

Thursday, December 18, 2014

The Board met at its offices at 450 N Street, Sacramento, at 10:02 a.m., with Ms. Steel, Vice Chairwoman, and Mr. Runner present, Ms. Mandel present on behalf of Mr. Chiang in accordance with Government Code section 7.9.

The Board recessed at 10:03 a.m. and reconvened at 10:53 a.m. with Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang present.

PUBLIC COMMENT

Speaker: William M. Connell, Military Veteran, American Legion Post 49, owner of All American Surf Dog ([Exhibit 12.1](#))

Exhibits to these minutes are incorporated by reference.

SPECIAL PRESENTATIONS

Assemblyman Donald P. Wagner, on behalf of the Orange County Assembly Delegation, presented a resolution to Ms. Steel thanking her for her significant work and fantastic service to the people of the State of California.

Mr. Horton made commentary remarks to Ms. Steel and Mr. Chiang for their good work and dedication to the people of the State of California.

Cynthia Bridges, Executive Director, on behalf of the BOE management team, presented to Ms. Steel, Ms. Yee, Mr. Chiang and Ms. Mandel, who will be leaving their current roles in January, a symbol of recognition with gratitude for years of hard work and dedication to the people of the State of California. Ms. Bridges also presented an autographed photograph to each Member in recognition of the end of this term.

Members made commentary remarks thanking their colleagues and staff.

LEGAL APPEALS MATTERS, CONSENT

The Board deferred consideration of the following matter: *Imran Mullick, 690128 (BH)*.

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

Kaizen Construction, LLC, 627115, 792733 (CH)
07/01/08 to 06/30/11, \$61,890.70 Tax, \$6,189.06 Negligence Penalty
Action: Redetermine as recommended by the Appeals Division.

Imran Mullick, 690128 (BH)
05/15/09 to 12/31/11, \$19,162.16 Tax
Action: The Board took no action.

Thursday, December 18, 2014

Rosalinda Alicia Rojas-Saites, 593005, 602161, 693103 (KH)
01/01/10 to 12/31/10, \$31,419.00 Tax
10/01/08 to 03/31/09, \$19,587.05 Tax, \$1,958.71 Negligence Penalty
04/01/09 to 09/30/11, \$63,020.94 Tax, \$6,302.09 Negligence Penalty
Action: Redetermine as recommended by the Appeals Division.

Santos B. Villalba and Alice D. Villalba, 623975 (GH)
04/01/08 to 03/31/11, \$3,135.52 Tax
Action: Redetermine as recommended by the Appeals Division.

Scott Patterson, 600581 (STF)
01/01/04 to 12/31/09, \$3,898.00 Tax
Scott Patterson, 600582 (STF)
01/01/04 to 12/31/09, \$510.00 Tax
Action: Redetermine as recommended by the Appeals Division.

Thomas D. O'Keefe, 588308 (CH)
04/01/07 to 03/31/10, \$284,768.20 Tax, \$30,051.56 Negligence Penalty
Action: Redetermine as recommended by the Appeals Division.

Huyen Anh Thi Dinh, 539070 (GH)
07/01/16 to 12/31/09, \$5,354.30 Tax, \$4,143.72 Negligence Penalty
Action: Redetermine as recommended by the Appeals Division.

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. Chiang, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, the Board made the following orders:

Sylvia Bedrossian, 608109
2007, \$2,787.00 Tax
Action: Sustain the action of the Franchise Tax Board as modified by its concessions on appeal.

Blair Berkley, 773282
2007, \$4,972.58 Claim for Refund
Action: Sustain the action of the Franchise Tax Board.

Barbara Brown, 785030
2012, \$4,942.44 Claim for Refund
Action: Sustain the action of the Franchise Tax Board.

Paul Butler, 739057
2008, \$2,584.00 Assessment
Action: Sustain the action of the Franchise Tax Board.

