



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
Legal Branch
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KATHLEEN CONNELL
Chair

JOHN CHIANG
Member

B. TIMOTHY GAGE
Member

October 1, 2002

Information Letter 20020388

Dear *****:

***** , you sent the Franchise Tax Board a letter in which you requested an adjustment of your outstanding financial obligation owed to the Franchise Tax Board. You specifically requested a reduction in the rate of interest on your unpaid tax during the period of your active military service, beginning on October 6, 2001, to 6%, pursuant to the Soldiers and Sailors Civil Relief Act, title 50 United States Code, Appendix, section 526. On April 23, 2002, in Information Letter 20020054, I responded to that letter stating that we regretfully could not grant your request at that time because the federal interest rate provision you cited does not apply to state income tax liabilities.

This letter is to inform you that as of June 21, 2002, Information Letter 20020054 is no longer accurate in describing your California rights and benefits as a member of the armed forces or the California National Guard. On June 21, 2002, with the enactment of AB 1433, California law relating to California benefits for members of the armed forces or the California National Guard was altered. In addition to providing other benefits to members of the armed forces or the California National Guard, AB 1433 included a provision that requires the Franchise Tax Board to assess an the interest rate of no more than six percent on the unpaid liabilities of members of the armed forces or the California National Guard who are called up to active military service, similar to the federal provision you previously relied upon. The benefits provided by this Bill, including the limitation of the interest rate, became effective and operative upon enactment, which was June 21, 2002. To qualify for a reduction of the interest rate to six percent for periods on or after June 21, 2002, you must have been in active service on or after that date. If you feel that you are entitled to any of the benefits provided in AB 1433, please contact your legal assistance office.

Sincerely,

Carissa Lynch
Tax Counsel