverton, 563216 (AC)

7-1-06 to 12-21-07, \$180,608.00

Action: Approve the redetermination as recommended by staff.

Williams-Sonoma Stores, LLC, 563985 (BH)

1-1-03 to 6-30-07, \$200,233.70

Action: Approve the redetermination as recommended by staff.

Wednesday, May 30, 2012

Casa De Ceramica, Inc., 558089 (AA)

10-1-06 to 9-30-09, \$116,813.70

Action: Approve the redetermination as recommended by staff.

S & J Palace Corporation, 521973 (AS)

1-1-06 to 12-31-08, \$212,746.30

Action: Approve the redetermination as recommended by staff.

Blue Coral/La Jolla, LTD Partnership, 577396 (OH)

1-1-07 to 11-21-08, \$304,557.56

Action: Approve the redetermination as recommended by staff.

Capital One Auto Finance, Inc., 559363 (OH)

4-1-09 to 3-31-11, \$590,677.00

Action: Approve the denial of claim for refund as recommended by staff.

Citicorp Trust Bank FSB & Affiliates, 506613 (OH)

4-1-09 to 12-31-10, \$1,597,112.76

Action: Approve the denial of claim for refund as recommended by staff.

Nuvel Credit Company, LLC, 525126 (OH)

1-1-07 to 12-31-08, \$180,505.35

Action: Approve the denial of claim for refund as recommended by staff.

**SALES AND USE TAX MATTERS, CREDITS, CANCELLATIONS AND REFUNDS,
CONSENT**

With respect to the Sales and Use Tax Matters, Credits, Cancellations and Refunds, Consent Agenda, upon a single motion of Ms. Steel, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, Ms. Mandel not participating in accordance with Government Code section 87105 in *Sacramento Valley LTD Partnership, 601220 (OH); Verizon Wireless (VAW), LLC, 601222 (OH); and, GTE Mobilenet of California, LP, 534853 (OH);* the Board made the following orders:

The Pitcher House, 603447 (AS)

1-1-05 to 9-30-07, \$396,306.02

Action: Approve the credit and cancellation as recommended by staff.

West Coast Conveyor & Equipment, Inc., 602397 (KH)

1-1-01 to 9-30-02, \$341,727.11

Action: Approve the credit and cancellation as recommended by staff.

Lawrence Thomas Hart, 605018 (AS)

10-1-10 to 9-8-11, \$984,027.98

Action: Approve the credit and cancellation as recommended by staff.

Wednesday, May 30, 2012

Rodney Hunt Company, Inc., 602683 (OH)

4-1-10 to 9-30-10, \$270,470.46

Action: Approve the credit and cancellation as recommended by staff.

Lakhninder Singh and Harjit S. Kaeley, 602395 (CH)

1-1-08 to 10-7-08, \$118,373.90

Action: Approve the credit and cancellation as recommended by staff.

Southwest Medical Resources, Inc., 602678 (EH)

1-1-10 to 6-30-10, \$176,453.52

Action: Approve the credit and cancellation as recommended by staff.

Natel Engineering Company, Inc., 554678 (AC)

4-1-10 to 6-30-10, \$138,978.00

Action: Approve the refund as recommended by staff.

S.A. Camp Pump Company, Inc., 527178 (AR)

1-1-07 to 6-30-07, \$125,115.63

Action: Approve the refund as recommended by staff.

Farm Pump & Irrigation Company, Inc., 604881 (AR)

4-1-07 to 12-31-10, \$104,068.42

Action: Approve the refund as recommended by staff.

Western Digital Technologies, Inc., 601085 (EA)

12-30-06 to 12-25-09, \$127,289.68

Action: Approve the refund as recommended by staff.

Sacramento Valley LTD Partnership, 601220 (OH)

7-1-06 to 6-30-10, \$484,687.68

Action: Approve the refund as recommended by staff. Ms. Mandel not participating in accordance with Government Code section 87105.

Varian Medical Systems, Inc., 604991 (GH)

7-1-05 to 6-30-08, \$290,808.33

Action: Approve the refund as recommended by staff.

Allison Bavarian, 539388 (GH)

4-1-07 to 6-30-10, \$444,643.97

Action: Approve the refund as recommended by staff.

US Bancorp Equipment Finance, Inc., 565868 (OH)

1-1-08 to 3-31-11, \$151,607.84

Action: Approve the refund as recommended by staff.

Wednesday, May 30, 2012

Mercedes-Benz USA, LLC, 602036 (KH)

8-31-11 to 1-30-12, \$351,662.00

Action: Approve the refund as recommended by staff.

BMW of North America, 603212 (OH)

10-6-11 to 10-6-11, \$292,800.00

Action: Approve the refund as recommended by staff.