Thursday, December 18, 2014

Araceli Celedon and Alfredo Rosales, 601144

2002, \$317.52 Claim for Refund

2003, \$276.00 Claim for Refund

2004, \$206.40 Claim for Refund

2006, \$447.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Mark F. Costello and Carol D. Costello, 742268

2002, \$11,929.00 Tax, \$4,771.60 Accuracy-Related Penalty, \$809.51 Post-Amnesty Penalty

2003, \$2,545.00 Tax, \$509.00 Accuracy-Related Penalty

Action: Sustain the action of the Franchise Tax Board as modified by its concessions on appeal.

Raquel De La Garza and Luis De La Garza, 743515

2010, \$267.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

William S. Durham IV, 719244

2010, \$1,519.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Loraine A. Fujimoto, 784943

1994, \$3,271.21 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Maria Luisa Garcia, 762170

2005, \$30,149.65 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Scedella Gregory, 599556

1995, \$9,484.10 Innocent Spouse Relief

1996, \$12,661.99 Innocent Spouse Relief

1997, \$16,157.30 Innocent Spouse Relief

1998, \$15,381.38 Innocent Spouse Relief

1999, \$1,661.43 Innocent Spouse Relief

2000, \$5,842.74 Innocent Spouse Relief

Action: Sustain the action of the Franchise Tax Board as modified by its concessions on appeal.

Louticia J. Grier, 736301

2007, \$8,825.00 Tax, \$1,765.00 Accuracy-Related Penalty

2008, \$10,397.00 Tax, \$2,079.40 Accuracy-Related Penalty

Action: Sustain the action of the Franchise Tax Board.

Edward Hemmat and Roshanne Hemmat, 613804

2006, \$15,213.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Thursday, December 18, 2014

Miriam L. Johns, 612105

1977, \$428.00 Claim for Refund
1978, \$341.00 Claim for Refund
1979, \$461.00 Claim for Refund
1980, \$669.00 Claim for Refund
1981, \$1,096.00 Claim for Refund
1982, \$1,006.00 Claim for Refund
1983, \$842.00 Claim for Refund
1984, \$657.00 Claim for Refund
1985, \$669.00 Claim for Refund
1986, \$608.00 Claim for Refund
1987, \$409.00 Claim for Refund
1988, \$626.00 Claim for Refund
1989, \$690.00 Claim for Refund
1990, \$520.00 Claim for Refund
1991, \$778.00 Claim for Refund
1992, \$615.00 Claim for Refund
1993, \$561.00 Claim for Refund
1994, \$635.00 Claim for Refund
1995, \$623.00 Claim for Refund
1996, \$650.00 Claim for Refund
1997, \$733.00 Claim for Refund
1998, \$682.00 Claim for Refund
1999, \$618.00 Claim for Refund
2000, \$736.00 Claim for Refund
2001, \$528.00 Claim for Refund
2002, \$419.00 Claim for Refund
2003, \$531.00 Claim for Refund
2004, \$523.00 Claim for Refund
2005, \$604.00 Claim for Refund
2006, \$568.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Thomas A. Jones and Elaine A. Jones, 741988

2006, \$5,739.00 Accuracy-Related Penalty

Action: Sustain the action of the Franchise Tax Board.

Denis L. Jost, 740758

2009, \$1,143.00 Tax, \$285.75 Late Filing Penalty, \$285.75 Notice and Demand Penalty, \$88.00 Filing Enforcement Fee

Action: Sustain the action of the Franchise Tax Board and impose a \$750.00 frivolous appeal penalty.

Jon C. Keller, 735423

2005, \$613.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Thursday, December 18, 2014

Maria Lee, 711173

2007, \$955.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Grace Lever, 739827

2009, \$18,589.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Eric C. Mack, 621037

2008, \$8,690.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Carol A. Miller, 769827

2009, \$232.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Michael L. Moore, 790626

2007, \$5,522.00 Tax, \$1,104.40 Accuracy-Related Penalty

Action: Sustain the action of the Franchise Tax Board.

Tammy R. Odell, 743527

2009, \$708.00 Tax

Action: Sustain the action of the Franchise Tax Board.

Steven Pruitt and Darlene Pruitt, 715375

2009, \$717.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Elliot J. Rubin and Elana W. Rubin, 587076

2008, \$7,198.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Sharen Sandell and Michael Glen, 698234

2010, \$195.00 Late Payment Penalty

Action: Sustain the action of the Franchise Tax Board.

