State of California
Franchise Tax Board

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**Please note Franchise Tax Board issued subsequent written guidance per Notice 2017-01 (Subject: Court of Appeal Decision in Swart Enterprises, Inc. v. Franchise Tax Board) and Legal Ruling 2018-01 (Subject: Modification of Legal Ruling 2014-01, Business Entities that are Members of Multiple-Member Limited Liability Companies Classified as Partnerships for Tax Purposes).**

07.22.14

# LEGAL RULING 2014-01

**Subject: Business Entities that are Members of Multiple-Member Limited Liability Companies Classified as Partnerships for Tax Purposes**

## ISSUE

When is a business entity with a membership interest in a multiple-member limited liability company (hereafter "LLC") that is classified as a partnership for tax purposes, required to file a California return and pay any applicable taxes and fees?

## LAW AND ANALYSIS

### I. LLCs are Not Recognized as an Entity Choice for Tax Law Purposes

A creature of state law, every LLC is organized under a state statute that creates the entity, gives it a legal existence separate from its owners (i.e., its “members”), shields the members from vicarious liability, governs the company's operations, and controls how and when the entity comes to an end. LLCs are "hybrid" business entities in the sense that they have some of the characteristics of both partnerships (i.e., members typically have the right to participate in the management of the business similar to general partners of general or limited partnerships) and corporations (i.e., liability protection for the members analogous to shareholders of corporations).

Despite their existence under civil law, LLCs are not recognized as an entity choice for tax law purposes. Thus, LLCs must be viewed differently for tax law purposes than they are for civil law purposes. Accordingly, tax questions involving LLCs and their members must be addressed by using applicable tax law principles that flow from the entity choice the LLC makes for tax law purposes under the federal entity classification election system,[1] and not from civil law principles.

### II. The Federal Entity Classification Election System

California tax law conforms to the federal entity classification election system (commonly referred to as the "check-the-box" regulations) by mandating that an eligible

[1] See Entity Classification Election (IRS Form 8832).

business entity be either classified or disregarded for California tax purposes, just as it is for federal tax purposes.[2] Under the federal check-the-box tax classification regulations, "an eligible entity"[3] with two or more members is classified as a partnership unless it checks the box to be classified as an association (and thus, a corporation under Treas. Reg., § 301.7701-2(b)(2)).[4] For tax purposes, the federal check-the-box tax classification scheme establishes the form of the business, and all of the tax law consequences of that decision are based on the applicable analysis for the form of entity chosen. For example, if an LLC with two or more members chooses to be treated as a corporation for tax purposes, then its members will be treated as shareholders of that corporation for tax purposes. Alternatively, if an LLC with two or more members does not check the box to be treated as a corporation, it is by default treated as a partnership for tax purposes,[5] and its members are treated as partners in that partnership for tax purposes. In this context, the term "partnership" refers to a traditional general partnership. In a general partnership, all of the partners are "general partners," who have the right to manage and conduct partnership business.

## III. "Doing Business" in California Under Revenue and Taxation Code Section 23101

Subdivision (a) of Revenue and Taxation Code[6] section 23101 defines "doing business" as "… actively engaging in any transaction for the purpose of financial or pecuniary gain or profit."[7] It is not necessary that there be a regular course of business or transactions

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[2] See Rev. & Tax. Code, § 23038(b)(2)(B)(ii) and (iii); see also Cal. Code Regs., tit. 18, § 23038(b)-3(c).

[3] Treas. Reg., § 301.7701-3(a) provides the following, "A business entity that is not classified as a corporation under § 301.7701-2(b)(1), (3), (4), (5), (6), (7), or (8) (an eligible entity) can elect its classification for federal tax purposes as provided in this section."

[4] See Treas. Reg., §§ 301.7701-2(a) and 301.7701-3.

[5] Treas. Reg., § 301.7701-3(a) provides the following, "Paragraph (b) of this section provides a default classification for an eligible entity that does not make an election. Thus, elections are necessary only when an eligible entity chooses to be classified initially as other than the default classification or when an eligible entity chooses to change its classification."

[6] Unattributed statutory references throughout this Legal Ruling refer to the Revenue and Taxation Code unless otherwise specified.

