OFFICE OF TAX APPEALS

STATE OF CALIFORNIA

In the Matter of the Appeal of: **PBM SERVICES, INC.**	OTA Case No. 230914400 CDTFA Case ID: 1-572-274

OPINION

Representing the Parties:

For Appellant:	Christopher K. Wong, Representative Johan Janssens, President
For Respondent:	Nalan Samarawickrema, Hearing Representative Chirstopher Brooks, Attorney Jason Parker, Chief of Headquarters Ops.
For Office of Tax Appeals:	Daniel Cho, Attorney

S. BROWN, Administrative Law Judge: Pursuant to Revenue and Taxation Code (R&TC) section 6561, PBM Services, Inc. (appellant) appeals a Decision issued by respondent California Department of Tax and Fee Administration (CDTFA)[1] denying in part appellant's timely petition for redetermination of a Notice of Determination (NOD) issued on September 10, 2019. The NOD is for tax of $36,542, plus applicable interest, for the period July 1, 2015, through September 30, 2018 (liability period).[2] Thereafter, CDTFA conducted a reaudit that reduced the taxable measure by $14,132, which reduced appellant's tax liability by $1,277, to $35,265.

Office of Tax Appeals (OTA) Panel Members Sheriene Anne Ridenour, Greg Turner, and Suzanne B. Brown held an oral hearing for this matter in Cerritos, California, on June 17, 2025. At the conclusion of the oral hearing, the record was closed, and this matter was

[1] Sales and use taxes were formerly administered by the State Board of Equalization (board). In 2017, functions of the board relevant to this case were transferred to CDTFA. (Gov. Code, § 15570.22.) For ease of reference, when this Opinion refers to events that occurred before July 1, 2017, "CDTFA" shall refer to the board.

[2] CDTFA's August 3, 2023 Decision reduced the taxable measure for audit item 1 from $40,082 to $25,950. Appellant continues to dispute the entire liability, which includes audit items 1 and 2 with a combined total measure of $396,011 ($25,950 + $370,061).

submitted on the oral hearing record pursuant to California Code of Regulations, title 18, (Regulation) section 30209(b).

ISSUES[3]

1. Whether CDTFA timely issued the NOD.
2. Whether further adjustments are warranted to the taxable measure.

FACTUAL FINDINGS

1. Appellant operates as a repair service business that cleans and maintains paint booths for autobody repair shops. Appellant travels to the customer's location to provide its services, which include the furnishing of parts such as filters, lights, ballasts, and motors as necessary.
2. In September 2018, CDTFA initiated an audit of appellant. On October 8, 2018, appellant signed an original waiver of limitations that allowed CDTFA until April 30, 2019, to issue an NOD for the period April 1, 2015, through September 30, 2015. On March 20, 2019, appellant signed an extension to that waiver of the otherwise applicable three-year statute of limitations for the period July 1, 2015, through June 30, 2016, which allowed CDTFA until October 31, 2019, to issue the NOD for that period.
3. During the audit, appellant provided the following books and records: (1) federal income tax returns (FITRs) for 2015 through 2017; (2) bank statements for the liability period; (3) sales tax worksheets for the first quarter of 2016 (1Q16) through 1Q18; (4) income statements for the liability period; (5) a general ledger for 1Q18 through 3Q18; (6) sales invoices for 2Q18; and (7) purchase invoices for 2Q18. Appellant failed to provide other books and records such as sales journals, sales summaries, purchase journals, credit card sales receipts, or accounts receivable.
4. CDTFA compared appellant's reported gross receipts on its FITRs to appellant's reported total sales on its sales and use tax returns (SUTRs), which disclosed differences of $215,937, $239,455, and $195,342 for 2015, 2016, and

[3] The Minutes and Orders of Prehearing Conference confirmed the hearing issue as: whether any adjustments are warranted to the taxable measure. However, because appellant's subsequent arguments during the hearing disputed the timeliness of the NOD, OTA addresses this as an issue in the Opinion.

2017, respectively. CDTFA also calculated negative book markups[4] of 40.71 percent and 46.62 percent for 2016 and 2017, when CDTFA compared appellant's reported taxable sales to reported purchases on appellant's FITRs. Because of the negative markups, CDTFA decided that further examination was warranted.

