



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
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JOHN CHIANG
Chair
JEROME E. HORTON
Member
MICHAEL COHEN
Member

Third Interested Parties Meeting

To attend this meeting, please RSVP by July 3, 2014, by contacting Colleen Berwick at (916) 845-3306 or Email: Colleen.Berwick@ftb.ca.gov.

To participate in this meeting by telephone, use this number to dial in: (877) 923-3149. The participant pass code is 2233420.

When

Tuesday, July 8, 2014
1:00 p.m.

Where

Franchise Tax Board
North Lobby
Valley Quail Conference Room
9646 Butterfield Way
Sacramento, CA 95827

Topic

Regulation sections 25137-1 and 17951-4 address the apportionment and allocation of income related to the activities of partnerships. Possible revisions to these regulations were first discussed by staff of the Franchise Tax Board at an Interested Parties Meeting held August 21, 2008. A second Interested Parties Meeting revisiting the issue of possibly amending the regulations was held on October 18, 2013. At the conclusion of that meeting, staff endeavored to draft language to amend the regulations reflecting the input of the interested parties, as well as the concerns of staff, that were voiced at the second Interested Parties Meeting.

Purpose

A [discussion draft](#) and an [accompanying explanation](#) have now been completed and are attached to this Notice. The purpose of this third Interested Parties Meeting is to discuss the discussion draft and get input from the public on the proposed language as well as any other issues that may need to be addressed in the amendments to the regulations.

Contact

Carl Joseph

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[Visitor Parking Map](#)

* This facility is architecturally accessible to persons with physical disabilities.

COST IMPACTS OF PROPOSED RULEMAKING

In addition to the discussion regarding the determination of who is an eligible assignee following certain tax-deferred transactions to which Internal Revenue Code section 381 applies, the Administrative Procedure Act (APA) requires the department to assess the economic impact of this proposed regulation on business, representative private persons, and small businesses. Recent legislation (SB 617, Stats. 2011, ch. 496) revised certain aspects of the standardized regulatory cost impact analysis, particularly with respect to "major regulations" (as defined), but also with respect to other rulemaking activities. As a result, the department intends to solicit information from interested parties during the pre-APA process that will assist in preparation of the regulatory cost impact analysis.

Specifically, the APA requires the department to assess the economic and fiscal impact of this regulation on the following –

- (1) Estimated private sector cost impacts on businesses and/or employees, small businesses, jobs or occupations, competitiveness of California businesses, reporting requirements, or individuals. This includes the total number and types of businesses impacted, including the number or percentage of those businesses that are small businesses, the number of businesses that will be created or eliminated, the geographic extent of the impacts (local or statewide), the number of jobs created or eliminated, and the ability of California businesses to compete with businesses in other states.
- (2) Estimated total statewide dollar costs that businesses and individuals may incur to comply with this regulation, including start-up and ongoing costs. This includes an identification of the costs for each industry affected, the annual costs a typical business may incur to comply with these requirements (including programming, recordkeeping, reporting and other paperwork, whether or not the paperwork is required to be submitted), whether the regulation directly impacts housing costs, and whether there are comparable federal regulations.
- (3) Estimated benefits from the regulation (both whom will benefit and by how much).
- (4) Any suggested alternatives to the proposed regulation, and the costs and benefits of those suggested alternatives under 1, 2 and 3 above.
- (5) Whether the estimated costs of this regulation to California businesses will exceed \$10 million.

The department encourages submission of any comments and/or cost data on the items set forth above by any interested parties.