[7] It is important to note that having a California return filing obligation and being subject to all applicable taxes and fees as a result of "doing business" in California under Section 23101, is different from the requirement to register to do business in California with the California Secretary of State. The obligation to register with the California Secretary of State arises under the definition of "transacting intrastate business" in the California Corporations Code, which defines that term as, "… enter[ing] into repeated and successive transactions of business in this state, other than in interstate or foreign commerce." (See Cal. Corp. Code, §§ 191(a) and 17708.03(a); see also former Cal. Corp. Code, § 17001(ap) [see Footnote 16 of this Legal Ruling].) For more information, see *Appeal of Reitman Atlantic Corporation,* 01-SBE-002, May 31, 2001. For specific questions about the requirement to register to do business in California, taxpayers should contact the California Secretary of State.

to constitute “doing business” in California; any activity in this state meeting the statutory definition is sufficient.[8] In addition, the term "actively," the opposite of “passively” or “inactively,” means active participation in any transaction for the purpose of financial or pecuniary gain or profit.[9] A transaction does not need to result in actual profit for purposes of Section 23101; the relevant inquiry is simply whether the activity or transaction was motivated by financial or pecuniary gain or profit.[10]

For taxable years beginning on or after January 1, 2011, a taxpayer is also "doing business" in California if any of the following conditions are satisfied:

- A taxpayer is organized or commercially domiciled in California,[11] or
- A taxpayer's California sales, property, or payroll exceed the amounts then applicable[12] under paragraphs (2), (3), or (4) respectively, of subdivision (b) of Section 23101. (Subdivision (d) provides that these amounts include a taxpayer's pro rata or distributive share from pass-through entities.)

## IV. Consequences for Business Entities that are Members of Multiple-Member LLCs Classified as Partnerships for Tax Purposes

Subchapter K of the Internal Revenue Code outlines the manner in which partnerships are taxed. Subsection (b) of Internal Revenue Code section 702 provides that, "The character of any item of income, gain, loss, deduction, or credit included in a partner’s distributive share … shall be determined as if such item were realized directly from the source from which realized by the partnership, or incurred in the same manner as incurred by the partnership." California conforms to these federal Subchapter K provisions.[13] Thus, for tax purposes, the business of the partnership is the business of each partner. For this reason, wherever a partnership does business, the activities of the partnership are attributed to each partner, with the consequence that in geographic locations where the partnership is "doing business," the partners are also "doing business."[14] This is true because a partner is recognized as deriving a share of

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[8] *Hise v. McColgan* (1944) 24 Cal.2d 147, 151; *Golden State Theatre & Realty Corp. v. Johnson,* (1943) 21 Cal.2d 493, 496.

[9] *Hise v. McColgan*, *supra*, 24 Cal.2d 147, 151; *Golden State Theatre & Realty Corp. v. Johnson*, *supra,* 21 Cal.2d 493, 496.

[10] *Hise v. McColgan*, *supra*, 24 Cal.2d 147, 150-151.

[11] Rev. & Tax. Code, § 23101(b)(1).

[12] These amounts are indexed for inflation. (See Rev. & Tax. Code, § 23101(c).)

[13] Rev. & Tax. Code, § 17851.

[14] See, e.g., *Donroy, Ltd. v. United States* (9th Cir. 1962) 301 F.2d 200; *Reed v. Industrial Accident Commission* (1937) 10 Cal. 2d 191; *Appeal of Estate of Marion Markus,* 86-SBE-097, May 6, 1986; *Appeal of Lore Pick*, 85-SBE-066, June 25, 1985; *Appeal of Custom Component Switches, Inc*., 77-SBE-009, February 3, 1977; *Appeal of H. F. Ahmanson & Company,* 65-SBE-013, April 5, 1965; see also

partnership income and loss from the place where the partnership transacts its business.[15]

If an LLC is treated as a partnership for tax purposes, both the LLC and its members, are subject to the same legal principles applicable to any partnership. Thus, if an LLC classified as a partnership for tax purposes is "doing business" in California under Section 23101, the members of the LLC are themselves "doing business" in California. This is true even in the case of "manager-managed" LLCs. Members of LLCs generally have the right to participate in the management of the business.[16] Part of that power necessarily includes the right to delegate the power to manage the business in favor of a manager, and the power to revoke that delegation at any time.[17] This analysis is not affected by whether or not members participate in the management of an LLC or appoint a manager to do so because the members' rights to participate in the management of the business arise out of the statutory relationship between an LLC and its members. Partners are considered co-owners of the partnership enterprise and the partnership acts as a conduit through which the enterprise is operated. "The courts have recognized that the execution of an agreement relinquishing control is itself an exercise of the requisite right of control over the conduct of the partnership business."[18] Thus, the distinction between "manager-managed" LLCs and "member-managed" LLCs is not relevant for purposes of determining whether a member of an LLC, which is "doing business" in California and is classified as a partnership for tax purposes, is "doing business" here within the meaning of Section 23101.

