

FINAL STATEMENT OF REASONS  
PROPOSED REGULATION SECTION 19089,  
RELATING TO NOTICE OF BANKRUPTCY OR RECEIVERSHIP

The proposed regulations do not impose any mandate on local agencies or school districts.

**UPDATE OF INITIAL STATEMENT OF REASONS**

In accordance with the requirement of Government Code section 11346.2, subdivision (b)(5), that the Franchise Tax Board consider alternatives to the proposed regulatory action, staff of the Franchise Tax Board conducted two interested parties meetings prior to commencing the formal regulatory process. A first interested parties meeting was held on December 3, 2010, to solicit input from the public. Staff did not provide language at that time, but rather sought to elicit input on the content of a potential regulation that would implement the notice requirement of Revenue and Taxation Code section 19089.

As no comments were made or questions asked regarding possible regulatory language, the Franchise Tax Board drafted proposed language for review by interested parties. This language was modeled after the federal regulation, Treasury Regulation section 301.6036-1, since the federal notice statute applicable to fiduciaries, Internal Revenue Code section 6036, is substantially similar to Revenue and Taxation Code section 19089, and staff believed that using substantially similar language would minimize any impact on fiduciaries attempting to comply with the proposed regulatory action. This language was provided for public review and comment at a second interested parties meeting held on November 1, 2011. No questions or comments were submitted at this second interested parties meeting.

The public notice required by section 11346.4 of the Government Code was mailed and published in the California Notice Register on April 6, 2012. The notice stated that there would not be a public hearing unless requested by an interested person at least 15 days before the close of the written comment period, which ended May 24, 2012. No request was made for a public hearing and no comments were received. Consequently, the department has not made any revisions to the proposed regulation.

**ALTERNATIVES DETERMINED**

The Franchise Tax Board has determined that no alternative to the proposed regulation it considered would be more effective in carrying out the purpose of the proposed regulation or would be as effective and less burdensome to affected private persons than the adopted regulations, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provisions of the law, in accordance with Government Code section 11346.9(a)(4)).