

FINAL STATEMENT OF REASONS
FOR PROPOSED AMENDMENTS TO CALIFORNIA CODE OF REGULATIONS,
TITLE 18, SECTION 25110

The proposed amendments to the existing regulation do 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 October 13, 2006. The hearing was held, as scheduled, on December 1, 2006. Oral testimony was offered with respect to the proposed amendments to the existing regulation. Three written comments were received during the comment period related to this proposed amendments to the existing regulation. Responses to comments, both written and oral, are contained in Tab 11 in the rulemaking file and are incorporated by reference herein.

Minor editing changes were made to the proposed regulation for clarity. The proposed modifications constitute nonsubstantial changes (within the meaning of Govt. Code section 11346.8). These modifications include minor corrections to underscore and deletions and are described below:

(d)(2)(F)1.a. The word "income" should be inserted after "connected" in the title.

The "(a)" in the second line is unnecessary as there is no longer a (b).

In the next line a comma should be inserted after "connected" and before "under."

(d)(2)(F)1.b. The word "income" should be inserted after "connected" in the title.

(d)(2)(F)3. A comma should be inserted after the second "connected" in the first sentence and before "with."

On the third line, the subsections should be fully cited as (d)(2)(F)1.a.and (d)(2)(F)2.a. and the words "of this regulation" should be inserted after (d)(2)(F)2.a. with a comma directly after (d)(2)(F)2.a.

On the last line, the comma added after (other than interest expense) should be deleted.

BOARD APPROVAL

At its December 4, 2006, FTB meeting, the Board approved the regulations.

ALTERNATIVES CONSIDERED

The Franchise Tax Board has not received any proposed alternatives that would lessen the adverse economic impact that the proposed regulations would have on small businesses. The Franchise Tax Board has determined that no alternative would be more effective in carrying out the purpose of the proposed regulations or would be as effective and less burdensome to affected private persons than the proposed amendments to the existing regulation.