

**Subject: Request for Public Comment-Proposed Regulation-Single Weighted Sales Factor
Agricultural and Extractive Industries**

Revenue and Taxation Code Section 25128 was amended by Senate Bill 1176 (Stats. 1993, Ch. 946) to provide for double weighting of the sales factor for all taxpayers except those engaged in agricultural or extractive business activities.

The Franchise Tax Board intends to adopt a regulation under Section 25128 to provide comprehensive definitions of the terms "agricultural" and "extractive", and to address other issues raised by the recent amendment of that section. Among these is the issue of the treatment to be accorded vertically integrated businesses which include agricultural or extractive business components.

The Board invites written comment from the public on the content of the regulation, and encourages interested parties to identify and address all issues raised by the recent amendment of Revenue and Taxation Code Section 25128. Written comments may be addressed to Charlotte Meisel, Senior Tax Counsel, Franchise Tax Board Legal Division, P.O. Box 1468, Sacramento, CA 95812-1468. Comments should be received no later than August 1, 1994.