STATE OF CALIFORNIA

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

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

UNOFFICIAL

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

PRELIMINARY RECORD OF BOARD ACTIONS

Wednesday, December 16, 2015

The following is a preliminary record of Board actions taken at the December 16, 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 Lopez at 916-322-1931 or e-mail: Claudia.Lopez@boe.ca.gov. Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

~~**Board Committee Meeting**~~

Board Meeting

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. craigslist, Inc., 725838, 843070

DECISION	MEMBER	BOARD VOTE
Taxpayer's appeal denied.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

UNOFFICIAL

B2. Hexu Zhao, 849110

DECISION	MEMBER	BOARD VOTE
Taxpayer's appeal denied.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

~~B3. Richard Malzahn and Kimberly Sylvester-Malzahn, 864684~~

~~B4a. Darakar, Inc., 848652~~

~~B4b. Kazem Khorasani and Manije Khorasani, 848653~~

C. Sales and Use Tax Appeals Hearings

C1. Rocks, LLC, 459156 (GH)

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

~~C2. Emad Kamal Sweidan, 710620 (KH)~~

~~C3. Chad Worthen, 734836 (KH)~~

C4. CBC Steel Buildings, LLC, 597564 (KH)

DECISION	MEMBER	BOARD VOTE
Taxpayer's claim 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:

D. Special Taxes Appeals Hearings

E. Property Tax Appeals Hearings

UNOFFICIAL

F. Public Hearings

F1. 2016 Timber Yield Tax Rate

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

F2. Timber Harvest Values and Modified Harvest Values

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

F3. Proposed Amendments to Diesel Fuel Tax Regulation 1432, *Other Nontaxable Uses of Diesel Fuel in a Motor Vehicle*

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

F4. Proposed Amendments to Rules for Tax Appeals Regulations 5218, *Review of the Petition by the Assigned Section,* 5235*, Action on the Claim for Refund,* 5237*, Board Approval Required for Refunds Over $100,000, and* 5267*, Issuance of Post Appeals Conference Notices; Board Approval*

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

UNOFFICIAL

G. Tax Program Nonappearance Matters – Consent

G1. Legal Appeals Matters

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

- Hearing Notice Sent – No Response
  1. E.W. International Trade, Inc., 719634 (BH)
  2. John Paul Hiraoka-Lee, 585999 (CH)
  3. Miguel Angel Sandoval, 601184 (GH)
- Petitions for Release of Seized Property
  4. Claude G. Eid, 903020 (STF)
  5. Ashok B. Patel, 911740 (STF)
  6. Ankit Prakash Vora and Mona A. Vora, 916572 (STF)
  7. Gary L. Banks, 916576 (STF)
  8. Mohinder Singh Nahal, 916383 (STF)
  9. Rafael Ramos Rodriguez, 919148 (EH)

G2. Franchise and Income Tax Matters

DECISION	MEMBER	BOARD VOTE
Approved staff recommendations. No final determination on sub-item 3.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

- Hearing Notice Sent – Appearance Waived
  1. Gerald J. Alexander and Theresa G. Alexander, 732677
- Decisions
  2. Fernando Anglin, 854551
  ~~3. Jose Borges and Laura Borges, 604857~~
  4. Epworth Apartments, LP, 839252
  5. David L. Fay, 655009
  6. Kris G. Hall-Patterson, 791181
  7. Harry P. Hewell, 845682
  8. David Horn and Carol Horn, 841442
  9a. Benjamin Iserhien, 839050
  9b. Benjamin Iserhien and Krystina Tran, 839054
  10. Mark Lonich, 813531
  11. Roger Scherer, 848193
  12. Ashvin Kumar Singh, 852161
  13. Johnny C. Vong, 850303
  14. Charlotte E. Wadsworth, 782289
- Petitions for Rehearing
  15. Lina Nihiser, 764246

UNOFFICIAL

G3. Homeowner and Renter Property Tax Assistance Matters
There are no items for this matter.

