

FINAL STATEMENT OF REASONS
FOR PROPOSED REGULATION SECTION 25137(c)(1)(A)

The proposed regulation does not impose any mandate on local agencies or school districts.

Update of Initial Statement of Reasons

The public notice required by section 11346.4 of the Government Code was mailed and published on March 24, 2000. The hearing was held, as scheduled, on May 8, 2000. Oral testimony was offered with respect to the proposed regulation (Transcript of Hearing, [needs to be inserted]??). One written comment was received during the comment period related to this proposed regulation. Responses to comments, both written and oral, are contained in the regulation file.

Minor editing changes were made to the proposed regulation for clarity. With one exception, the proposed modifications constitute nonsubstantial changes (within the meaning of Govt. Code section 11346.8). Sufficiently related changes (within the meaning of Govt. Code section 11346.8) were also made and are described below:

The department received comments at the public hearing concerning the clarity of the proposed regulation, expressing a desire to have various terms contained in the regulation defined to further clarify the application of the regulation. Subsequently, at the July 5, 2000, meeting of the Franchise Tax Board, the Board instructed Staff to accept these suggestions and include definitions of various terms in the proposed regulation. In addition, pursuant to comments received at the public hearing, the department agreed to make the amended regulation prospective only, with an effective date of January 1, 2001.

The revised regulation containing the nonsubstantial and sufficiently related changes was presented to the three-member Franchise Tax Board at its September 19, 2000, meeting for approval and adoption. The Board adopted the regulation with these changes and directed Staff to proceed with the necessary steps for adoption. The nonsubstantial and sufficiently related changes were reflected in a 15-day public notice, which was mailed on October 17, 2000. No written comments were received during this 15-day notice comment period that ended on November 1, 2000.

Alternatives Determined

The Franchise Tax Board has determined that no alternative would be more effective in carrying out the purpose for which the regulation is proposed or would be as effective and less burdensome to affected private persons than the proposed regulation.