Lucky Brand Dungarees Stores, Inc., 601989 (OH)

7-1-06 to 9-30-10, \$910,018.11

Action: Approve the refund as recommended by staff.

Morgan Stanley Capital Group, Inc., 593636 (OH)

1-1-11 to 6-30-11, \$1,462,726.00

Action: Approve the refund as recommended by staff.

Bestbuy.com, Inc., 553635 (OH)

10-1-09 to 12-31-09, \$119,048.00

Action: Approve the refund as recommended by staff.

Verizon Wireless (VAW), LLC, 601222 (OH)

7-1-08 to 6-30-10, \$478,127.14

Action: Approve the refund as recommended by staff. Ms. Mandel not participating in accordance with Government Code section 87105.

Stone Age Tile, Inc., 597393 (EA)

7-1-08 to 6-30-11, \$142,088.66

Action: Approve the refund as recommended by staff.

GTE Mobilenet of California, LP, 534853 (OH)

7-1-02 to 6-30-04, \$187,742.32

Action: Approve the refund as recommended by staff. Ms. Mandel not participating in accordance with Government Code section 87105.

Capital One Auto Finance, Inc., 559363 (OH)

4-1-09 to 3-31-11, \$4,779,444.00

Action: Approve the refund as recommended by staff.

Basic Chemical Solutions, LLC, 593805 (BH)

1-1-10 to 3-31-10, \$361,551.56

Action: Approve the refund as recommended by staff.

Scholastic Book Fairs, Inc., 554386 (OH)

7-1-07 to 9-30-10, \$1,797,116.22

Action: Approve the refund as recommended by staff.

Wednesday, May 30, 2012

Transouth Financial Corporation, 592485 (OH)
7-1-11 to 9-30-11, \$297,727.00
Action: Approve the refund as recommended by staff.

San Mateo Credit Union, 554677 (BH)
1-1-08 to 3-31-10, \$133,904.15
Action: Approve the refund as recommended by staff.

Banana Republic, LLC, 435373 (BH)
4-1-04 to 3-31-07, \$1,041,593.40
Action: Approve the refund as recommended by staff.

Old Navy, LLC, 400786 (BH)
4-1-04 to 3-31-07, \$456,392.76
Action: Approve the refund as recommended by staff.

GPS Services, Inc., 435135 (BH)
4-1-04 to 6-30-07, \$2,748,167.07
Action: Approve the refund as recommended by staff.

American Auto Financing, Inc., 475408 (EA)
4-1-08 to 12-31-10, \$438,247.88
Action: Approve the refund as recommended by staff.

Citicorp Trust Bank FSB & Affiliates, 506613 (OH)
4-1-09 to 12-31-10, \$2,345,902.09
Action: Approve the refund as recommended by staff.

The Gap, Inc., 599780 (BH)
1-1-05 to 12-31-07, \$750,691.74
Action: Approve the refund as recommended by staff.

GPS Consumer Direct, Inc., 600099 (BH)
10-1-05 to 12-31-07, \$212,574.49
Action: Approve the refund as recommended by staff.

Diana Lee Chan, 594693 (AA)
7-1-07 to 12-31-09, \$129,003.86
Action: Approve the refund as recommended by staff.

Artistree, Inc., 572811 (AP)
7-1-07 to 9-30-10, \$203,824.62
Action: Approve the refund as recommended by staff.

Wednesday, May 30, 2012

Pacific Coast Steel, 523709 (FH)

1-1-07 to 9-30-09, \$1,479,575.47

Action: Approve the refund as recommended by staff.

Nuvel Credit Company, LLC, 525126 (OH)

1-1-07 to 12-31-08, \$1,734,177.17

Action: Approve the refund as recommended by staff.

Korvis Automation, Inc., 601128 (OH)

7-1-10 to 12-31-10, \$119,203.00

Action: Approve the refund as recommended by staff.

SPECIAL TAXES MATTERS, RELIEF OF PENALTY, CONSENT

With respect to the Special Taxes Matters, Relief of Penalty, Consent Agenda, upon a single motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board made the following order:

Santa Clara Family Health Plan, 604895 (ET)

4-1-10 to 6-30-10, \$104,359.79

Action: Approve the relief of penalty as recommended by staff. Ms. Mandel not participating in accordance with Government Code section 7.9.

LEGAL APPEALS MATTERS, ADJUDICATORY

Bear Data Solutions, Inc., 521430 (GH)

4-1-05 to 3-31-08, \$81,897.13 Tax

Considered by the Board: December 15, 2011

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Ms. Mandel, seconded by Mr. Horton and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the petition be granted as to the *Responsys, Inc.*, invoices, and that the petition otherwise be redetermined as recommended by the Appeals Division.

