



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

DAVID J. GAU
Executive Director

STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
May 24-25, 2016

PRELIMINARY RECORD OF BOARD ACTION

Tuesday, May 24, 2016

U
N
O
F
F
I
C
I
A
L

The following is a preliminary record of Board actions taken at the May 24-25, 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. Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

Board Committee Meetings

These items are scheduled for the afternoon session.

Board Meeting

Board Member Annual Photograph

State-Assessed Properties Value Setting

Property Tax Matter 'CF'

Electric Generation Facilities
SBE Company Nos. 1100-1165

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Value Recommendations for consent and non-consent items.	Ms. Ma	Yes
	Ms. Harkey	Yes
	Mr. Horton	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes

Energy Companies
SBE Company Nos. 101-198

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Value Recommendations for consent and non-consent items.	Ms. Ma	Yes
	Ms. Harkey	Yes
	Mr. Horton	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes

Pipeline Companies
SBE Company Nos. 402-493

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Value Recommendations for consent and non-consent items.	Ms. Ma	Yes
	Ms. Harkey	Yes
	Mr. Horton	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes

Railroad Companies
SBE Company Nos. 802-899

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Value Recommendations for consent and non-consent items.	Ms. Ma	Yes
	Ms. Harkey	Yes
	Mr. Horton	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes

Interexchange Telephone Companies
SBE Company Nos. 2014-2470 and 7503-8185

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Value Recommendations for consent and non-consent items.	Ms. Ma	Yes
	Ms. Harkey	Yes
	Mr. Horton	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes

UNOFFICIAL

Wireless Telephone Companies
SBE Company Nos. 2532-3430

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Value Recommendations for consent and non-consent items.	Ms. Ma	Yes
	Ms. Harkey	Yes
	Mr. Horton	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes

Local Exchange Telephone Companies
SBE Company Nos. 201-330

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Value Recommendations for consent and non-consent items.	Ms. Ma	Yes
	Ms. Harkey	Yes
	Mr. Horton	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes

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. Gregory Wimmer, 842007

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

B2. River Bell Park Apartments, 874722

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

UNOFFICIAL

- B3a. Emerson Properties, Inc., 871652
- B3b. Stanley R. Emerson and Kathleen Emerson, 871809
- B3c. Christopher B. Emerson and Valerie M. Wade, 871819
- B3d. Dale R. Emerson and Carolyn K. Emerson, 871825
- B3e. Michael Emerson and Marla Novo, 871826
- B3f. Patrick Emerson, 871832
- B3g. Craig J. Coombs and Tricia Emerson, 871833

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

B4. Frank Schine and Stephanie Schine, 791858

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayers' appeal withdrawn after reaching agreement with the Franchise Tax Board to resolve the matter.	Ms. Ma	
	Ms. Harkey	
	Mr. Horton	
	Mr. Runner	
	Ms. Yee/ Ms. Stowers	

~~B5. Nannette Beacham (Sparks), 862188~~

C. Sales and Use Tax Appeals Hearings

These items are scheduled for Wednesday, May 25, 2016.

There are no items for the following matters:

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

F. Public Hearings

F1. Proposed Adoption of Cigarette and Tobacco Products Tax Regulation 4076, *Wholesale Cost of Tobacco Products*

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

UNOFFICIAL

F2. [Business Taxpayers' Bill of Rights Hearings](#)

F3. [Property Taxpayers' Bill of Rights Hearings](#)

G. Tax Program Nonappearance Matters – Consent

G1. Legal Appeals Matters

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

- Hearing Notice Sent – No Response
 1. 7 Bay Truck Station, Inc., 836996 (AA)
 2. Bajwa Bros, LLC, 678256 (EA)
 3. Charisma Motors, Inc., 589120 (AS)
 - 4a. C W Store, Inc., 756890 (DF)
 - 4b. C W Store, Inc., 755875 (DF)
 - 4c. C W Store, Inc., 755876 (DF)
 - 4d. Alawi Mohamed Abdulgi Algumae, 756919 (DF)
 5. Infra-Structure Aggregates, Inc., 711192 (RC)
 6. Yolanda Villa Jaramillo, 777639 (EA)
 7. Roman Preys, 573476 (AR)
 8. Juan Ramirez, 610532 (UT)
 9. Robere's Jewelry, Incorporated, 760304 (FH)
 - 10a. Marina Plagova, 731341 (STF)
 - 10b. Marina Plagova, 731343 (STF)
 11. Christopher Steven Irving, 736792 (GH)
 12. Lepore Brothers, LLC, 492275 (AS)
 13. The Morgan-Kane Food Service Group, 592873 (GH)
 14. Motif, LLC, 739818 (GH)
 15. To-Quyen T. Nguyen, 731329 (KH)
 16. Rizalde V. Sandoval, 792067 (EH)
 17. Julianne Kathryn Tellez, 733848 (CH)
 18. Austin Wallestad, 519814, 520192, 847807 (KH)
 19. Yahia Ibrahim Assad, et al., 352128 (STF)
 20. Cleopatra Smokes, Inc., 611397 (STF)
- Hearing Notice Sent – Appearance Waived
 21. Hughston Engineering, Inc., 799116, 816932 (BH)
 22. Qaisara Malik, 793207 (KH)