5. CDTFA examined appellant's 2Q18 sales invoices and determined that appellant had total charges of $77,174, which was comprised of charges for parts of $23,271, labor of $51,623, and delivery of $2,280. Because appellant separately stated the charges for parts, which exceeded 10 percent of the total charge, CDTFA concluded that appellant was a repairman and that tax applies to the retail selling price of the parts. (See Cal. Code Regs., tit. 18, § 1546(b)(1).)

6. Using appellant's income statements for the liability period, CDTFA determined that appellant had recorded purchases of parts for sale totaling $433,314 for the liability period.[5] In addition, CDTFA calculated a markup of 44.67 percent based on an examination of appellant's purchase and sales invoices for 2Q18. CDTFA applied the 44.67 percent markup to appellant's recorded purchases of $433,314 and determined audited taxable sales of $626,875. CDTFA compared the audited taxable sales of $626,875 to appellant's reported taxable sales of $256,819, which resulted in a deficiency measure of $370,061 (audit item 2).

7. As noted above, appellant's 2Q18 invoices contained a delivery charge of $2,280, which CDTFA concluded was taxable. CDTFA calculated an error percentage of 2.95 ($2,280 ÷ $77,174) based on appellant's 2Q18 sales invoices. CDTFA used appellant's bank statements for the liability period to determine that appellant made total sales of $1,393,239. CDTFA reduced this amount to account for sales tax reimbursement and calculated total sales excluding sales tax reimbursement of $1,358,691 for the liability period. CDTFA applied the 2.95 error percentage to the total sales excluding sales tax reimbursement and calculated unreported taxable charges of $40,082 (audit item 1).

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[4] "Markup" is the amount by which the cost of merchandise is increased to set the retail price. For example, if the retailer's cost is $0.70 and it charges customers $1.00, the markup is $0.30. The formula for determining the markup percentage is markup amount ÷ cost. In this example, the markup percentage is 42.86 percent (0.30 ÷ 0.70 = 0.4286). A "book markup" (sometimes referred to as an "achieved markup") is one that is calculated from the retailer's records. A negative book markup is computed when costs exceed reported sales. A negative book markup could mean that appellant was selling items for less than their purchase prices.

[5] Appellant did not provide its FITR for 2018. It is OTA's understanding that CDTFA instead used the income statements, which had appellant's purchase information for the entire liability period.

8. Based on the foregoing, CDTFA issued the NOD to appellant on September 10, 2019.
9. Appellant filed a timely petition for redetermination.
10. In a June 25, 2020 reaudit, CDTFA reexamined the delivery charges and determined that these charges represented overhead charges that should have been apportioned between the charges for labor and parts, pursuant to Sales and Use Tax Annotation 315.0206.[6] CDTFA concluded that only $1,475 of the charges were subject to tax, which represented an error percentage of 1.91 percent. CDTFA applied the 1.91 error percentage to the total sales excluding sales tax reimbursement and calculated unreported taxable overhead charges of $25,950 (audit item 1).[7] This reduced the total deficiency measure by $14,132, from $410,143 to $396,011 ($25,950 + $370,061), and thus reduced appellant's tax liability by $1,277.
11. On August 3, 2023, CDTFA issued its Decision reducing audit item 1 to $25,950 but otherwise denying appellant's petition for redetermination.
12. This timely appeal followed.

DISCUSSION

Issue 1: Whether CDTFA timely issued the NOD.

R&TC section 6487 generally provides for a three-year statute of limitations for CDTFA to issue an NOD. (R&TC, § 6487(a).) When a taxpayer timely consents to writing to an extension of the statute of limitations (waiver of limitation), the NOD may be mailed at any time prior to the expiration of the period agreed upon. (R&TC, § 6488.)

Here, CDTFA issued the NOD on September 10, 2019, and thus on its face the NOD was timely for the period September 10, 2016, through the end of the liability period on September 30, 2018. For the period July 1, 2015, through September 9, 2016, the NOD was timely issued because on March 20, 2019, appellant signed an extension to a waiver of the otherwise applicable three-year statute of limitations for the period July 1, 2015, through June 30, 2016, which allowed CDTFA until October 31, 2019, to issue the NOD for that period. (R&TC, §§ 6487(a), 6488.) This was an extension to the original waiver that appellant signed

[6] Annotations are summaries of legal rulings by or opinions of CDTFA's legal department. (Cal. Code Regs., tit. 18, § 35101(a)(1)). Annotations do not have the force or effect of law. (*Ibid.*; *Yamaha Corp. of Am. v. State Bd. of Equalization* (1998) 19 Cal. 4th 1, 25.) However, OTA may consider and afford some weight to an annotation. (See, e.g., *Appeal of Martinez Steel Corporation*, 2020-OTA-074P.)

