



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
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JOHN CHIANG
Chair
JEROME E. HORTON
Member
MICHAEL COHEN
Member

Interested Parties Meeting

To attend this meeting, please RSVP by March 12, 2014, by contacting Colleen Berwick at (916) 845-3306 or Email: colleen.berwick@ftb.ca.gov.

To participate in this meeting by telephone, use this number to dial in - (877) 923-3149. The participant pass code is 2233420.

When

Friday, March 14, 2014
10:00 a.m.

Where

Franchise Tax Board
Golden State Room A
9646 Butterfield Way
Sacramento, CA 95827
North Lobby

Topic

The Franchise Tax Board (FTB) is considering the adoption of a new regulation that would implement an alternative communication method under Revenue and Taxation Code (RTC) section 18416.5. That section allows the Franchise Tax Board, at the request of the taxpayer or the taxpayer's authorized representative, to provide notification to the taxpayer in a preferred electronic communication method designated by the taxpayer that a notice, statement, bill, or other communication required or authorized under Part 10 (commencing with Section 17001), Part 10.2 (commencing with Section 18401), or Part 11 (commencing with Section 23001) is available for viewing in the taxpayer's limited access secure folder on the Franchise Tax Board's Internet Web site and would allow the taxpayer or the taxpayer's authorized representative to file a protest, notification, and/or other communication to the Franchise Tax Board in a secure manner. Prior to obtaining the consent of a taxpayer to participate in the alternative communication method authorized by this section, the Franchise Tax Board shall advise the taxpayer or the taxpayer's authorized representative of the ramifications of electing to receive notifications from the Franchise Tax Board in the manner selected and of failing to take appropriate action in response to one or more of those notifications.

FTB's electronic notifications under the alternative communication method for any notice, statement, bill, protest, and/or other communication from the Franchise Tax Board to a taxpayer or the taxpayer's authorized representative and from a taxpayer or the taxpayer's authorized representative to the Franchise Tax Board pursuant to the alternative communication method authorized by this proposed regulation shall be treated as if it were mailed by United States mail, postage prepaid, notwithstanding any other law regarding the use of United States mail, pursuant to RTC section 18416.5, subdivision (d).

Any electronic notification provided to a taxpayer using the alternative communication method authorized by RTC section 18416.5 shall include plain language advising the taxpayer that a failure to act may cause the taxpayer to forego procedural or administrative rights to challenge the proposed action.

Staff anticipates that any such proposed regulation would include provisions regarding the manner in which taxpayers and taxpayer representatives may elect into the alternative communication method, the manner in which taxpayers and taxpayer representatives may opt out once enrolled in the alternative communication method, and the manner in which taxpayers are advised of the ramifications of participating in the alternative communication method.

Purpose

To elicit public input on a proposed regulation that would establish the alternative communication method procedures under which FTB, at the request of the taxpayer or the taxpayer's authorized representative, would provide notification to the taxpayer in a preferred electronic communication method designated by the taxpayer that a notice, statement, bill, and/or other communication required or authorized under Part 10, Part 10.2, or Part 11 is available for viewing in the taxpayer's limited access secure folder on the Franchise Tax Board's Internet Web site, and that would allow the taxpayer or the taxpayer's authorized representative to file a protest, notification, and/or other communication to the Franchise Tax Board in a secure manner. FTB staff seeks input to identify general principles and standards regarding the manner in which a taxpayer and taxpayer's authorized representative may consent to receipt of any communications, and the manner in which a taxpayer and taxpayer's authorized representative can opt out of the alternative communication method.

Contact: Greg Heninger:

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- Telephone: (916) 845-3592
- Address: Legal Division (MS-A260), P.O. Box 1720, Rancho Cordova, CA 95741-1720.

[Visitors Parking Map](#)

*** This facility is architecturally accessible to persons with physical disabilities.**

COST IMPACTS OF PROPOSED RULEMAKING

In addition to discussion regarding a potential new regulation, the Administrative Procedure Act (APA) requires the department to assess the economic impact of this proposed regulation on business, representative private persons, and small businesses. Recent legislation (SB 617, Stats. 2011, ch. 496) revised certain aspects of the standardized regulatory cost impact analysis, particularly with respect to "major regulations" (as defined), but also with respect to other rulemaking activities. As a result, the department intends to solicit information from interested parties during the pre-APA process that will assist in preparation of the regulatory cost impact analysis.

Specifically, the APA requires the department to assess the economic and fiscal impact of this regulation on the following –

- (1) Estimated private sector cost impacts on businesses and/or employees, small businesses, jobs or occupations, competitiveness of California businesses, reporting requirements, or individuals. This includes the total number and types of businesses impacted, including the number or percentage of those businesses that are small businesses, the number of businesses that will be created or eliminated, the geographic extent of the impacts (local or statewide), the number of jobs created or eliminated, and the ability of California businesses to compete with businesses in other states.
- (2) Estimated total statewide dollar costs that businesses and individuals may incur to comply with this regulation, including start-up and ongoing costs. This includes an identification of the costs for each industry affected, the annual costs a typical business may incur to comply with these requirements (including programming, recordkeeping, reporting and other paperwork, whether or not the paperwork is required to be submitted), whether the regulation directly impacts housing costs, and whether there are comparable federal regulations.
- (3) Estimated benefits from the regulation (both whom will benefit and by how much).
- (4) Any suggested alternatives to the proposed regulation, and the costs and benefits of those suggested alternatives under 1, 2, and 3 above.
- (5) Whether the estimated costs of this regulation to California businesses will exceed \$10 million.