



STATE BOARD OF EQUALIZATION  
450 N STREET, SACRAMENTO, CALIFORNIA  
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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**  
**November 15-16, 2011**

**PRELIMINARY RECORD OF BOARD ACTIONS**

**Tuesday, November 15, 2011**

The following is a preliminary record of Board actions taken at the November 15-16, 2011 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.

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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**

A. Homeowner and Renter Property Tax Assistance Hearings  
There are no items for this matter.

**B. Corporate Franchise and Personal Income Tax Hearings**

B1. ~~Paul N. Winkler, 539074~~

## B2. Kent H. Baker, 551816

<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

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

## C1. William M. Buchanan, 458690 (OH) – No Appearance

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

## C2a. GMRI, Inc., 433701 (OH)

## C2b. GMRI, Inc., 434928 (OH)

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

## C3. Pretty-Pretty Props, Inc., 487570 (BH) - Waived Appearance

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

D. Special Taxes Appeals Hearings  
There are no items for this matter.

E. **Property Tax Appeals Hearings**  
These items are scheduled for Wednesday, November 16, 2011.

**F. Public Hearings**F1. Proposed Adoption of Amendments to Regulation 1616, *Federal Areas*

<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

F2. Proposed Adoption of Amendments to Regulation 1807, *Petitions for Reallocation of Local Tax*, and, Regulation 1828, *Petitions for Distribution or Redistribution of Transactions and Use Tax*

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved amendment with revisions and sent the regulation to the 15 day file.	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.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Hearing Notices Sent – No Response
  1. Tirebusters, Inc., 390462 (CH)
  2. High Technology Packaging, Inc., 484487 (CH)
- Hearing Notices Sent – Appearance Waived
  3. Huy Ngoc Huynh, 505920 (CH)
  4. Hung Van Pham, 486918 (BH)
  5. Kun Ok Yi, 347727 (GH)
- Petitions for Rehearing
  6. Boris Khodzhoyan, 405900 (AP)
  7. Antique Portraiture, Inc., 351260, 374301 (AA)
  8. Karen Renee Cullinane, 470168 (EH)
  9. Jamshid Daryanabard, 467994 (GH)

## 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

- Hearing Notices Sent – No Response
  1. Sherman Mazur and Michelle Mazur, 29519, 89002465770, 89002465780
  - 2a. Anthony Wiest, 526977
  - 2b. Rodney Walker, 546795
  - 2c. Benjamin Killen, 550137
  - 2d. Bonny Goselin, 550654
  - 2e. Rodney Walker, 550307
  - 2f. Judith Walther, 550310
  - 2g. Karl Eisenhammer, 553499
  - 2h. Steven Ertelt, 547169
- Hearing Notice Sent – Appearance Waived
  3. Gary Rettig and Shawn Rettig, 554609
- Decisions
  4. Art-Wave International, Inc., 489486
  5. Howard Bagley, 538581
  6. Richard Castaldi, 557010
  7. George Chavez, 548125
  8. Greg Erickson, 527803
  9. Richard J. Jackson and Deborah J. Cross, 532190
  10. Kera Enterprises, Inc., 523034
  11. Richard M. Nicholas and Penny K. Nicholas, 550270
- Petitions for Rehearing
  12. Howard Brief, 530872
  13. Alison Buergel, 536228
  14. Estate of Eva M. Lindskog (Dec'd), 466455
  15. Elias Gallegos III, 547977
  16. David Jones and Jamie Jones, 525089
  17. Jack S. Kannry and Joyce F. Kannry, 490556
  18. Charles E. Kohlhase, Jr., 547973
  19. Patrick T. Mead and Melissa A. Mead, 520063
  20. Donald Stanners and Elizabeth Stanners, 495508

- 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

- Redeterminations
  1. Brooks Automation, Inc., 562964 (OH)
  2. Heritage Door, Inc., 551890 (EH)
  3. SCP Auctions, Inc., 532135 (EA)
  4. Road Machinery, LLC, 546360 (OH)
  5. CG Holdings, Inc., 530945 (OH)
  6. ATS Systems Oregon, Inc., 415960 (OH)
- Relief of Penalty/Interest
  7. Farmers Services, LLC, 579055 (AS)

## 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 8.

- Credits and Cancellations
  1. West Valley Technology, LLC, 585589 (EA)
  2. Marcus Cable Associates, L.P., 586181 (OH)
  3. Urogen Pharmaceuticals, Inc., 585501 (CH)
- Refunds
  4. OCE Financial Services, Inc., 578600 (OH)
  5. Deluxe Laboratories, Inc., 351131 (AS)
  6. Technology Credit Union, 531153 (GH)
  7. BMW of North America, 579072 (OH)
  8. Lexus, Toyota Motor Sales, USA, Inc., 578152 (AS)
  9. Thomson Broadcast/Media Solutions, 522673 (KH)
  10. Wind River Sales Company, Inc., 577614 (CH)
  11. Brocade Communications Systems, Inc., 533170 (GH)
  12. Echostar Satellite, LLC, 578536 (OH)
  13. Atspid, Inc., 551283 (GH)
  14. Oshkosh Speciality Vehicles, Inc., 568871 (OH)

There are no items for the following matters:

