



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

STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
NOTICE AND AGENDA
Meeting Agenda (as of 12/17/2013, 1:00 PM)

Agenda Changes

Webcast on Tuesday, December 17, 2013

Tuesday, December 17, 2013

10:00 a.m. Board Committee Meetings Convene*

Board Meeting convenes upon Adjournment of the Board Committee Meetings**

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.

Board Committee Meetings*

Legislative CommitteeMr. Horton, Committee Chairman

I. 2014 Legislative Proposals

Set forth below are suggestions for property tax legislation to be sponsored by the BOE in the second year of the 2013-14 Legislative Session.

2014 Legislative Proposals: Property Taxes

- 1-1 Amend Revenue and Taxation Code section 62, related to the change in ownership exclusion available for a low-income disabled person's home after the death of the person's parent or guardian, to correct a cross reference to a Welfare and Institutions Code disability definition. (Technical)
1-2 Amend Revenue and Taxation Code section 170, related to disaster relief reassessment appeals, to update appeal board references. (Technical)
1-3 Amend Revenue and Taxation Code section 201.7, related to a nonprofit organization that operates a state park as an agent of the state, to make the term "nonprofit organization" consistent with the Public Resources Code. (Technical)
1-4 Amend Revenue and Taxation Code section 439.2, related to Mills Act historical properties, to reflect the creation of the Federal Housing Finance Agency that currently publishes the conventional mortgage interest rate information needed to value these properties. (Technical)

Customer Service and Administrative Efficiency Committee.....

Ms. Steel, Committee Chairwoman

- 1. Security Deposit Program Update

Business Taxes Committee.....

Ms. Yee, Committee Chairwoman

- 1. Proposed amendment to Regulation 1655, Returns, Defects and Replacements

Request approval and authorization to publish proposed amendments to extend the provisions of the Lemon Law to use tax transactions.

- 2. Proposed Revisions to Regulation 4902, Relief from Liability

Request approval and authorization to publish proposed amendments to extend relief due to reliance on written advice to a person if their liability was due to reliance on erroneous advice provided in the prior audit of another person.

- ~~3. Proposed Regulation 4801, Transfers of Cigarettes and Tobacco Products between Retail Stores Owned by the Same Person~~

~~Request approval and authorization to publish Regulation 4801 regarding transfers of cigarettes and tobacco products between retail stores owned by the same person.~~

Board Meeting**

Special Presentations

- Award Presentation to BOE's Acquisitions Branch +.....Ms. Bridges

A representative from the Government Operation Agency will present the BOE three State Agency Recognition Awards (SARAs), Most Notable Improvement for DVBE Contracting; Silver Award Advocate of the Year (Linda Ferguson); and, the Secretary's Special Achievement Award; among other honors.

- Award Presentation to BOE's Technology Services Division Ms. Bridges

Carlos Ramos, Director and California State Chief Information Officer of the California Department of Technology, will present the BOE an award from the National Association of Chief Information Officers for the Electronic Services Expansion Project in the category of Digital Government: Government to Business.

- Presentation of Retirement Resolution..... Mr. Runner

Alan Giorgi, Business Taxes Administrator III, Executive Department

- 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. North Valley Bancorp, 664903 +
For Appellant: ~~Brian Negri, Representative
Albert Romo, Representative~~
For Franchise Tax Board: ~~Ann Hodges, Tax Counsel
Bill Hilson, Tax Counsel~~~~
- B2. [Mason Jared Harrison, 623855 +](#)
For Appellant: Mason Harrison, Taxpayer
Jaimi Nakata, Representative
For Franchise Tax Board: Leah Thyberg, Tax Counsel
Ron Hofsdal, Tax Counsel
- B3. [Astra Oil Company, Inc., 609368 +](#)
For Appellant: Scott D. Newman, Attorney
For Franchise Tax Board: Craig Swieso, Tax Counsel
Carl Joseph, Tax Counsel
- C. Sales and Use Tax Appeals Hearings**
(Contribution Disclosure forms required pursuant to Gov. Code, § 15626.)
- C1. [Florinda Garcia-San Antonio, 573678 \(BH\) +](#)
For Petitioner: Florinda Garcia-San Antonio, Taxpayer
Aida Q. Torres, Representative
For Department: Marc Alviso, Hearing Representative
- C2. [Charles Hahn Entertainment, LLC, 539706 \(CH\) +](#)
For Petitioner: Waived Appearance
For Department: Marc Alviso, Hearing Representative
- C3. [Andy's BP, Inc., 546362 \(BH\) +](#)
For Petitioner: Waived Appearance
For Department: Scott Lambert, Hearing Representative
- D. Special Taxes Appeals Hearings
There are no items for this matter.

