STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
August 30-31, 2016
NOTICE AND AGENDA
Meeting Agenda (as of 8/29/2016, 3:30 PM)

Agenda Changes
Webcast on Tuesday, August 30, 2016
Tuesday, August 30, 2016

9:00 a.m.  Pledge of Allegiance

Board Meeting Convenes*

Agenda items occur in the order in which they appear on the agenda. When circumstances warrant, the Board’s Chair may modify the order of the items on the agenda. Items may be postponed to a subsequent day; however, items will not be moved to an earlier day or to an earlier session on the same day.

Board Committee Meeting**
This item is scheduled for later in the day.

Board Meeting*

Special Presentations

➢ Presentation of Board Resolution.................................................. Chairwoman Ma Honorable Senator Sharon Runner +

➢ Presentation of Retirement Resolution......................................... Chairwoman Ma Randy Ferris, Chief Counsel, Legal Department +

➢ Report from Selvi Stanislaus, Executive Director, Franchise Tax Board
Report from Franchise Tax Board on 2015 Earned Income Tax Credit and VITA Program.

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
(Contribution Disclosure forms required pursuant to Gov. Code, § 15626.)

B1. Paula Trust, 759422 +
For Appellant: Andrew McCullough, Representative
Sam Doolittle, Representative
Edwin P. Antolin, Attorney
Prentiss Willson, Attorney
For Franchise Tax Board: Sonia Woodruff, Tax Counsel
Doug Powers, Tax Counsel
Natasha Page, Tax Counsel

B2. David Chan and Suzanne Nagy-Chan, 605761 +
For Appellants: Suzanne Nagy-Chan, Taxpayer
For Franchise Tax Board: Ciro Immordino, Tax Counsel
David Gemmingen, Tax Counsel

B3. John A. Mattson and Tara L. Mattson, 816470 +
For Appellants: John A. Mattson, Taxpayer
For Franchise Tax Board: Jason Riley, Tax Counsel
David Gemmingen, Tax Counsel

B4. Frances C. Dandy and Estate of Stanford Dandy (Dec'd), 924692 +
For Appellants: Craig A. Houghton, Attorney
For Franchise Tax Board: Maria Brosterhous, Tax Counsel
Natasha Page, Tax Counsel

C. Sales and Use Tax Appeals Hearings
These items are scheduled for Wednesday, August 31, 2016.

There are no items for the following matters:
D. Special Taxes Appeals Hearings
E. Property Tax Appeals Hearings

1:30 p.m. Board Committee Meeting Convenes**

Business Taxes Committee.................................Ms. Harkey, Committee Chairwoman

1. Proposed Amendments to Sales and Use Tax Regulation 1591,
Medicines and Medical Devices

Request approval and authorization to publish proposed amendments to clarify that permanently implanted articles that mark the location of “or otherwise monitor” a medical condition
qualify as “medicines” under subdivision (b)(2), *Permanently Implanted Articles*.

**Board Meeting Reconvenes***

**F. Public Hearing**

F1. **Proposed Amendments to Sales and Use Tax Regulation 1702.5, Responsible Person Liability** 

+ ...................................... Ms. Castillo

Public hearing regarding proposed amendments to clarify and provide guidance regarding the Board’s historical interpretations of Revenue and Taxation Code section 6829 and the regulation.

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

(Contribution Disclosure forms not required pursuant to Gov. Code, § 15626.)

G1. Legal Appeals Matters .................................................................Mr. Angeja

- Hearing Notice Sent – No Response
  1. Zain H. Azzghayer and Adla Azzghayer, 814036 (BH)
  2. Rosita A. Carrillo, 848210 (DF)
  3. Paul Jorge Carvalho, 760098 (CH)
  4. Mark Holden, 611392 (AR)
  5. Adil Saleh Ali Isa, 839003 (CH)

- Hearing Notice Sent – Appearance Waived
  6. JMJ Wholesale Autos, 758216 (UT)
  7. Levitz Furniture, LLC, 461479 (OH)

- Petitions for Release of Seized Property
  8. Sam’s Market, Inc., 948258 (STF)
  9. Precise Auto, 952078 (STF)
  10. Salattar Corporation, 949925 (STF)
  11. Salattar Corporation, 949926 (STF)
  12. Napa Valley Limoncello Company, 954628 (STF)

G2. Franchise and Income Tax Matters ..............................................Mr. Epolite

- Decisions
  1. Suzanne E. Afflalo, 856407
  2. Allen Road JK Investment, LLC, 867230
  3. Michael Alvarez and Siobhan Alvarez, 863620
  4. Steven M. Brown and Carie E. Strahorn-Brown, 856355
  5. Robert B. Bryson and Elizabeth Mullarkey, 867260
  6. Butler Heritage, LLC, 865000
  7. Ronald Corbet, 852304
  8. Diane Daniels, 850281
  9. David Wittrock CPA, LLP, 868443
  10. Troy G. Farshi, 878275
11. Yogesh Goradia and Ranjan Y. Goradia, 791767
12. Jonathan D. Gordon, 854750
13. Jay K. Hahn, 859340
14. Jared H. Hoog and Lori A. Hoog, 819085
15. Lake Isabella Enterprises, II, a California Limited Partnership, 856792
16. Fariborz Lavaei and Ayelet Lavaei, 866434
17. Steven G. Philp and Lori Lynn Philp, 892917
18. Paula Plotkin, 842557
19. Preferred Manufacturing Services, Inc., 847179
20. Loren L. Ritter and Nancy L. Ritter, 809262
21. Rafat Rob and Tahany Qwareeq, 865625
22. John Sadolin, 919153
23. Scartphil, Inc., 869284
24. Amany Soliman, 864687
25. Thomas C. Street, 818692
26. Eric Walker and M. Lynn Walker, 796762
27. Alexey G. Zharikov and Darya A. Morozova, 819010

Petitions for Rehearing
28. Berc Agopoglu, 848646
29. Robert H. Lowe and Sheryl L. Berkoff, 571973
30. Michael McGuire, 709207

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
   There are no items for this matter.