Sunburst Maintenance Co., Inc., 421808 (AP)

4-1-03 to 3-31-06, \$99,704.15 Tax, \$10,115.47 Negligence Penalty

Considered by the Board: Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Mr. Runner, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the petition be redetermined as recommended by the Appeals Division.

Cherie Rose, Incorporated, 466880 (GH)

7-1-03 to 6-30-06, \$19,392.60, \$0.00 Negligence Penalty

Considered by the Board: September 21, 2011

Wednesday, May 30, 2012

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Mr. Runner, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the petition be redetermined as recommended by the Appeals Division

CORPORATE FRANCHISE AND PERSONAL INCOME TAX MATTER, ADJUDICATORY

John E. Frantz, 461562

1991, \$223,288.00 Claim for Refund

Considered by the Board: Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Mr. Runner, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board adopted a decision sustaining the action of the Franchise Tax Board.

SALES AND USE TAX MATTERS, CREDITS, CANCELLATIONS AND REFUNDS, ADJUDICATORY

Gulfstream Aerospace Corporation (CA), 574256 (OH)

7-1-04 to 6-30-07, \$191,266.57

Considered by the Board: Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Ms. Steel, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board approved the refund as recommended by staff.

ABF Data Systems, Inc., 522983 (FH)

1-1-07 to 6-30-07, \$393,168.67

Considered by the Board: Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Ms. Steel, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board approved the refund as recommended by staff.

The Boeing Company, 213345 (OH)

1-1-00 to 12-31-03, \$701,629.96

Considered by the Board: Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Ms. Steel, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board approved the refund as recommended by staff.

Chevron Credit Bank, N.A., 447146 (CH)

1-1-00 to 12-31-01, \$160,028.31

Considered by the Board: Presented for Separate Discussion

Wednesday, May 30, 2012

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.
Action: Upon motion of Ms. Steel, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board approved the refund as recommended by staff.

International Business Machine Corporation, 524856 (OH)

1-1-04 to 12-31-08, \$2,269,531.57

Considered by the Board: Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Ms. Steel, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board approved the refund as recommended by staff.

Chevron Credit Bank, N.A., 568665 (CH)

1-1-02 to 9-30-04, \$1,487,251.37

Considered by the Board: Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Ms. Steel, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board approved the refund as recommended by staff.

TAX PROGRAM NONAPPEARANCE MATTERS NOT SUBJECT TO CONTRIBUTION DISCLOSURE STATUTE

PROPERTY TAX MATTERS

Audits

Public Wireless, LLC (2785)

2010, \$25,000.00 Escaped Assessment, \$2,500.00 Penalty, \$3,750.00 In-lieu Interest

2011, \$21,000.00 Escaped Assessment, \$2,100.00 Penalty, \$1,260.00 In-lieu Interest

Action: Upon motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board adopted the audit escaped assessments, plus penalties and in-lieu interest, as recommended by staff.

Verizon Select Services, Inc. (7503)

2008, \$12,460,000.00 Escaped Assessment, \$4,111,800.00 In-lieu Interest

2009, \$400,000.00 Escaped Assessment, \$96,000.00 In-lieu Interest

2010, \$800,000.00 Excessive Assessment

Action: Upon motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board adopted the audit escaped and excessive assessments, and in-lieu interest, as recommended by staff.

Wednesday, May 30, 2012

Teledata Solutions, Inc., (7980)

2008, \$49,000.00 Escaped Assessment, \$4,900.00 Penalty, \$16,170.00 In-lieu Interest

2009, \$38,000.00 Excessive Assessment

2010, \$163,000.00 Excessive Assessment

2011, \$497,000.00 Excessive Assessment

Action: Upon motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board adopted the audit escaped and excessive assessment, plus penalties and in-lieu interest, as recommended by staff.

Extenet Systems (California), LLC (8093)

2008, \$2,650,000.00 Escaped Assessment, \$265,000.00 Penalty, \$874,500.00 In-lieu Interest

2010, \$900,000.00 Escaped Assessment, \$90,000.00 Penalty, \$135,000.00 In-lieu Interest

2011, \$900,000.00 Escaped Assessment, \$90,000.00 Penalty, \$54,000.00 In-lieu Interest

Action: Upon motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board adopted the audit escaped assessment, plus penalties and in-lieu interest, as recommended by staff.

Peerless Network of California (8109)

2010, \$180,000.00 Excessive Assessment

2011, \$320,000.00 Excessive Assessment

Action: Upon motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board adopted the audit excessive assessment, as recommended by staff.

Unitary and Nonunitary Land Escaped Assessments

Southern California Edison (148)

2010-2011, \$2,410,416.00 Unitary Value

Action: Upon motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board adopted the unitary land escaped assessment as recommended by staff.

