



STATE BOARD OF EQUALIZATION
450 N STREET, SACRAMENTO, CALIFORNIA
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0080
(916) 322-2270 • FAX (916) 324-3984
www.boe.ca.gov

BETTY T. YEE
First District, San Francisco

SEN. GEORGE RUNNER (RET.)
Second District, Lancaster

MICHELLE STEEL
Third District, Rolling Hills Estates

JEROME E. HORTON
Fourth District, Los Angeles

JOHN CHIANG
State Controller

KRISTINE CAZADD
Executive Director

STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
March 20-21, 2012

PRELIMINARY RECORD OF BOARD ACTIONS

Tuesday, March 20, 2012

The following is a preliminary record of Board actions taken at the March 20-21, 2012 Sacramento 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.

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Board Committee Meetings Please see Page 10, O., Adoption of Board Committee Reports and Approval of Committee Actions, for voting results.

Board Meeting

- A. Homeowner and Renter Property Tax Assistance Hearings
There are no items for this matter.
- B. **Corporate Franchise and Personal Income Tax Hearings**
 - B1. Ali Amidy and Guiti Nahavandi, 524954

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No final Board determination. The Board ordered that the appeal be submitted for decision, granting the appellant 30 days to submit supporting documents, the Franchise Tax Board 30 days to respond, and the Appeals Division 30 days thereafter to review the parties' submissions and provide its recommendation to the Board.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

B2. Tim Barth and Teri Barth, 562294

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's appeal denied.	Mr. Horton	Yes
	Ms. Steel	No
	Mr. Runner	No
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

B3. Michael John Klemp, 568733

<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

C. Sales and Use Tax Appeals Hearings

C1. David A. Bartel, 518470 (KH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition denied.	Mr. Horton	Yes
The Board directed staff to inform the taxpayer of the Offer in Compromise program.	Ms. Steel	No
	Mr. Runner	No
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

~~C2.a. Angela Leiva, 514980 (CH)~~~~C2.b. Angela Leiva and Abundio Hernandez, 514979 (CH)~~

C3. A-Plus Storage Containers, Inc., 511088, 511095 (KH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition granted.	Mr. Horton	No
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	No
	Mr. Chiang/ Ms. Mandel	Yes

C4. Jamshid Parivash, 494295 (GH)

<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

C5. Mohammad K. Abukhdair, 518237 (KH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Relieve the finality penalty, subject to conditions.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition denied. 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

C6. James Michael Duggan, 441787 (UT)

There are no items for the following matters:

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

F. Public Hearing

- F1. Proposed adoption of amendments to Regulation 1685.5,
Calculation of Estimated Use Tax – Use Tax Table

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Steel	No
	Mr. Runner	Not Participating
	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-items 1 and 3.	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Hearing Notices Sent – No Response
 1. ~~4th St. Saloon, CA L.P., 509271 (JH)~~
 2. Saras Wati Rodriguez, 519802 (CH)
 3. ~~Capital City Restaurants, Inc., 522640 (KH)~~
 4. A-1 Trading, Inc., 513826 (GH)
- Petitions for Release of Seized Property
 5. Meadow Maid Market, Inc., 596806 (ET)
 6. Noreen Khan and Mohammad Raja Riaz, 597385 (ET)
 7. Juan Javier Alvarez, 595292 (ET)
 8. Asmat A. Nooreldin, 596321 (ET)
 9. Apollo's Men's Salon & Spa, LLC, 597386 (ET)

G2. Franchise and Income Tax Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
No final determination on sub-item 10.	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Hearing Notices Sent – No Response
 1. George Ainsworth and Leah Elliot, 574380
 2. Michael Hull, 575417
- Decisions
 3. Tim Booher, 552539
 4. Michael J. Carolan, 528938
 5. Matthew A. Cooper, 556482
 6. Malcolm Farnsworth, 568602
 7. Edward G. Gassman, 547004
 8. Robyn J. Gordon, 553500
 9. John W. Greer, 556232
 10. ~~Daniel Gutierrez, 529506~~
 11. John Lange, 559258
 12. Robyn Minner, 511279
 13. Victor Morales-Laimon, 552236
 14. Regina L. Ray, 551179
 15. Denise Robinson, 528683
 16. Jeremy Sanchez, 554024

- 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

- Relief of Penalty/Interest
 1. Hewlett Packard Company, Inc., 599700 (OH)
- Denial of Claim for Refund
 2. Pacific Community Credit Union, 594019 (EA)

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 3.

- Credits and Cancellations
 1. Robert Clark Thornton, 571620 (AP)
 2. Jay Stacy, 597923 (AP)
- Refunds
 3. Amgen, Inc., 595475 (AR)
 4. Blower Dempsay Corporation, 561900 (EA)
 5. Metropolitan Finance, LLC, 588257 (AP)
 6. Harley-Davidson Credit Corporation, 557535 (OH)
 7. Pacific Community Credit Union, 594019 (EA)

G6. Special Taxes Matters

- Redetermination
 1. ~~Big West of California, LLC, 567166 (MT)~~

There are no items for the following 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

➤ Petition for Rehearing

1. Hung Van Pham, 486918 (BH)

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

H2. Franchise and Income Tax Matters

➤ Decision

1. Tae G. Mok and Gyum S. Mok, 472910

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's appeal partially granted/denied.	Mr. Horton	Yes
	Ms. Steel	No
	Mr. Runner	No
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

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.

