



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 ACTIONS**

**Tuesday, January 26, 2016**

The following is a preliminary record of Board actions taken at the January 26, 2016, 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](mailto:Claudia.Lopez@boe.ca.gov). Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

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

**Board Meeting**

**Special Presentation**

- Presentation of Board Resolution  
Jeffrey L. McGuire, Executive Sponsor,  
Business Transformation Projects

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

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**B. Corporate Franchise and Personal Income Tax Appeals Hearings****B1. Zongrong Liu and Ying Ma, 796330—Waived Appearance**

<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

**B2. Michael J. Barkley and Laura Ann Barkley, 852234**

<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

**B3. Robert W. Holman and Margaret E. Holman, 856805**

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

**C. Sales and Use Tax Appeals Hearings****C1. New NGC, Inc., 485164, 547426 (OH)**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's claim partially granted/denied.	Mr. Horton	No
The Board ordered a reaudit.	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	No

**C2. ~~Jacek Pasternak, 493152, 526562 (CH)~~**

There are no items for the following matters:

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

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**F. Public Hearings**

- F1. Proposed Amendments to Emergency Telephone Users Surcharge Regulations 2401, *Definitions*, 2413, *Exemptions from Surcharge*, and 2422, *Returns and Payment*

<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

- F2. Proposed Adoption of Prepaid Mobile Telephony Services Regulations 2460, *Administration*, 2461, *Exemptions, Deductions, Credits, and Specific Applications of Tax*, and 2462, *Refunds of Excess Charges Collected*

<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

**G. Tax Program Nonappearance Matters – Consent**

- G1. Legal Appeals Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations. No final determination on sub-items 5, 6 and 7.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

- Hearing Notice Sent – No Response
1. Anthony Oladipupo Banjo, 609416 (CH)
  2. Dhaliwals, Inc., 576178 (KH)
  3. Inderjit Kalia and Joy Mukherji, 812440 (JH)
  4. Cliff H. Koon, 743646 (EA)
  5. ~~Qaisara Malik, 793207 (KH)~~
  6. ~~Morrison Auto Corporation, 765464 (KH)~~
  7. ~~Rizza Marie Cancio Punzalan and Max Leung, 554317 (BH)~~

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- Petitions for Release of Seized Property
  8. Adnan K. Abusharkh, 923633 (STF)
  9. Mohinder Singh Nahal, 923638 (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-items 8 and 16.	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

- Decisions
  1. David Batres, 850346
  2. Bertha Colbert, 854548
  3. Jolene S. Engel, 793790
  4. Susan D. Gries, 807744
  5. Abdul Hanif and Saleshni Devi, 800506
  6. James J. Jenkins, 843074
  7. Michael Johnstone, 823485
  8. ~~Devetus Jones and Samantha Jones, 841654~~
  9. Valerie Jonesbrice, 841450
  10. Neal Katyal and Joanna Rosen, 813239
  11. Lansmont Corporation, 805002
  12. Regina R. McGill, 809493
- Petitions for Rehearing
  13. Denis L. Jost, 796313
  14. Clovus M. Sykes, 817237
  15. Arlene Ursino, 788761
  16. ~~Robert E. Valdez and Judy M. Valdez, 819052~~

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. Richard York, 563213 (AR)
  2. Darrell Schmitt Design Associates, Inc., 595732 (AS)
  3. Fun Fish Market, Inc., 626547 (AS)

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4. H.K. Seafood, Inc., 626549 (AS)
5. R. B. Pier Seafood, Inc., 626545 (AS)
6. Polydyne, Inc., 783409 (OH)
7. Squat and Gobble Café, LLC, 627111 (BH)
8. Anat Broslavski, 875776 (AS)
9. Autobids, 728259 (EA)
10. Pier Mont, Inc., 626548 (AS)
11. Cole Retail, Inc., 852212 (BH)

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. Oreco Duct Systems, Inc., 923448 (AP)
  2. Blanca N. Duran, 923095 (AA)
  3. Alejandro Estrada Ortiz, 925123 (CH)
  4. Draeger Safety Diagnostics, Inc., 923143 (OH)
- Refunds
  5. KST Data, Inc., 836397 (AS)
  6. Sylvania Lighting Services Corporation, 765476 (OH)
  7. Alphatec Spine, Inc., 794115 (FH)
  8. Professional Hospital Supply, Inc., 840779 (EH)
  9. Shinko Electric America, Inc., 808601 (GH)
  10. Federal Express Corporation, 856746 (OH)
  11. Total Renal Care, Inc., 744118 (OH)
  12. PFCCB Equipment, LLC, 874389 (OH)
  13. Seneca Foods, LLC, 850312 (KH)
  14. Pacific Gas and Electric Company, 926468 (BH)
  15. General Electric Capital Corporation, 923825 (OH)
  16. Dorel Juvenile Group, Inc., 920597 (OH)
  17. Harley-Davidson Credit Corporation, 790073 (OH)
  18. T-Mobile Resources Corporation, 846349 (OH)
  19. Square Peg Packaging & Printing, LLC, 744094 (FH)
  20. 1-800 Contacts, Inc., 922304 (OH)
  21. Millercoors, LLC, 593688 (OH)
  22. Team Solar, Inc., 857813 (OH)
  23. Carfinance Capital, LLC, 900926 (EA)
  24. Lecip, Inc., 912870 (OH)
  25. JTI Electrical & Instrumentation, LLC, 892212 (DF)

