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JOHN CHIANG  
**Chair**  
BETTY T. YEE  
**Member**  
MICHAEL C. GENEST  
**Member**

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## Interested Parties Meeting

To attend this meeting, please RSVP by February 19, 2009, by contacting Colleen Berwick at (916) 845-3306 or Email: [Colleen.Berwick@ftb.ca.gov](mailto:Colleen.Berwick@ftb.ca.gov). Space is limited.

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

### When

Monday, February 23, 2009  
1:00 p.m.

### Where

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

### Topic

Discuss [Draft Regulation Section 24451](#), relating to California non-conformity with [IRS Notice 2008-83](#).

### Background

IRS Notice 2008-83, I.R.B. 2008-42, dated October 20, 2008, provides that “[f]or purposes of section 382(h), any deduction properly allowed after an ownership change (as defined in section 382(g)) to a bank with respect to losses on loans or bad debts (including any deduction for a reasonable addition to a reserve for bad debts) shall not be treated as a built-in loss or a deduction that is attributable to periods before the change date.” The IRS Notice further provides that “[c]orporations described in section 1 of this notice may rely on the treatment set forth in this notice, unless and until there is additional guidance.”

At the December 4, 2008, meeting of the Franchise Tax Board, the three-member Board directed staff to draft a regulatory proposal to make IRS Notice 2008-83 not applicable for California tax purposes, to conduct an Interested Parties meeting, and to return to the Board with this proposal at the next Board meeting. This Interested Parties meeting is being held to discuss the draft regulation language.

Section 1431 of [H.R. 598](#), which proposes to provide that IRS Notice 2008-83 shall have no legal force or effect for any ownership change occurring after January 16, 2009, also makes, in part, the following relevant legislative findings –

(a) FINDINGS.—Congress finds as follows:

(1) The delegation of authority to the Secretary of the Treasury under section 382(m) of the Internal Revenue Code of 1986 does not authorize the Secretary to provide exemptions or special rules that are restricted to particular industries or classes of taxpayers.

(2) Internal Revenue Service Notice 2008-83 is inconsistent with the congressional intent in enacting such section 382(m).

(3) The legal authority to prescribe Internal Revenue Service Notice 2008-83 is doubtful.

### Purpose

To elicit public input regarding [Draft Regulation Section 24451](#), relating to California non-conformity with [IRS Notice 2008-83](#).

## **Contacts**

Please provide any written comments before the meeting to the contacts listed below.

### **Doug Powers**

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### **Pat Kusiak**

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## **[Visitor Parking Map](#)**

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