



**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  
 April 24-25, 2013**

**PRELIMINARY RECORD OF BOARD ACTION**

**Wednesday, April 24, 2013**

The following is a preliminary record of Board actions taken at the April 24-25, 2013 Culver City 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 916-324-8261 or email: [Claudia.Madrigal@boe.ca.gov](mailto:Claudia.Madrigal@boe.ca.gov). Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

**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. James U. Hannon and Sandra J. Riddle, 613264

<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

## B2. Edie Glass, 573366

<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

## B3. Haig Tacorian and Gilda Tacorian, 621172

<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

B4. ~~Vincent J. Maranto and Susan L. Maranto, 612999~~

## B5. SC Brokers, Inc., 600519

<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

B6. ~~Cheryl Martin, 595044~~

B7. ~~Amihan A. Evidente, 593648~~

B8. Michael Zapara and Gina Zapara, 252128 - Waived Appearance

<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. ~~Irvine Photo Graphics, Inc., 557007 (EA)~~

C2. Russell E. Belttary, 484124 (UT)

<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

C3. KHN, Inc., 457530 (FH) - Waived Appearance

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

There are no items for the following matters:

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

**F. Public Hearings**

- F1. Property Taxes - State Assessee's Presentations on the Valuation of State-Assessed Properties
- F2. Proposed 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	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. No final determination on sub-items 4 and 7.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Hearing Notices Sent – No Response
  1. Jill Ellen Malone, 518599 (DF)
  2. Juan Antonio Castillo Uribe, 569687 (AC)
  3. Larry M. Bakman, 509062 (UT)
  4. ~~Karen D. Hulse, 458251 (EH)~~
  5. Mohammed Anwar Nurhussien, 568054 (EA)
  6. Earthlite Massage Tables, Inc., 539013 (FH)
- Hearing Notice Sent – Appearance Waived
  7. ~~Jose Agustin Fernandez, 549411, 553265 (AR)~~

## 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

- Decisions
  1. Analytical Environmental Services, 566054
  2. Antonio Arreguin, 569055

3. Bryan G. Bordeaux and Lorri Bordeaux, 571434
4. Kenneth R. Erickson (Dec'd) and April A. Erickson, 556308
5. S.E. Fisk and Sandy K. Fisk, 561277
6. Nick Flores, 569886
7. Zuo Lun Hua, 575053
8. Mahmood Karimi Manesh and Carelle L. Karimimanesh, 567197
9. Douglas H. Murray and Karen L. Murray, 573107
10. Frank Ornellas, 588398
11. Max D. Price, 574777
12. Lisa Seppi, 588501
13. Howard N. Solomon, 536985
14. Daniel Thiel, 593704
15. Hilaria Thomas, 557470
16. David Woodward, 561825
- Petitions for Rehearing
  17. Scott Grossman, 566834
  18. Howard B. Han and Seung W. Han, 577081
  - 19a. Erik L. Hayes, 572579
  - 19b. Carol Grant, 573205
  - 19c. Eldo Klingenberg, 573235
  20. Sheila Kennedy, 530951
  21. Douglas Samski, 559019

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 – except not participating in sub-item 2.

- Redeterminations
  1. Automobile Club of Southern California, 460251 (EA)
  2. Business Objects Americas, 510427 (GH)
  3. Wm. D. Young & Sons, Inc., 626106 (EH)
  4. Renee L. Carey, 519309 (KH)
  5. Universal Kitchen Doors, Inc., 507859 (EH)
  6. South Valley Materials, Inc., 458615 (OH)
  7. One & Company Design, Inc., 550591 (BH)
- Relief of Penalty/Interest
  8. Del Taco, LLC, 702775 (EA)
- Denial of Claim for Refund
  9. Finance and Thrift Company, 488217 (DF)
- Grant-One Day Interest Relief
  10. Atascadero Glass, Inc., 711517 (GH)
  11. Ushio America, Inc., 711523 (EA)
  12. West Coast Medianews, LLC, 711520 (KH)

13. B. W. Beverage Corporation, 711519 (AS)
14. Wireless Advocates, LLC, 711522 (OH)
15. Martin Auto Color, Inc., 711516 (AC)
16. Laurel M. Hirschmann, 711521 (AS)
17. Emperor Supply, Inc., 711518 (CH)
18. Bill Eads RV's, Inc., 711515 (KH)

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-items 3 and 26.