E. Property Tax Appeals Hearing
(Contribution Disclosure forms required pursuant to Gov. Code, § 15626.)

Petition for Reassessment of Unitary Value

- E1a. GWF Energy, LLC – Hanford (1122), 743424 ‘CF’ +
 - E1b. GWF Energy, LLC – Henrietta (1123), 743425 ‘CF’ +
 - E1c. GWF Energy, LLC – Tracy (1124), 743427 ‘CF’ +
- For Petitioners: Eric Miller, Representative
David Herr, Representative
Kevin Buffington, Representative
Paul Bellon, Representative
Paul Mooney, Attorney
- For Department: Susan Galbraith, Tax Counsel

F. Public Hearings

- F1. 2014 Timber Yield Tax Rate + Mr. Fitz
Section 38202 of the Revenue and Taxation Code requires an annual adjustment of the timber yield tax rate.
- F2. Timber Harvest Values and Modified Harvest Values + Mr. Yeung
On or before December 31, 2013, the Board shall estimate the immediate harvest values of and adopt schedules for timber harvested between January 1, 2014, and June 30, 2014. Additionally, the Board may modify immediate harvest values to reflect material changes in timber values that result from fire or other catastrophic cause for any area or part thereof in which damaged timber is located. (Rev. & Tax. Code, § 38204.)
- F3. Proposed Adoption of Amendments to Sales and Use Tax Regulation 1502, *Computers, Programs, and Data Processing* + Mr. Heller
The proposed amendments clarify the treatment of a backup copy of a computer program included in maintenance contract and that a taxable optional maintenance contract may be paired with a nontaxable electronic download or load-and-leave transaction.
- F4. Proposed Adoption of Amendments to Sales and Use Tax Regulation 1705, *Relief from Liability* + Mr. Heller
The proposed amendments prescribe the circumstances under which Revenue and Taxation Code section 6596 relief is available to a person who reasonably relies on written advice the Board provided in a prior audit of a related person.

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

- G1. Legal Appeals Matters Mr. Angeja
- Hearing Notice Sent – No Response
 1. Ken Keagy, 532422 (DF)
 - Petition for Rehearing
 2. Jethani & Associates, Inc., 560580, 563266, 611299 (GH)
- G2. Franchise and Income Tax Matters Mr. Epolite
- Hearing Notices Sent – No Response
 1. Michael Hillman, 613263
 - 2a. Vijaya Pratha and Raj Pratha, 592144
 - 2b. Surya, A Medical Coproration, 592147
 - Decisions
 3. Daniel Brodsky and Susan Brodsky, 575572
 4. Cindy Ann Davis, 704844
 5. Mark Dawson and Robin Dawson, 688082
 6. Quentin Drew-King, 599561
 7. Janet Gilbert Lambert, 593697
 8. Russell P. Liles, 620853
 9. George Mak, 610342
 10. Margate Properties, LLC, 592006
 11. Gavin K. Martinez, 627284
 12. Raul Martinez, 593165, 605949
 - 13a. Thomas J. Moffett and Debra K. Moffett, 342475
 - 13b. Michael G. Moffett and Mary T. Moffett, 342476
 - 13c. Kelly C. Moffett and Michele M. Moffett, 342477
 - 13d. Ronald K. Moler, 342478
 - 13e. Michael C. Palmer and Debra M. Palmer, 342479
 - 13f. Robert Spears and Connie Spears, 342482
 - 13g. Robert D. Israel and Gail R. Israel, 342488
 14. Behrouz Moulayi, 612626
 15. ~~Jaelyn Nelson, 605359~~
 16. Wendy Parsons, 626184
 17. Ezzelino Pozzato, 604862
 18. Athena Samaha, 636179
 19. Steve W. Shomber and Melodie A. Shomber, 588484
 20. Martin Tornil and Nicolynn Davis, 596175
 21. Michael E. Villott and Janice M. Villott, 623523
 22. Laura Widulski, 608438
 23. Johnny Wilkins, 606871
- 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. Andrew Corporation, 670950 (OH)
 2. The C.I.T. Group/Equipment Financing, 624851 (OH)
 3. Guitar Center Stores, Inc., 595303 (AC)
 4. Eastman Kodak Company, 623946 (OH)
 5. Elsevier, Inc., 611247 (OH)
 - Relief of Penalty/Interest
 6. J. R. Simplot Company, 760850 (OH)
 7. Philips Electronics N.A. Corp., 760849 (OH)
 - Denials of Claims for Refund
 8. Raytheon Company, 519903 (OH)
 9. WM Boldhouse Farms, Inc., 570705 (DF)
 - Grant-One Day Interest Relief
 10. John Berggruen Gallery, Inc., 759901 (BH)
 11. Eureka Auto Wholesale, Inc., 759900 (JH)
- G5. Sales and Use Taxes Matters – Credits, Cancellations, and RefundsMr. McGuire
- Credits and Cancellations
 1. Atlas Health & Nutrition, Inc., 762131 (AA)
 2. L & L Sisters, Inc., 759953 (AA)
 - Refunds
 3. Spectrum Quality Products, Inc., 597714 (AS)
 4. Gulfstream Aerospace Corp. (CA), 573001 (OH)
 5. Telamon Corporation, 711965 (OH)
 6. Shasta Beverages, Inc., 551309 (OH)
 7. Crevier Motors, Inc., 623594 (EA)
 8. Nordstrom, Inc., 531533 (OH)
 9. Pool & Electrical Products, Inc., 716220 (EH)
 10. Raytheon Technical Services, Co., 681058 (OH)
 11. Chrysler, LLC, 756783 (OH)
 12. South Bay European, 776693 (AS)
 13. August Technology Corporation, 668901 (OH)
 14. Johns Manville, 609223 (OH)
 15. Raytheon Company, 519903 (OH)
 16. Petco Animal Supplies Stores, Inc., 487416 (FH)
 17. Dekra-Lite Industries, Inc., 747156 (EA)
 18. Consumer Portfolio Services, Inc., 609302 (EA)
 19. A-L Financial Corp., 731249 (EA)
 20. Kellogg Sales Company, 744593 (OH)
 21. WM Bolthouse Farms, Inc., 570705 (DF)
 22. Midland Paper National, LLC, 729206 (OH)
 23. Insync Marketing Solutions, LLC, 505726 (AA)
 24. Owens Corning Roofing/Asphalt, LLC, 551235 (OH)
 25. Display Works, LLC, 745408 (EA)
 26. Pag Santa Ana B1, Inc., 620554 (EA)
- G6. Special Taxes Matters
There are no items for this matter.