AT&T Mobility, LLC (2606)

2008-2011, \$2,092,345.00 Unitary Value

Action: Upon motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board adopted the unitary land escaped assessment as recommended by staff.

Wednesday, May 30, 2012

T-Mobile West Corporation (2748)

2011, \$496,615.00 Unitary Value

Action: Upon motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board adopted the unitary land escaped assessment as recommended by staff.

SureWest Televideo (7961)

2008-2011, \$126,030.00 Nonunitary Value

Action: Upon motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board adopted the nonunitary land escaped assessment as recommended by staff.

Board Roll Change**2008, 2009, 2010 and 2011 Board Rolls of State Assessed Property**

Action: Upon motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board approved corrections to the 2008, 2009, 2010 and 2011 Board Rolls of State-Assessed Property as recommended by staff ([Exhibit 5.4](#)).

OFFER-IN-COMPROMISE RECOMMENDATIONS

Action: Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board approved the Offer in Compromise Recommendations of *Martha Hanna Dabbas*; *Robert Roy Miller*; *Chang Soon Song*; *Jay Allen Stalk*; and, *Daniel Martin Voshake*; as recommended by staff.

LOCAL TAX REALLOCATION MATTER

City of Fillmore, 466375

April 1, 2007, \$842,821.00

Considered by the Board: November 16, 2011

Speakers: Alberto Torrico, Attorney, City of Fillmore
Robin Sturdivant, Local Government Advocate, The HdL Companies

Action: Upon motion of Mr. Runner, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the petition for rehearing be granted.

The Board recessed at 4:42 p.m. and reconvened at 4:47 p.m. with Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel present.

Wednesday, May 30, 2012

**FINAL ACTION ON CORPORATE FRANCHISE AND PERSONAL INCOME TAXES
HEARINGS HELD MAY 30, 2012**

Mervin L. George, Sr. and Laura Lee George, 566204

Final Action: Upon motion of Ms. Yee, seconded by Ms. Mandel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board denied the appeal on the basis of abstention.

Mehdi Shahbazi and Fatemeh R. Shahbazi, 575095

Final Action: Upon motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board sustained the action of the Franchise Tax Board. The Board directed staff to inform the taxpayer about the Offer in Compromise Program.

**FINAL ACTION ON SALES AND USE TAX APPEALS HEARINGS HELD MAY 30,
2012**

Fence America, Inc., 479354 (KH)

Final Action: Upon motion of Ms. Mandel, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the petition be submitted for decision, granting the petitioner 30 days to file supporting documents, the Department 30 days to respond, and the Appeals Division 30 days thereafter to review the parties' submissions and provide its recommendation to the Board.

Bay Area Fence & Deck, Inc., 443761 (GH)

Final Action: Upon motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that a 5 percent adjustment be made to the spoilage, and that the petition otherwise be redetermined as recommended by the Appeals Division.

The Board adjourned at 4:54 p.m.

The foregoing minutes are adopted by the Board on November 15, 2012.

Note: The following matters were removed from the calendar prior to the meeting: *West Coast Aggregates, Inc., 446020; Mark R. Trinder, 514344; Jasvir Singh Shahi, 303529 (CH); Jimmy A. Prince, 535124; and, International Business Machine Corporation, 524856 (OH).*

Thursday, May 31 2012

The Board met at its offices at 450 N Street, Sacramento, at 9:32 a.m., with Mr. Horton, Chairman, Ms. Steel, Vice Chairwoman, Ms. Yee and Mr. Runner present, Ms. Mandel present on behalf of Mr. Chiang in accordance with Government Code section 7.9.

SALES AND USE TAX APPEALS HEARING

Local Tax Reallocation Hearing

Cities of Agoura Hills, Alameda, Albany, Bakersfield, Belmont, Berkeley, Beverly Hills, Brisbane, Calabasas, Campbell, Carlsbad, Chula Vista, Clovis, Compton, Cupertino, Daly City, Davis, Delano, Del Mar, East Palo Alto, El Cajon, El Monte, Emeryville, Escondido, Fillmore, Foster City, Fremont, Fresno, Gardena, Gilroy, Half Moon Bay, Hawthorne, Hayward, Kerman, Kingsburg, Los Angeles, Menlo Park, Milpitas, Moreno Valley, Morgan Hill, Palmdale, Palo Alto, Pasadena, Rancho Cordova, Rancho Palos Verdes, Redwood City, Reedley, Ridgecrest, Rolling Hills Estates, Roseville, Sacramento, San Bruno, San Diego, Sanger, San Jose, San Leandro, San Mateo, Santa Clara, Santa Fe Springs, Saratoga, Selma, Shafter, South San Francisco, Torrance, Union City, Westlake Village, West Sacramento, Woodland, Town of Los Gatos, Counties of Los Angeles and Sacramento, and City and County of San Francisco, 469672

6-1-06 to 12-31-11, \$1,955,220.00 Tax

For Petitioner City of Fillmore:	Joseph A. Vinatieri, Attorney
For Petitioner City of Moreno Valley:	Robin Sturdivant, Representative
For All Other Petitioners:	Eric Myers, Representative
For Sales and Use Tax Department:	Cary C. Huxsoll, Tax Counsel

Not subject to contribution disclosure pursuant to Government Code section 15626.

