

INITIAL STATEMENT OF REASONS FOR THE  
ADOPTION OF AMENDMENTS TO  
CALIFORNIA CODE OF REGULATIONS,  
TITLE 18, SECTION 19591

PUBLIC PROBLEM, ADMINISTRATIVE REQUIREMENTS, OR OTHER CONDITION OR  
CIRCUMSTANCE THAT THE REGULATION IS INTENDED TO ADDRESS

The proposed amendments to the existing regulation establish a specialized tax service fee for the issuance of a limited partnership revival confirmation letter and revise the fees for installment payment programs and other expedited services.

SPECIFIC PURPOSE OF THE REGULATION

The establishment of a specialized tax service fee for the issuance of a limited partnership revival confirmation letter is required to be statutorily set by regulation beginning January 1, 2011.

The proposed revisions to the installment payment program fees and expedited service fees would reflect the Franchise Tax Board's direct and indirect costs for providing specialized tax services as required by Revenue and Taxation Code section 19591, subdivision (b)(2):

Commencing on January 1, 2006, the amount of specialized tax services fees shall be established by the board through regulations adopted pursuant to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code and shall be established in the manner and in the amounts necessary to reimburse the board for the costs of administering the specialized services, including the board's direct and indirect costs for providing specialized tax services.

NECESSITY

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 proposed revisions to the installment payment program fees and expedited service fees are mandated by Revenue and Taxation Code section 19591, subdivision (b)(2), as described under "Specific Purpose of the Regulation."

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDIES, REPORTS, OR DOCUMENTS

In determining the proposed revisions to the installment payment program fees and expedited service fees, the Franchise Tax Board has calculated the direct and indirect costs for providing the specific specialized tax services that are the subject of this regulation, and

determined the fee amounts necessary to reimburse the Franchise Tax Board for the costs of administering the specialized services.

#### ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON PRIVATE PERSONS OR SMALL BUSINESS

In accordance with Government Code section 11346.5, subdivision (a)(13), the Franchise Tax Board has determined that no alternative considered by it would be more effective in carrying out the purpose for which the action is proposed or would be a effective and less burdensome to affected private persons than the proposed regulatory action. As a result, it does not adversely affect private persons or most small businesses.

#### ADVERSE ECONOMIC IMPACT ON BUSINESS

Business entity taxpayers would pay increased fees for installment payment programs; however, the proposed regulatory action will not have a significant adverse economic impact on business.