UNOFFICIAL

G2. Franchise and Income Tax Matters

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

- Hearing Notice Sent – No Response
 1. Donald G. Blakstad, 793952
- Hearing Notice Sent – Appearance Waived
 2. Thomas H. T. Lin and Li-Ya Huang, 640327
- Decisions
 3. Lars Bergmann, 843571
 4. Rodney C. Brovelli, 847331
 5. Fig Tree Foods, Inc., 823707
 6. Ernestine Forrest, 805246
 7. Ryan King and Holly King, 855804
- Petitions for Rehearing
 - 8a. Benjamin Iserhien, 839050
 - 8b. Benjamin Iserhien and Krystina Tran, 839054
 9. Charlotte E. Wadsworth, 782289

There are no items for the following matters:

- G3. Homeowner and Renter Property Tax Assistance Matters
- G4. Sales and Use Taxes Matters
- G5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds
- 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 – Appearance Waived
 1. Naz Auto Services, Inc., 626426 (BH)

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

UNOFFICIAL

H2. Franchise and Income Tax Matters

➤ Decisions

1. Christene Brown, 797860

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

➤ Petitions for Rehearing

2. Ameristar Casinos, Inc. & Subs., 605227, 841016

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

➤ Section 40 (AB 2323) Matters

3. Michael J. Bills and Mary E. Bills, 610028, 782397

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
The Board adopted the written summary decision as presented by staff.	Ms. Ma	Yes
	Ms. Harkey	Yes
	Mr. Horton	No
	Mr. Runner	Yes
	Ms. Yee/ Ms. Stowers	No

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

UNOFFICIAL

I. Tax Program Nonappearance Matters**I1. Property Taxes Matters**

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

➤ Audit

1. Golden State Water Company (0101) 'CF'
2. Southern California Edison Company (0148) 'CF'
3. Liberty Utilities, LLC (0163) 'CF'
4. Smart City Networks LP (2099) 'CF'
5. Network Telephone Services, Inc. (7636) 'CF'
6. Telespan Communications, LLC (7956) 'CF'
7. OpticAccess, LLC (8150) 'CF'
8. X2 Telecom, LLC (8159) 'CF'
9. Freedom Telecommunications, LLC (8169) 'CF'

➤ Unitary Land Escaped Assessment

10. Cellco Partnership (2559) 'CF'
11. Sprint Telephony PCS, L.P. (2720) 'CF'

I2. Offer in Compromise Recommendations

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

1. Wing Man Choy
- 2a. Kwang Kyung Park
- 2b. Sun Soon Park
3. The 33 Degrees Group, LLC
4. Susan Penny Lawrence Watne

I3. Local Tax Reallocation Matters

There are no items for this matter.

UNOFFICIAL

Chief Counsel Matters

- J. Rulemaking
These items are scheduled for Wednesday, May 25, 2016.

There are no items for the following matters:

- K. Business Taxes
- L. Property Taxes
- M. Other Chief Counsel Matters
This item is scheduled for Wednesday, May 25, 2016.

Administrative Session

The following items are scheduled for Wednesday, May 25, 2016.

- N. Consent Agenda
- O. Adoption of Board Committee Reports and Approval of Committee Actions
- P. Other Administrative Matters

Q. Closed Session

Board Committee Meetings – Please see Page 13, O., Adoption of Board Committee Reports and Approval of Committee Actions, for voting results.