Carol L. Spencer, 794760

2012, \$10,324.56 Late Payment Penalty, \$2,017.75 Estimated Tax Penalty

Action: Sustain the action of the Franchise Tax Board as modified by its concessions on appeal.

Rene Surban, 623948

2006, \$1,293.00 Claim for Refund

2007, \$1,555.00 Claim for Refund

2008, \$1,623.00 Claim for Refund

Action: Modify the action of the Franchise Tax Board.

Thursday, December 18, 2014

Guillermo Vasquez, 624807

2010, \$ 255.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Christopher M. Wegner, 603238

2007, \$537.00 Tax

Action: Sustain the action of the Franchise Tax Board.

John Thomas Gaiser, 605297

2008, \$50,814.00 Tax, \$12,703.50 Late Filing Penalty

Action: Deny the petition for rehearing.

American Orthodontics Corporation, 711153

2010, \$16,200.00 Claim for Refund

Action: Deny the petition for rehearing.

Gordon C. Merrick and Julie Nikceovich, 573097

2002, \$93,833.00 Tax, \$18,766.60 Accuracy-Related Penalty, \$5,457.93 Proposed Post Amnesty Penalty

2003, \$147,817.00 Tax, \$29,563.40 Accuracy-Related Penalty

Action: Deny the petition for rehearing.

April Mottahedeh, 599752

2009, \$1,337.00 Tax, \$334.25 Late Filing Penalty

Action: Deny the petition for rehearing.

Christopher J. Nelson and Nancy L. Nelson, 613625

2004, \$4,176.00, \$178.00 Late Filing Penalty

Action: Deny the petition for rehearing.

SALES AND USE TAX MATTERS, REDETERMINATIONS, RELIEF OF PENALTIES, DENIALS OF CLAIMS FOR REFUND, AND, GRANT-ONE DAY INTEREST RELIEF, CONSENT

The Board deferred consideration of the following matter: *Tesoro West Coast Company, LLC, 802117 (OH)*.

With respect to the Sales and Use Tax Matters, Redeterminations, Relief of Penalties, Denials of Claims for Refund, and, Grant-One Day Interest Relief, Consent Agenda, upon a single 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 *Oxy, Inc., 840261 (OH)*; the Board made the following orders:

Ossur Americas, Inc., 729476 (EA)

07/01/08 to 06/30/11, \$129,681.88

Action: Approve the redetermination as recommended by staff.

Thursday, December 18, 2014

Allan Bridgford Gantes, 566446 (EH)

07/01/08 to 03/23/10, \$158,344.88

Action: Approve the redetermination as recommended by staff.

Novitex Enterprise Solutions, Inc., 554504 (OH)

01/01/03 to 12/31/06, \$550,273.16

Action: Approve the redetermination as recommended by staff.

Krikor Takvorian, 547691 (AP)

01/01/06 to 12/31/08, \$161,437.96

Action: Approve the redetermination as recommended by staff.

Versa Pos, Inc., 689132, (BH)

01/01/09 to 12/31/11, \$732,387.49

Action: Approve the redetermination as recommended by staff.

Wood Crafters By S&S, Inc., 602159 (AS)

07/01/06 to 07/31/10, \$119,755.92

Action: Approve the redetermination as recommended by staff.

Noble Systems Corporation, 804732 (OH)

07/01/05 to 12/31/08, \$162,704.41

Action: Approve the redetermination as recommended by staff.

Ruben Ricardo Harari, 797611 (EH)

01/01/11 to 09/30/13, \$883,030.00

Action: Approve the redetermination as recommended by staff.

Whole Foods Market California, Inc., 846325 (OH)

07/01/14 to 07/31/14, \$151,087.50

Action: Approve the relief of penalty as recommended by staff.

Petsmart, Inc., 846326 (OH)

04/01/14 to 06/30/14, \$366,019.90

Action: Approve the relief of penalty as recommended by staff.