G4. Sales and Use Taxes Matters

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

- Redeterminations
  1. Siemens Medical Solutions USA, Inc., 676512 (OH)
  2. John Dunn, 739830 (CH)
  3. Susan Deming, 741287 (CH)
  4. A-Link Wireless CA, LLC, 795255 (AS)
  5. Ashuray, Inc., 851787 (AP)
- Relief of Penalty/Interest
  6. Williams-Sonoma DTC, Inc., 920203 (DF)
- Denials of Claims for Refund
  7. Nissan Motor Acceptance Corp., 855899 (OH)
  8. SL Financial Services Corporation, 815885 (OH)
- Grant-One Day Interest Relief
  9. San Francisco Health Authority, 925285 (BH)
  10. La Curacao, 925287 (AA)
  11. TNH Motors, Inc., 920204 (AC)
  12. California Metro Mobile Communications, Inc., 925288 (BH)
  13. Riverside Community Hospital, 927173 (EH)
  14. South Coast Keyboards, Inc., 920205 (FH)
  15. Graphic Enterprises, Inc., 927174 (JH)
  16. Waterford Irrigation Supply, Inc., 920206 (KH)
  17. BJ’s Restaurants, Inc., 920207 (EA)
  18. Grand Petroleum, Inc., 925290 (CH)
  19. Hotel Del Coronado, LP, 925291 (FH)
  20. Beauty Systems Group, LLC, 925292 (OH)
  21. Kristin Annette Nelson, 920208 (SO)
  22. Hawk Ridge Systems, LLC, 927193 (GH)
  23. DTRS Palo Alto, LLC, 920209 (BH)
  24. Prosperity Fuels, Inc., 926504 (DF)
  25. Premier Automotive of Placentia, LLC, 925293 (OH)
  26. Courtesy Automotive Group, Inc., 925294 (KH)

UNOFFICIAL

G5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds

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

- Credits and Cancellations
  1. Richmond Petro, Inc., 919839 (CH)
- Refunds
  2. Nissan Motor Acceptance Corp., 855899 (OH)
  3. Bakersfield Pipe and Supply, Inc., 892210 (DF)
  4. DWWTL, Inc., 611711 (EA)
  5. Halo Motor Company, 852367 (FH)
  6. The Golden 1 Credit Union, 881242 (KH)
  7. Mead Johnson & Company, 838514 (OH)
  8. GE Capital Consumer Card Co., 183237 (OH)
  9. Monogram Credit Services, LLC, 919732 (OH)
  10. Nissan North America, 917740 (OH)
  11. Wells Fargo Bank NW NA Trustee, 920337 (UT)
  12. McKinna 69, LLC, 905682 (UT)
  13. Sofijon, Inc., 871876 (AS)
  14. Kohl's Department Stores, Inc., 532001 (OH)
  15. Digital Networks Group, Inc., 737316 (EA)
  16. NFL Enterprises, LLC, 850175 (OH)
  17. Composite Cooling Solutions, LP, 915467 (OH)
  18. IDSC Holdings, LLC, 913722 (OH)
  19. Boehringer Ingelheim Fremont, Inc., 913728 (OH)
  20. Korvis, LLC, 876289 (OH)
  21. CR&R, Inc., dba Mayberry Sanitation Services, 892209 (EA)

G6. Special Taxes Matters
There are no items for this matter.

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

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

- Refunds
  1. City of Long Beach, 867031 (STF)
  2. Thrifty Payless, Inc., 918653 (STF)

UNOFFICIAL

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
There are no items for this matter.

H2. Franchise and Income Tax Matters
- Member Motion to Rescind November 17, 2015 Vote
  1. Robert H. Lowe and Sheryl L. Berkoff, 571973

DECISION	MEMBER	BOARD VOTE
The Board rescinded its November 17, 2015 vote.	Mr. Horton	No
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	No

DECISION	MEMBER	BOARD VOTE
The Board ordered the matter be scheduled for revote at its February 2016 meeting in Culver City.	Mr. Horton	No
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	No

H3. Homeowner and Renter Property Tax Assistance Matters
There are no items for this matter.