- Credit and Cancellation
  1. Julian & Kayla's, Inc., 701941 (FH)
- Refunds
  2. Hisamitsu America, Inc., 594095 (AS)
  3. Disney Worldwide Services, 692585 (OH)
  4. Dako North America, Inc., 568552 (GH)
  5. Trojan Petroleum, Inc., 595721 (GH)
  6. Silvas Oil Company, Inc., 589364 (AR)
  7. Karen Dale Caillier, 678103 (AR)
  8. Viasat, Inc., 700767 (FH)
  9. Bank of the West, 561618 (CH)
  10. The Golden 1 Credit Union, 627527 (KH)
  11. Chevrolet Motor Division, 705979 (OH)
  12. Verizon Business Purchasing, LLC, 561829 (OH)
  13. Miramax Film Corporation, 710920 (OH)
  14. Nissan-Infiniti, Lt., 568189 (OH)
  15. Misys International Banking Systems, Inc., 625410 (OH)
  16. Owens & Minor Distribution, Inc., 632227 (OH)
  17. GTE Communication Systems Corporation, 710865 (AP)
  18. Ameron International Corporation, 522665 (EH)
  19. Oracle America, Inc., 697187 (BH)
  20. Logicalis, Inc., 554413 (OH)
  21. Finance and Thrift Company, 488217 (DF)
  22. Uag Los Gatos, Inc., 531128 (GH)
  23. Medcal Sales, LLC, 593651 (EH)
  24. Uag Stevens Creek II, Inc., 531103 (GH)
  25. Burlington Coat Factory of California, LLC, 534492 (OH)
  26. Buena Vista International, Inc., 690079 (OH)
  27. Molina Healthcare, Inc., 552829 (EA)

**G6. Special 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 – except not participating in sub-items 2, 3, 4, and 5.

- Redetermination
  1. Tesoro Refining and Marketing Company, 560281 (STF)
- Relief of Penalty
  2. Partnership HealthPlan of California, 636876 (STF) 'CF'
  3. Community Health Group Partnership Plan, 640300 (STF) 'CF'
  4. MillerCoors, LLC, 688008 (STF) 'CF'
  5. AXA Equitable Life Insurance Company, 715366 (STF) 'CF'

**G7. Special 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	Not Participating

- Refund
  1. Northwestern Mutual Life Insurance Company, 586977 (STF) 'CF'

There are no items for the following matters:

- 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
 

There are no items for this matter.

## H2. Franchise and Income Tax Matters

## ➤ Decision

## 1. Cam Painting, Inc., 531722

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

## ➤ Cases Heard Not Decided

## 2. Daniel R. Marcotte, 589131

<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

## 3. James J. Martin, 574254

<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

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 Recommendations

<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

1. Robert Lee Borden
2. Giacomo Jack Pietro Campagna
3. Monique Marie Cook
4. Bassem Youssef Ghobrial
5. Khosrow Hosseini
6. Carmen L. Jessup
7. Armenak Lakisyan
8. Ock Ja Cho Lee
- 9a. Dimas Macias, Jr.
- 9b. Dolores Macias
10. Cynthia Jo Russell
- 11a. Christopher C. Wolford
- 11b. Sierra Machinery Services, Inc.

13. 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**

This item is scheduled for Thursday, April 25, 2013.

**Administrative Session**

- N. Consent Agenda  
There are no items for this matter.

**O. Adoption of Board Committee Report and Approval of Committee Actions**

This item is scheduled for Thursday, April 25, 2013.

**P. Other Administrative Matters**

## P1. Executive Director's Report

## 1. Alternate Board Meeting Site

<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. Annual Board/Assessors' Meeting

<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

## 3. Fire Prevention Fee Program Update

## 4. 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. 2013/14 Budget Update – Information on the Governor's 2013/14 Budget may be provided.

a. Hazardous Waste Control Account Fee Reform

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Steel	No
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

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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STATE BOARD OF EQUALIZATION MEETING
5901 Green Valley Circle, Room 207, Culver City
April 24-25, 2013

PRELIMINARY RECORD OF BOARD ACTION

Thursday, April 25, 2013

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Board Committee Meetings- Please see Page 12, O., Adoption of Board Committee Reports and Approval of Committee Actions, for voting results.

Board Meeting

Chief Counsel Matters

M. Other Chief Counsel Matters

M1. Request for Authorization to file Amicus Curiae Brief

EHP Glendale, LLC, and Eagle Hospitality Properties Trust, Inc. v. County of Los Angeles, Court of Appeal, Second Appellate District, Div. Eight, Case No. B 244494 (Los Angeles County Superior Court Case No. BC 385925)

Table with 3 columns: DECISION, MEMBER, BOARD VOTE. Row 1: Approved staff recommendation, Mr. Horton, Yes. Row 2: Ms. Steel, Yes. Row 3: Mr. Runner, Yes. Row 4: Ms. Yee, Yes. Row 5: Mr. Chiang/ Ms. Mandel, Yes.

**C. Sales and Use Tax Appeals Hearings**

## C4. Blue Baroness, LLC, 519591 (UT)

<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. Elizabeth Shuttters, Inc., 538185 (EH)~~

## C6. Deanna Lewis, 510327 (AA)

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

## C7. Jeffrey Lloyd Macy, 556663 (EH) – Waived Appearance

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

**Administrative Session****O. Adoption of Board Committee Report 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.  For details see: <a href="http://www.boe.ca.gov/legdiv/legmeetings13.htm">http://www.boe.ca.gov/legdiv/legmeetings13.htm</a>	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes