

FINAL STATEMENT OF REASONS FOR THE
AMENDMENT OF REGULATIONS 25111 and 25111-1

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 on May 27, 1998 and published in the *California Regulatory Notice Register* on May 29, 1998.

The hearing was held, as scheduled, July 13, 1998. Six members of the public attended and one gave oral testimony (Exhibit 12). Five written comments were received (Exhibit 13). A summary of and response to the written comments was prepared (Exhibit 14).

The Franchise Tax Board considered the proposed regulation at its August 6, 1998, meeting. Two members of the public presented oral comments supporting the proposed amendments to the regulations. (Exhibit 15, page 20) The Board, by resolution, authorized the adoption of proposed amendments to Regulation Sections 25111 and 25111-1 with the nonsubstantive changes approved by the Board (Exhibit 15).

As authorized by the Board, changes were made to Regulation Sections 25111 and 25111-1 that were nonsubstantial and sufficiently related to the text as published on May 29, 1998 (Exhibit 16). These changes were mailed to the public on August 6, 1998 and the close of comment period was August 24, 1998 as required by Section 44, Title 1, of the California Code of Regulations (Exhibit 17). No comments were received during this comment period.

Alternatives Determined

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.