G6. Special Taxes Matters

G7. Special Taxes Matters – Credits, Cancellations, and Refunds

G8. Property 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	Not participating

- Petition for Penalty Abatement on Unitary Value
  1. Cox California Telecom, LLC (7640), 574413 ‘CF’
- Petitions for Reassessment of Unitary Value
  2. Pacific Bell Telephone Company (279), 576234 ‘CF’
  3. MetroPCS Communications, Inc. (2733), 577089 ‘CF’

There are no items for the following matters:

G9. Cigarette License Fee Matters

G10. Legal Appeals Property Tax Matters

**H. Tax Program Nonappearance Matters – Adjudicatory**

H1. Legal Appeals Matters

- Petitions for Rehearing

1. Juan Manuel Gallardo, 466120 (BH)

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

2. Media Management Service, Inc., 294859, 391611 (EA)

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

## 3. Orasure Technologies, Inc., 334390 (OH)

<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

## ➤ Decisions

## 1. Reyad Sarraj and Nouzat Kanbar, 495511

<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

## 2. Stephen A. Schwarzman, 521940

<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. Terrie Williams and Richard E. Williams, 550352

<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

- Petition for Rehearing
  4. Gerald J. Marcil and Carol L. Marcil, 458832

<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

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

- Credit and Cancellation

1. PB Municipal Funding, Inc., 576427 (OH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's claim granted.	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:

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

- Petition for Penalty Abatement on Unitary Value

1. &TV Communications, Inc. (8115), 576434 'CF'

<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	Not participating

**I. Tax Program Nonappearance Matters**

- I1. Property Taxes Matters  
 ➤ Private Railroad Car Roll Changes  
 1. 2011 Private Railroad Roll 'CF'

<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

- I2. Offers 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. Mehdi Behmard
2. Michael Thomas Icaza
3. Jarrouche Corporation
4. Alice Tabera

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

**Chief Counsel Matters****J. Rulemaking****Section 100 Changes**

- J1. Sales and Use Tax Regulations 1532, *Teleproduction or Other Postproduction Service Equipment*; 1533.1, *Farm Equipment and Machinery*; 1534, *Timber Harvesting Equipment and Machinery*; and, 1535, *Racehorse Breeding Stock*

<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

J2. Sales and Use Tax Regulation 1570, *Charitable Organizations*

<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

- Margaret C. Baum
- Barbara Beck
- Donald L. Jackson
- Daniel Jenkinson
- Geoffrey E. Lyle
- Connie A. Norton
- Betty Overrocker
- Linda Patrick-Myler
- Pamela Rochelle Samuel
- Victor W. Waddel

## N2. Approval of Board Meeting Minutes for August 23, 2011

N3. Approval of Assessors' Handbook Section 581, *Equipment and Fixtures Index, Percent Good and Valuation Factors*N4. Adoption of *Change in Ownership Statement*, form BOE-502-AH

## N5. Approval of the 2012 Timberland Production Zone Values

## N6. Approval of Effects of Proposition 10 on Cigarette and Tobacco Products Consumption

~~N7. Proposed Collection Cost Recovery Fee for Calendar Year 2012~~

**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.	Mr. Horton	Yes
	Ms. Steel	Yes
For details see:	Mr. Runner	Yes
<a href="http://www.boe.ca.gov/legdiv/legmeetings11.htm">http://www.boe.ca.gov/legdiv/legmeetings11.htm</a>	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

**P. Other Administrative Matters****P1. Executive Director's Report**

1. California's Underground Economy Centralized Intelligence Partnership Concept
2. 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. Guidelines on the Standard of Proof regarding Sales and Use Tax Matters

**P4. Property and Special Taxes Deputy Director's Report**

There are no items for this matter.

**P5. Administration Deputy Director's Report**

1. Facilities Update
2. 2011/12 Budget Update and Governor's Executive Orders
3. Administrative Department Efficiency Projects

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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**450 N Street, Room 121, Sacramento**  
**November 15-16, 2011**

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**Wednesday, November 16, 2011**

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**Board Meeting**

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

**Local Tax Reallocation Hearings**

~~C4. Cities of Santa Fe Springs and Fillmore, 468764~~

C5. City of Fillmore, 466375

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

**Sales and Use Tax Appeals Hearings**

C6a. Blowfish, LLC, 484932 (BH)

C6b. Blowfish SR., LLC, 479540 (GH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
The Board directed staff to conduct a reaudit.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

~~C7. Jasvir Singh Shahi, 303529 (CH)~~

C8. Data Physics Corporation, 425711, 473226 (GH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
The Board directed staff to conduct a reaudit.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

C9. Star Cellular, Inc., 520976 (GH)

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

~~C10. A-Plus Storage Containers, Inc., 511088, 511095 (KH)~~

C11. Timothy Scot Bohl and Wendy Lee Bohl, 396620 (KH) —Waived Appearance

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

## C12. Robert Chang Soung, 462258 (GH)

<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

**E. Property Tax Appeals Hearings****Petition for Abatement of Penalty**

## E1. Trans Bay Cable LLC (119), 577086 'CF'

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition granted.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Not participating

**Petition for Reassessment of Unitary Value**

## E2. Gill Ranch Storage, LLC (121), 577341 'CF'