



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, Orange County
JEROME E. HORTON
Fourth District, Los Angeles
JOHN CHIANG
State Controller
CYNTHIA BRIDGES
Executive Director

**STATE BOARD OF EQUALIZATION MEETING
505 Van Ness Avenue, Auditorium, San Francisco**

PRELIMINARY RECORD OF BOARD ACTIONS

Tuesday, September 10, 2013

The following is a preliminary record of Board actions taken at the September 10, 2013 San Francisco 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 email: Claudia.Madrigal@boe.ca.gov. Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

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. Jacques Delacroix and Krishna Delacroix, 626423

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayers' appeal partially granted/denied.	Mr. Horton	Yes
	Ms. Steel	Yes
The Board abated the accuracy-related penalty.	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

B2. Alfred Ding and Jocelyn Ding, 592135

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

B3. Williams-Sonoma, Inc. & Subsidiaries, 519857

<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. Jacqueline McKechnie, 683821

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

B5. Noe Sitan Sicajan, 678105

<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. Francisco Halayay, Jr. 569173 (GH)

<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

C2. ~~Charles Hanh Entertainment, LLC, 539706 (CH)~~

C3. Bay Area High Reach, Inc., 374287 (CH)

<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

C4. RRS Johal Corporation, 511276 (CH)

<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. Jethani & Associates, Inc., 560580, 611299, 563266 (GH)

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

C6. ~~Ricky Alan Dumas, 547380 (KH)~~

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 Lumber Products Assessment Regulations 2000, *Retailer Reimbursement Retention*, and 2001, *Additional Allowed Retailer Reimbursement Retention*

<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

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
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Hearing Notices Sent – No Response
 1. All Star Tamales, Inc., 578981 (CH)
 2. Juan Luis Carbajal and Antonio Carbajal, 561633, 606872 (JH)
 3. Daniel Reynoso De La Torre, 554179 (JH)
 4. Elaine Florence Gunnari, 572734 (CH)
 5. John W. MacDonald, 549046 (JH)
 6. Francis Odo, 561670 (CH)
 7. Chau Tat, 494145 (CH)
 8. Zahra Tavakol, 571780 (GH)
- Petitions for Rehearing
 9. Russell E. Belttary, 484124 (UT)
 10. Jeffrey Lloyd Macy, 556663 (EH)

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 20.	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Decisions
 1. Alan Alpert and Sophie Alpert, 597444
 2. Abdel Kader Ayesh, 603929
 3. John Barsell and Sandra Barsell, 552835
 4. Richard Bessey, 609916
 5. Dennis Robert Bird, 599566
 6. Robert T. Breed, 559985
 7. Alejandro E. Cortez, 602358
 8. Steven Dancsecs and Anke-Karin Dancsecs, 587066
 9. Wanda L. Foreman, 612497
 10. Paul Foster and Sabrina Foster, 612446
 11. Andre Gaston, 589489
 12. Idania Hernandez, 606559
 13. Gary Ernest Leon, 603185
 14. Phi Vu Mai, 609855
 15. Charles A. McConnell, 608455
 16. Anna Ng, 343661

17. Mark Wilde, 597108
18. Linjun Zhou and Xiaoying Yao, 574359
- Petitions for Rehearing
 19. Mary Ann Ault, 534656
 20. ~~Richard A. Hall, 533898~~
 21. Erik L. Hayes, 606496
 22. Khosrow J. Motamedi, 592901
 23. Cornelis A. Van Diepen, 560406

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-items 2, 4 and 11.

- Redeterminations
 1. McGruders Vintage Parts, Inc., 626602 (AR)
 2. Juniper Networks, Inc., 468067 (GH)
 3. Fresenius USA, Inc., 572714 (OH)
 4. Juniper Networks (US), Inc., 469260 (GH)
 5. Czarnowski Display Service, Inc., 625236 (OH)
 6. Fanfare Media Works, Inc., 261985 (AR)
 7. W.D. Young & Sons Trucking & Nursery, 626105 (EH)
 8. W.D. Young & Sons Trucking & Nursery, 679621 (EH)
- Relief of Penalty/Interest
 9. Acco Engineered Systems, Inc., 738683 (AC)
 10. Norm Reeves, Inc., 739071 (AA)
- Denials of Claims for Refund
 11. Pizza Hut, Inc., 613004 (OH)
 12. MetroPCS Wireless, Inc., 624519 (OH)
 13. SMC Networks, Inc., 595733 (EA)
 14. Automotive Funding Group, Inc., 623614 (EA)
 15. Franklin Capital Corporation, 597753 (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 10.