H4. Sales and Use Taxes Matters
- Denials of Relief of Penalty/Interest
  1. Novitex Enterprise Solutions, Inc., 915217 (OH)

DECISION	MEMBER	BOARD VOTE
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:
H5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds
H6. Special Taxes Matters

UNOFFICIAL

H7. Special Taxes Matters – Credits, Cancellations, and Refunds

- Refunds

1. GFBC, Inc., 845603 (STF) 'CF'

DECISION	MEMBER	BOARD VOTE
Approved staff recommendation.	Mr. Horton	Absent
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee	Yes

H8. Property Tax Matters

- Petition for Reassessment of Unitary Value

1. CVIN LLC (8151), 901635 'CF'

DECISION	MEMBER	BOARD VOTE
Taxpayer's petition partially granted/denied.	Mr. Horton	Absent
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee	Yes

2. Surewest Televideo (7961), 901644 'CF'

DECISION	MEMBER	BOARD VOTE
Taxpayer's petition partially granted/denied.	Mr. Horton	Absent
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee	Yes

H9. Cigarette License Fee Matters
There are no items for this matter.

H10. Legal Appeals Property Tax Matters

- Petition for Reassessment of Unitary Value

1. Verizon California, Inc. (201), 903737 'CF'

DECISION	MEMBER	BOARD VOTE
Taxpayer's petition denied.	Mr. Horton	Absent
	Ms. Harkey	No
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee	Yes

UNOFFICIAL

2. Cabrillo Power II, LLC (1107), 902419 'CF'

DECISION	MEMBER	BOARD VOTE
Taxpayer's petition partially granted/denied.	Mr. Horton	Absent
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee	Yes

3. NRG Potrero, LLC (1108), 902420 'CF'

DECISION	MEMBER	BOARD VOTE
Taxpayer's petition partially granted/denied.	Mr. Horton	Absent
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee	Yes

4. NRG Delta, LLC (1109), 902421 'CF'

DECISION	MEMBER	BOARD VOTE
Taxpayer's petition denied.	Mr. Horton	Absent
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee	Yes

5. U.S. TelePacific Corp. (7757), 900305 'CF'

DECISION	MEMBER	BOARD VOTE
Taxpayer's petition partially granted/denied.	Mr. Horton	Absent
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee	Yes

6. CBC Broadband Holdings, LLC (7910), 908337 'CF'

DECISION	MEMBER	BOARD VOTE
Taxpayer's petition partially granted/denied.	Mr. Horton	Absent
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee	Yes

UNOFFICIAL

7. Crown Castle NG West, Inc. (7982), 903028 'CF'

DECISION	MEMBER	BOARD VOTE
Taxpayer's petition partially granted/denied.	Mr. Horton	Absent
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee	Yes

8. California Broadband Cooperative, Inc. (8139), 908828 'CF'

DECISION	MEMBER	BOARD VOTE
Taxpayer's petition partially granted/denied.	Mr. Horton	Absent
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee	Yes

9. Freedom Telecommunications, LLC (8169), 908829 'CF'

DECISION	MEMBER	BOARD VOTE
Taxpayer's petition partially granted/denied.	Mr. Horton	Absent
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee	Yes

10. Plains West Coast Terminals, LLC (488), 900970 'CF'

DECISION	MEMBER	BOARD VOTE
Taxpayer's petition partially granted/denied.	Mr. Horton	Absent
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee	Yes

11. Pacific Pipeline System, LLC (486), 900973 'CF'

DECISION	MEMBER	BOARD VOTE
Taxpayer's petition partially granted/denied.	Mr. Horton	Absent
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee	Yes

UNOFFICIAL

12. Plains Pipeline, LP (465), 900978 'CF'

DECISION	MEMBER	BOARD VOTE
Taxpayer's petition partially granted/denied.	Mr. Horton	Absent
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee	Yes

13. Panoche Energy Center, LLC (1152), 908350 'CF'

DECISION	MEMBER	BOARD VOTE
Taxpayer's petition partially granted/denied.	Mr. Horton	Absent
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee	Yes

