



STATE BOARD OF EQUALIZATION  
450 N STREET, SACRAMENTO, CALIFORNIA  
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SEN. GEORGE RUNNER (Ret.)  
First District, Lancaster

FIONA MA, CPA  
Second District, San Francisco

JEROME E. HORTON  
Third District, Los Angeles County

DIANE L. HARKEY  
Fourth District, Orange County

BETTY T. YEE  
State Controller

CYNTHIA BRIDGES  
Executive Director

**STATE BOARD OF EQUALIZATION MEETING**  
**450 N Street, Room 121, Sacramento**

**PRELIMINARY RECORD OF BOARD ACTION**

**Tuesday, October 27, 2015**

The following is a preliminary record of Board actions taken at the October 27, 2015, 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) Lopez at 916-322-1931 or e-mail: [Claudia.Lopez@boe.ca.gov](mailto:Claudia.Lopez@boe.ca.gov). Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

**Board Committee Meeting:** Please see Page 9, O., Adoption of Board Committee Reports and Approval of Committee Actions, for voting results.

**Board Meeting**

**Board Member Annual Photograph**

**Special Presentation**

- Disability Advisory Committee of the Year Award

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. Zongrong Liu and Ying Ma, 796330~~

B2. Patrick T. Ellwood and Denise A. Ellwood, 856517

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayers' appeal denied.	Mr. Horton	Yes
	Ms. Harkey	No
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

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**C. Sales and Use Tax Appeals Hearings**~~C1a. Hanzell Vineyards, Ltd., 576196 (JH)~~~~C1b. GMIC Vineyards, LLC, 610170 (JH)~~~~C2. Donald F. Payne, 470355 (JH)~~~~C3. Star of India, LLC, 627341 (KH)~~

C4. Valeriy Popov, 790387 (UT)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition granted.	Mr. Horton	No
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	No

C5. Nikolay Lomov, 781912 (UT)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition granted.	Mr. Horton	No
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	No

There are no items for the following matters:

D. Special Taxes Appeals Hearings

E. Property Tax Appeals Hearings

**F. Public Hearing**F1. Proposed Amendments to Sales and Use Tax Regulation 1619, *Foreign Consuls*

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

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**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-item 4.	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

- Hearing Notice Sent – No Response
  1. Elite Vision Auto Glass, Inc., 743661 (KH)
  2. Commemorative Air Force, 790825 (AR)
  3. Wanda Althia James, 715577 (JH)
  4. ~~Jacek Pasternak, 493152, 526562 (CH)~~
  5. Work of Art Catering, Inc., 779782 (BH)
- Petition for Release of Seized Property
  6. Mohinder Singh Nahal, 888905 (STF)

**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. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

- Decisions
  1. Aaron Baker, 843082
  2. Centennial Park TIC 01, LLC, 625005
  3. Glen Cockrell and Ella Cockrell, 762687
  4. Robert Concepcion and Lourdes Concepcion, 837566
  5. Jason Cox, 796424
  6. John P. Gillaspay, 792263
  7. Robert Douglas Greenfield and Moray J. Koontz, 850633
  8. Joseph John Grijalva, Jr., 844702
  9. M K Machine Tool, 849471
  10. Manuel Martinez, 809264
  11. Mary Ellen McDonnell, 850763
  12. Erik B. McKenney and Brenda A. McKenney, 795439
  13. Naoki Oshima, 742173
  14. Brent G. Scott and Monica L. Scott, 817234
  15. Meyer M. Soroudi and Judith L. Soroudi, 840263
  16. TCMC Incorporated, 848263
  17. Jose G. Tupas, Jr., 805062
  18. Ana Bertha Vasquez, 848289
  19. Jennifer Zolak, 848491
- Petitions for Rehearing
  20. ~~Michael J. Bills and Mary E. Bills, 610028, 782397~~
  21. Patrick Missud, 845292

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- 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. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

