

## **SUMMARY OF SECOND INTERESTED PARTIES MEETING**

### **REGULATION SECTIONS 17951-7 AND 25137(E), 1031 EXCHANGE SOURCING REGULATIONS**

#### **I. ADMINISTRATION**

On March 30, 2021 at 10:00 a.m., the Franchise Tax Board (FTB) held a telephonic Interested Parties Meeting (IPM) that was attended by interested members of the public (Participant(s)) concerning the proposed adoption of Title 18 of the California Code of Regulations (CCR), at section 17951-7 and the proposed amendment to CCR, section 25137(e). This was the second IPM on this regulation project. Participants were able to submit written comments by email and verbally during the IPM.

Natasha Page, FTB Tax Counsel IV, Ellen Swain, FTB Tax Counsel IV, and Red Gobuty, FTB Tax Counsel IV, served as the IPM Facilitators (Facilitators). The Facilitators explained the purpose of the IPM was to give the public an opportunity to provide comments on the proposed changes and the "Approach to Regulation" document which was published concurrently with the Notice of the Second IPM. Participants were advised they could submit written comments, which were due by April 30, 2021.

#### **II. DISCUSSION**

The Facilitators discussed the "Approach to Regulation" document section by section and opened the discussion for public input on each of the following general topics, in turn:

1. Exchanges of California Properties for Out-of-State Properties
2. Exchanges of Out-of-State Properties for California Properties
3. Examples of Multiple/Serial Exchanges
4. 1031 Exchanges in an Apportioning Taxpayer Context

After each section of the discussion, the Facilitators opened the telephone lines for comments.

### **III. SUMMARY**

The following summarizes comments received during the IPM and in writing by the close of the IPM comment period.

There were no comments regarding the first three sections discussed during the meeting.

There was one comment regarding the fourth section discussed during the meeting. A Participant expressed confusion regarding how the election process that would be provided under CCR section 25137(e) might operate, including whether the election would be an annual election and how it might apply to subsequent exchanges. The Facilitators responded that such issues would be considered in the drafting of any proposed regulation.

### **IV. CLOSING**

At the conclusion of the IPM, the Facilitators thanked all Participants for attending and stated that all commentary would be taken under consideration. The Facilitators indicated that staff would review comments received from the public during the comment period and prepare this summary.