Issue: Whether Retailer correctly reported the local tax beginning June 1, 2006, to the office located in Fillmore.

Action: Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the petition be submitted for decision.

SALES AND USE TAX APPEALS HEARINGS

888-Auto Corporation, 414664, 443238 (GH)

1-1-06 to 6-30-07, \$150,155.00 Tax

4-1-04 to 6-30-07, \$78,665.00 Claim for Refund

For Petitioner/Claimant:	Maria Chen, Taxpayer
	Yu Ten Chen, Taxpayer
For Sales and Use Tax Department:	Andrew Kwee, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether an adjustment is warranted for tax paid purchases resold.

Whether relief is warranted on the basis that petitioner's failure to pay the tax was the result of its reliance on incorrect advice received during a prior audit.

Thursday, May 31 2012

Action: Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the claim and petition be submitted for decision.¹

Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board rescinded its prior vote to submit the claim and petition for decision.

Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the claim and petition be submitted for decision.

Swertfeger's Equipment, Inc., 420299, 431085 (EH)

1-1-02 to 6-30-05, \$69,012.94 Tax

1-1-05 to 3-31-05, \$15,919.00 Claim for Refund

For Petitioner/Claimant: Abe Golomb, Representative

For Sales and Use Tax Department: Scott Claremon, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether adjustments are warranted to the disallowed claimed nontaxable or exempt sales.

Whether adjustments are warranted to the amount of unreported purchases of mobile transportation equipment subject to use tax.

Whether the claimed refund of tax paid on trailer rental receipts in the first quarter of 2005 should be granted.

Action: Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the claim and petition be submitted for decision.

Elizabeth Shutters, Inc., 538185 (EH)

10-1-05 to 9-30-08, \$1.00 or more Claim for Refund

For Claimant: Dean Frost, Taxpayer

For Sales and Use Tax Department: Erin Dendorfer, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issue: Whether the amount of overpaid tax is greater than the amount established by audit.

Action: Upon motion of Ms. Yee, seconded by Ms. Mandel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the claim be submitted for decision.

Downtown Ford Sales, 522063 (KH)

1-1-08 to 3-31-08, \$6,418.39 Claim for Refund

For Claimant: Ray Enos, Taxpayer

Rex Halverson, Attorney

For Sales and Use Tax Department:

Scott Claremon, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

¹ The Board rescinded this action immediately.

Thursday, May 31 2012

Issue: Whether relief of interest is warranted.
 Action: Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the claim be granted.

Richard Emil Navone and Daniel Joseph Navone, 336683 (KH)
 6-1-99 to 12-31-01, \$374,581.67 Tax, \$94,453.65 Fraud Penalty, \$94,453.65 Amnesty Double Fraud Penalty, \$72,407.89 Amnesty Interest Penalty

For Petitioner Richard Emil Navone: Richard Emil Navone, Taxpayer

For Petitioner Daniel Joseph Navone: Daniel J. Navone, Taxpayer
 Francis X. Mohan III, Attorney

For Sales and Use Tax Department: Scott Lambert, Hearing Representative

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether North Beach Marine was owned by Richard Navone and Daniel Navone, as partners, or instead by Richard Navone as a sole proprietor.

Whether adjustments to the additional taxable sales or disallowed claimed nontaxable or exempt sales are warranted.

Whether the Department has established fraud by clear and convincing evidence.

Whether relief of the amnesty related penalties is warranted.

David Levine, Tax Counsel IV, Appeals Division, Legal Department, stated for the record that the Department concluded that the measure of deficiency should be reduced by \$48,790 to allow for tax included in the excess bank deposits in part of the analysis.

Action: Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the petition as to *Richard Emil Navone* be submitted for decision.

Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the petition as to *Daniel Joseph Navone* be submitted for decision.

