



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](http://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**  
**450 N Street, Room 121, Sacramento**  
**September 12-13, 2012**

**PRELIMINARY RECORD OF BOARD ACTIONS**

**Wednesday, September 12, 2012**

The following is a preliminary record of Board actions taken at the September 12-13, 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.

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**

**Special Presentation**

- Report from Chris Hill, Principal Program Budget Analyst, Department of Finance (DOF)
  
- 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**

- B1a. Pacific Coast Building Products, Inc., 514183  
 B1b. Erin Sullivan, 573889  
 B1c. Patricia D. Anderson (Deceased), 573893  
 B1d. Carol Anderson Ward, 573897  
 B1e. John E. Anderson, 573901  
 B1f. David Lucchetti and Christine Lucchetti, 573905  
 B1g. Keith Harris and Mary Harris, 573908  
 B1h. James Anderson and Jacquelyn Anderson, 573911

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No final determination. Hearing to be continued in 6 months.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

B2. — Roger Chang and Lisa Chang, 487074

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

C1. DK Supplies, Inc., 509933 (EA)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Hearing postponed to the November Board meeting.	Mr. Horton	
	Ms. Steel	
	Mr. Runner	
	Ms. Yee	
	Mr. Chiang/ Ms. Mandel	

C2. Naim Jamali, 448789, 450475, 595326 (BH)

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

## C3.— Point of Contact Incorporated, 494400 (CH)

## C4. Aircraft Charter and Leasing, LLC, 496438 (UT) - Waived Appearance

<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. Khanh Cat Pham, 495973 (GH)

<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	No
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## C6. Karim Mehrabi, 525215, 525216 (KH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petitions partially granted/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:

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

The following matters are scheduled for Thursday, September 13, 2012:

- G. Tax Program Nonappearance Matters – Consent
- H. Tax Program Nonappearance Matters – Adjudicatory
- I. Tax Program Nonappearance Matters

**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**

The following matters are scheduled for Thursday, September 13, 2012:

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

**Q. Closed Session**

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**Thursday, September 13, 2012**

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**Board Committee Meetings**– Please see Page 11, O., Adoption of Board Committee Reports and Approval of Committee Actions, for voting results.

**Board Meeting**

**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, 10 and 11.	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Hearing Notices Sent – No Response
  1. ~~Fahd Geham Mubarak, 389949 (KH)~~
  2. A & E Unlimited, 489647 (BH)
  3. Fereydoon Ansari and Parvaneh Ansari, 507170 (JH)
- Hearing Notice Sent – Appearance Waived
  4. Alhalimah, Inc., 505079 (KH)

- Petitions for Release of Seized Property
  5. Encino Park Liquor, Inc., 611804 (ET)
  6. Al Rabadi Corporation, 612801 (ET)
  7. Ijaz Corporation, 613438 (ET)
  8. Kyung Ho Min, 609748 (ET)
  9. Hanh Duc Nguyen, 612818 (ET)
- Petitions for Rehearing
  10. ~~Loh Sun International, Inc., Kent La, Nancy La and John La, 480987, 480989, 506428 (ET)~~
  11. ~~William Blaine Riggle, 417558, 417559 (FH)~~

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. Norman Frankfort and Denise Frankfort, 537255
  2. Dave Graffam, 563811
  3. Marylyn A. Hagerty, 519277
  4. Robert D. Johnston and Deborah L. Johnston, 533644
  5. Brian R. Klinker, 535493
  6. Denise Linda Kramer, 585540
  7. Darryl Mendoza, 550096
  8. Vickie Sine, 533583
  9. Bingjie Zhao, 576517

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 5, 6, 7 and 8.

- Redeterminations
  1. Medela, Inc., 577424 (OH)
  2. Marino Sandoval, 533908 (CH)

3. Marino Sandoval, 533907 (CH)
4. Awad Manufacturing, Inc., 522212 (AA)
- Relief of Penalty/Interest
5. Microsoft Corporation, 611216 (OH)
- Denials of Claims for Refund
6. Los Angeles SMSA LTD., 416082 (OH)
7. Los Angeles SMSA LTD., 332060 (OH)
8. Los Angeles SMSA LTD., 316926 (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

- Refunds
  1. J.D. Rush Company, Inc., 609492 (AR)
  2. New United Motor MFG., Inc., 607252 (CH)
  3. Quebecor World (USA), Inc., 612002 (AA)
  4. Priority Pallet, Inc., 595716 (EH)

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. Zoba International Corporation, 434591 (EH)

<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

## 2. Paul Glasson, 482541 (CH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Matter postponed to the November Board meeting.	Mr. Horton Ms. Steel Mr. Runner Ms. Yee Mr. Chiang/ Ms. Mandel	

