

**THIRTY-DAY NOTICE OF PROPOSED AMENDMENTS  
CALIFORNIA CODE OF REGULATIONS, TITLE 18,  
SECTIONS 23701, 23772, 23775, 23776, 23777, 23778  
July 3, 2025**

**Background**

On June 18, 2024, the Franchise Tax Board ("FTB") held an interested parties meeting ("IPM") concerning potential additions or amendments to the regulations at California Code of Regulations, Title 18, ("CCR") Sections 23701, 23772, 23775, 23776, 23777 and 23778, relating to exempt organizations. Participants were able to submit written comments before and after the meeting. They were able to submit verbal comments in person or by phone during the meeting. The FTB posted a summary of the IPM and the comments received on its public website.

**Purpose**

The purpose of this notice is to inform interested parties and the public that newly proposed amendments to CCR Sections 23701, 23772, 23775, 23776, 23777 and 23778, are now available on the Regulatory Activity page on the Franchise Tax Board's website at <https://www.ftb.ca.gov/tax-pros/law/regulatory-activity/>. An accompanying explanation for the proposed amendments is also available on the same page.

**Discussion**

CCR Sections 23701 to 23778, set forth regulations implementing California Revenue and Taxation Code ("R&TC") Sections 23701 to 23778, relating to exemptions from California franchise and income tax. The regulations were last amended in 2009 or earlier. Since 2009, R&TC Sections 23701, 23772 and 23778 have been amended. The FTB is now proposing amendments to the regulations to make them consistent with the changes to the statutes.

In addition, although R&TC Sections 23775, 23776, and 23777 have not been amended since 2009, the FTB is proposing clarifying amendments to the corresponding regulations at CCR Sections 23775, 23776, and 23777.

Written comments regarding the proposed additions and amendments to the regulations will be accepted until 5:00 p.m. on August 4, 2025. All inquiries and written comments concerning this notice should be directed to Bradley Kragel at one of the following addresses:

- Email: [Bradley.Kragel@ftb.ca.gov](mailto:Bradley.Kragel@ftb.ca.gov)
- Telephone: (916) 845-2861

Mailing Address: Franchise Tax Board  
Legal Division (MS A260)  
Attn: Bradley Kragel  
PO Box 1720  
Rancho Cordova, CA 95741-1720

This notice and the draft amended regulation language are available online at the Regulatory Activity page on the FTB's website at <https://www.ftb.ca.gov/tax-pros/law/regulatory-activity/>.

### **Cost Impacts of Proposed Rulemaking**

The FTB encourages submission of information from interested parties during the pre-APA process to assess the economic impact of a proposed rulemaking action on businesses (including small businesses), employees, jobs or occupations, competitiveness of California businesses, reporting requirements, or individuals.