

**FINAL STATEMENT OF REASONS**  
**PROPOSED SECTION 18416.5 RELATING TO**  
**ALTERNATIVE COMMUNICATION METHOD**

**UPDATE OF INITIAL STATEMENT OF REASONS**

There have been three changes to the text since the publication of the amended regulation text on December 2, 2015. In subdivision (b)(5) regarding delivery failure, the text incorrectly indicated that Franchise Tax Board (FTB ) "may" make one or more attempts to redeliver a notification in the event FTB discovers the delivery of the original notification to the PECM failed. In the previously noticed revision to regulatory text published on June 18, 2015, FTB had changed the language from "may" to "shall". This was a typographical error and there was no intent to further change that regulatory language from the noticed regulatory language published on June 18<sup>th</sup>, 2015. A second change was made in the last sentence of subdivision (b)(5). The text included a stray "a" in the text, which read in part "... until a the taxpayer...". This was a typographical error and the stray letter "a" was removed.

In addition, a third change was made to subdivision (d)(3), which has been amended to remove the last sentence of that paragraph, which read as follows: "If FTB revokes the ability to file protests or other correspondence/response pursuant to subdivision (c), those submissions shall be made to FTB in the manner otherwise permitted under the law or as established by FTB." Upon further review, this language may appear to modify otherwise existing timelines and/or methods for taxpayer to submit protests, correspondence or responses to FTB. As there was no intent to change the existing or applicable methods or timelines for taxpayers to submit protests, correspondence, or responses to FTB, this language was removed to clarify that this regulation does not modify the current and existing methods by which a taxpayer would submit a protest, correspondence or response when the FTB has revoked the ability to submit a protest, correspondence or response for good cause in accordance with subdivision (d). Other than the changes above, there were no other changes to the text of the proposed regulation since the publication of the amended regulation text on December 2<sup>nd</sup>, 2015. The Franchise Tax Board complied with the requirements of Section 44 of Title 1 of the California Code of Regulations.

FTB also added Documents to the Rulemaking Record on December 2<sup>nd</sup>, 2015. The publication complied with the requirements of Government Code section 11347.1.

**COMMENTS RECEIVED DURING THE PERIOD THE MODIFIED TEXT AND ADDITIONAL DOCUMENTS WERE AVAILABLE TO THE PUBLIC DURING THE NOTICE PERIOD FROM DECEMBER 2, 2015 THROUGH DECEMBER 17, 2015**

No comments were received as a result of the modified regulation text or addition of documents to the rulemaking record. Consequently, FTB has not made any revisions to the modified proposed regulation text or record.

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## **ALTERNATIVES DETERMINED**

The FTB has determined that no alternative to the proposed regulation it considered would be more effective in carrying out the purpose of the proposed regulation or would be as effective and less burdensome to affected private persons than the adopted regulation, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provisions of the law, in accordance with Government Code section 11346.9, subdivision (a)(4). The proposed regulation is the only text identified by or proposed to the Franchise Tax Board that accomplishes the intent of the regulation and no alternatives have been identified or proposed that would reduce costs to those regulated.

## **ALTERNATIVE THAT WOULD LESSEN ADVERSE ECONOMIC IMPACT ON SMALL BUSINESS**

Because the proposed regulation does not increase not decrease the amount of tax collected, the FTB has determined the proposed regulation section 18416.5 will not have a significant impact on business.

## **LOCAL MANDATE DETERMINATION**

The proposed regulations do not impose any mandate on local agencies or school districts.