

**TWENTY-DAY NOTICE OF PROPOSED AMENDMENTS  
CALIFORNIA CODE OF REGULATIONS,  
TITLE 18, SECTION 25137  
DECEMBER 29, 2020**

**Background**

The Franchise Tax Board (FTB) held Interested Parties Meetings (IPMs) to elicit public comment for proposed amendments to Title 18, California Code of Regulations, Section 25137(d), Alternative Apportionment Method Petition Procedures Regulation (Regulation) on June 30, 2017, November 26, 2018, December 4, 2019, and August 11, 2020. The FTB posted documents for these IPMs at the [Regulatory Activity](#) page.

After considering comments made at the IPM held on August 11, 2020 and during the comment period, FTB staff is now issuing this twenty-day notice, as well as the revised proposed draft Regulation language, and a discussion of these revisions.

**Purpose**

The purpose of this twenty-day notice is to elicit comments on additional revisions to the proposed draft Regulation language, regarding procedural guidance for petitions, as described below. Please submit written comments regarding the newly revised proposed draft Regulation language by 5:00 p.m. on **January 18, 2021**.

Following the close of this twenty-day comment period, FTB staff intends to present the newly revised proposed draft Regulation language to the three member Franchise Tax Board (Board itself) to request permission to proceed with the formal Administrative Procedures Act (APA) regulatory process.

**Discussion**

The revisions to the proposed draft Regulation language are summarized below:

The first revision to the proposed draft Regulation language retains the previously deleted language "Consideration of said petitions by the Board shall be in open session at a regularly-scheduled meeting" to section 25137(d) to make clear that petitions will be held in open session.

The second revision adds language to section 25137(d)(2)(D) to specify that a taxpayer will receive notification of the petition and the briefing schedule either sixty (60) calendar days from the date of the petition, or sixty (60) calendar days from the date of FTB staff's determination if a determination was not previously made, whichever occurs later.

The third revision modifies the time allowed for opening and reply presentations specified in section 25137(d)(3)(A) from thirty (30) minutes for opening presentations and fifteen (15) minutes for taxpayer's reply presentation to twenty (20) minutes for opening presentations and ten (10) minutes for taxpayer's reply. This modification streamlines the petition hearing process.

The final revision to the proposed draft Regulation language replaces "of" with "at" in section 25137(d)(3)(C) to clarify the use of a defined term.

Written comments regarding the newly revised proposed draft Regulation language will be accepted until 5:00 p.m. on **January 18, 2021**. All inquiries and written comments concerning this notice should be directed to Hanna Cho per the below contact information.

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Telephone: (916) 845-7298

Facsimile: (916) 855-5786

Mailing Address: Franchise Tax Board

Legal Division (MS A260)

Attn: Hanna Cho

P.O. Box 1720

Rancho Cordova, CA 95741-1720

This notice and the newly revised proposed draft Regulation language also will be made available at the [Regulatory Activity](#) page of the Franchise Tax Board's website.

### **COST IMPACTS OF PROPOSED RULEMAKING**

The department encourages submission of information from interested parties during the pre-APA process in order 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.