- Redeterminations
  1. Michael Arkin, 496825 (AA)
  2. Bed Bath & Beyond of California, 715852 (OH)
  3. Caloil 1, Inc., 796028 (AS)
- Denials of Claims for Refund
  4. FieldTurf USA, Inc., 799655 (OH)
  5. Morgan Stanley Smith Barney Financing, LLC, 575729 (OH)
- Grant-One Day Interest Relief
  6. California Automotive Retailing Group, Inc., 909167 (CH)
  7. Autobahn West Enterprises, Inc., 909168 (FH)
  8. Hyphenet, Inc., 909171 (FH)
  9. Dakshin Indian Restaurant, LLC, 909174 (GH)
  10. TDI Auto Group, Inc., 909173 (CH)
  11. Sunstone Park Lessee, LLC, 909175 (FH)
  12. Bhullars Food, Inc., 909177 (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. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

- Credits and Cancellations
  1. HDOS Enterprises, 900981 (FH)
  2. M1 Auto Services, 553425 (EA)
  3. Zohar Ziv, 476970 (GH)
  4. Craig Robert Hansen, 518238 (EH)
- Refunds
  5. Westgroup Portofino Ptn., Inc., 871593 (AS)
  6. International Medication Systems, Ltd., 808666 (AP)
  7. Sutter East Bay Hospitals, 605719 (CH)
  8. Fletcher Jones Motor Cars, Inc., 860212 (EA)
  9. Novellus Systems, Inc., 859787 (GH)
  10. Century Theatres, Inc., 839476 (OH)
  11. Cinemark USA, Inc., 839478 (OH)
  12. BMW of North America, 887110 (OH)

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- 13. BMW of North America, 887112 (OH)
- 14. BMW of North America, 908054 (OH)
- 15. Scaled Composites, LLC, 875217 (UT)
- 16. Arris Technology, Inc., 861511 (OH)
- 17. Equilon Enterprises, LLC, 118730 (OH)
- 18. Siemens Energy, Inc., 609311 (OH)
- 19. Schneider Electric IT USA, Inc., 801777 (OH)
- 20. FieldTurf USA, Inc., 799655 (OH)
- 21. Health Net of California, Inc., 901590 (AR)
- 22. Financial Service, Inc., 871597 (OH)
- 23. Americredit Harmonic, Inc., 601344 (GH)
- 24. Redrock Security & Cabling, Inc., 882406 (EA)
- 25. Abbott Diabetes Care, Inc., 661839 (OH)
- 26. CIG Financial, 559366 (EA)
- 27. Infinera Corporation, 836295 (GH)
- 28. Medcal Sales, LLC, 862171 (EH)
- 29. Discover Bank, 570588 (OH)
- 30. Sunpower Corporation, Systems, 594629 (CH)
- 31. Mission Federal Credit Union, 731234 (FH)
- 32. Carefusion Manufacturing, LLC, 795669 (OH)
- 33. VEO, Inc., 882909 (BH)
- 34. Morgan Stanley Smith Barney Financing, LLC, 575729 (OH)
- 35. Nonobject, 847226 (GH)

G6. Special Taxes Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

➤ Relief of Interest

- 1. CS Norco 0020, LLC, 570303 (STF)

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. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Not participating

➤ Refunds

- 1. SEI Fuel Services, Inc., 849819 (STF) 'CF'

**G8. Property Tax Matters**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Not participating

- Petitions for Reassessment of Unitary Value
  1. Lodi Gas Storage, LLC (198), 900991 'CF'
  2. Pacific Bell Telephone Company (279), 900302 'CF'
  3. Zayo Group, LLC (7778), 901603 'CF'
- Petitions for Penalty Abatement on Unitary Value
  4. Cbeyond Communications, LLC (8049), 903782 'CF'
  5. Central California Traction Company (818), 888120 'CF'
  6. MegaPath Corporation (7706), 903023 'CF'
- Petitions for Reassessment and Penalty Abatement on Unitary Value
  7. OpticAccess, LLC (8150), 901638 '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