Aramark Refreshment Services, Inc., 738978 (OH)

04/01/06 to 09/30/09, \$217,903.02

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

3M Company, 803389 (OH)

01/01/10 to 12/31/12, \$55,156.00

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

Oxy, Inc., 840261 (OH)

07/01/10 to 03/31/14, \$209,891.38

Action: Approve the denial of claim for refund as recommended by staff. Ms. Steel not participating in accordance with Government Code section 87105.

Thursday, December 18, 2014

Verizon Wireless Network Procurement, 791498 (OH)

01/01/11 to 06/30/12, \$256,570.99

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

Tesoro West Coast Company, LLC, 802117 (OH)

05/01/07 to 09/30/10, \$276,992.00

Action: The Board took no action.

SE Solar Trust X, 597038 (OH)

09/27/10 to 09/30/10, \$306,608.00

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

James Ford, Inc., 846328 (BH)

01/01/14 to 03/31/14, \$738.04

Action: Approve the one day interest relief as recommended by staff.

All West Equipment Co., 846330 (CH)

04/01/14 to 06/30/14, \$104.16

Action: Approve the one day interest relief as recommended by staff.

Pricon, Inc., 846331 (EA)

04/01/14 to 06/30/14, \$122.54

Action: Approve the one day interest relief as recommended by staff.

Tektronix, Inc., 846329 (OH)

10/26/13 to 02/21/14, \$1,045.55

Action: Approve the one day interest relief as recommended by staff.

High Flying Foods San Diego Partnership, 846327 (BH)

02/01/14 to 02/28/14, \$498.91

Action: Approve the one day interest relief 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. Yee, seconded by Mr. Runner 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 *Oxy, Inc., 840261 (OH)*; Mr. Chiang not participating in accordance with Government Code section 87105 in *Sony Pictures Studios, Inc., 804077; Sony Electronics, Inc., 804081; Sony Electronics, Inc., 805311; Sony Electronics, Inc., 805312; Sony Electronics, Inc., 805314; Sony Electronics, Inc., 805500*; the Board made the following orders:

Thursday, December 18, 2014

Livingstone's Restaurant & Pub, 846977 (DF)

01/01/11 to 12/31/13, \$128,503.67

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

Angela Michelle Boyd, 844997 (EH)

01/01/08 to 03/31/12, \$204,491.47

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

Sony Pictures Studios, Inc., 804077 (OH)

07/01/12 to 09/30/13, \$293,297.00

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

Sony Electronics, Inc., 804081 (OH)

10/01/11 to 03/31/12, \$1,022,659.00

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

Sony Electronics, Inc., 805311 (OH)

10/01/12 to 06/30/13, \$1,330,658.00

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

Sony Electronics, Inc., 805312 (OH)

01/01/12 to 06/30/12, \$878,590.00

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

Sony Electronics, Inc., 805314 (OH)

04/01/12 to 12/31/12, \$2,918,755.00

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

Sony Electronics, Inc., 805500 (OH)

07/01/11 to 12/31/11, \$2,355,408.00

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

KWH, LLC, 795061 (UT)

06/22/11 to 06/22/11, \$204,125.00

Action: Approve the refund as recommended by staff.

Verizon Wireless (VAW), LLC, 744187 (OH)

01/01/12 to 06/30/12, \$213,381.73

Action: Approve the refund as recommended by staff.

Thursday, December 18, 2014

AAA of Northern California, Nevada & Utah, 844678 (CH)

07/01/11 to 09/30/13, \$324,095.48

Action: Approve the refund as recommended by staff.

3M Company, 803389 (OH)

01/01/10 to 12/31/12, \$107,394.13

Action: Approve the refund as recommended by staff.

The Sherwin-Williams Company, 624859 (OH)

04/01/07 to 06/30/10, \$116,776.57

Action: Approve the refund as recommended by staff.

BP Products North America, Inc., 633030 (OH)

07/01/11 to 06/30/12, \$191,737.65

Action: Approve the refund as recommended by staff.

Balfour Beatty Infrastructure, Inc., 823778 (OH)

01/01/14 to 03/31/14, \$137,779.00

Action: Approve the refund as recommended by staff.