I. Tax Program Nonappearance Matters
   (Contribution Disclosure forms not required pursuant to Gov. Code, § 15626.)

I1. Property Taxes Matters
   There are no items for this matter.

I2. Offer in Compromise Recommendations
   1a. Phillip Hickernell
   1b. PRH Investments, Inc.
   2a. Jeremy M. Maul
   2b. ICooperative Patients’ Association, Inc.
3. Jonathon L. McKellar
4. Parties by Panache, Inc.
5 Savas Wholesale, Inc.

I3. Local Tax Reallocation Matters..................................................Ms. Nienow
   ➢ Section 40 (AB 2323) Matter
     1. Cities of Ontario, Palm Springs, San Diego, Santa Barbara, and Counties of Sacramento and San Mateo, 525325, 525326+

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
Items that appear under these matters provide information to the Members and may require Board action or direction.

N. Consent Agenda.................................................................Ms. Richmond
   (Contribution Disclosure forms not required pursuant to Gov. Code, § 15626.)

N1. Adoption of Retirement Resolutions +
   • Barbara Bolda
   • Elizabeth Buelna
   • Aaron Caldwell
   • Ronald W. Halliburton
   • Michael Z. Martinez
   • Amanda Narvaez-Albertolli
   • Mary Riggs
   • Alice Scott
   • Charlton R. Whitten

N2. Adoption of Board Resolution +
   • Senator Sharon Runner

N3. Approval of Board Meeting Minutes
   • July 14, 2016 +

N4. Proposed revisions to Audit Manual Chapters 2, Preparation of Field Audit Reports; 4, General Audit Procedures; and 6, Vehicle, Vessel and Aircraft Dealers; and Compliance Policy and Procedures Manual Chapters 8, Consumer Use Tax and 9, Miscellaneous +

N5. Proposed revisions to Audit Manual Chapter 4, General Audit Procedures; and Compliance Policy and Procedures Manual Chapters 1, General, 2, Registration, 4, Security, 5, Returns, and 7, Collections +
O. Adoption of Board Committee Report and Approval of Committee Actions
   O1. Business Taxes Committee

P. Other Administrative Matters

   There are no items for the following matters:
   P1. Executive Director’s Report
   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
   P6. Administration Deputy Director’s Report

       Ms. Murphy

       1. Contract Over $1 Million – CROS Project
       2. 2017-18 Budget Change Proposals
          Proposals will be presented for Board direction and approval for
          inclusion in the Governor’s Fiscal Year 2017-18 Budget.
          a. Special Tax and Fee Programs +
          b. Augmentation for Accounting Workload Increase +
          c. 2017-18 Budget and Vacancy Master Plan (Concept Paper) +

   There are no items for the following matters:
   P7. Technology Deputy Director’s Report
   P8. External Affairs Deputy Director’s Report

Announcement of Closed Session ............................................................. Ms. Richmond

Q. Closed Session

   Q1. Discussion and approval of staff recommendations regarding settlement
       cases (Rev. & Tax. Code, §§ 6901, 7093.5, 30459.1, 50156.11).
   Q2. Discussion and action on personnel matters (Gov. Code, § 11126(a)).

Announcement of Open Session............................................................. Ms. Richmond

Recess - The meeting will reconvene on Wednesday, August 31, 2016, at 9:00 a.m.

General information regarding Board and Committee Meetings can be found at
www.boe.ca.gov/meetings/boardcomm.htm. If you would like specific information
regarding items on this Notice and Agenda, please telephone (916) 322-2270 or email:
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Joann Richmond, Chief
Board Proceedings Division

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** Public comment on any committee agenda item will be accepted at the beginning of the committee meeting. Subsequent to committee meetings, committee agenda items may be taken up separately during the Board meeting.

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C.  Sales and Use Tax Appeals Hearings
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C1.  Solvay USA, Inc., 812187 (OH) +
   For Petitioner:  Susan Bittick, Attorney
   For Petitioner:  Brian Browdy, Attorney
   For Department:  Scott Claremon, Tax Counsel

C2.  Nagib Abdulsaeed Shariff, 715384 (CH) +
   For Petitioner:  Hassen Mohsen, Representative
   For Department:  Scott Lambert, Hearing Representative

C3.  Jacek Pasternak, 493152 (CH) +
   For Petitioner:  Jacek Pasternak, Taxpayer
   For Department:  Scott Claremon, Tax Counsel

C4.  Solarcity Corporation, 668911 (BH) +
   For Claimant:  Jeffrey M. Vesely, Attorney
   For Department:  Monica Silva, Tax Counsel
C5. Rodolfo Dagberto Carranza, 623951 (BH) +
For Petitioner: Rodolfo D. Carranza, Taxpayer
Linda Carranza, Witness
For Department: Scott Lambert, Hearing Representative

C6. Easy Fuel, Inc., 716685 (GH) +
For Petitioner: Vincent Bertolacci, Taxpayer
For Department: Erin Dendorfer, Tax Counsel

Adjourn

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