CHIEF COUNSEL MATTERS

RULEMAKING

Section 100 Changes to Specified Special Taxes and Fees Regulations

Bradley Heller, Tax Counsel IV, Tax and Fee Programs Division, Legal Department, requested authorization to complete Rule 100 changes to amend specified Diesel Fuel Tax Law, Integrated Waste Management Fee Law, Motor Vehicle Fuel Tax Law, and Underground Storage Tank Maintenance Fee Law regulations ([Exhibit 5.5](#)).

Action: Upon motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board adopted the section 100 changes as recommended by staff.

Exhibits to these minutes are incorporated by reference.

Thursday, May 31 2012

Section 100 Changes to Property Tax Rule 263, Roll Corrections

Bradley Heller, Tax Counsel IV, Tax and Fee Programs Division, Legal Department, requested authorization to complete Rule 100 changes to incorporate amendments made to Revenue and Taxation Code section 4831 by Senate Bill No. 947 (2011) ([Exhibit 5.6](#)).

Action: Upon motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board adopted the section 100 changes as recommended by staff.

OTHER CHIEF COUNSEL MATTERS**Request for Authorization to file Amicus Curiae Brief: *California State Teachers Retirement System v. County of Los Angeles*, Los Angeles Superior Court Case No. BC389742, 2d Civ. No. B225245**

Ms. Mandel stated that she would not participate in this matter because it involves the *California State Teachers Retirement System*, of which the State Controller is a member, and left the Boardroom.

Richard Moon, Tax Counsel IV, Tax and Fee Programs Division, Legal Department, made introductory remarks regarding staff's request for authorization to file an amicus curiae brief regarding the assessment of a taxable possessory interest leasehold in tax exempt publically owned real property, as requested by the Second District Court of Appeal, in the matter of *California State Teachers Retirement System v. County of Los Angeles*, Los Angeles Superior Court Case No. BC389742, 2d Civ. No. B225245 ([Exhibit 5.7](#)).

Action: Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel and Ms. Yee voting yes, Ms. Mandel absent, Mr. Runner absent, the Board authorized the filing of an *Amicus Curiae* Brief as recommended by staff.

Ms. Mandel returned to the Boardroom.

Request for Authorization to file Amicus Curiae Brief: *Joan Thayer, Marin County Assessor (Appellant) v. Marin County Assessment Appeals Board No. 1 (Respondent)*, Appellate Case No. A134340, First Appellate District, Division One

Daniel Paul, Tax Counsel, Tax and Fee Programs Division, Legal Department, made introductory remarks regarding staff's request for authorization to file an amicus curiae brief regarding whether an owner in joint tenancy can avoid a change of ownership when he or she severs the joint tenancy to create a tenancy in common, as requested by Joan Thayer, Marin County assessor, in the matter of *Joan Thayer, Marin County Assessor (Appellant) v. Marin County Assessment Appeals Board No. 1 (Respondent)*, Appellate Case No. A134340, First Appellate District, Division One ([Exhibit 5.8](#)).

Thursday, May 31 2012

Action: Upon motion of Ms. Yee, seconded by Ms. Mandel and duly carried, Mr. Horton, Ms. Yee and Ms. Mandel voting yes, Ms. Steel and Mr. Runner voting no, the Board authorized the filing of an *Amicus Curiae* Brief as recommended by staff.

ADMINISTRATIVE SESSION

ADMINISTRATIVE MATTERS, CONSENT

With respect to the Administrative Matters, Consent Agenda, upon motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board made the following order:

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 5.9](#)).

Richard B. Chen, Business Taxes Compliance Supervisor II, West Covina District Office
Grey Gomez, Business Taxes Specialist I, Van Nuys District Office
Jessie A. Ong, Business Taxes Specialist II, Van Nuys District Office
Gordon F. Ralyea, Business Taxes Administrator II, San Diego District Office
Rita Rogers, Tax Technician II, Culver City District Office

With respect to the Administrative Matters, Consent Agenda, upon a single motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board made the following orders:

Action: Approve the Board Meeting Minutes of January 31-February 2, 2012 and February 28-29, 2012.

Action: Adopt the 4-R Act Equalization Ration for 2012-13 ([Exhibit 5.10](#)).

Action: Approve proposed revisions to Audit Manual Chapter 4, *General Audit Procedures* ([Exhibit 5.11](#)).

Action: Approve proposed revisions to Audit Manual Chapter 8, *Bars and Restaurants* ([see Exhibit 5.11](#)).

Action: Adopt the property tax forms as presented by staff ([Exhibit 5.12](#)).

ADOPTION OF BOARD COMMITTEE REPORTS AND APPROVAL OF COMMITTEE ACTIONS

Legislative Committee

Action: Upon motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board approved the Legislative Committee report and the actions therein ([Exhibit 5.13](#)).

Thursday, May 31 2012

Business Taxes Committee

Action: Upon motion of Ms. Mandel, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board approved the Business Taxes Committee report and the actions therein ([Exhibit 5.14](#)).