Oxy, Inc., 840261 (OH)

07/01/10 to 03/31/14, \$256,817.18

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

CE Resource, Inc., 775262 (KH)

04/01/10 to 12/31/10, \$119,698.51

Action: Approve the refund as recommended by staff.

Verizon Wireless Network Procurement LP, 791498 (OH)

01/01/11 to 06/30/12, \$426,180.33

Action: Approve the refund as recommended by staff.

Americredit Financial Services, Inc., 839879 (OH)

04/01/14 to 06/30/14, \$355,152.00

Action: Approve the refund as recommended by staff.

Lobel Financial Corporation, 840976 (EA)

04/01/14 to 06/30/14, \$305,408.00

Action: Approve the refund as recommended by staff.

Sel Retail Operations, 804079 (OH)

07/01/12 to 09/30/13, \$1,830,108.19

Action: Approve the refund as recommended by staff.

Thursday, December 18, 2014

Grimmway Enterprises, Inc., 731955 (DF)

01/01/10 to 06/30/10, \$221,274.00

Action: Approve the refund as recommended by staff.

Bowman Asphalt, Inc., 799652 (DF)

04/01/11 to 03/31/14, \$191,242.84

Action: Approve the refund as recommended by staff.

Tesoro West Coast Company, LLC, 802117 (OH)

05/01/07 to 09/30/10, \$1,857,520.81

Action: Approve the refund as recommended by staff.

Nuvell Credit Company, LLC, 598240 (OH)

01/01/09 to 12/31/11, \$1,921,151.74

Action: Approve the refund as recommended by staff.

**SPECIAL TAXES MATTERS, CREDITS, CANCELLATIONS AND REFUNDS,
CONSENT**

With respect to the Special Taxes Matters, Credits, Cancellations and Refunds, Consent Agenda, upon a single motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Mr. Chiang not participating, the Board made the following order:

Pacific Life Insurance Company, 578390 (STF)

01/01/10 to 12/31/10, \$124,877.00

Action: Approve the refund as recommended by staff. Mr. Chiang not participating.

LEGAL APPEALS MATTERS, ADJUDICATORY

KNA Cho Corporation, 611137, 658121 (EH)

07/01/08 to 05/30/10, \$9,234.84 Tax, \$00.00 Penalties

06/01/10 to 06/30/11, \$8,180.39 Tax, \$00.00 Penalties

Considered by the Board: October 15, 2014

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

Action: Upon motion of Mr. Chiang, seconded by Ms. Yee and duly carried, Mr. Horton, Ms. Yee and Mr. Chiang voting yes, Ms. Steel and Mr. Runner voting no, the Board ordered that the petition be redetermined as recommended by the Appeals Division.

Y & S Enterprises, Inc., 492513 (EA)

10/01/04 to 12/31/07, \$218,091.86 Tax, \$28,269.11 Negligence Penalty

Considered by the Board: September 23, 2014

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

Action: Upon motion of Mr. Runner, 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 petition for rehearing be denied.

Thursday, December 18, 2014

Mox, Inc., 569235 (STF)

01/01/06 to 02/28/06, \$382,591.73 Tax, \$95,647.93 Fraud Penalty

Mox, Inc., 570251 (STF)

05/01/04 to 12/31/05, \$2,389,056.31 Tax, \$597,264.09 Fraud Penalty

Considered by the Board: September 23, 2014 Summary Decision (Rev. & Tax. Code, § 40)

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

Action: Upon motion of Mr. Runner, seconded by Mr. Chiang and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, the Board adopted the written summary decision as presented by staff.

CORPORATE FRANCHISE AND PERSONAL INCOME TAX MATTERS, ADJUDICATORY

(Motion expunged.)

With respect to the Corporate Franchise and Personal Income Tax Matters Adjudicatory Agenda, 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 its previous motion expunged.

Mark S. Shepherd, 789649

2012, \$3,750.59 Claim for Refund

Considered by the Board: November 19, 2014

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

Action: Upon motion of Mr. Horton and duly carried, Mr. Horton, Ms. Yee and Mr. Chiang voting yes, Ms. Steel and Mr. Runner voting no, the Board adopted a decision sustaining the action of the Franchise Tax Board.