UNOFFICIAL



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

DAVID J. GAU
Executive Director

STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
May 24-25, 2016

PRELIMINARY RECORD OF BOARD ACTION

Agenda Changes
Webcast on Wednesday, May 25, 2016
Wednesday, May 25, 2016

The following is a preliminary record of Board actions taken at the May 24-25, 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. Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

Board Meeting

C. Sales and Use Tax Appeals Hearings

C1. Morrison Auto Corporation, 765464 (KH)

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

G2. ~~Chris Dinh Gao, 535474 (KH)~~

G3. ~~Rodolfo Dagoberto Carranza, 623951 (BH)~~

UNOFFICIAL

Special Presentations

Employee Recognition Award Program 2015-16

Chief Counsel Matters**J. Rulemaking**

J1. Readoption of Proposed Amendment to Diesel Fuel Tax Regulation 1432,
Other Nontaxable Uses of Diesel Fuel in a Motor Vehicle

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

Section 100 Changes

J2. Sales and Use Tax Regulation 1597, *Property Transferred or Sold by Certain Nonprofit Organizations*

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

J3. Property Tax Rules 282, *Temporary Certification*, and 283, *Permanent Certification*

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

OFFICIAL

M. Other Chief Counsel Matters**M1. Further Discussion of *Resolution Conferring Powers on the Executive Director***

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Adopted the amendment with further changes to line 4: add a comma after "Member" and delete the word "other".	Ms. Ma Ms. Harkey Mr. Horton Mr. Runner Ms. Yee/ Ms. Stowers	Yes Yes Yes Yes Yes
<u>DECISION</u> Schedule a June Board Meeting discussion of the policy on establishing location of offices and requirements for office space.	<u>MEMBER</u> Ms. Ma Ms. Harkey Mr. Horton Mr. Runner Ms. Yee/ Ms. Stowers	<u>BOARD VOTE</u> Yes Yes Yes Yes Yes
<u>DECISION</u> Bring back to the Board a master plan of facilities as soon as is practical.	<u>MEMBER</u> Ms. Ma Ms. Harkey Mr. Horton Mr. Runner Ms. Yee/ Ms. Stowers	<u>BOARD VOTE</u> Yes Yes Yes Yes Yes

Administrative Session**N. Consent Agenda**

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

- N1. Retirement Resolutions
- Lynn Bartolo
 - Merly R. Dino
 - Cynthia L. Thomas
- N2. Board Resolution
- Shellie L. Hughes
- N3. Approval of Board Meeting Minutes
- April 26-27, 2016

UNOFFICIAL

- N4. Proposed revisions to Audit Manual Chapter 4, *General Audit Procedures*, and Chapter 9, *Grocers*
- N5. Proposed revisions to Compliance Policy and Procedures Manual Chapter 2, *Registration*, and Chapter 7, *Collections*
- N6. Report on time extensions to Alpine, Mariposa, Modoc, Monterey, and Plumas Counties to complete and submit fiscal year 2016-17 Local Assessment Roll, pursuant to Revenue and Taxation Code section 155
- N7. Adoption of Property Tax Forms
- BOE-58-AH *Claim for Reassessment Exclusion for Transfer Between Parent and Child*
 - BOE-58-G *Claim for Reassessment Exclusion for Transfer from Grandparent to Grandchild*
 - BOE-261-G *2017 Claim for Disabled Veterans' Property Tax Exemption*
 - BOE-264-AH *College Exemption Claim*
 - BOE-267-A *20__ Claim for Welfare Exemption (Annual Filing)*
 - BOE-267-R *Welfare Exemption Supplemental Affidavit, Rehabilitation—Living Quarters*
 - BOE-502-D *Change in Ownership Statement, Death of Real Property Owner*
 - BOE-502-G *Change in Ownership Statement, Oil and Gas Property*
 - BOE-502-P *Possessory Interests Annual Usage Report*

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. For details see: www.boe.ca.gov/legdiv/legmeeting/s16.htm	Ms. Ma	Yes
	Ms. Harkey	Yes
	Mr. Horton	Yes
	Mr. Runner	Yes
	Ms. Yee/ Ms. Stowers	Yes

O2. ~~Business Taxes Committee~~

P. Other Administrative Matters

P1. Executive Director's Report

1. Board Meeting Interpreter Process and Guidelines

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation.	Ms. Ma	Yes
	Ms. Harkey	Yes
	Mr. Horton	No
	Mr. Runner	Yes
	Ms. Yee/ Ms. Stowers	Yes

UNOFFICIAL

There are no items for the following matters:

- P2. Chief Counsel Report
- P3. Business Tax and Fee Deputy Director's Report
- P4. Field Operations Department Report

P5. Property Tax Deputy Director's Report

- 1. Adoption of 4-R Act Equalization Ratio for Fiscal Year 2016-17

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

P6. Administration Deputy Director's Report
There are no items for this matter.

P7. Technology Deputy Director's Report
1. CROS Project Update and Actions

P8. External Affairs Deputy Director's Report
There are no items for this matter.

UNOFFICIAL