Property Tax Committee

Action: Upon motion of Ms. Yee, seconded by Ms. Mandel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board approved the Property Tax Committee report and the actions therein ([Exhibit 5.15](#)).

OTHER ADMINISTRATIVE MATTERS**Executive Director's Report**

Kristine Cazadd, Executive Director, introduced Dan Tokutomi, Holiday Food Drive Chair, Business Taxes Administrator, Property and Special Taxes Department, who provided a report on the 2011 Holiday Food Drive. The Board Members recognized special award winners for their food drive participation and Mr. Tokutomi was presented with a certificate of appreciation for his outstanding leadership. On behalf of the Board, Mr. Horton expressed words of gratitude to all BOE employees for their generosity.

Kristine Cazadd, Executive Director, provided a report on time extensions to Butte, Lake, Lassen, Los Angeles, Madera, Mariposa, Orange, Placer, San Joaquin, Santa Cruz, Sutter, Trinity and Yuba Counties to complete and submit 2012/13 Local Assessment Rolls, pursuant to Revenue and Taxation Code section 155 ([Exhibit 5.16](#)).

Eric Steen, CROS Project Director, provided a report regarding the progress on the CROS project to replace BOE's two current tax legacy technology systems ([Exhibit 5.17](#)).

Sales and Use Tax Deputy Director's Report

Jeff McGuire, Deputy Director, Sales and Use Tax Department, provided an update on the no cash policy currently being piloted in the Oakland, Ventura and San Diego districts, followed by a discussion regarding whether the pilot should be expanded statewide ([Exhibit 5.18](#)).

Mr. Horton directed staff to continue the no-cash policy pilot at its current level of implementation and report back to the Board before expanding to other BOE offices.

Mr. Horton directed Legal Department staff to report to the Board on the legality of the no-cash policy and whether BOE can absorb the additional cost incurred by economically challenged taxpayers.

Thursday, May 31 2012

Administration Deputy Director's Report

Liz Houser, Deputy Director, Administration Department, made introductory remarks regarding the contract over \$1 million with the Department of Motor Vehicles (DMV) for collection of sales, use and/or special taxes pertaining to vehicles and undocumented vessels ([Exhibit 5.19](#)). Ms Houser also made introductory remarks regarding the contract over \$1 million with the Department of Toxic Substances Control (DTSC) for collection of fees pertaining to hazardous waste ([Exhibit 5.20](#)).

Action: Upon motion of Ms. Yee, seconded by Ms. Mandel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board approved the contracts over \$1 million with DMV and DTSC as recommended by staff.

Liz Houser, Deputy Director, Administration Department, provided an update on the Headquarters facilities at 450 N Street in Sacramento, which included information about the window.

Ms. Mandel left the Boardroom and Mr. Chiang entered.

Liz Houser, Deputy Director, Administration Department, introduced Edna Murphy, Chief, Financial Management Division, Administration Department, who provided information on the Governor's 2012/13 Budget and introduced the following two Budget Change Proposals (BCP's) generated as part of the May Revise process:

BCP *Centralized Revenue Opportunity System's (CROS)* revised requests 113 positions and \$18,149,000 in FY 2012/13 ([Exhibit 5.21](#)).

BCP *Timber Regulation and Forest Restoration Fee* requests 13.3 positions and \$1,921,000 in FY 2012/13 to cover BOE's costs to administer the program ([Exhibit 5.22](#)).

Liz Houser, Deputy Director, Administration Department, introduced Barbara Fisher, Staff Services Manager III, Human Resources Division, Administration Department, who presented *Creating a Culture of Excellence*, which is a presentation regarding the activities related to workforce development and training ([Exhibit 5.23](#)).

ANNOUNCEMENT OF CLOSED SESSION

The Board recessed at 2:14 p.m. and reconvened immediately in closed session with Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang present.

CLOSED SESSION

The Board met to discuss pending litigation (Gov. Code § 11126(e)), settlements (Rev. & Tax. Code §§ 6901, 7093.5, 30459.1 and 50156.11) and personnel matters (Gov. Code § 11126(a)).

Thursday, May 31 2012

The Board recessed at 2:20 p.m. and reconvened immediately in open session with Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner present, Ms. Mandel present on behalf of Mr. Chiang in accordance with Government Code section 7.9.

ADMINISTRATIVE SESSION

OTHER ADMINISTRATIVE MATTERS

Technology Deputy Director's Report

Brenda Fleming, Chief Information Officer, Technology Services Department, provided an overview of the State of California's Technology Strategies and BOE's alignment activities ([Exhibit 5.24](#)).