Christopher Henningfeld and Christine Henningfeld, 735174

2007, \$1,447.00 Claim for Refund

Considered by the Board: November 19, 2014

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

Action: Upon motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, the Board adopted a decision sustaining the action of the Franchise Tax Board as modified by its concessions on appeal.

SC Brokers, Inc., 600519

2007, \$7,174.00 Tax

Considered by the Board: April 24, 2013

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 Mr. Chiang voting yes, the Board adopted a decision sustaining the action of the Franchise Tax Board as modified by its concessions in a post-hearing brief.

Thursday, December 18, 2014

Richard N. Eisenberg and Anita Eisenberg, 610025
2007, \$562,524.00 Tax, \$112,504.80 Accuracy-Related Penalty
Considered by the Board: August 5, 2014, Summary Decision (Rev. & Tax. Code, § 40)
Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.
Action: Upon motion of Mr. Chiang, seconded by Ms. Yee and duly carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, the Board adopted the written summary decision as presented by staff.

PROPERTY TAXES MATTERS, ADJUDICATORY

Petitions for Reassessment of Unitary Value

Panoche Energy Center, LLC (1152), 837317
2014, \$329,900,000.00 Unitary Value
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. Chiang and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, the Board ordered that the petition be granted in part reducing the value to \$315,000,000.00 as recommended by staff.

El Paso Natural Gas Company, LLC (197), 826289
2014, \$34,400,000.00 Unitary Value
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. Chiang and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, the Board ordered that the petition be granted reducing the value to \$32,600,000.00 as recommended by staff.

Cricket Communications, Inc. (2762), 837320
2014, \$56,000,000.00 Unitary Value
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. Chiang and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, the Board ordered that the petition be granted in part reducing the value to \$41,800,000.00 as recommended by staff.

Gill Ranch Storage, LLC (121), 837508
2014, \$133,600,000.00 Unitary Value
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. Chiang and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, the Board ordered that the petition be granted in part reducing the value to \$120,400,000.00 as recommended by staff.

Thursday, December 18, 2014

Blythe Energy, LLC (1136), 837283

2014, \$447,500,000.00 Unitary Value

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. Chiang and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, the Board ordered that the petition be granted in part reducing the value to \$399,300,000.00 as recommended by staff.

Liberty Utilities (Calpeco Electric), LLC (163), 837322

2014, \$155,600,000.00 Unitary Value

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. Chiang and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, the Board ordered that the petition be granted in part reducing the value to \$144,200,000.00 as recommended by staff.

Trans Bay Cable, LLC (119), 835848

2014, \$525,100,000.00 Unitary Value

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. Chiang and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, the Board ordered that the petition be granted in part reducing the value to \$511,800,000.00 as recommended by staff.

Petitions for Reassessment of Nonunitary Value

GATX Corporation (503), 842472

2014, \$9,186,694.00 Nonunitary Value

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. Chiang and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, the Board ordered that the petition be granted in part reducing the value to \$8,495,112.00 as recommended by staff.

PROPERTY TAXES MATTERS, ADJUDICATORY

Petitions for Reassessment and Penalty Abatement on Unitary Value

Northwestern Pacific Railroad Company (827), 837293

2014, \$2,490,000.00 Unitary Value, \$249,000.00 Penalty

Considered by the Board: Presented for Separate Discussion

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

Action: Upon motion of Ms. Yee, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, the Board ordered that the petition be granted in part reducing the value, plus penalty, to \$2,508,000.00 as recommended by staff.

Thursday, December 18, 2014

Petitions for Reassessment of Unitary Value

Southern California Edison, Co. (148), 837302

2014, \$20,300,300,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion

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

Action: Upon motion of Ms. Yee, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Mr. Chiang not participating, the Board ordered that the petition be denied as recommended by staff.