## V. Applying the Decision of the State Board of Equalization in the *Appeals of Amman & Schmid Finanz AG, et al.* to Business Entities that are Members of Multiple-Member LLCs Classified as Partnerships for Tax Purposes

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*Valentino v. Franchise Tax Board* (2001) 87 Cal.App.4th 1284; *Appeal of John Manter*, 99-SBE-008, December 9, 1999.

[15] See, e.g., *Donroy, Ltd. v. United States*, *supra*, 301 F.2d 200; *Moulin v. Der Zakarian* (1961) 191 Cal.App.2d 184; *Reed v. Industrial Accident Commission, supra*, 10 Cal. 2d 191; *Appeal of Estate of Marion Markus, supra,* 86-SBE-097; *Appeal of Lore Pick, supra,* 85-SBE-066; *Appeal of Custom Component Switches, Inc., supra,* 77-SBE-009; *Appeal of H. F. Ahmanson & Company, supra,* 65-SBE-013; see also *Valentino v. Franchise Tax Board, supra,* 87 Cal.App.4th 1284; *Appeal of John Manter, supra,* 99-SBE-008.

[16] Before January 1, 2014, see former Cal. Corp. Code, § 17150. On or after January 1, 2014, see Cal. Corp. Code, § 17704.07(b). (Please be advised that the Beverly-Killea Limited Liability Company Act in Title 2.5 of the Cal. Corp. Code [§ 17000 et seq.] is repealed effective January 1, 2014, and is replaced by the California Revised Uniform Limited Liability Company Act in Title 2.6 of the Cal. Corp. Code [§ 17701.01 et seq.].)

[17] Before January 1, 2014, see former Cal. Corp. Code, §§ 17150-17152. On or after January 1, 2014, see Cal. Corp. Code, § 17704.07(c)(5).

[18] *Moulin v. Der Zakarian, supra*, 191 Cal.App.2d 184, 190.

It is well established that partners of a partnership are "doing business" in California if the partnership is "doing business" in California. In a narrow exception, in the *Appeals of Amman & Schmid Finanz AG, et al*., 96-SBE-008, April 11, 1996 (hereafter "*Amman & Schmid*"), the State Board of Equalization (hereafter "the Board") held that out-of-state corporations whose only California contacts were as limited partners in limited partnerships were not "doing business" in California even if the limited partnerships were "doing business" in California.[19] The Board drew this distinction based on the conclusion that the general partner of a limited partnership has the rights and powers of a partner in a general partnership, which include the right to manage and conduct partnership business. Conversely, limited partners of a limited partnership do not have the power to manage and conduct partnership business. Thus, the decision of the Board hinged on the right to manage or control the decision making process of the entity, not whether a partner enjoys limited liability. The default rules in California's LLC Act provides that members of LLCs have the right to manage and conduct the LLC's business.[20] Therefore, following the Board's logic in the *Amman & Schmid* decision, if an LLC is classified as a partnership for tax purposes, the members, who are considered general partners for tax purposes, are "doing business" where the LLC, i.e., a general partnership for tax purposes, is "doing business," even though the members have limited liability protection.

**SITUATION 1 – LLC Only Registered To Do Business in California**

**LLC A:**

LLC "A" is an LLC with two or more members, and is classified as a partnership for tax purposes. During a taxable year beginning on or after January 1, 2011, LLC A is registered to do business in California, but has no activities or factor presence in California sufficient to constitute "doing business" within the meaning of subdivisions (a) or (b) of Revenue and Taxation Code section 23101.

Does LLC A have a California return filing requirement and obligation to pay all applicable taxes and fees?