ADOPTION OF BOARD COMMITTEE REPORTS AND APPROVAL OF COMMITTEE ACTIONS

Customer Services and Administrative Efficiency Committee

Action: Upon motion of Ms. Steel, seconded by Ms. Mandel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board approved the Customer Services and Administrative Efficiency Committee report and the actions therein ([Exhibit 5.25](#)).

FINAL ACTION ON SALES AND USE TAX APPEALS: LOCAL TAX REALLOCATION HEARING HELD MAY 31, 2012

Cities of Agoura Hills, Alameda, Albany, Bakersfield, Belmont, Berkeley, Beverly Hills, Brisbane, Calabasas, Campbell, Carlsbad, Chula Vista, Clovis, Compton, Cupertino, Daly City, Davis, Delano, Del Mar, East Palo Alto, El Cajon, El Monte, Emeryville, Escondido, Fillmore, Foster City, Fremont, Fresno, Gardena, Gilroy, Half Moon Bay, Hawthorne, Hayward, Kerman, Kingsburg, Los Angeles, Menlo Park, Milpitas, Moreno Valley, Morgan Hill, Palmdale, Palo Alto, Pasadena, Rancho Cordova, Rancho Palos Verdes, Redwood City, Reedley, Ridgecrest, Rolling Hills Estates, Roseville, Sacramento, San Bruno, San Diego, Sanger, San Jose, San Leandro, San Mateo, Santa Clara, Santa Fe Springs, Saratoga, Selma, Shafter, South San Francisco, Torrance, Union City, Westlake Village, West Sacramento, Woodland, Town of Los Gatos, Counties of Los Angeles and Sacramento, and City and County of San Francisco, 469672

Final Action: Upon motion of Ms. Yee, seconded by Ms. Mandel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the City of Fillmore's petition be denied and all other jurisdictions' petitions be granted as recommended by the Appeals Division.

Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating, the Board directed the Appeals Division to prepare a Memorandum Opinion specific to the provisions of Regulation 1699 for Board consideration.

Thursday, May 31 2012

**FINAL ACTION ON SALES AND USE TAX APPEALS HEARINGS HELD
MAY 31, 2012**

888-Auto Corporation, 414664, 443238 (GH)

Final Action: Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the claim be denied and the petition be redetermined as recommended by the Appeals Division.

Swertfeger's Equipment, Inc., 420299, 431085 (EH)

Final Action: Upon motion of Ms. Yee, seconded by Ms. Mandel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the claim be denied and the petition be redetermined as recommended by the Appeals Division.

Elizabeth Shutters, Inc., 538185 (EH)

Final Action: Mr. Runner moved that the claim be granted. The motion was seconded by Ms. Steel but failed to carry, Ms. Steel and Mr. Runner voting yes, Mr. Horton, Ms. Yee and Ms. Mandel voting no.

Upon motion of Ms. Yee, seconded by Ms. Mandel and duly carried, Mr. Horton, Ms. Yee and Ms. Mandel voting yes, Ms. Steel and Mr. Runner voting no, the Board ordered that the claim be denied as recommended by the Appeals Division.

Lafi Faletoese, 486189 (BH)

1-1-06 to 3-31-08, \$4,010.71 Tax, \$0.00 Negligence Penalty

Vini Faletoese and Lafi Liz Faletoese, 486167 (BH)

7-1-04 to 12-31-05, \$637.97 Tax, \$598.29 Negligence Penalty

For Petitioners: Waived Appearance

For Sales and Use Tax Department: Scott Lambert, Hearing Representative

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether adjustments are warranted to the amount of unreported taxable sales (486189).

Whether adjustments are warranted to the disallowed claimed exempt food sales (486167).

Whether petitioner was negligent (486167).

Action: Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the petitions be redetermined as recommended by the Appeals Division. The Board directed staff to inform the taxpayers of the Offer in Compromise Program.

Thursday, May 31 2012

Richard Emil Navone and Daniel Joseph Navone, 336683 (KH)

Final Action: Upon motion of Mr. Runner, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the petition as to *Daniel Joseph Navone* be granted, finding that he was not a partner.

Upon motion of Ms. Yee, seconded by Ms. Mandel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the petition as to *Richard Emil Navone* be redetermined as recommended by the Appeals Division. The Board directed staff to inform the taxpayer of the Offer in Compromise Program.

The Board adjourned at 2:56 p.m.

The foregoing minutes are adopted by the Board on November 15, 2012.

Note: The following matters were removed from the calendar prior to the meeting: *William L. Donaldson, 468651 (OH)*; *Naim Jamali, 448789, 450475, 595326 (BH)*; and, *Sales and Use Tax Deputy Director's Report: Update on the proposal to establish an Informant Reward Program.*