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G6. Special Taxes Matters

<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

- Redeterminations
  1. JFC Construction, Inc., 446444 (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	Yes – except not participating in sub-items 5 and 6

- Credits and Cancellations
  1. Dusan Polovin, 880780 (HQ)
  2. Vesna Lazic, 926725 (HQ)
  3. Dusan Polovin, 926733 (HQ)
  4. Vesna Lazic, 926731 (HQ)
- Refunds
  5. The Wine Group, LLC, 918647 (STF) ‘CF’
  6. Constellation Brands U.S. Operations, Inc., 919574 (STF) ‘CF’

There are no items for the following matters:

- G8. Property Tax Matters
- G9. Cigarette License Fee Matters
- G10. Legal Appeals Property Tax Matters

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**H. Tax Program Nonappearance Matters – Adjudicatory****H1. Legal Appeals Matters**

- Member Motion to Rescind November 17, 2015 Vote
  1. G & C Equipment Corporation, 373826 (AS)

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

**H2. Franchise and Income Tax Matters**

- Decisions

1. David Bental and Karen Bental, 823501

<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

2. — Laura D. Muller, 835863

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

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**I. Tax Program Nonappearance Matters****I1. Property 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	Not participating

## ➤ Audit

1. Long Beach Generation, LLC (1111) 'CF'
2. Nextlink Wireless, LLC (2775) 'CF'
3. Pacific Centrex Services, Inc. (7735) 'CF'
4. Splice Communications, Inc. (8146) 'CF'
5. Kingstone Telecommunications, Inc. (8177) 'CF'

## ➤ Board Roll Changes

6. 2014 and 2015 Board Rolls of State-Assessed Property 'CF'

**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. Steven Arbizo
2. Kolina G. Babikian
- 3a. Kyung Ja Bak
- 3b. Phillip Younteack Bak
- 3c. Baks USA, Inc.
- 4a. Donald Wayne Brown
- 4b. Emma Jean Brown
- 4c. Top Deck Deli Café, LLC
5. Rosa Mirian Cabrera
6. Moshe M. Chomoshe
7. Marie Coe
8. Michelle Davis Conti
- 9a. Ahmed Abdel Elhamid Elguindi
- 9b. Northern Start Investment Corp.
10. Carlos Martin Escobar
11. Syed Mahmood Ghayas
12. Dhia H. Mansour
13. Jennifer Leah McDonald

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- 14. Virginia S. Morris
- 15a. Manuel Fuentes Pacis
- 15b. Rosita Tomes Pacis
- 16. Donald Lee Robinson
- 17a. Khaled M. Shatnawi
- 17b. Kim Kathleen Shatnawi

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

**Chief Counsel Matters**

**J. Rulemaking**

- J1. Petition to amend Sales and Use Tax Regulation 1569, *Consignees and Lienors of Tangible Personal Property for Sale*

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
The Board referred the petition to the Legislative Committee on an expedited bases.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
	Ms. Yee/ Ms. Stowers	Yes

**Section 100 Changes**

- J2. Fee Collection Procedures Regulation 3500, *Application of the Fee Collection Procedure Law*

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved section 100 changes as recommended by staff.	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. Adoption of Retirement Resolutions

- Carol Egstad
- Peter Lee
- Althea H. Mitchel
- Oscar Villasenor

## N2. Adoption of Board Resolution

- Jeffrey L. McGuire

## N3. Approval of Board Meeting Minutes

- December 16, 2015

N4. Proposed Revisions to Compliance Policy and Procedures Manual Chapter 2, *Registration*; Chapter 5, *Returns*; Chapter 7, *Collections*; and Chapter 8, *Consumer Use Tax***O. Adoption of Board Committee Reports 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 as reflected by the committee members' votes.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
For details see: <a href="http://www.boe.ca.gov/legdiv/legmeetings16.htm">www.boe.ca.gov/legdiv/legmeetings16.htm</a>	Ms. Yee/ Ms. Stowers	Yes

## O2. 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.	Mr. Horton	Yes
	Ms. Harkey	Yes
	Mr. Runner	Yes
	Ms. Ma	Yes
For details see: <a href="http://www.boe.ca.gov/meetings/btc2016.htm">www.boe.ca.gov/meetings/btc2016.htm</a>	Ms. Yee/ Ms. Stowers	Yes

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**P. Other Administrative Matters**

P1. Executive Director’s Report

1. Update on Resolution of State Controller’s Office (SCO) Board of Equalization Review
2. Status reports on the Revenue Recovery and Collaborative Enforcement (RRCE) Act, and the Tax Recovery and Criminal Enforcement Team (TRaCE) (Pilot Project)
3. CROS Project Update and Actions
4. Budget Update

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

1. Facility Update
2. 2016-2017 Spring Finance Letters
  - a. Centralized Revenue Opportunity System (CROS) Project Implementation Phase

<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

b. AB 1717 Prepaid Mobile Telephony Services (MTS) Surcharge

<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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c. SB 84 Regional Railroad Accident Preparedness and Immediate Response

<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:

P6. Technology Deputy Director's Report

P7. External Affairs Deputy Director's Report

**Q. Closed Session**

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