[7] The reaudit also noted that the original audit's method of computation of the taxable service charges using ex-tax bank deposits may have resulted in an understatement in the calculation of those charges. Because this benefited appellant, CDTFA did not change the computation method for taxable service charges.

on October 8, 2018, which allowed CDTFA until April 30, 2019, to issue the NOD for the period April 1, 2015, through September 30, 2015. With respect to the period October 1, 2015, through December 31, 2015, appellant filed this return on March 31, 2016, which extended the statute of limitations to March 31, 2019. As a result, appellant's March 20, 2019 waiver extension was timely signed for the period October 1, 2015, through December 31, 2015.

Appellant contends that the March 20, 2019 waiver extension was not valid because, while the original waiver shows the auditor's handwritten signature on the signature line, the waiver extension does not and instead shows only the auditor's printed name and title below the signature line. However, like the original waiver, the waiver extension's signature line contains the printed language "Accepted: [CDTFA]." OTA finds this printed language establishes that CDTFA accepted the waiver extension and, accordingly, the waiver extension is valid. (See also Sales and Use Tax Annotation 465.2600 (2/20/92) [waiver is valid because it was executed by the taxpayer pursuant to CDTFA's request and received by CDTFA prior to the expiration of the period of limitation].)

Accordingly, CDTFA timely issued the NOD for the entire liability period.

Issue 2: Whether further adjustments are warranted to the taxable measure.

California imposes sales tax on a retailer's retail sales of tangible personal property sold in this state measured by the retailer's gross receipts, unless the sale is specifically exempt or excluded from taxation by statute. (R&TC, §§ 6012, 6051.) For the purpose of the proper administration of the Sales and Use Tax Law and to prevent the evasion of the sales tax, the law presumes that all gross receipts are subject to tax until the contrary is established. (R&TC, § 6091.) It is the retailer's responsibility to maintain complete and accurate records to support reported amounts and to make them available for examination. (R&TC, §§ 7053, 7054; Cal. Code Regs., tit. 18, § 1698(b)(1).)

Regulation section 1546(b) states that if the retail value of parts and materials furnished in connection with repair work is more than 10 percent of the total charge, or if the repairperson makes a separate charge for such property, the repairperson is the retailer and tax applies to the fair retail selling price of the property.

If CDTFA is not satisfied with the amount of tax reported by the taxpayer, or in the case of a failure to file a return, CDTFA may determine the amount required to be paid on the basis of any information which is in its possession or may come into its possession. (R&TC, §§ 6481, 6511.) In the case of an appeal, CDTFA has a minimal, initial burden of showing that its determination was reasonable and rational. (*Appeal of Talavera*, 2020-OTA-022P.) Once

CDTFA has met its initial burden, the burden of proof shifts to the taxpayer to establish that a result differing from CDTFA's determination is warranted. (*Ibid*.)

Generally, the taxpayer bears the burden of proof as to all issues of fact. (Cal. Code Regs., tit. 18, § 30219(a).) The standard of proof is by a preponderance of the evidence. (Cal. Code Regs., tit. 18, § 30219(b).) To satisfy its burden of proof, a taxpayer must prove both: (1) that the tax assessment is incorrect; and (2) the proper amount of tax. (*Appeal of AMG Care Collective*, 2020-OTA-173P.) Unsupported assertions are not sufficient to satisfy a taxpayer's burden of proof. (*Ibid*.)

Here, CDTFA identified discrepancies between the gross receipts appellant reported on its FITRs and the total sales it reported to CDTFA for the liability period. Appellant's reported taxable sales compared to appellant's recorded purchases reflected on income statements showed a negative markup for the liability period. Moreover, the books and records appellant provided for audit were incomplete or otherwise unreliable. Under these circumstances, it was appropriate for CDTFA to conclude that appellant's reported taxable sales were likely understated, and that CDTFA could not use a direct audit method verify reported taxable sales. CDTFA utilized the markup method, which is a standard audit methodology. (See *Appeal of Amaya*, 2021-OTA-328P.) Considering all evidence, OTA finds that CDTFA has met its initial burden to show that its determination is reasonable and rational. Accordingly, the burden shifts to appellant to establish that any adjustments are warranted.