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[19] In a situation where an LLC, rather than a corporation, holds a limited partnership interest in a limited partnership (and the LLC is not registered or organized in California and has no other activities in California apart from its limited partnership interest in the limited partnership), then the Board's decision in *Amman & Schmid* will apply for purposes of the "doing business" analysis under Section 23101. However, the Board's decision in *Amman & Schmid* does not apply if the LLC's distributive share of California sales, property, or payroll (from its limited partnership interest in the limited partnership combined with its interests in any other pass-through entities) exceeds the amounts then applicable in paragraphs (2), (3), or (4) respectively, of subdivision (b) of Section 23101.

[20] Before January 1, 2014, see former Cal. Corp. Code, § 17150. On or after January 1, 2014, see Cal. Corp. Code, § 17704.07(b).

Yes. In this situation, LLC A has a California return filing requirement and is subject to the LLC tax and fee because it is registered to do business in California.[21]

**Member B:**

Member "B" is a "corporation"[22] that is a member of LLC A holding a 15 percent interest in LLC A. During the same taxable year beginning on or after January 1, 2011, Member B is not incorporated, organized, or registered to do business in California, and has no activities or factor presence in California sufficient to constitute "doing business" within the meaning of subdivisions (a) or (b) of Section 23101, and has no California source income.

Does Member B have a California return filing requirement and obligation to pay all applicable taxes and fees as a result of its membership interest in LLC A?

No. The fact that LLC A has a California return filing requirement and obligation to pay all applicable taxes and fees solely by virtue of registering to do business in California does not result in its member, Member B, also having a California return filing requirement and obligation to pay all applicable taxes and fees.

In this situation, Member B does not have a California return filing requirement and is not subject to the franchise tax as a result of its membership interest in LLC A, because LLC A's act of registering to do business in California is not a transaction or activity for the purpose of financial or pecuniary gain or profit that is attributed to Member B.

**SITUATION 2 – LLC Only Organized in California**

**LLC C:**

LLC "C" is an LLC with two or more members, and is classified as a partnership for tax purposes. LLC C is organized in California within the meaning of paragraph (1) of subdivision (b) of Section 23101. During a taxable year beginning on or after January 1, 2011, LLC C has no other activities or factor presence in California sufficient to constitute "doing business" within the meaning of subdivisions (a) or (b) of Section 23101.

Does LLC C have a California return filing requirement and obligation to pay all applicable taxes and fees?

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[21] See Rev. & Tax. Code, §§ 18633.5, 17941(b)(1), and 17942.

[22] In each of the situations addressed throughout this Legal Ruling, the business entity member in question being referred to as a "corporation" means either an entity incorporated under the laws of any jurisdiction or an LLC organized under the laws of any jurisdiction that is classified as an association taxable as a corporation for tax purposes.

Yes. In this situation, LLC C has a California return filing requirement and is subject to the LLC tax and fee because it is organized in California.[23]

**Member D:**

Member "D" is a corporation that is a member of LLC C holding a 15 percent interest in LLC C. During the same taxable year beginning on or after January 1, 2011, Member D is not incorporated, organized, or registered to do business in California and has no activities or factor presence in California other than through its membership in LLC C, and has no California source income.

Does Member D have a California return filing requirement and obligation to pay all applicable taxes and fees as a result of its membership interest in LLC C?

No. The fact that LLC C has a California return filing requirement and obligation to pay all applicable taxes and fees solely by virtue of organizing in California does not result in its member, Member D, also having a California return filing requirement and obligation to pay all applicable taxes and fees. Although being organized in California is considered "doing business" within the meaning of paragraph (1) of subdivision (b) of Section 23101, the act of organizing in California is not attributed to the LLC's members for purposes of whether the members are "doing business" in this state.

In this situation, Member D does not have a California return filing requirement and is not subject to the franchise tax as a result of its membership interest in LLC C, because LLC C's act of organizing in California is not a transaction or activity for the purpose of financial or pecuniary gain or profit that is attributed to Member D.

**SITUATION 3 – LLC Commercially Domiciled in California**

**LLC E:**

LLC "E" is an LLC with two or more members, and is classified as a partnership for tax purposes. During a taxable year beginning on or after January 1, 2011, LLC E is commercially domiciled in California within the meaning of paragraph (1) of subdivision (b) of Section 23101.

Does LLC E have a California return filing requirement and obligation to pay all applicable taxes and fees?