CA-CLEC, LLC (8037), 836980

2014, \$8,690,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion

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

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

Newpath Networks, LLC (8077), 836987

2014, \$36,000,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion

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

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

Golden State Water Company (101), 837307

2014, \$674,700,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion

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

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

Ventura Pipeline System (Ellwood Pipeline, Inc.) (464), 837568

2014, \$10,500,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion

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

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

GWF Energy, LLC – Handford (1122), 837580

2014, \$40,400,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion

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

Thursday, December 18, 2014

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

GWF Energy, LLC – Henrietta (1123), 837581

2014, \$38,500,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion

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

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

GWF Energy, LLC – Tracy (1124), 837582

2014, \$222,000,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion

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

Action: Upon motion of Ms. Yee, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, the Board ordered that the petition be granted in part reducing the value to \$208,600,000.00 as recommended by staff.

Plains Pipeline, LP (465), 836318

2014, \$38,800,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion

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

Action: Upon motion of Ms. Yee, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, Ms. Steel not participating in accordance with Government Code section 87105, the Board ordered that the petition be granted in part reducing the value to \$36,600,000.00 as recommended by staff.

Section 40 (AB 2323) Matters

Verizon California, Inc. (201), 837518

2014, \$2,936,500,000.00 Unitary Value

Considered by the Board: November 19, 2014, Summary Decision (Rev. & Tax. Code, § 40)

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

Action: Upon motion of Ms. Yee, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Mr. Chiang not participating, the Board adopted the written summary decision as presented by staff.

Crown Castle Ng West, Inc. (7982), 836972

2014, \$121,500,000.00 Unitary Value

Considered by the Board: November 19, 2014, Summary Decision (Rev. & Tax. Code, § 40)

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

Action: Upon motion of Ms. Yee, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Mr. Chiang not participating, the Board adopted the written summary decision as presented by staff.

Thursday, December 18, 2014

TAX PROGRAM NONAPPEARANCE MATTERS NOT SUBJECT TO CONTRIBUTION DISCLOSURE STATUTE**PROPERTY TAX MATTERS****Audits**

Wilshire Connection, LLC (7799)

2011 to 2014, \$310,000.00 Escaped Assessment, \$27,000.00 Penalties, \$105,300.00 In-lieu Interest

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 adopted the audit adjustments as recommended by staff.

Race Telecommunications, Inc. (8099)

2011 to 2014, \$2,104,000.00 Escaped Assessment, \$230,300.00 Penalties, \$180.00 In-lieu Interest

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 adopted the audit adjustments as recommended by staff.

OFFER-IN-COMPROMISE RECOMMENDATIONS

Action: Upon motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, the Board approved the Offer in Compromise Recommendations of *Qaiser Nasim Ahmad; Huma Qaiser Ahmad; Blusar Manufacturing, LLC; Serguey Sarkisov; Domestic Displays, Inc.; Chong B. Park; Ok Y. Park; Rhona R. Reid; T & M Steel Services, Inc.; Adrian Willemse; Rayna Gray Willemse; and, Yosemite Harley-Davidson of Merced, Inc.*; as recommended by staff.

The Board recessed at 11:44 a.m. and reconvened at 12:03 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.

PUBLIC HEARINGS**2015 Timber Yield Tax Rate**

Mark Durham, Chief, Research and Statistics Division, Legislative and Research Department, made introductory remarks regarding section 38202 of the Revenue and Taxation Code, which requires an annual adjustment of the timber yield tax rate ([Exhibit 12.2](#)).

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

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 the Board adopted the timber yield tax rate of 2.9 percent for 2015 as recommended by staff.

Thursday, December 18, 2014

Timber Harvest Values and Modified Harvest Values

Ken Thompson, Acting Deputy Director, Property and Special Taxes Department, made introductory remarks regarding the timber harvest values and modified harvest values. On or before December 31, 2014, the Board shall estimate the immediate harvest values of and adopt schedules for timber harvested between January 1, 2015, and June 30, 2015. 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.) ([Exhibit 12.3](#))

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

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 timber harvest values and modified harvest values as recommended by staff.