Appellant makes several arguments disputing the audit findings, including that CDTFA did not examine or use the documents appellant provided during the audit, CDTFA's use of 2Q18 as a sample was biased, unrepresentative, and constituted too small of a sample size, and CDTFA's audit methods were arbitrary and inconsistent.[8] Appellant also contends that its SUTRs were prepared using an accrual basis, but CDTFA performed the audit on a cash basis, and thus the audit's timing differences between the two accounting methods caused the discrepancies that the audit found. Furthermore, appellant argues that a subsequent audit CDTFA conducted of appellant for the period January 1, 2019, through December 31, 2021, which resulted in no change to appellant's tax liability, indicates that appellant did not have unreported taxable sales for the liability period at issue. In addition, appellant contends that

[8] Appellant argues that the facts of this case are similar to those in *Appeal of Colambaarachchi*, 2023-OTA-302, which is a nonprecedential OTA Opinion. However, an OTA Opinion is not precedential in any other appeal before OTA unless OTA designates the published Opinion as precedential in accordance with Government Code section 11425.60. (Cal. Code Regs., tit. 18, § 30502(b); Gov. Code, § 11425.60(a).) In any event, OTA notes that the case appellant cites is factually distinguishable from the present case.

CDTFA's reaudit, which reduced the measure of audit item 1 by $14,132, raises doubts about the accuracy of the audit.[9]

Regarding appellant's argument about what documents the audit relied on, CDTFA is not required to accept a taxpayer's books and records as conclusive evidence, even if such books and records are internally consistent; CDTFA has broad authority to determine the amount of tax due in an audit based upon any available information and using recognized and standard accounting procedures. (See R&TC, § 6481; *Riley B's v. State Bd. of Equalization* (1976) 61 Cal.App.3d 610; *Paine v. State Bd. of Equalization* (1982) 137 Cal.App.3d 438, 444; *Appeal of Amaya*, *supra*.) Given the differences between appellant's reported gross receipts on its FITRs and reported total sales on SUTRs, and the negative book markups when comparing appellant's reported taxable sales to reported purchases on FITRs, the evidence supports that CDTFA could not conduct a direct audit based solely on appellant's records. Moreover, appellant failed to provide complete books and records for all quarters of the liability period, such as sales journals, sales summaries, purchase journals, credit card sales receipts, or accounts receivable. Nevertheless, CDTFA relied on some information from appellant's records when feasible; for example, CDTFA accepted appellant's recorded purchases, relied on cost information shown on appellant's invoices, and conducted a shelf test using appellant's 2Q18 sales and purchase invoices. Taxpayers are in the best position to maintain books and records to verify reported amounts, and the law requires that they do so. (See R&TC, §§ 7053, 7054; Cal. Code Regs., tit. 18, § 1698(b)(1).) Nonetheless, appellant acknowledged that it "has a haphazard way of recording things," which substantiates CDTFA's position that it was unable to verify taxable sales using a direct audit of appellant's records. Thus, while CDTFA was not required to rely solely on appellant's records in conducting the audit, the evidence clearly establishes that CDTFA examined appellant's records and accepted some of the information therein. Accordingly, appellant's argument regarding CDTFA's use of records is not persuasive.

Similarly, regarding appellant's disagreement with the audit methodology, the markup method is a recognized and accepted accounting procedure (*Appeal of Amaya*, *supra*), and CDTFA's use of audit methodologies, including use of 2Q18 as a sample period, was pursuant

[9] Appellant contends that CDTFA made "two corrections," one for $1,000 and a second for $15,000. However, the evidentiary record shows that CDTFA made only one adjustment: the June 25, 2020 reaudit that reduced the taxable measure of audit item 1 by $14,132, which resulted in a $1,277 reduction to appellant's tax liability.

to established procedures in CDTFA's Audit Manual.[10] CDTFA acquired cost information about appellant's purchases directly from appellant's invoices, which is a reasonable source of cost information. Appellant's reflected book markup based on recorded costs of goods sold and reported taxable sales was -40.73 percent for the liability period. CDTFA conducted a shelf test using appellant's own records (2Q18 sales and purchase invoices) and computed an audited markup percentage of 44.67 percent for taxable part sales. CDTFA accepted appellant's recorded purchases and utilized the markup method to compute audited taxable sales. The evidence shows that CDTFA had sufficient information to establish the cost of taxable merchandise sold and a reasonable markup, and appellant has not established any errors in CDTFA's audit methodology.