## ➤ Petition for Rehearing

## 3. David A. Bartel, 518470 (KH)

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

## ➤ Matters for Board Consideration

4a. ~~Annand Nadir Sliuman, 475771 (FH)~~4b. ~~Saad Dawood Pattah, 479619 (FH)~~

## 5. Sharon E. Melamed, 516151 (AS)

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

## ➤ Reconsideration-Petition for Rehearing

## 6. Frangi's Restaurant, Inc., 433581 (AS)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Rescinded that portion of the Board's August 21, 2012 motion affecting the taxpayer's petition for rehearing. The matter will return for decision at the October Board meeting.	Mr. Horton Ms. Steel Mr. Runner Ms. Yee Mr. Chiang/ Ms. Mandel	Yes Yes Yes Yes Yes

## H2. Franchise and Income Tax Matters

## ➤ Decisions

1. ~~Richard A. Hall, 533898~~

2. Lawrence B. Steinberg and Ellen A. Steinberg, 495475

<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

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**

There are no items for the following matters:

I1. Property Taxes Matters

I2. Offer in Compromise Recommendations

13. Local Tax Reallocation Matters

➤ Memorandum Opinion

1. Cities of Agoura Hills, Alameda, Albany, Bakersfield, Belmont, Berkeley, Beverly Hills, Brisbane, Calabasas, Campbell, Carlsbad, Chula Vista, Clovis, Compton, Cupertino, Daly City, Davis, Delano, Del Mar, East Palo Alto, El Cajon, El Monte, Emeryville, Escondido, Fillmore, Foster City, Fremont, Fresno, Gardena, Gilroy, Half Moon Bay, Hawthorne, Hayward, Kerman, Kingsburg, Los Angeles, Menlo Park, Milpitas, Moreno Valley, Morgan Hill, Palmdale, Palo Alto, Pasadena, Rancho Cordova, Rancho Palos Verdes, Redwood City, Reedley, Ridgecrest, Rolling Hills Estates, Roseville, Sacramento, San Bruno, San Diego, Sanger, San Jose, San Leandro, San Mateo, Santa Clara, Santa Fe Springs, Saratoga, Selma, Shafter, South San Francisco, Torrance, Union City, Westlake Village, West Sacramento, Woodland, Town of Los Gatos, Counties of Los Angeles and Sacramento, and City and County of San Francisco, 469672

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No final Board decision on memorandum opinion.  Matter continued to the November Board meeting.	Mr. Horton Ms. Steel Mr. Runner Ms. Yee Mr. Chiang/ Ms. Mandel	

**Administrative Session**

**N. Consent Agenda**

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

- N1. Retirement Resolutions
  - Howard Eastin
  - Jacquelyn Lee
  - Dorothy B. Tyler-Lewis

- N2. Approval of 2013 Diesel Fuel Tax Rate for Interstate Users
- N3. Approval of 2013 Hazardous Substances Program Fees and Occupational Lead Poisoning Prevention Fee Rates
- N4. Prepayment Rate for Sales Tax on Motor Vehicle Fuel, Diesel Fuel and Jet Fuel
- N5. Proposed Revisions to Audit Manual Chapter 4, *General Audit Procedures*
- N6. Proposed Revisions to Compliance Policy and Procedures Manual Chapter 1, *General*, and Chapter 7, *Collections*
- N7. Summons to Annual Meeting of the Board and County Assessors

**O. Adoption of Board Committee Report 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
<a href="http://www.boe.ca.gov/meetings/custsrv/custsrv12.htm">http://www.boe.ca.gov/meetings/custsrv/custsrv12.htm</a>	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

**P. Other Administrative Matters**

P1. Executive Director's Report

- 1. Board Workload Inventory and Trends for Appeals and Settlements
- 2. Progress update and actions on CROS project to replace BOE's two current tax legacy technology systems
- 3. Efficiency and Effectiveness Initiative – Introduction, Discussion, Request for Approval

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

- 1. Fire Prevention Fee Program Implementation Update

P5. Administration Deputy Director's Report

- 1. Headquarters Facilities Update - A general update on the 450 N Street building may be provided.
- 2. Fairfield Field Office - A general update may be provided on the office relocation.

3. 2012/13 Budget Update - Information on the Governor's 2012/13 Budget may be provided.
4. 2013/14 Budget Change Proposals - May be presented for Board inclusion in the Governor's 2013/14 Budget.

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved BCP No. 6: Joint Operations Center (JOC) Ensuring Fuels Tax Compliance, as recommended by staff.	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:

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

**Adjourn**