- Petition for Release of Seized Property
  1. Duong Family Investment, Inc., 867934 (STF)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition denied.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

- Section 40 (AB 2323) Matter
  2. Truck Insurance Exchange, 240627 (STF) 'CF'

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
The Board adopted the written summary decision as presented by staff.	Mr. Horton	No
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Not participating

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## H2. Franchise and Income Tax Matters

## ➤ Hearing Notice Sent – Appearance Waived

1. Joseph W. Valva and Marilyn K. Valva, 719017

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayers' appeal denied.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	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.

- I2. Offer in Compromise Recommendations

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

1. Bayan Mosadek Alattar
2. Scott Francis Armstrong
3. Lewis Lavell Canyon
4. Cornerstone Partnership, LLC
5. Zubair I. Hansia
6. Fernando A. Hernandez
- 7a. J C Wright, Inc.
- 7b. Ragaey Tobia Estefan
- 7c. Samia Samy Sous
- 8a. Arsen Kirakosyan
- 8b. ADAK, Inc.
9. Akbar A. Matani

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- 10. Mc Neely Investments, Inc.
  - 11. Maria Rosa Milos
  - 12. Dani Fouad Mokdad
  - 13a. Ted Michael O'Neill
  - 13b. Exercise Solutions
  - 14. Luis Fernando Rodriguez
  - 15. SNS Foods, Inc.
  - 16. Teng Yun Corporation
  - 17a. Jeremy Robert Tucker
  - 17b. Tucker & Company, Inc.
- I3. Local Tax Reallocation Matters  
There are no items for this matter.

**Chief Counsel Matters**

**J. Rulemaking  
Section 100 Changes**

- J1. Uniform Local Sales and Use Tax Regulation 1805, *Aircraft Common Carriers*; and Transactions (Sales) and Use Tax Regulation 1825, *Aircraft Common Carriers*

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

There are no items for the following matters:

- K. Business Taxes
- L. Property Taxes
- M. Other Chief Counsel Matters

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**Administrative Session****N. Consent Agenda**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

## N1. Retirement Resolutions

- Bob Alan Alexander
- Phillip Bishop
- Martha Brothers
- Cynthia L. Burba
- Kathleen P. Gillum
- Robbie L. Jones
- Ronald Louie
- Benjamin Tang
- Sharon J. White

## N2. Approval of Board Meeting Minutes

- August 25-26, 2015
- September 16, 2015

N3. Approval of *Guidelines for Appraiser Certification and Training*N4. Proposed revisions to Audit Manual Chapter 4, *General Audit Procedures*, and Chapter 12, *Construction Contractors***O. Adoption of Board Committee Report and Approval of Committee Actions**

## O1. Business Taxes Committee

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Adopted committee report and approved the actions therein as reflected by the committee members' votes. For details see: <a href="http://www.boe.ca.gov/meetings/btc2015.htm">www.boe.ca.gov/meetings/btc2015.htm</a>	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

**P. Other Administrative Matters**

## P1. Executive Director's Report

1. Agency Highlights of Fiscal Year 2014-15
2. Professional Development Days Report
3. Board Communication Protocol
4. Outreach Protocol Proposal
5. ~~Constituent Mailing Guidelines~~
6. Pre-Election Mail Policy
7. CROS Project Update and Actions

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- P2. Chief Counsel Report  
There are no items for this matter.
- P3. Special Tax and Fees Deputy Director's Report
  - 1. Informational report on the 2016 Emergency Telephone Users Surcharge Rate (ETUS)
- P4. Property Taxes Deputy Director's Report  
There are no items for this matter.
- P5. Administration Deputy Director's Report
  - 1. Contract Over \$1 Million
    - a. SICPA Product Security Contract

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

- ~~2. Board Meetings Security Screening~~
- 3. Legislative Budget Change Proposals

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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