Yes. In this situation, LLC E is "doing business" in California within the meaning of Section 23101 because it is commercially domiciled in California; therefore, it has a California return filing requirement and is subject to the LLC tax and fee.[24]

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[23] See Rev. & Tax. Code, §§ 18633.5, 17941(b)(1), and 17942. For taxable years beginning on or after January 1, 2011, see also Rev. & Tax. Code, § 17941(a).

[24] See Rev. & Tax. Code, §§ 18633.5, 17941(a), and 17942.

**Member F:**

Member "F" is a corporation that is a member of LLC E holding a 15 percent interest in LLC E. During the same taxable year beginning on or after January 1, 2011, Member F is not incorporated, organized, or registered to do business in California and has no activities or factor presence in California other than through its membership in LLC E.

Does Member F have a California return filing requirement and obligation to pay all applicable taxes and fees as a result of its membership interest in LLC E?

Yes. The term "commercial domicile" refers to the principal place from which the trade or business of the taxpayer is directed or managed.[25] Put another way, the location of a taxpayer's commercial domicile is based on activity; i.e., the location of the day-to-day management of the business.[26] Therefore, because LLC E is commercially domiciled in California, one or more of its members are engaging in day-to-day management, which constitutes a transaction or activity in California for the purpose of financial or pecuniary gain or profit within the meaning of Section 23101. Because LLC E is classified as a partnership for tax purposes, this activity is attributed to each of LLC E's members under general principles of partnership law, and thus, the members are "doing business" in California within the meaning of Section 23101. The members have a California return filing requirement and must pay all applicable taxes and fees.

In this situation, Member F is "doing business" in California within the meaning of Section 23101; therefore, it has a California return filing requirement and is subject to the franchise tax.[27]

**SITUATION 4 – LLC "Doing Business" in California**

**LLC G:**

LLC "G" is an LLC with two or more members, and is classified as a partnership for tax purposes. During a taxable year beginning on or after January 1, 2011, LLC G has activities or factor presence in California sufficient to constitute "doing business" within the meaning of subdivisions (a) or (b) of Section 23101.
Does LLC G have a California return filing requirement and obligation to pay all applicable taxes and fees?

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[25] See Rev. & Tax. Code, § 25120(b).

[26] See *Appeal of Norton-Simon, Inc.*, 72-SBE-008, March 28, 1972.

[27] See Rev. & Tax. Code, §§ 18601, 23151, and 23153.

Yes. In this situation, LLC G is "doing business" in California within the meaning of Section 23101; therefore, it has a California return filing requirement and is subject to the LLC tax and fee.[28]

**Member H:**

Member "H" is a corporation that is a member of LLC G holding a 15 percent interest in LLC G. During the same taxable year beginning on or after January 1, 2011, Member H is not incorporated, organized, or registered to do business in California and has no activities or factor presence in California other than through its membership in LLC G.

Does Member H have a California return filing requirement and obligation to pay all applicable taxes and fees as a result of its membership interest in LLC G?

Yes. Because LLC G is classified as a partnership for tax purposes and is "doing business" in California within the meaning of Section 23101, all of LLC G's members are "doing business" in California, and thus have California return filing requirements and are subject to all applicable taxes and fees, because the attribute of "doing business" by LLC G is attributed to its members under general principles of partnership law.

In this situation, Member H is "doing business" in California within the meaning of Section 23101; therefore, it has a California return filing requirement and is subject to the franchise tax.[29]

**SITUATION 5 – "Manager-Managed" LLC "Doing Business" in California**

**LLC I:**

LLC "I" is an LLC with two or more members, and is classified as a partnership for tax purposes. During a taxable year beginning on or after January 1, 2011, LLC I has activities or factor presence in California sufficient to constitute "doing business" within the meaning of subdivisions (a) or (b) of Section 23101. LLC I is a "manager-managed" LLC.

Does LLC I have a California return filing requirement and obligation to pay all applicable taxes and fees?

Yes. In this situation, LLC I is "doing business" in California within the meaning of Section 23101; therefore, it has a California return filing requirement and is subject to the LLC tax and fee.[30]

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[28] See Rev. & Tax. Code, §§ 18633.5, 17941(a), and 17942.

[29] See Rev. & Tax. Code, §§ 18601, 23151, and 23153.

[30] See Rev. & Tax. Code, §§ 18633.5, 17941(a), and 17942.

**Member J:**

Member "J" is a corporation that is a member of LLC I holding a 15 percent interest in LLC I. During the same taxable year beginning on or after January 1, 2011, Member J is not incorporated, organized, or registered to do business in California and has no activities or factor presence in California other than through its membership in LLC I.

