



STATE OF CALIFORNIA
FRANCHISE TAX BOARD - Legal Branch
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FTB NOTICE –2002-4

October 18, 2002

**SUBJECT: REQUEST FOR PUBLIC COMMENT
DISCUSSION DRAFT: AMENDMENTS TO CALIFORNIA CODE OF
REGULATIONS, TITLE 18, SECTION 25137, SUBSECTION (b);
CONFORMING AMENDMENTS TO CALIFORNIA CODE OF
REGULATIONS, TITLE 18, SECTION 25130**

The Franchise Tax Board staff has prepared a discussion draft of proposed amendments to the existing regulations adopted under Revenue and Taxation Code section 25137. The proposed amendments would add provisions designed to address how to calculate the net annual rental rate of a taxpayer for property factor purposes for the use of property of someone other than the taxpayer on which natural resources such as timber, oil, gas or hard minerals are extracted.

Due to the potentially broad impact of this addition, the Franchise Tax Board staff is making the draft of the proposed amendments and a brief explanation thereof available to the public for informal review and comment prior to commencement of the formal regulatory process.

For copies of the discussion draft of the proposed addition to the regulation or for further information regarding this notice, contact Colleen Berwick at the Franchise Tax Board Legal Branch, P.O. Box 1720, Rancho Cordova, CA 95741-1720; Tel.: (916) 845-3306; Fax: (916) 845-3648; E-Mail: Colleen.Berwick@ftb.ca.gov. The draft and explanation are also available at the Franchise Tax Board's website at <http://www.ftb.ca.gov/>.

Written comments may also be addressed to Ms. Berwick and should be submitted no later than December 31, 2002. If significant public interest is voiced and/or written comments are received, the department will hold a public meeting or symposium on these proposed amendments prior to commencement of the formal regulatory process. If the discussion draft amendments are officially noticed, any comments received in the course of any symposium or public meeting will be included in the official rulemaking file (within the meaning of the Administrative Procedure Act). Participants may comment at the symposium without name attribution. A summary of the symposium will be made available to all participants, and will also be included in the official rulemaking file.

The department has tentatively scheduled a symposium to discuss the discussion draft amendments on January 29, 2003, at the Franchise Tax Board, Central Office, 9645 Butterfield Way, Sacramento, CA, in Room 1040 of Phase II, beginning at 10:00 am. **If no public interest is voiced and no written comments are received by December 31, 2002, the symposium will be canceled. Notice of cancellation will be published on the Franchise Tax Board's website**

no later than January 8, 2003. If you have any questions regarding the symposium, please contact Ms. Berwick.

If you are interested in obtaining supplements to the draft proposed amendments, or to be included on the mailing list for any formal rulemaking activity with respect to the proposed amendments, please advise Ms. Berwick at the above address and she will add your name to the mailing list.

The principal author of this notice is William Hays Weissman of the Franchise Tax Board, Legal Branch. For further information regarding this notice, contact Mr. Weissman at the Franchise Tax Board, Legal Branch, P. O. Box 1720, Rancho Cordova, CA 95741-1720; Tel.: (916) 845-5708; Fax: (916) 843-5433; E-Mail: William.Weissman@ftb.ca.gov.