



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
505 Van Ness Avenue, Auditorium, San Francisco**

PRELIMINARY RECORD OF BOARD ACTION

Tuesday, March 25, 2014

The following is a preliminary record of Board actions taken at the March 25, 2014, 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 e-mail: Claudia.Madrigal@boe.ca.gov. Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

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

Board Meeting

Special Presentation

First District Accomplishments

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

B. Corporate Franchise and Personal Income Tax Appeal Hearing
B1. ~~Kenneth Dean, 621012~~

C. Sales and Use Tax Appeals Hearings

C1. Loucas Savvas Kakoullis, 571124 (CH)

<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. Enyinnaya Christian Ojogho, 396268, 414889, 610607 (AS)~~

There are no items for the following matters:

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

F. Public HearingsF1. Proposed Adoption of Amendments to Sales and Use Tax Regulation 1603,
Taxable Sales of Food Products

<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 Sales and Use Tax Regulation 1699,
Permits

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

- Hearing Notices Sent – No Response
 1. Tim Byrd, 602305 (UT)
 2. Jason Chow, 526540 (EH)
 3. Breadstick's LA Wine Bar Café, LLC, 546527 (AS)
 4. Duane Fitzgerald Corporation, 563219 (EA)
 5. Salvador Escareno and Irving Arnold Sofen and Alonzo Christopher Clark, 568565 (EH)
 6. Hillcrest Travel Plaza, LLC, 558082 (DF)
 7. Hot's Tacos Restaurants, LLC, 495796 (AC)
 8. Jesse's Auto Mart, Inc., 513014 (AC)
 9. Carl Marantz and Nelly Marantz, 595738 (EA)
 10. Abel Orozco and Athala Orozco, 380684 (AA)
 11. Choon S. Park and Cecilia Park, 600481 (EH)
 12. Platinum Auto Sports, Inc., 576207 (EH)
 13. Michael Ray Sears, 547013, 548285, 548287, 559962, 559963 (DF)
 14. Michael Ray Sears and Mike Dirker, 548283 (DF)
 15. Tabitha Denille Williams, 574283 (EH)
 16. Star Wireless, Inc., 564432 (AC)
 17. Willy Motors, LLC, 529890 (AP)
- Petitions for Release of Seized Property
 18. Jeto, Inc., 745238 (STF)
 19. Michael Josphine, Inc., 745229 (STF)
 20. Mohinder Singh Nahal, 745230 (STF)
 21. Shayan's Trading, Inc., 745232 (STF)
- Petition for Rehearing
 22. Bay Area High Reach, Inc., 374287 (CH)

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. Lauren J. Glass, 728284
 2. Sergei Goncharoff and Ingrid Goncharoff, 574870
- Hearing Notices Sent – Appearance Waived
 3. Steven T. Waltner and Sarah V. Waltner, 729266
 4. Pamela Willis, 620761
- Decisions
 5. Mario Benitez and Fausta Robles, 624515
 6. Allen G. Bennett, 717448
 7. Robert L. Botello and Anselma Botello, 607350
 8. Roberto Chavez and Estella O. Chavez, 694026
 9. David Crawley, 606545
 10. Goldfish (DE) LP, 675642
 11. Ronald Herrera, 626169
 12. Christopher Hogan, 639477
 13. Carl W. Holm and Carolyn V. Holm, 701952
 14. Donald M. Jinks and Sandra Jinks, 614126
 15. Pamela Judice, 627120
 16. Maria Teresa Estandarte Mabugat, 563598
 17. Sherie L. Mclean, 601797
 18. Menmar Entertainment, Inc., 589300
 19. Merrill L. Mago Trust 14, 627298
 20. Matthew S. Mitchell, 570291
 21. Monsterops, LLC, 620341
 22. Pilar Nevarez and Fernando Peniche, 608110
 23. Walter M. O’Grodnick, 646220
 24. Barry Rossum and Darlene Rossum, 695903
 25. Edward Salgado and Susana Salgado, 693074
 26. William R. Taylor, 605380
 - 27a. Glen Steward and Jill Steward, 631064
 - 27b. Gregory Bischoff and Bonita Bischoff, 635970
 28. Doyle Whitcomb, 634737
 29. Victor Lee White and Dawn Teresa White-Gatewood, 612740
 30. Robert Zaragoza, 711969
- Petition for Rehearing
 31. Richard J. Oleksa, Jr. and Michelle Oleksa, 600511

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 Ms. Steel Mr. Runner Ms. Yee Mr. Chiang/ Ms. Mandel	Yes Yes Yes Yes Yes – except not participating in sub-item 8

➤ Redeterminations

1. Viking Ready Mix Co. Inc., 557497 (DF)
2. Advanced Cleanup Technologies, Inc., 521950 (UT)
3. Advanced Cleanup Technologies, Inc., 521952 (UT)
4. Frank C. Girardot, Jr., 586549 (GH)
5. EDS Information Services, LLC, 505939 (OH)
6. Vertis, Inc., 716415 (OH)
7. TRE, Inc., 572002 (EH)