Regarding appellant's argument about the accrual basis versus cash basis methods of accounting, using the accrual method can produce timing discrepancies due to delays between either payment of expenses or postponement of income. However, such differences generally even out over several quarters. Moreover, appellant has not provided, and the record does not contain, any evidence that suggests this type of discrepancy; instead, many of the invoices in the 2Q18 sample and the invoices appellant provided as hearing exhibits contain notations that indicate appellant received the payments within a month of the invoice date. Accordingly, appellant has not established any reason for adjustment on this basis.

Moreover, OTA finds unpersuasive appellant's position that the results of the subsequent "no-change" audit indicate error in the instant audit. The evidence reflects differences between the two time periods, including that appellant's reported sales amounts increased during the subsequent audit period, and that appellant paid tax on purchases during the subsequent audit period. OTA finds nothing in the audit results of the later period that establishes errors in the audit at issue.

Additionally, there is no support for appellant's position that the reaudit raises doubts about the accuracy of the audit. The purpose of any tax proceeding between CDTFA and a taxpayer is determining the taxpayer's correct amount of tax liability. (R&TC, § 7081.) It is inherent in the audit process that adjustments and corrections may occur. (See, e.g., CDTFA's Audit Manual, Chapter 7, Reaudits and Revised Field Billing Orders.) Here, CDTFA's reaudit adjustment to make a more accurate determination, reducing appellant's tax liability by $1,277, does not detract from the validity of the audit.

[10] CDTFA's Audit Manual is an advisory publication providing direction to CDTFA staff administering the Sales and Use Tax Law and regulations. OTA is not required to follow CDTFA's Audit Manual, but OTA may look to it for guidance, such as when evaluating the reasonableness of CDTFA's determination. (*Appeal of Micelle Laboratories, Inc.*, 2020-OTA-290P.)

Finally, OTA notes that the dissent's position proposes a different approach to conducting the audit. While there may be more than one audit method that CDTFA could have utilized in meeting its minimal initial burden that its determination is reasonable and rational, CDTFA has broad authority to use any and all information as well as the discretion to elect the appropriate audit method based on the available information. (R&TC, § 6481.) The applicable legal standard does not require utilization of the method OTA would have chosen if OTA had conducted the audit.

In light of all of the above, OTA finds that appellant has not established that any additional adjustments are warranted.

HOLDINGS

1. The NOD was timely issued.
2. Further adjustments are not warranted to the taxable measure.

DISPOSITION

CDTFA's action reducing the taxable measure by $14,132 but otherwise denying appellant's petition for redetermination is sustained.

DocuSigned by:
Sheila Pacheco For
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Suzanne B. Brown
Administrative Law Judge

I concur:

DocuSigned by:
Sheriene Anne Ridenour
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Sheriene Anne Ridenour
Administrative Law Judge

Date Issued: 9/24/2025

G. TURNER, I dissent.

While the use of the markup method is a recognized and valid audit method, its deployment is subject to scrutiny as is any other audit methodology based on the facts and circumstances of the case. The Office of Tax Appeals' (OTA) inquiry, however, is a limited one since CDTFA's is entitled to the presumption that its determination was correct absent a finding that it was not reasonable and rational. (*Todd v. McColgan* (1949) 89 Cal.App.2d 509; *Appeal of Amaya*, 2021-OTA-328P.) I would find the determination here was neither reasonable or rational.

Here, appellant's records were incomplete and its reported total sales for the period were significantly at odds with both their reported gross receipts for federal income tax purposes and their bank deposits, establishing the basis for CDTFA's further examination and use of indirect methods for ascertaining taxable sales. (*Appeal of Amaya, supra*.) CDTFA established taxable gross receipts based on the markup method, which calculates the difference between the cost of an item and its retail selling price (the markup percentage) and applies that markup percentage to identified costs for the period to derive taxable sales. (See CDTFA Audit Manual § 0407.10.)[1] Here, CDTFA examined appellant's sales invoices for the lone period 2Q18 identifying receipts for the sale of taxable items and comparing those sales receipts to purchase invoices to derive a weighted markup percentage of 144.67 percent.

