



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
5901 Green Valley Circle, Room 207, Culver City
August 5-6, 2014

PRELIMINARY RECORD OF BOARD ACTIONS

Tuesday, August 5, 2014

The following is a preliminary record of Board actions taken at the August 5-6, 2014 Board Meeting. This is not an official record and is subject to correction or modification. The official record of the Board's actions is the minutes of the Board, which will be adopted at a subsequent meeting.

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

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

Board Committee Meeting – Please see Page 8, O., Adoption of Board Committee Reports and Approval of Committee Actions, for voting results.

Board Meeting

- A. Homeowner and Renter Property Tax Assistance Appeals Hearings
There are no items for this matter.
- B. Corporate Franchise and Personal Income Tax Appeals Hearings**
 - B1. ~~Brent M. McMahon and Ramona M. Sears-McMahon, 727894~~
 - B2. ~~Robert S. Winet and Melinda Winet, 594610~~
 - B3. Richard N. Eisenberg and Anita Eisenberg, 610025

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayers' appeal partially granted/denied.	Mr. Horton	Yes
The Board abated the accuracy-related penalty.	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
The Board's decision was not held in abeyance pending adoption of a summary decision for publication.	Mr. Chiang/ Ms. Mandel	Yes

B4. John Kunak and Mary Fleming, 740944

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

B5. Jeffrey A. Foresta, 762692, 763560, 763561

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's appeals denied. The Board imposed a \$500.00 frivolous appeal penalty for each tax year on appeal.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

C. Sales and Use Tax Appeals Hearing

C1a. Nizar Taher Breiche, 575605 (EH)—Waived Appearance

C1b. American Planet, Inc., 575606 (EH)—Waived Appearance

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

D. Special Taxes Appeals Hearing

This item is scheduled for Wednesday, August 6, 2014.

E. Property Tax Appeals Hearings
There are no items for this matter.**F. Public Hearing**F1. Proposed Adoption of Amendments to Sales and Use Tax Regulation 1603, *Taxable Sales of Food Products*

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Adopted amendments as published.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

G. Tax Program Nonappearance Matters – Consent**G1. Legal Appeals Matters**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
No final determination on sub-item 12.	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Hearing Notice Sent – No Response
 1. Eric Paul Leiss, 567149 (DF)
 2. Manuel Rodriguez Luna, 595512 (EA)
 3. Beatriz Martinez, 556435 (AC)
 - 4a. Franklin Evan Tyler, 606109 (FH)
 - 4b. Debbie Tyler, 606111 (FH)
 5. Mo Zarrabi and Azar Hassanabadi, 533538 (AP)
- Petitions for Release of Seized Property
 6. Hamada A. Abdalla and Fryda A. Fernandez, 782699 (STF)
 7. Colton99, Yasmin Fallah and Karan Thakore, 782684 (STF)
 8. Green Century Liquor, Inc., 782697 (STF)
 9. Uni Cigs, Inc., 782690 (STF)
- Petitions for Rehearing
 10. Joginder Lal, 496075 (KH)
 11. Lasting Interiors, Inc., 554909 (EA)
 12. Nirvair Corporation, 529714 (EA)

G2. Franchise and Income Tax Matters

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

- Hearing Notice Sent – No Response
 1. Gerardo O. Medina and Rowena Marcelino Medina, 737491
- Decisions
 2. A-L-L Magnetics, Inc., 707766
 3. American Orthodontics Corporation, 711153
 4. Charles E. Dormady, 644423
 5. John F. Gilmartin and Beverly A. Gilmartin, 612091
 6. Bobby Johnson, 719071
 7. Paul P. Le, 733446
 8. Pauline C. Lingle, 717460

9. Ford F. Mudgett D.D.S. and William L. Neff Jr., D.D.S., 670981, 711154
10. Tsion Mulugeta, 768604
11. William M. Sheedy and Patricia L. Sheedy, 710828
12. Derek Sipila, 745469
13. Catherine Turner, 743541
- Petitions for Rehearing
 14. Gust Perlegos and Mary Perlegos, 599753
 15. Site Management Services, Inc., 713613
 16. Kevin H. Sullivan and Claire K. Sullivan, 610943

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

G4. Sales and Use Taxes Matters

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

- Redeterminations
 1. S.A. Camp Pump Company, Inc., 605718 (DF)
 2. Sanmina-Sci Corporation, 611389 (GH)
 3. Anwer Ali Jadhavji, 202563 (AC)
- Relief of Penalty/Interest
 4. Henry Schein, Inc., 811560 (OH)
- Grant-One Day Interest Relief
 5. M.R.P. Auto, Inc., 811563 (EA)
 6. Alvarado Auto Sales, Inc., 811562 (AC)
 7. Food Pantry, LTD, 811565 (OH)

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

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes – except not participating in sub-item 21

- Credits and Cancellations
 1. Chopras Restaurant, Inc., 812257 (AC)
 2. A.N.W. Group, Inc., 569288 (AP)