Proposed re-Adoption of Property Tax Rule 474, *Petroleum Refining Properties*

Bradley Heller, Tax Counsel, Tax and Fee Programs Division, Legal Department, made introductory remarks regarding the re-adoption of Rule 474 to establish a rebuttable presumption that petroleum refining property (land, improvements, and fixtures) constitutes a single appraisal unit for determining declines in value ([Exhibit 12.4](#)).

Speakers: Albert Ramseyer, Deputy County Counsel, Los Angeles County Assessor's Office
Craig A. Becker, Attorney, Pillsbury Winthrop Shaw Pittman, LLP, representing Western States Petroleum Association (WSPA)
Walt Turville, Senior Property Tax Representative, Chevron
Donald L. Flessner, Executive Vice-President, Baker & O'Brien, Inc., representing Contra Costa County
Rebecca Hooley, Deputy County Counsel, Contra Costa County
Peter Yu, Principal Appraiser, Business Division, Contra Costa County Assessor's Office

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 re-adopted Property Tax Rule 474 as recommended by staff.

Proposed Amendments to Sales and Use Tax Regulation 1588, *Seeds, Plants and Fertilizer*

Monica Silva, Tax Counsel, Tax and Fee Programs Division, Legal Department, made introductory remarks regarding the adoption of proposed amendments to specifically include carbon dioxide in the definition of fertilizer ([Exhibit 12.5](#)).

Speaker: John Gamper, California Farm Bureau Federation

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 adopted the amendments to Regulation 1588 as published.

Thursday, December 18, 2014

ADMINISTRATIVE SESSION**ADMINISTRATIVE MATTERS, CONSENT**

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: 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 12.6](#)).

Larry Bergkamp, Business Taxes Specialist III, Legislative and Research Division, Headquarters
George Johnson, Jr., Office Technician (Typing), San Diego Office
Denise S. Laing, Business Taxes Specialist II, Riverside Office
Eileen Li, Associate Tax Auditor, Sales and Use Tax Department, New York Out-of-State District Office
Gerald W. Rauscher, Office Assistant (General), Imaging and Mail Processing Center Unit, Administration Department

Action: Approve the Board Meeting Minutes of September 23, 2014, October 14-15, 2014, November 18, 2014, and November 19, 2014.

Action: Approve Assessors' Handbook Section 531, *Residential Building Cost* ([Exhibit 12.7](#)).

Action: Approve Assessors' Handbook Section 534, *Rural Building Costs* ([Exhibit 12.8](#)).

Action: Approve proposed revision to Compliance Policy and Procedures Manual Chapter 7, *Collections* ([Exhibit 12.9](#)).

ADOPTION OF BOARD COMMITTEE REPORTS AND APPROVAL OF COMMITTEE ACTIONS**Legislative Committee**

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 approved the Legislative Committee report of December 18, 2014, and the actions therein ([Exhibit 12.10](#)).

Customer Services and Administrative Efficiency Committee

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 approved the Customer Services and Administrative Efficiency Committee report of December 18, 2014, and the actions therein ([Exhibit 12.11](#)).

Thursday, December 18, 2014

Business Taxes Committee

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 approved the Business Taxes Committee report of November 19, 2014, and the actions therein ([Exhibit 12.12](#)).

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

Cynthia Bridges, Executive Director, presented the BOE Outreach Event Plan for calendar year 2015 ([Exhibit 12.13](#)).

Cynthia Bridges, Executive Director, provided a report regarding the Employee Recognition Awards Program ([Exhibit 12.14](#)).

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.

ANNOUNCEMENT OF CLOSED SESSION

The Board recessed at 1:24 p.m. and reconvened immediately in closed session with Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel present.

CLOSED SESSION

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

The Board recessed at 1:44 p.m. and reconvened immediately in open session with Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel present.

The Board adjourned at 1:45 p.m.

The foregoing minutes are adopted by the Board on January 21, 2015.

Note: The following matters were removed from the calendar prior to the meeting: *Balwant Singh, 601072 (KH); Vinh Thang Nguyen and Truong Duy Pham, 610929; Chef De Cuisine Catering, LLC, 609690 (BH); and, Chef De Cuisine Catering, Inc., 716720 (BH).*