The markup method, however, is only as reliable as the cost data upon which it is constructed. (CDTFA Audit Manual § 0407.10.) Here, the auditor uses a shelf test to establish the markup percentage. By examining 31 invoices from 2Q18, 48 items of taxable sales of parts were identified. However, only 27 items were given specific cost data and the variability of the calculated gross profit for each item ranged from zero to 142 percent. Such a large variability in both the sales price of each taxable item and in the calculated gross profit percentage for each item means that the method's predictive capacity for the missing invoice markups from the sample, say nothing of its value projected over all 12 quarters during the period, is unreasonably low.[2]

[1] CDTFA's Audit Manual is an advisory publication providing direction to CDTFA staff administering the Sales and Use Tax Law and regulations. CDTFA's Audit Manual has not been adopted pursuant to a formal rulemaking process. (*Appeal of Micelle Laboratories, Inc.*, 2020-OTA-290P.) While CDTFA's Audit Manual may provide guidance to OTA, it does not constitute binding legal authority. (*Appeal of Amaya*, *supra*.)

[2] See CDTFA Audit Manual § 1305.15.

With the 2Q18 invoices as the sample quarter, a simple comparison illustrates the error. Total gross receipts for the quarter were identified as $77,174 (roughly equivalent to bank deposits for the quarter). Of those sales, taxable gross receipts were $23,271.07 or 30.15 percent of total sales (not including the adjusted taxable amount attributed to service call receipts). At least as a comparison, this ratio is roughly the same percentage of total gross receipts to taxable gross receipts from appellants sales and use tax returns (30.45 percent). Though CDTFA applied this method for analysis purposes, the markup method was deemed "more reasonable" for some unspecified reason. However, "[G]ross receipts on retail sales of tangible personal property are determined by the amounts received in consideration for sale of the property, not by profit realized or the gross income of the retailer." (*Bekkerman v. California Department of Tax & Fee Administration* (2024) 99 Cal.App.5th 1264, 1273 citing *Wallace Berrie & Co. v. State Bd. of Equalization* (1985) 40 Cal.3d 60, 70.) Thus, when attempting to ascertain appellant's taxable sales, reliance on actual invoices is in keeping with a tax on gross receipts more so than one based on a construction of relative profit realized. What's more, when looking at appellant's total sales in relationship to taxable sales based on actual invoices, the 30.15 percent ratio was within reasonable confidence intervals based on the actual invoices examined. This is the method relied on by CDTFA for the extrapolation of taxable service call receipts (1.91 percent - is the ratio of the apportionment percentage for taxable service call receipts ($1,475) divided by total sales for the examined period ($77,174), which was multiplied by bank deposits adjusted for sales tax collected ($1,358,691) to derive the unreported taxable service call receipts of $25,950). Applying this methodology would reduce appellant's unreported taxable sales to $128,753.

Following CDTFA's examination of appellant's actual invoices, the relative measure of taxable to non-taxable gross receipts was plainly evident. CDTFA's decision to extrapolate taxable sales from an unreliable markup method under these circumstances was unreasonable and OTA is not obligated to follow it. As bank deposits were roughly in line with reported federal gross receipts, a reasonable estimate of taxable sales was plainly visible from the 2Q18 invoices. CDTFA even relied on the comparison in calculating taxable call service revenue. As the method employed is demonstrably aberrational and this method more closely aligns with the taxation of actual gross receipts, that path would have produced a reasonable and rational result.

The point is not merely proposing "another approach" to the audit as suggested by the majority nor to advocate a *rival* audit method, but to challenge the application of an otherwise valid method that yielded demonstrably unreasonable results—markup percentages so disperse

they defy credible bounds and therefore are unreasonable. OTA's function in hearing appeals is a determination of the correct amount of tax. (See R&TC, § 7081; *Appeal of Landeros*, 2024-OTA-655P; *Appeal of Eichler*, 2022-OTA-029P; *Appeal of Robinson*, 2018-OTA-059P; *Appeals of Fred R. Dauberger, et al*., 82-SBE-082, Mar. 31, 1982.) Should an audit method, though theoretically sound, yield irrational or unreasonable outcomes, OTA is obligated to scrutinize its application.

Signed by:
Greg Turner
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Greg Turner
Administrative Law Judge

Date Issued: 9/24/2025