- G7. Special Taxes Matters – Credits, Cancellations, and Refunds Mr. Gau
- Credit and Cancellation
 1. Smoke Rings, Inc., 480995 (STF)
 - Refund
 2. BP West Coast Products, LLC, 570597 (STF) ‘CF’
- G8. Property Tax Matters Mr. Gau
- Petition for Reassessment and Penalty Abatement on Unitary Escape Assessment
 1. Sierra Pacific Power Company (146), 306626 ‘CF’
 - Petitions for Penalty Abatement on Unitary Escape Assessment
 2. Pacific Gas and Electric Company (135), 305276 ‘CF’
 3. Sprint Communications Company, L.P. (2014), 305280 ‘CF’
 4. Sprint Spectrum, L.P. (2722), 301640 ‘CF’
 5. Omnipoint Communications, Inc., (2748), 405331 ‘CF’

There are no items for the following matters:

- G9. Cigarette License Fee Matters
 G10. Legal Appeals Property Tax Matters

H. Tax Program Nonappearance Matters – Adjudicatory

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

- H1. Legal Appeals Matters Mr. Angeja
- Hearing Notice Sent – No Response
 1. [David Turner, 553045 \(FH\) +](#)
 - Cases Heard Not Decided
 2. [Easy Life Furniture, Inc., 487694 \(EA\) +](#)
 3. ~~[Elite Cert' Auto Service & Tires, 550595 \(EA\) +](#)~~
 4. [Nirvair Corporation, 529714 \(EA\) +](#)
 - Petitions for Rehearing
 5. [Jose Agustin Fernandez, 549411, 553265 \(AR\) +](#)
 6. [S & C Motors, 468140 \(BH\) +](#)
 - Section 40 (AB 2323) Matter
 7. [Irvine Photo Graphics, Inc., 557007 \(EA\) +](#)

There are no items for the following matters:

- H2. Franchise and Income Tax Matters
 H3. Homeowner and Renter Property Tax Assistance Matters
 H4. Sales and Use Taxes Matters
 H5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds
- H6. Special Taxes Matters Mr. Gau
- Section 40 (AB 2323) Matter
 1. California Insurance Company, 730385 (STF) ‘CF’
- H7. Special Taxes Matters – Credits, Cancellations, and Refunds
 There are no items for this matter.
- H8. Property Tax Matters Mr. Gau
- Petitions for Reassessment of Unitary Value
 1. Central Valley Gas Storage, LLC (104), 745873 ‘CF’
 2. MetroPCS Communications, Inc. (2733), 742925 ‘CF’

