



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

DAVID J. GAU
Executive Director

STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
August 30-31, 2016

PRELIMINARY RECORD OF BOARD ACTIONS

Tuesday, August 30, 2016

The following is a preliminary record of Board actions taken at the August 30-31, 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.

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Board Committee Meeting

This item is scheduled for later in the day.

Special Presentations

- Presentation of Board Resolution
Honorable Senator Sharon Runner
- Presentation of Retirement Resolution
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.

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B. Corporate Franchise and Personal Income Tax Appeals Hearings

B1. Paula Trust, 759422

<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. David Chan and Suzanne Nagy-Chan, 605761

B3. John A. Mattson and Tara L. Mattson, 816470

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

B4. Frances C. Dandy and Estate of Stanford Dandy (Dec'd), 924692

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

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

Board Committee Meeting—Please see Page 7, O. Adoption of Board Committee Report and Approval of Committee Actions, for voting results.

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F. Public HearingF1. Proposed Amendments to Sales and Use Tax Regulation 1702.5,
Responsible Person Liability

<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

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. 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)

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G2. Franchise and Income Tax Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Ms. Ma	Yes
No final determination on sub-items 28, 29 and 30.	Ms. Harkey	Yes
	Mr. Horton	Yes
	Mr. Runner	Yes
	Ms. Yee/ Ms. Stowers	Yes

➤ 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~~

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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

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

- 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
 ➤ Section 40 (AB 2323) Matter
 1. Cities of Ontario, Palm Springs, San Diego, Santa Barbara, and Counties of Sacramento and San Mateo, 525325, 525326

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
The Board adopted the written summary decision Alternative B with modifications.	Ms. Ma	Yes
	Ms. Harkey	Yes
	Mr. Horton	Yes
	Mr. Runner	Yes
	Ms. Yee/ Ms. Stowers	Yes

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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

<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

- 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*

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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: www.boe.ca.gov/meetings/btc2016.htm	Ms. Ma	Yes
	Ms. Harkey	Yes
	Mr. Horton	Yes
	Mr. Runner	Yes
	Ms. Yee/ Ms. Stowers	Yes

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

1. Contract Over \$1 Million – CROS Project

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendation. The Board awarded the CROS Project Contract to Fast Enterprises.	Ms. Ma	Yes
	Ms. Harkey	Yes
	Mr. Horton	Yes
	Mr. Runner	Yes
	Ms. Yee	Yes

2. 2017-18 Budget Change Proposals**a. Special Tax and Fee Programs**

<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

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b. Augmentation for Accounting Workload Increase

<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

c. 2017-18 Budget and Vacancy Master Plan (Concept Paper)

<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

There are no items for the following matters:

P7. Technology Deputy Director's Report

P8. External Affairs Deputy Director's Report

Q. Closed Session

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C. Sales and Use Tax Appeals Hearings

C1. Solvay USA, Inc., 812187 (OH)

Table with 3 columns: DECISION, MEMBER, BOARD VOTE. Row 1: Taxpayer's petition granted. Ms. Ma (Yes), Ms. Harkey (Yes), Mr. Horton (No), Mr. Runner (Yes), Ms. Yee/ Ms. Stowers (Yes).

C2. Nagib Abdulsaeed Shariff, 715384 (CH)

Table with 3 columns: DECISION, MEMBER, BOARD VOTE. Row 1: Taxpayer's petition denied. Ms. Ma (Yes), Ms. Harkey (Yes), Mr. Horton (Yes), Mr. Runner (Yes), Ms. Yee/ Ms. Stowers (Yes).

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C3. Jacek Pasternak, 493152 (CH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition partially granted/denied.	Ms. Ma	Yes
	Ms. Harkey	Yes
Approved staff's revised recommendation.	Mr. Horton	Yes
	Mr. Runner	Yes
The Board directed staff to inform the taxpayer of the Offer in Compromise program.	Ms. Yee/ Ms. Stowers	Yes

C4. Solarcity Corporation, 668911 (BH)

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

C5. Rodolfo Dagoberto Carranza, 623951 (BH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition partially granted/denied.	Ms. Ma	Yes
	Ms. Harkey	Yes
The Board abated the negligence penalty.	Mr. Horton	Yes
	Mr. Runner	Yes
	Ms. Yee/ Ms. Stowers	Yes

C6. ~~Easy Fuel, Inc., 716685 (GH)~~

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