Does Member J have a California return filing requirement and obligation to pay all applicable taxes and fees as a result of its membership interest in LLC I?

Yes. Because LLC I is classified as a partnership for tax purposes and is "doing business" in California within the meaning of Section 23101, all of LLC I's members are "doing business" in California, and thus have California return filing requirements and are subject to all applicable taxes and fees, because LLC I's attribute of "doing business" is attributed to its members under general principles of partnership law. The distinction between "manager-managed" LLCs and "member-managed" LLCs is not relevant for purposes of determining whether members of an LLC classified as a partnership for tax purposes are "doing business" in California within the meaning of Section 23101.

In this situation, Member J is "doing business" in California within the meaning of Section 23101; therefore, it has a California return filing requirement and is subject to the franchise tax.[31]

**SITUATION 6 – California Sales Exceed the Sales Amount in Section 23101(b)(2)**

**LLC K:**

LLC "K" is an LLC with two or more members, and is classified as a partnership for tax purposes. During a taxable year beginning on or after January 1, 2011, the sales in California of LLC K exceed the sales amount then applicable in paragraph (2) of subdivision (b) of Section 23101.

Does LLC K have a California return filing requirement and obligation to pay all applicable taxes and fees?

Yes. In this situation, LLC K is "doing business" in California within the meaning of Section 23101; therefore, it has a California return filing requirement and is subject to the LLC tax and fee.[32]

**Member L:**

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[31] See Rev. & Tax. Code, §§ 18601, 23151, and 23153.

[32] See Rev. & Tax. Code, §§ 18633.5, 17941(a), and 17942.

Member "L" is a corporation that is a member of LLC K holding a 15 percent interest in LLC K. During the same taxable year beginning on or after January 1, 2011, Member L's distributive share of the California sales of LLC K, exceed the sales amount then applicable in paragraph (2) of subdivision (b) of Section 23101. However, Member L is not incorporated, organized, or registered to do business in California and has no activities or factor presence in California other than through its membership in LLC K.

Does Member L have a California return filing requirement and obligation to pay all applicable taxes and fees as a result of its membership interest in LLC K?

Yes. Member L is "doing business" in California because its distributive share of the California sales of LLC K, as provided by subdivision (d) of Section 23101, exceeds the sales amount then applicable in paragraph (2) of subdivision (b) of Section 23101. A separate reason Member L is "doing business" in California is because LLC K, which is classified as a partnership for tax purposes, is "doing business" in California under Section 23101. Because LLC K is treated as a partnership, its attribute of "doing business" in California is attributed to all of its members under general principles of partnership law. Thus, all of LLC K's members are "doing business" in California; and therefore, have a California return filing requirement and are subject to all applicable taxes and fees.

In this situation, Member L is "doing business" in California within the meaning of Section 23101; therefore, it has a California return filing requirement and is subject to the franchise tax.[33]

## CONCLUSION

In all of the situations presented above, the LLCs in question have California return filing requirements and are subject to the LLC tax and fee. In the first two situations, the corporate members in question are not required to file California returns and are not subject to the franchise tax because the LLCs' acts of registering to do business in California and organizing in California are not attributed to their members. Conversely, in the remaining situations, the corporate members in question have California return filing obligations and are subject to the franchise tax, because the activities of the LLCs are attributed to their members under general principles of partnership law, and those activities constitute "doing business" within the meaning of subdivisions (a) or (b) of Revenue and Taxation Code section 23101.[34] Additionally, in Situation 6, Member L is also "doing business" in California because its distributive share of the California sales of LLC K exceed the sales amount then applicable in paragraph (2) of subdivision (b) of Section 23101.

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[33] See Rev. & Tax. Code, §§ 18601, 23151, and 23153.

[34] This same analysis is applicable to any other business entity that is subject to a California return filing requirement and the imposition of all applicable taxes and fees on the basis of "doing business" in California within the meaning of subdivisions (a) or (b) of Section 23101.

## DRAFTING INFORMATION

The principal author of this ruling is Adam Susz of the Franchise Tax Board, Legal Division. For further information regarding this ruling, contact Mr. Susz at the Franchise Tax Board, Legal Division, P.O. Box 1720, Rancho Cordova, CA 95741-1720.