➤ Denials of Claims for Refund

8. Ericsson, Inc., 405617 (OH)
9. MSC Group, Inc., 785276 (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 Ms. Steel Mr. Runner Ms. Yee Mr. Chiang/ Ms. Mandel	Yes Yes Yes Yes Yes – except not participating in sub-items 8, 10, 13 and 14

➤ Credits and Cancellations

1. Suzanne Hoo, 547290 (BH)
2. Alcan Global Phrmctl Pckngng, Inc., 694941(OH)
3. Pacifica Petroleum, Inc., 788783 (AP)
4. ECI Mobile, Inc., 786953 (BH)
5. ECI Mobile, Inc., 786954 (BH)
6. Initial R. Corp., 789933 (AP)

➤ Refunds

7. Wells Fargo Auto Finance, Inc., 614191 (CH)
8. Cisco Systems, Inc., 620545 (GH)
9. California Casualty Management, Co., 741188 (OH)
10. Diageo North America, Inc., 522406 (OH)
11. Hill's Pet Nutrition Sales, Inc., 660113 (OH)
12. Hughes Circuits, Inc., 557548 (FH)
13. Ericsson, Inc., 405617 (OH)
14. Google, Inc., 711136 (GH)
15. Liebherr Cranes, Inc., 738980 (OH)
16. Behr Paint Corporation, 745445 (OH)
17. Ocean Alexander of California, LLC, 774374 (EA)
18. Peritus Portfolio Services, LLC, 606054 (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
- G9. Cigarette License Fee Matters
- G10. Legal Appeals Property Tax Matters

H. Tax Program Nonappearance Matters – Adjudicatory

H1. Legal Appeals Matters

- Hearing Notice Sent – No Response

1. Labeau, LLC, 556888, 558475, 608117 (AS)

<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	Yes

- Cases Heard Not Decided

2a. Terry D. Eaves, 475767, 515719 (AC)

2b. Gordon W. Kelley, 475764, 515722 (AC)

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

3. Nirvair Corporation, 529714 (EA)

<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

H2. Franchise and Income Tax Matters

➤ Petition for Rehearing

1. Barry L. Weiss and Dorraine Gilbert Weiss, 605043

<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

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

➤ Section 40 (AB 2323) Matters

1. Verizon California, Inc. (201), 742936

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Adopted the written summary decision as amended.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

2. La Paloma Generating Company, LLC (1112), 742923

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Adopted the written summary decision as presented by staff.	Mr. Horton	Yes
	Ms. Steel	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- 3a. GWF Energy, LLC – Hanford (1122), 743424
- 3b. GWF Energy, LLC – Henrietta (1123), 743425
- 3c. GWF Energy, LLC – Tracy (1124), 743427

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Adopted the written summary decision as presented by staff.	Mr. Horton	Yes
	Ms. Steel	No
	Mr. Runner	No
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

I. Tax Program Nonappearance Matters

- I1. Property Taxes Matters
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. Aloha Community Collective Association
- 2. Michael Beurer
- 3a. Wireless Plaza, Inc.
- 3b. Yen Bond Chyau
- 3c. Katie Chyau
- 4. Sergio Gabriel DePhilippis
- 5. Timothy O. Finnerty
- 6a. Harper Enterprises, Inc.
- 6b. Harper Enterprises, Inc.
- 6c. Gregory D. Harper
- 7. Mobile 2 Mobile USA, Inc.
- 8. Geoffrey Crispin Stout
- 9. Vetco, Inc.

- I3. 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 MatterM1. Report on Property Tax Rule 21, *Taxable Possessory Interests-Valuation*

<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 Resolutions

- Kathryn Hale
- Timothy Munz
- Rosemary Noriega
- John W. O'Brien
- Celia Gail Stormes
- Theresa Vina

N2. Approval of Board Meeting Minutes

- November 19-20, 2013
- December 17, 2013
- January 16, 2014

N3. Proposed Revisions to the Compliance Policy and Procedures Manual, Chapter 2, *Registration*N4. Proposed Revisions to the Compliance Policy and Procedures Manual, Chapter 7, *Collections*N5. Proposed Revisions to the Compliance Policy and Procedures Manual, Chapter 8, *Consumer Use Tax*

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

O1. Legislative Committee – March 25, 2014

<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
www.boe.ca.gov/legdiv/legmeeting/s14.htm	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

O2. Property Tax Committee – January 16, 2014

<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
www.boe.ca.gov/proptaxes/ptcwplan14.htm	Mr. Runner	Yes
	Ms. Yee	Yes
	Mr. Chiang/ Ms. Mandel	Yes

P. Other Administrative Matters

P1. Executive Director's Report

1. Report on Customer Service Functions
2. CROS Project Update and Actions

P2. Chief Counsel Report

1. Status reports on the Revenue Recovery and Collaborative Enforcement Act, and the Tax Recovery and Criminal Enforcement Team (Pilot Project)

P3. Sales and Use Tax Deputy Director's Report

1. Audit Program Update

P4. Property and Special Taxes Deputy Director's Report

1. 2014 Timber Advisory Committee Membership

<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:

- P5. Administration Deputy Director's Report
- P6. Technology Deputy Director's Report
- P7. External Affairs Deputy Director's Report

Q. Closed Session

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