

**SCHEDULE B: PROPOSED REGULATIONS IMPLEMENTING
STATUTES ENACTED PRIOR TO THE YEAR 2023**

**Subject: Market-based Rules – Personal Income Tax Sourcing and
Withholding Provisions**

California Code of Regulations Title and Sections Affected: Title 18,
Sections 17951-5, 17951-8

Statute(s) Being Implemented: Rev. and Tax. Code Section 17951

Responsible Agency Unit: Legal Division

Contact Person and Phone Number: Natasha Page, (916) 845-6729

Projected Notice Publication Date: 04/24

Projected Public Hearing Date: 06/24

Projected Adoption by Your Agency Date: 08/24

Projected To OAL for Review Date: 10/24

**Report on the Status of all Uncompleted Rulemaking Described on
Previous Calendars:** Staff held an interested parties meeting on October
8, 2020. Staff anticipates requesting permission to proceed to the formal
regulatory process from the three-member Board in spring of 2024.

Subject: Nontaxable Exchanges

California Code of Regulations Title and Sections Affected: Title 18,
Section 17951-7

Statute(s) Being Implemented: Rev. and Tax. Code Section 17951

Responsible Agency Unit: Legal Division

Contact Person and Phone Number: Natasha Page, (916) 845-6729

Projected Notice Publication Date: 8/24

Projected Public Hearing Date: 10/24

Projected Adoption by Your Agency Date: 12/24

Projected To OAL for Review Date: 01/25

Report on the Status of all Uncompleted Rulemaking Described on Previous Calendars: Interested parties meetings were held on Wednesday, February 3, 2016, March 30, 2021 and December 2022. Staff continues to develop this regulatory concept and is finalizing the necessary economic conclusions.

Subject: Domestic Pass-Through Entity Withholding

California Code of Regulations Title and Sections Affected: Title 18, Section 18662-0 through 18662-8, as applicable

Statute(s) Being Implemented: Rev. and Tax. Code Section 18662

Responsible Agency Unit: Legal Division

Contact Person and Phone Number: Leah Thyberg, (916) 845-3617

Projected Notice Publication Date: 03/24

Projected Public Hearing Date: 05/24

Projected Adoption by Your Agency Date: 07/24

Projected To OAL for Review Date: 12/24

Report on the Status of all Uncompleted Rulemaking Described on Previous Calendars: Interested parties meetings were held on December 12, 2014, and September 8, 2017. Staff received permission to proceed to the formal regulatory process at the FTB meeting on September 9, 2021. Staff determined further revisions to regulation language were necessary and published a Notice seeking public comment on proposed revisions December 30, 2022. Staff will seek permission to start the formal rulemaking process from the three-member Franchise Tax Board in December 2023. Staff anticipates publishing the Notice of Proposed Rulemaking in early 2024.

Subject: Exempt Corporations

California Code of Regulations Title and Sections Affected: Title 18, sections 23701, 23772, 23775, 23776, 23777, and 23778

Statute(s) Being Implemented: Rev. and Tax. Code Sections 23701, 23772, 23775, 23776, 23777, and 23778

Responsible Agency Unit: Legal Division

Contact Person and Phone Number: Bradley Kragel, (916) 845-2861

Projected Notice Publication Date: 1/25

Projected Public Hearing Date: 3/25

Projected Adoption by Your Agency Date: 5/25

Projected To OAL for Review Date: 10/25

Report on the Status of all Uncompleted Rulemaking Described on Previous Calendars: Staff will hold an interested parties meeting in 2024.

Subject: Market Based Rules for Sales Other than Sales of Tangible Personal Property

California Code of Regulations Title and Sections Affected: Title 18, Section 25136-2

Statute(s) Being Implemented: Rev. and Tax. Code Section 25136

Responsible Agency Unit: Legal Division

Contact Person and Phone Number: Hanna Cho, (916) 845-7298,

Projected Notice Publication Date: 01/24

Projected Public Hearing Date: 03/24

Projected Adoption by Your Agency Date: 05/24

Projected To OAL for Review Date: 10/24

Report on the Status of all Uncompleted Rulemaking Described on Previous Calendars: The Franchise Tax Board approved this project at its December 4, 2014, meeting. Amendments were approved by the Office of Administrative Law on September 15, 2016. Interested party meetings on the subsequent project for possible additional amendments to the regulation were held on January 20, 2017, June 16, 2017, March 30, 2018, July 19, 2019, and July 21, 2020. Staff received permission to proceed to the formal regulatory process at the FTB meeting on September 9, 2021. Staff is working with its oversight agencies to finalize the necessary Standardized Regulatory Impact Analysis. Once that is complete, Staff will publish the *Notice of Proposed Rulemaking*, which is anticipated to occur in early 2024.

Subject: Mutual Fund Service Providers and Asset Management Service Providers

California Code of Regulations Title and Sections Affected: Title 18, Section 25137-14

Statute(s) Being Implemented: Rev. and Tax. Code Sections 25137

Responsible Agency Unit: Legal Division

Contact Person and Phone Number: Brian Beck, (916) 845-7008, Ryan Ivanusich, (916) 845-3050

Projected Notice Publication Date: 03/25

Projected Public Hearing Date: 05/25

Projected Adoption by Your Agency Date: 09/25

Projected To OAL for Review Date: 02/26

Report on the Status of all Uncompleted Rulemaking Described on Previous Calendars: This is a project to explore adding a definition of “beneficial owner” to clarify the application of the regulation to asset managers that provide services to Regulated Investment Companies. An interested parties meeting was held on November 8, 2023, to allow public discussion of whether a revision to Regulation 25137-14 is necessary, and

if necessary, what should be revised. Staff will evaluate the comments provided to determine if any additional revisions are necessary.