

**FRANCHISE TAX BOARD
2026 RULEMAKING CALENDAR**

**New Regulation Added to the 2026 Rulemaking Calendar Not Yet
Approved by the Board**

- **California Code of Regulations, Title 18, Section 18622.5 –
Election to Make a De Minimis Payment Resulting from Federal
Partnership Level Audit**

**SCHEDULE B: PROPOSED REGULATIONS IMPLEMENTING
STATUTES ENACTED PRIOR TO THE YEAR 2025**

**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: Mina Mohaddress, (916) 845-1754

Projected Notice Publication Date: 04/26

Projected Public Hearing Date: 06/26

Projected Adoption by Your Agency Date: 08/26

Projected To OAL for Review Date: 02/27

**Report on the Status of all Uncompleted Rulemaking Described on
Previous Calendars:** Staff held an interested parties meeting on October
8, 2020. Staff received permission to proceed to the formal regulatory
process from the three-member Board on September 9, 2024. Staff is
working with its oversight agencies to finalize the necessary economic
impact assessment and conclusions. Once finalized, we will submit them to
the Department of Finance for their required review. Staff anticipates
publishing the *Notice of Proposed Rulemaking* in early 2026.

Subject: Tax Deferred 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: Lawrence Xiao, (916) 845-6973

Projected Notice Publication Date: 1/27

Projected Public Hearing Date: 3/27

Projected Adoption by Your Agency Date: 05/27

Projected To OAL for Review Date: 10/27

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 determined further revisions to regulation language were necessary and published a Notice seeking public comment on proposed revisions August 21, 2024. Staff anticipates noticing additional proposed regulatory text modifications and scheduling another interested parties meeting by early 2026.

Subject: Election to Make a De Minimis Payment Resulting from Federal Partnership Level Audit

California Code of Regulations Title and Sections Affected: Title 18, section 18622.5.

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

Responsible Agency Unit: Legal Division

Contact Person and Phone Number: Michael Laisné, (714) 558-6415

Projected Notice Publication Date: 11/27

Projected Public Hearing Date: 01/28

Projected Adoption by Your Agency Date: 03/28

Projected To OAL for Review Date: 08/28

Report on the Status of all Uncompleted Rulemaking Described on Previous Calendars: This is a new regulatory project. However, as required by statute, Staff held an interested parties meeting on July 15, 2020 to assist in determining appropriate de minimis partner reporting and payment requirements as the result of a federal partnership level audit.

Staff is now ready to move forward into the informal regulation process and hold an interested parties meeting to discuss potential regulatory language.

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: 03/26

Projected Public Hearing Date: 05/26

Projected Adoption by Your Agency Date: 07/26

Projected To OAL for Review Date: 12/26

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 again received permission to start the formal rulemaking process from the three-member Franchise Tax Board on December 6, 2023. Staff is working with its oversight agencies to finalize the required regulatory documents. Once that is complete, Staff will publish the *Notice of Proposed* Rulemaking, which is anticipated to occur in early 2026.

Subject: Exempt Organizations

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: 11/26

Projected Public Hearing Date: 01/27

Projected Adoption by Your Agency Date: 03/27

Projected To OAL for Review Date: 08/27

Report on the Status of all Uncompleted Rulemaking Described on Previous Calendars: Staff held an interested parties meeting on June 18, 2024. On July 3, 2025, staff published a Notice seeking public comment on proposed amendments to the regulations. Staff is considering additional revisions to the proposed amendments and working on the economic impact analysis. .