- H9. Cigarette License Fee Matters
There are no items for this matter.
- H10. Legal Appeals Property Tax Matters Mr. Ambrose
- Petitions for Reassessment of Unitary Value
 1. San Diego Gas & Electric, Co. (141), 742917 'CF'
 2. Southern California Edison, Co. (148), 741593 'CF'
 3. Southern California Gas Company (149), 742913 'CF'
 4. Lodi Gas Storage, LLC (198), 742940 'CF'
 5. Verizon California, Inc. (201), 742936 'CF'
 6. SFPP, L.P. (461), 742935 'CF'
 7. Pacific Pipeline System, LLC (486), 742937 'CF'
 8. La Paloma Generating Company, LLC (1112), 742923 'CF'
 - Petition for Penalty Abatement on Unitary Escape Assessment
 9. Global Tel*Link Corporation (7988), 747162 'CF'

I. Tax Program Nonappearance Matters

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

- I1. Property Taxes Matters..... Mr. Gau
- Audits
 1. Wild Goose Storage, LLC (195) 'CF'
 2. Airespring, Inc., (7959) 'CF'
 3. inContact, Inc., (7985) 'CF'
 4. Time Warner Cable Information Services (California), LLC (8063) 'CF'
 - Board Roll Changes
 5. 2010, 2011, 2012, and 2013 Board Rolls of State-Assessed Property 'CF'
- I2. Offer in Compromise Recommendations Mr. Anderson
1. Apparation Media, LLC
 2. Amanda Beckmann
 - 3a. Valley Athletic, Inc.
 - 3b. Michael Laross Coggan
 4. John H. Hollman
 5. Mariscos Chente's Restaurant, LLC
 6. Sang Ho Nam
 - 7a. Powell's Place, LLC
 - 7b. Emmit A. Powell
 8. Monica R. Ruiz
 9. Rikki Paula West
 - 10a. Russell Lee Whitman
 - 10b. Mary Lou Whitman
 11. Lloyd Willhite
 - 12a. Wilson Appliances, Inc.
 - 12b. Wilson Appliances, Inc.
 - 12c. Christopher James Wilson
- I3. Local Tax Reallocation Matters
There are no items for this matter.

Chief Counsel Matters

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

There are no items for the following matters:

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

M. Other Chief Counsel Matters

~~M1. City of Redondo Beach's Telephone, Gas, Electricity, Water, and Video Users' Tax Law + Mr. Tucker~~
~~Authorization to request an opinion from the Attorney General regarding the City of Redondo Beach's Telephone, Gas, Electricity, Water, and Video Users' Tax Law and the effect of Revenue and Taxation Code section 7203.5 on the video users' tax imposed under such law.~~

Administrative Session

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

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

N1. Retirement Resolutions +

- Alicia C. Azumbra
- Jackie Chamberlin
- Alan Giorgi
- Dolores M. Giorgi
- Scott Hicklin
- Joe Ann Irvin
- Cathy Smith
- James Sorenson
- Linda F. Worth

N2. Approval of Assessors' Handbook Section 531, Residential Building Costs +

Request approval for publication of the 2014 revision of Assessors' Handbook Section 531, *Residential Building Costs*.

N3. Approval of Assessors' Handbook Section 534, Rural Building Costs +

Request approval for publication of the 2014 revision of Assessors' Handbook Section 534, *Rural Building Costs*.

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

- O1. Legislative Committee - December 17, 2013
- O2. Customer Service and Administrative Efficiency Committee-December 17, 2013
- O3. Business Taxes Committee - November 19, 2013
- O4. Business Taxes Committee - December 17, 2013

P. Other Administrative Matters

- P1. Executive Director's Report Ms. Bridges
 - 1. [Employee Recognition Award Program +](#)
Approval of nominees for the BOE Employee Recognition Award Program.
 - 2. 2014 Board Calendar Update
 - 3. CROS Project Update and ActionsMr. 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
- 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 action on personnel matters (Gov. Code, § 11126(a)).

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

Adjourn

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

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The hearing location is accessible to people with disabilities. Please contact Rose Smith at (916) 323-9656, or e-mail Rose.Smith@boe.ca.gov if you require special assistance.

Joann Richmond, Chief
Board Proceedings Division

- * 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.
- ** 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.
- + 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.