- Refunds
 3. L.A. Unified School District, 577439 (AC)
 4. Sky Chefs, Inc., 726491 (OH)
 5. Treasure Garden, Inc., 768613 (AP)
 6. Kaiser Foundation Health Plan, Inc., 486635 (CH)
 7. The Golden 1 Credit Union, 785251 (KH)
 8. Hyundai Capital America, 710089 (EA)
 9. United Aviation Fuels Corp., 570557 (OH)
 10. Southwest Jet Fuel Company, 777662 (OH)
 11. Chevrolet Motor Division, 807984 (OH)
 12. DSC Telecom, Inc., 627541 (OH)
 13. UPS Oasis Supply Corp., 340492 (OH)
 14. Macy's West Stores, Inc., 804719 (OH)
 15. Check Point Software Technologies, Inc., 782224 (BH)
 16. Jay Robb Enterprises, Inc., 805300 (FH)
 17. United Rentals Northwest, Inc., 746529 (OH)
 18. Cintas Corporation No. 3, 623602 (OH)
 19. Dream Products Incorporated, 777666 (AC)
 20. Kaiser Foundation Hospitals, 809613 (CH)
 21. ABC, Inc., 576107 (OH)
 22. A & E Factory Services, LLC, 597117 (OH)
 23. Defender Security Company, 801774 (OH)
 24. Stags Leap Wine Cellars, LLC, 572035 (OH)
 25. VCE Company, LLC, 636354 (OH)
 26. Cardinal Health 200, LLC, 649581 (OH)
 27. Universal Acceptance Corp. (CA), 736264 (OH)

There are no items for the following matters:

- G6. Special Taxes Matters
- G7. Special Taxes Matters – Credits, Cancellations, and Refunds
- G8. Property Tax Matters
- G9. Cigarette License Fee Matters
- G10. Legal Appeals Property Tax Matters

H. Tax Program Nonappearance Matters – Adjudicatory

H1. Legal Appeals Matters

- Cases Heard Not Decided
 1. Pahwa & Associates, Inc., 531030 (CH)

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

2. Jialing Wang, 436517, 546372 (JH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petitions partially granted/denied.	Mr. Horton	Yes
	Ms. Steel	Yes
The Board deleted the negligence penalty for the first audit period.	Mr. Runner	Yes
	Ms. Yee	Yes
The Board directed staff to inform the taxpayer of the Offer in Compromise program.	Mr. Chiang/ Ms. Mandel	Yes

3. WCN, Inc., 491680 (AS)

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

H2. Franchise and Income Tax Matters

➤ Section 40 (AB 2323) Matter

1. Camino Medical Group, Inc., 719011

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
The Board adopted the written summary decision as presented by staff.	Mr. Horton	No
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Not Participating

There are no items for the following matters:

- H3. Homeowner and Renter Property Tax Assistance Matters
- H4. Sales and Use Taxes Matters
- H5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds
- H6. Special Taxes Matters
- H7. Special Taxes Matters – Credits, Cancellations, and Refunds
- H8. Property Tax Matters
- H9. Cigarette License Fee Matters
- H10. Legal Appeals Property Tax Matters

I. Tax Program Nonappearance Matters

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

I2. Offer in Compromise Recommendations

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

1. Hassan Yeganeh Amirhamzeh
2. Kin Sang Choi
- 3a. A-1 M&M Enterprise, Inc.
- 3b. Marwa Ahmad Harb
4. Young Suk Kim
5. Brittney Jessica Monciardini
6. Leonard Jacob Rosenberg

I3. Local Tax Reallocation Matters
There are no items for this matter.

Chief Counsel Matters

There are no items for the following matters:

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

Administrative Session**N. Consent Agenda**

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

- N1. Retirement Resolution
 - Windie Scott
- N2. Approval of Board Meeting Minutes
 - June 24-26, 2014
- N3. Proposed Revisions to Audit Manual, Chapter 1, *General Information*
- N4. Proposed Revisions to Compliance Policy and Procedures Manual, Chapter 5, *Returns*

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

O1. Customer Service and Administrative Efficiency Committee

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Adopted committee report and approved the actions therein.	Mr. Horton	Yes
	Ms. Steel	Yes
For details see:	Mr. Runner	Yes
www.boe.ca.gov/meetings/custsrv/custsrv14.htm	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

P. Other Administrative Matters

P1. Executive Director's Report

1. Summons to Annual Meeting of the Board and County Assessors and Proposed Meeting Location

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

2. CROS Project Update and Actions

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~~

~~1. 2015/16 Budget Change Proposal~~

~~a. Headquarters Facility Consolidation~~

There are no items for the following matters:

P6. Technology Deputy Director's Report

P7. External Affairs Deputy Director's Report

Q. Closed Session



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C. Sales and Use Tax Appeals Hearings

C2. Enyinnaya Christian Ojogho, 396268, 414889, 610607 (AS)

Table with 3 columns: DECISION, MEMBER, BOARD VOTE. Row 1: Taxpayer's petitions denied. Mr. Horton, Ms. Steel, Mr. Runner, Ms. Yee, Mr. Chiang/ Ms. Mandel. All votes are Yes.

~~C3. Ronald J. Blomquist, 467934, 565903 (FH)~~

D. Special Taxes Appeals Hearing

Petition for Release of Seized Property Hearing

D1. Timothy Mark Krug, 791354 (STF)

Table with 3 columns: DECISION, MEMBER, BOARD VOTE. Row 1: Taxpayer's petition denied. Mr. Horton, Ms. Steel, Mr. Runner, Ms. Yee, Mr. Chiang/ Ms. Mandel. All votes are Yes.