12. Offer in Compromise Recommendation
 1. Jason Gilbert Duenas and Jennifer Rae Duenas

<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

13. Local Tax Reallocation Matters
 ➤ Hearing Notice Sent – Appearance Waived
 1. City of Santa Clara, 436735

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

Chief Counsel Matters

- J. Rulemaking
 This item is scheduled for Wednesday, March 21, 2012.

There are no items for the following matters:

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

Administrative Session

The following items are scheduled for Wednesday, March 21, 2012.

- N. Consent Agenda
 O. Adoption of Board Committee Reports and Approval of Committee Actions
 P. Other Administrative Matters

Q. Closed Session

These items are scheduled for Wednesday, March 21, 2012.



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450 N Street, Room 121, Sacramento
March 20-21, 2012

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Wednesday, March 21, 2012

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Board Meeting

Special Presentation

- Presentation of Retirement Resolution
Kenneth W. Topper, Chief, Acquisitions Branch,
Administrative Support Division

C. Sales and Use Tax Appeals Hearings

C7. Lynnette Marie Shaw, 507974 (JH)

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

C8. Trimark Raygal, Inc., 257881 (EA)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition granted.	Mr. Horton	No
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	No
	Mr. Chiang/ Ms. Mandel	Yes

C9. Edwards, Inc., 522933 (KH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition denied.	Mr. Horton	Yes
	Ms. Steel	No
	Mr. Runner	No
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

Chief Counsel Matters**J. Rulemaking**J1. Petition to Amend Property Tax Rule 462.040, *Change in Ownership—Joint Tenancies*

<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

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

N2. Approval of Board Meeting Minutes

- January 11, 2012

N3. 2012 Timber Advisory Committee Membership

O. Adoption of Board Committee Reports and Approval of Committee Actions**O1. Legislative Committee**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Adopted committee report and approved the actions therein.	Mr. Horton	Yes
For details see:	Ms. Steel	Yes
http://www.boe.ca.gov/legdiv/legmeetings12.htm	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

O2. 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
For details see:	Ms. Steel	Yes
http://www.boe.ca.gov/meetings/custsrv/custsrv12.htm	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

1. Proposed amendments to Regulation 1618, *United States Government Supply Contracts*

<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. Proposed revisions to sections 901.000 through 906.000 of Compliance Policy and Procedures Manual Chapter 9, *Miscellaneous*

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations to make the revisions as agreed upon by interested parties and staff.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation to require that a copy of the contract between the jurisdiction and the representative be provided before access to BOE records is given to the representative.	Mr. Horton Ms. Steel Mr. Runner Ms. Yee Mr. Chiang/ Ms. Mandel	Yes Yes Yes Yes Yes
Postponed the matter of processing fund transfers for further review and discussion.	Mr. Horton Ms. Steel Mr. Runner Ms. Yee Mr. Chiang/ Ms. Mandel	Yes Yes Yes Yes Yes
Approved staff recommendation to allow 30 calendar days for Allocation Group staff to acknowledge submissions intended as petitions.	Mr. Horton Ms. Steel Mr. Runner Ms. Yee Mr. Chiang/ Ms. Mandel	Yes Yes Yes Yes Yes
Approved staff recommendation with modification to the proposed language to provide that to operationally document a date of knowledge, staff must provide sufficient factual data consistent with the definition of a petition in Regulation 1807.	Mr. Horton Ms. Steel Mr. Runner Ms. Yee Mr. Chiang/ Ms. Mandel	Yes Yes Yes Yes Yes
Approved staff recommendation that the Allocation Group lead follow up on assignments aged 180-270 days and the Allocation Group supervisor follow up on assignments aged greater than 270 days.	Mr. Horton Ms. Steel Mr. Runner Ms. Yee Mr. Chiang/ Ms. Mandel	Yes Yes Yes Yes Yes

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved the recommendation to inform jurisdictions when a pending refund or credit in an audit results in a deallocation of \$50,000 or more in local tax to a jurisdiction.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

3. Technology Transfer Agreements

<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

O3. Business Taxes Committee

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Adopted committee report and approved the actions therein. For details see: http://www.boe.ca.gov/meetings/btc2012.htm	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

P. Other Administrative Matters

P1. Executive Director's Report

1. CROS Project Update and Actions
2. Internal Audit Division Update

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. Headquarters Facilities Update
 - 2. San Diego Facility
 - 3. Budget Update
 - 4. California Children and Families First Trust Fund

- P6. Technology Deputy Director's Report
 - 1. IT Workforce Development/Training
 - 2. The Impact of Changing Technologies on Cybercrimes

- P7. External Affairs Deputy Director's Report
 - There are no items for this matter.

Q. Closed Session

Adjourn

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