

TITLE 18. FRANCHISE TAX BOARD

As required by Government Code section 11346.4, this is notice that a public hearing has been scheduled at 1:00 p.m., June 14, 2011, at the Franchise Tax Board, Golden State Room A/B, 9646 Butterfield Way, Sacramento, CA 95827, to consider the amendment of California Code of Regulations, title 18, section 19591, pertaining to specialized tax service fees.

An employee of the Franchise Tax Board will conduct the hearing. Government Code section 15702, subdivision (b), provides for consideration by the three-member Franchise Tax Board of any proposed regulatory action, if any person makes such a request in writing. If a written request is received, the three-member Franchise Tax Board will consider the proposed regulatory action prior to adoption.

Interested persons are invited to present comments, written or oral, concerning the proposed regulatory action. It is requested, but not required, that persons who make oral comments at the hearing also submit a written copy of their comments at the hearing.

WRITTEN COMMENT PERIOD

Written comments will be accepted until 5:00 p.m., June 14, 2011. All relevant matters presented will be considered before the proposed regulatory action is taken. Comments should be submitted to the agency officer named below.

AUTHORITY AND REFERENCE

Revenue and Taxation Code section 19503 authorizes the Franchise Tax Board to prescribe regulations necessary for the enforcement of Part 10 (commencing with section 17001), Part 10.2 (commencing with section 18401), Part 10.7 (commencing with section 21001) and Part 11 (commencing with section 23001). Section 19591 authorizes the Franchise Tax Board to prescribe any regulations that are necessary to reimburse the board for the costs of administering specialized services, including the board's direct and indirect costs for providing specialized tax services. The proposed regulatory action interprets, implements, and makes specific section 19591 of the Revenue and Taxation Code.

INFORMATIVE DIGEST/ POLICY STATEMENT OVERVIEW

The Franchise Tax Board has authority under Assembly Bill 1546 (Stats. 2009, ch. 544) to charge a fee for expedited limited partnership revival confirmation letters. This fee is statutorily set at \$100 until January 1, 2011, at which time it requires regulations to set it and impose it thereafter.

The amendments to Regulation section 19591 would establish the specialized tax service fee for the issuance of a limited partnership revival confirmation letter at \$56 for periods on or after the effective date of the amendments to the regulation. In addition, the fees for the installment payment programs and expedited services set forth in subsection (b) (1) and (2) would also be amended. For the installment payment programs, the fees would increase, with the fee for individual taxpayers now \$34 and the fee for business entity taxpayers now \$50, both effective on July 1, 2011. For expedited services, the fees would decrease, with

corporation revivor requests now \$56 and tax-exempt status requests now \$40, both effective as of the effective date of the amendments to the regulation.

DISCLOSURES REGARDING THE PROPOSED REGULATORY ACTION

Mandate on local agencies and school districts: None.

Cost or savings to any state agency: None.

Cost to any local agency or school district which must be reimbursed under Part 7, commencing with Government Code section 17500, of Division 4: None.

Other non-discretionary cost or savings imposed upon local agencies: None.

Cost or savings in federal funding to the state: None.

Significant statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states: None.

Cost to directly affected private persons/businesses potential: Individual and business entity taxpayers would pay increased fees for installment payment programs.

Significant effect on the creation or elimination of jobs in the state: None.

Significant effect on the creation of new businesses or elimination of existing businesses within the state: None.

Significant effect on the expansion of businesses currently doing business within the state: None.

Effect on small business: None. Business entity taxpayers would pay increased fees for installment payment programs.

Significant effect on housing costs: None.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative it considered or that has otherwise been identified and brought to its attention it would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed regulatory action.

AVAILABILITY OF STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATIONS

The Franchise Tax Board has prepared an initial statement of the reasons for the proposed regulatory action. The express terms of the proposed regulatory action, the initial statement

of the reasons for the regulatory action, and all the information upon which the proposed regulatory action is based are available upon request from the agency officer named below. When the final statement of reasons is available, it can be obtained by contacting the agency officer named below, or by accessing the Franchise Tax Board's website at <http://www.ftb.ca.gov>.

CHANGE OR MODIFICATION OF ACTIONS

The regulations and amendments may also be adopted with modifications if the changes are nonsubstantive or the resulting regulations are sufficiently related to the text made available to the public so that the public was adequately placed on notice that the regulations as modified could result from that originally proposed. The text of the regulations as modified will be made available to the public at least 15 days prior to the date on which the regulations are adopted. Requests for copies of any modified regulations should be sent to the attention of the agency officer named below.

ADDITIONAL COMMENTS

If you plan on attending or making an oral presentation at the regulation hearing, please contact the agency officer named below.

The hearing room is accessible to persons with physical disabilities. Any person planning to attend the hearing, who is in need of a language interpreter, including sign language should contact the officer named below at least two weeks prior to the hearing so that the services of an interpreter may be arranged.

CONTACT

All inquiries concerning this notice or the hearing should be directed to Colleen Berwick, Franchise Tax Board, Legal Division, P.O. Box 1720, Rancho Cordova, CA 95741-1720; Telephone (916) 845-3306; Fax (916) 845-3648; E-Mail Colleen.Bewick@ftb.ca.gov or the designated backup, Delinda R. Tamagni; Telephone (916) 845-5089; Fax (916) 843-0219; E-Mail: Delinda.Tamagni@ftb.ca.gov. In addition, all questions on the substance of the proposed regulation can be directed to Delinda R. Tamagni; Tel.: (916) 845-5089. This notice, the initial statement of reasons and express terms of the proposed regulations are also available at the Franchise Tax Board's website at www.ftb.ca.gov.