14. Larkspur Energy, LLC (1142), 903827 'CF'

DECISION	MEMBER	BOARD VOTE
Taxpayer's petition denied.	Mr. Horton	Absent
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee	Yes

15. Indigo Generation, LLC (1141), 903818 'CF'

DECISION	MEMBER	BOARD VOTE
Taxpayer's petition denied.	Mr. Horton	Absent
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee	Yes

16. Mariposa Energy, LLC (1159), 908349 'CF'

DECISION	MEMBER	BOARD VOTE
Taxpayer's petition denied.	Mr. Horton	Absent
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee	Yes

UNOFFICIAL

- Petition for Penalty Abatement on Unitary Value
  17. SES Americom California, Inc. (7621), 908059 'CF'

DECISION	MEMBER	BOARD VOTE
Taxpayer's petition denied.	Mr. Horton	Yes
	Ms. Harkey	No
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee	Yes

- Petition for Reassessment and Penalty Abatement on Unitary Value
  18. Liberty Utilities (Calpeco Electric), LLC (163), 903788 'CF'

DECISION	MEMBER	BOARD VOTE
Taxpayer's petition partially granted/denied.	Mr. Horton	Absent
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee	Yes

I. Tax Program Nonappearance Matters

I1. Property Taxes Matters

DECISION	MEMBER	BOARD VOTE
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee	Yes

- Audits
  1. Delta Energy Center, LLC (1128) 'CF'
  2. Pastoria Energy Facility, LLC (1131) 'CF'
  3. CCFC Sutter Energy, LLC (1132) 'CF'
  4. Metcalf Energy Center, LLC (1133) 'CF'
  5. Otay Mesa Generating Company, LLC (1134) 'CF'
  6. Los Esteros Critical Energy Facility, LLC (1143) 'CF'
- Roll Changes
  7. 2013, 2014, and 2015 Board Rolls of State-Assessed Property 'CF'

UNOFFICIAL

I2. Offer in Compromise Recommendations

DECISION	MEMBER	BOARD VOTE
Approved staff recommendations.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee	Yes

1. 420 For The People Cooperative, Inc.
2. Cabinet Solution Design Center
3. Menua Mirzakhanyan

4a. Jorge Alberto Nogales
4b. Bonita Nogales
4c. Los Tios Mexican Grill

5. Ole's Enterprise, Inc.
6. Turlock Truck Auto Sales and Service, Inc.
7. Artak Zatikyan

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 Matters

Administrative Session

N. Consent Agenda

DECISION	MEMBER	BOARD VOTE
Approved staff recommendations.	Mr. Horton	Yes
Minutes of November 17-18, 2015 are approved as modified by the Board to reflect a rescinded vote.	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

N1. Retirement Resolution
- Susie Leon

N2. Approval of Board Meeting Minutes
- October 27, 2015
- October 28, 2015
- November 17-18, 2015

N3. Proposed revisions to Compliance Policy and Procedures Manual (CPPM) Chapter 1, *General*, Chapter 2, *Registration*, Chapter 5, *Returns*, and Audit Manual (AM) Chapter 1, *General Information*

N4. Approval of Assessors' Handbook Section 531, *Residential Building Costs*

N5. Approval of Assessors' Handbook Section 534, *Rural Building Costs*

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

~~O1. Legislative Committee~~

P. Other Administrative Matters

P1. Executive Director's Report

1. State Controller's Office (SCO) findings detailed in its "Review Report, Internal Accounting and Administrative Controls Review"
2. Strategic Management Plan 2015-2020
3. Workforce and Succession Plan 2015-2016
4. CROS Project Update and Actions
5. ~~3-Day Board Member Review Process~~

There are no items for the following matters:

P2. Chief Counsel Report
P3. Sales and Use Tax and Special Taxes and Fees Deputy Director's Report
P4. Property Tax Deputy Director's Report
P5. Administration Deputy Director's Report
P6. Technology Deputy Director's Report
P7. External Affairs Deputy Director's Report

Q. Closed Session

UNOFFICIAL