- Credits and Cancellations
 1. R. Michael James, 511452 (GH)
 2. Ramon Ricabal, 737096 (AP)
- Refunds
 3. Fotokem Industries, Inc., 522771 (AC)
 4. Los Robles Regional Med Center, 594105 (AR)
 5. Regents of the University of California, 741812 (AS)
 6. Regents of the University of California, 556675 (BH)
 7. Thoratec Corporation, 577849 (CH)
 8. California Steel Industries, Inc., 735172 (EH)
 9. Ecco Equipment Corporation, 736753 (EA)
 10. Pizza Hut, Inc., 613004 (OH)
 11. St. Joseph Hospital, 577146 (JH)
 12. John Matthew McEvoy, 755469 (FH)
 13. LOP Automotive Company, LLC, 601362 (CH)
 14. Servicon Systems, Inc., 530377(AS)
 15. Intuitive Surgical, Inc., 599656 (GH)
 16. SMC Networks, Inc., 595733 (EA)
 17. Penegon West, Inc., 624412 (AS)
 18. International Business Machine Corp., 576134 (OH)
 19. Valero Marketing and Supply Co., 451327 (OH)
 20. Williams Lea, Inc., 570581 (OH)
 21. Pernod Ricard USA, LLC, 731536 (OH)
 22. Penegon Newport Beach, Inc., 624129 (EA)
 23. Automotive Funding Group, Inc., 623614 (EA)
 24. Wisdom Import Sales Co., LLC 632992 (OH)
 25. Penegon West, Inc., 624406 (AS)
 26. R C Foster Corporation, 715502 (EH)
 27. HP Hood, LLC, 636350 (KH)
 28. Franklin Capital Corporation, 597753 (OH)
 29. Cotherix, Inc., 612121 (BH)
 30. Immunodiagnostic Systems, Inc., 736552 (OH)
 31. GCL Solar Energy, Inc., 665532 (BH)

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	Not Participating

- Redeterminations
 1. Sentry Select Insurance Company, 442740 (STF) 'CF'
 2. Sentry Insurance, A Mutual Co., 442754 (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

- Credit and Cancellation
 1. Philadelphia Indemnity Insurance Company, 446227 (STF) 'CF'
- Refunds
 2. State Farm Life Insurance Company, 728936 (STF) 'CF'
 3. Anthem Blue Cross Life & Health Insurance Company, 735416 (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
 - Section 40 (AB 2323) Matter
 1. Océ Financial Services, Inc., 473623 (OH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Adopted the summary.	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. Ho B. Song, 597958

<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
 - Denial of Claim for Refund
 - 1. California Insurance Company, 730385 (STF) 'CF'

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's claim denied.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Not Participating

There are no items for the following 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 Matter
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. Ricardo Aguiar
- 2. Ryan Kelly Braithwaite
- 3a. James Brian Eli
- 3b. Wesco Manufacturing, Inc.
- 4. Glen Eugene Pearson III
- 5. Ransom Schley
- 6. Thermo Spas, Inc.
- 7a. Mathew Alan Turner
- 7b. Kimberly Lynn Turner
- 7c. SmartSolutions Group
- 8. Mary L. Walker
- 9. Watson's Body & Paint Shop, Inc.

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

Chief Counsel Matters

J. Rulemaking

- J1. Property Tax Rule 474, *Petroleum Refining Properties*

<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

Section 100 Changes

- J2. Property Tax Rules 263, *Roll Corrections*, 462.020, *Change in Ownership – Tenancies in Common*, 462.060, *Change in Ownership – Life Estates and Estates for Years*, 462.160, *Change in Ownership – Trusts*, 462.180, *Change in Ownership – Legal Entities*, 462.220, *Change in Ownership – Interspousal Transfers*, and 462.240, *The Following Transfers Do Not Constitute a Change in Ownership*

<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

There are no items for the following matters:

- 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 Resolutions
- Linden B. Edmondson
 - Barbara Odiorne
 - Elaine Wood
- N2. Approval of Board Meeting Minutes
- February 26-28, 2013
 - March 12-13, 2013
 - April 24-25, 2013
- N3. Summons to Annual Meeting of the Board and County Assessors

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

O1. Business Taxes Committee – August 13, 2013

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Adopted committee report and approved the actions therein. For details see: www.boe.ca.gov/meetings/btc2013.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
- P2. Chief Counsel Report
There are no items for this matter.

P3. Sales and Use Tax Deputy Director's Report

1. Approval of Revenue and Taxation Code Section 6355, *Coins and Bullion*, "Bulk" Sale Threshold

<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

P4. Property and Special Taxes Deputy Director's Report

1. Fire Prevention Fee Program Update
2. Approval of 2014 Hazardous Substances Program Fees and Occupational Lead Poisoning Prevention Fee

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

P5. Administration Deputy Director's Report

1. Headquarters Facilities Update
2. 2014/15 Budget Change Proposals

<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

- a. Lumber Products Assessment
b. Tax Gap II
c. Intrusion Detection/Intrusion Prevention System
d. Managed Care Organization Tax
3. Bargaining Unit Contract Update

There are no items for the following matters:

- P6. Technology Deputy Director's Report
P7. External Affairs Deputy Director's Report

Q. Closed Session